

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission File Number: 001-40754

Cazoo Group Ltd

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

41 Chalton Street
London, NW1 1JD
United Kingdom
Telephone: +44 20 3901 3488
(Address of principal executive offices)

Ned Staple
41 Chalton Street
London, NW1 1JD
United Kingdom
Telephone: +44 20 3901 3488
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Class A ordinary shares, par value \$0.002 per share	CZOO	The New York Stock Exchange
Redeemable warrants, each warrant exercisable for one-twentieth of one Class A ordinary share at an exercise price of \$230.00 per share		

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

On December 31, 2022, the issuer had 768,797,693 Class A ordinary shares, par value \$0.0001 per share outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If “Other” has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

CAZOO GROUP LTD
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EXPLANATORY NOTE

On March 29, 2021, Ajax I, a Cayman Islands exempted company (“Ajax”), Cazoo Holdings Limited, a private limited company organized under the law of England and Wales (“Cazoo”) and Capri Listco, a Cayman Islands exempted company (“Listco”), entered into the Business Combination Agreement, as amended by the First Amendment thereto, dated as of May 14, 2021 (the “Business Combination Agreement,” and the transactions contemplated thereby, the “Transaction”) which, among other things, provided that (i) Ajax would merge with and into Listco, with Listco continuing as the surviving company, (ii) Listco would acquire all of the issued and outstanding shares of Cazoo via exchange for a combination of shares of Listco and cash consideration and (iii) Listco would become tax resident in the United Kingdom following the consummation of the Transaction.

Pursuant to the Business Combination Agreement, (a) on August 23, 2021 (the “Listco Closing Date”), MaplesFS Limited, a company incorporated under the laws of the Cayman Islands, as the sole shareholder of Listco (“MaplesFS Limited”), transferred to Ajax all of the issued and outstanding equity securities of Listco and, as a result of such transfer, Listco became a wholly-owned subsidiary of Ajax, (b) Ajax, as the sole shareholder of Listco, adopted Listco’s amended and restated memorandum and articles of association (the “Articles”) (which became effective as of the closing of the Transaction on August 26, 2021 (the “Closing”)) and (c) on August 24, 2021, Ajax merged with and into Listco, with Listco continuing as the surviving entity (the “Merger” and, together with the other transactions contemplated by the foregoing, the “Reorganization”). At the Closing, pursuant to the Business Combination Agreement, and subject to the terms and conditions therein, Listco acquired all of the issued and outstanding shares of Cazoo (the “Cazoo Shares”) from the holders thereof (the “Cazoo Shareholders”).

In connection with the Merger, each Ajax unit (an “Ajax Unit”) (consisting of one Ajax Class A ordinary share, par value \$0.0001 per share (an “Ajax Class A Share”), and one-fourth of one redeemable warrant of Ajax, each whole warrant exercisable to purchase one Ajax Class A Share for \$11.50 per share (an “Ajax Warrant”), Ajax Class A Share, Ajax Class B ordinary share, par value \$0.0001 per share (an “Ajax Class B Share” and, together with the Ajax Class A Shares, the “Ajax Ordinary Shares”), and Ajax Warrant issued and outstanding immediately prior to the Merger was cancelled in exchange for one Listco unit (a “Unit”) (consisting of one Class A ordinary share, par value \$0.0001 per share (a “Class A Share”), and one-fourth of one redeemable warrant of Listco, each whole warrant exercisable to purchase one Class A Share for \$11.50 per share (a “Warrant”), Class A Share, Class B ordinary share, par value \$0.0001 per share (a “Class B Share”), and Warrant, respectively. Effective as of the Closing, (a) the issued and outstanding Class B Shares converted automatically on a one-for-one basis into Class A Shares, and (b) each issued and outstanding Unit automatically separated into its component parts.

Upon Closing, the Company acquired the Cazoo Shares for a combination of 640,924,026 Class C ordinary shares, par value \$0.0001 per share (the “Class C Shares” and, together with the Class A Shares and the Class B Shares, the “Ordinary Shares”), and aggregate cash consideration of approximately \$77,216,042. On February 26, 2022, the Class C Shares automatically converted into Class A Shares on a one-for-one basis in accordance with the Articles.

Concurrently with the execution and delivery of the Business Combination Agreement, Listco, Ajax and certain investors, including Ajax’s sponsor, Ajax I Holdings, LLC (the “Sponsor”), and Ajax’s directors and officers (collectively, the “PIPE Investors”), entered into Subscription Agreements, pursuant to which, the PIPE Investors purchased, concurrently with the closing of the Transaction, in the aggregate, 80,000,000 Class A Shares for \$10.00 per share, for an aggregate purchase price of \$800,000,000 (the “PIPE Investment”).

Upon consummation of the Transaction, shareholders of Ajax and Cazoo became shareholders of Listco, and Listco changed its name to “Cazoo Group Ltd.” The Class A Shares are listed on the NYSE under the symbol “CZOO.”

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F (including information incorporated by reference herein, the “Annual Report”) contains or may contain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that do not directly or exclusively relate to historical facts. You should not place undue reliance on such statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements are often, but not always, made through the use of words or phrases such as “believe,” “anticipate,” “could,” “may,” “would,” “should,” “intend,” “plan,” “potential,” “predict,” “forecast,” “will,” “expect,” “budget,” “contemplate,” “believe,” “estimate,” “continue,” “project,” “positioned,” “strategy,” “outlook” and similar expressions. You should read statements that contain these words carefully because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other “forward-looking” information.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. We believe it is important to communicate our expectations to our security holders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language discussed in this registration statement provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us in such forward-looking statements, including among other things:

- the implementation of and expected benefits from our Business Realignment Plan, the winddown of operations in mainland Europe, the Revised 2023 Plan, and other cost-saving initiatives;
- reaching and maintaining profitability in the future;
- global inflation and cost increases for labor, fuel, materials and services;
- geopolitical and macroeconomic conditions and their impact on prices for goods and services and on consumer discretionary spending;
- having access to suitable and sufficient vehicle inventory for resale to customers and reconditioning and selling inventory expeditiously and efficiently;
- availability of credit for vehicle and other financing and the affordability of interest rates;
- increasing Cazoo’s service offerings and price optimization;
- effectively promoting Cazoo’s brand and increasing brand awareness;
- expanding Cazoo’s product offerings and introducing additional products and services;
- enhancing future operating and financial results;
- achieving our long-term growth goals;
- acquiring and integrating other companies;
- acquiring and protecting intellectual property;
- attracting, training and retaining key personnel; and
- complying with laws and regulations applicable to Cazoo’s business.

These and other factors are more fully discussed in the “Risk Factors” section and elsewhere in this Annual Report. These risks could cause actual results to differ materially from those implied by the forward-looking statements contained in this Annual Report.

All forward-looking statements included herein attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.

FREQUENTLY USED TERMS

Unless otherwise indicated and unless the context otherwise requires, “we,” “us,” “our” or the “Company” refers to Cazoo Group Ltd, a Cayman Islands exempted company, and its subsidiaries subsequent to the Transaction and to Capri Listco prior to the closing of the Transaction. Unless otherwise indicated and unless the context otherwise requires, “Cazoo” refers to Cazoo Group Ltd and its subsidiaries subsequent to the Transaction and Cazoo Holdings Limited and its subsidiaries prior to the closing of the Transaction.

Unless otherwise stated in this Annual Report, reference to:

- “affiliate” means, with respect to any specified person, any person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified person, through one or more intermediaries or otherwise.
- “Ajax” means Ajax I, a Cayman Islands exempted company.
- “Articles” means the amended and restated memorandum and articles of association of the Company.
- “BNP Facility” means our €50 million asset-based securitization facility with BNP Paribas.
- “Board” means our board of directors.
- “Brexit” means the United Kingdom (“UK”) leaving the European Union (“EU”).
- “brumbrum” means brumbrum S.p.A.
- “Business Combination Agreement” means the Business Combination Agreement, dated as of March 29, 2021, as amended by the First Amendment thereto, dated as of May 14, 2021, by and among Ajax I, Capri Listco and Cazoo.
- “Business Realignment Plan” refers to a plan announced on June 7, 2022 to right-size the business and conserve cash in the short-term by focusing on delivering improved and sustainable profit margins.
- “Cazana” means UK Vehicle Limited.
- “Cazoo Holdings” means Cazoo Holdings Limited, a private limited company organized under the law of England and Wales.
- “Cazoo Shareholders” means the holders of Cazoo Shares.
- “Cazoo Shares” means the issued and outstanding shares of Cazoo Holdings as of the Closing.
- “Class A Shares” means the Cazoo Class A ordinary shares.
- “Class B Shares” means the Cazoo Class B ordinary shares.
- “Class C Shares” means the Cazoo Class C ordinary shares.
- “Closing Date” means the date of the closing of the Transaction, which was August 26, 2021.
- “Cluno” means Cluno GmbH and its subsidiaries.
- “Code” means the Internal Revenue Code of 1986, as amended.
- “Companies Act” means the Companies Act (As Revised) of the Cayman Islands as the same may be amended from time to time.
- “Continental” means Continental Stock Transfer & Trust Company.
- “Convertible Notes” means the Company’s 2.00% Convertible Senior Notes due 2027.
- “COVID-19” means SARS-CoV-2 or COVID-19 and any evolutions thereof or any other epidemics, pandemics or disease outbreaks.
- “DMGH” means Daily Mail and General Holdings Ltd.
- “DMGT” means Daily Mail and General Trust plc.
- “DMGV” means DMGV Limited.
- “Equiniti” means Equiniti Trust Company.
- “ESG” means environmental, social and governance.
- “EU” means the European Union.

- “Exchange Act” means the Securities Exchange Act of 1934, as amended.
- “FCA” means the UK Financial Conduct Authority and any successor authority thereto.
- “GAAP” means the United States generally accepted accounting principles, consistently applied.
- “GDPR” means the EU’s General Data Protection Regulation 2016/679, as amended.
- “GPU” means gross profit per unit.
- “HP” means hire purchase plans.
- “IFRS” means the International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB).
- “Incentive Equity Plan” means the incentive equity plan pursuant to which members of the board of directors, employees and consultants of Cazoo and its affiliates may receive equity and equity-based incentive awards.
- “Indenture” means the Indenture, dated as of February 16, 2022, by and between the Company and U.S. Bank Trust Company, National Association as trustee.
- “Investor Rights Agreement” means the Investor Rights Agreement, dated as of the Closing Date, by and among Cazoo, the Sponsor and the other investors party thereto.
- “IT” means information technology.
- “JOBS Act” means the Jumpstart Our Business Startups Act of 2012.
- “Listco” means Capri Listco, a Cayman Islands exempted company.
- “Merger” means the merger of Ajax with and into Listco, with Listco continuing as the surviving entity.
- “Note Purchase Agreement” means the Purchase Agreement, dated as of February 9, 2022, between the Company and the Purchasers set forth on the signature pages thereto.
- “NYSE” means the New York Stock Exchange.
- “OEMs” means original equipment manufacturers.
- “OFSI” means Office of Financial Sanctions Implementation.
- “Ordinary Shares” means the Class A Shares together with the Class B Shares and Class C Shares.
- “OSS” means open-source software.
- “PCAOB” means the Public Company Accounting Oversight Board.
- “PCP” means personal contract purchase plans.
- “PIPE Investors” means those certain investors that entered into subscription agreements in relation to the PIPE Investment.
- “PIPE Shares” means an aggregate of 80,000,000 Class A Shares issued to PIPE Investors in the PIPE Investment.
- “private warrants” means the Cazoo warrants issued in exchange for the Ajax private placement warrants.
- “private placement warrants” means the warrants entitling their holders to purchase Ajax Class A ordinary shares, par value \$0.0001 per share, at an exercise price of \$11.50 per share, subject to adjustment, initially sold by Ajax to the Sponsor.
- “RAC” means Royal Automobile Club.
- “Registration Rights Agreement” means the Registration Rights Agreement dated as of February 16, 2022 by and between the Company and the holders named therein.
- “Reorganization” means, collectively, (a) the transfer by MaplesFS Limited, as the sole shareholder of Listco, to Ajax of all of the issued and outstanding equity securities of Listco, as a result of which Listco became a wholly-owned subsidiary of Ajax, (b) the adoption by Ajax, as the sole shareholder of Listco, of the Articles (to take effect as of the Closing), and (c) the Merger.
- “Reverse Stock Split” means the consolidation of the Company’s issued and unissued share capital, par value \$0.0001 per share, at a ratio of 1-for-20, which became effective at 4:05 p.m. (ET) on February 8, 2023.

- “Revised 2023 Plan” means the plan announced on January 18, 2023 intended to rapidly improve the unit economics of the business and to deliver a significant reduction in cash consumption and continued progress towards Cazoo’s goal of reaching profitability.
- “Sarbanes-Oxley Act” means the Sarbanes-Oxley Act of 2002.
- “sat nav” means satellite navigation.
- “SEC” means the United States Securities and Exchange Commission.
- “Securities Act” means the Securities Act of 1933, as amended.
- “SEO” means search engine optimization.
- “Sponsor” means Ajax I Holdings, LLC, a Delaware limited liability company.
- “Swipcar” means Swipcar 2017, S.L.
- “Transaction” means the transactions contemplated by the Business Combination Agreement.
- “UK” means the United Kingdom.
- “UK DPA” means the United Kingdom’s Data Protection Act 2018.
- “UK GDPR” means the UK General Data Protection Regulation as defined by the UK DPA as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019.
- “Unit” means a unit of the Company consisting of (a) one Class A Share and (b) one-fourth of one redeemable Warrant.
- “Warrant” means a redeemable warrant of Cazoo and includes the public warrants and the private warrants.
- “Warrant Agreement” means that certain Warrant Agreement, dated as of October 27, 2020, between Ajax and Continental, as amended by the Amendment to and Assignment of Warrant Agreement, dated as of August 23, 2021, by and among Ajax, the Company, Continental and Equiniti.
- “\$” or “U.S.\$” or “USD” or “U.S. Dollar” means the lawful currency of the United States of America.
- “£” or “GBP” or “Pound(s) Sterling” means the lawful currency of the United Kingdom.

IMPORTANT INFORMATION ABOUT IFRS AND NON-IFRS FINANCIAL MEASURES

Our financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. We refer in various places within this Annual Report to Adjusted EBITDA, which is a non-IFRS measure that is more fully explained in “Item 5 — Operating and Financial Review and Prospects.” The presentation of this non-IFRS information is not meant to be considered in isolation or as a substitute for our consolidated financial results prepared in accordance with IFRS.

MARKET AND INDUSTRY DATA

Certain industry data and market data included in this Annual Report were obtained from independent third-party surveys, market research, publicly available information, reports of governmental agencies, and industry publications and surveys. All of the market data used in this Annual Report involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We believe that the information from these industry publications and surveys included in this Annual Report is reliable and is based on the good faith estimates of our management. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Item 3.D — Risk Factors.” These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

An investment in our securities carries a significant degree of risk. You should carefully consider the following risks and other information in this Annual Report, including our consolidated financial statements and related notes included herein, in connection with your ownership of our securities. If any of the events described below occur, our business and financial results could be adversely affected in a material way. This could cause the trading price of our securities to decline, perhaps significantly, and you therefore may lose all or part of your investment. The risks set out below are not exhaustive and do not comprise all of the risks associated with an investment in the Company. Additional risks and uncertainties not currently known to us or which we currently deem immaterial may also have a material adverse effect on our business, financial condition, results of operations, and prospects.

Summary Risk Factors

The following is a summary of certain, but not all, of the risks that could adversely affect our business, operations and financial results. If any of the risks actually occur, our business could be materially impaired, the trading price of our securities could decline, and you could lose all or part of your investment.

Risks Related to Our Business and Industry

- Our limited operating history makes it difficult to evaluate our current business and future prospects
- As a result of our Business Realignment Plan, the winddown of operations in mainland Europe and the recently announced Revised 2023 Plan, our strategy has shifted from seeking to maximize our market share in the UK and mainland Europe to focusing on the UK market only and pursuing improved unit economics. We may have difficulties implementing our strategy in the UK, which could have a material adverse effect on our business and results of operations

- We have a history of losses and we may not achieve or maintain profitability in the future
- As part of our Revised Business Plans we have shifted our focus to improving unit economics over driving for maximum growth. No assurance can be given that we will succeed in achieving any improvement in our unit economics
- Our audited consolidated financial statements include a note regarding substantial doubt about our ability to continue as a going concern
- At such time as we may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, such capital may not be available to us, and therefore our business, operating results and financial condition may be materially adversely affected
- We rely, or may rely in the future, on various of forms of debt financing to operate our business, including car financing facilities, mortgage debt, capital leases and syndicated loans, and there is no guarantee that such financing will be available in the future on acceptable terms, or at all. In addition, our leverage from any such facilities could adversely impact our business, financial condition and results of operations
- We may be unable to generate sufficient cash to fulfill our obligations under our indebtedness, and we may be unable to incur additional indebtedness to fund future needs
- We may not have the ability to repurchase the Convertible Notes upon a fundamental change or repay the Convertible Notes in cash at their maturity, and our future debt may contain limitations on our ability to pay cash upon conversion, redemption or repurchase of the Convertible Notes
- Continued downturns in general economic and market conditions and reductions in spending may reduce demand for our products
- We may be unable to attract a sufficient audience to our website in a cost-effective manner
- Our business is dependent upon access to suitable vehicle inventory, including the appropriate inventory mix, for resale to customers. Obstacles to acquiring suitable inventory for resale to customers, whether because of supply, competition, or other factors, could have a material adverse effect on our business, financial condition, results of operations and prospects
- The success of our business relies heavily on the effectiveness of our marketing and branding efforts, and these efforts may not be successful
- Our business is dependent upon our ability to recondition and sell inventory expeditiously and efficiently
- Our business is sensitive to changes in the prices of new and used vehicles
- If we are unable to adapt to and satisfy customer demands in a timely and cost-effective manner, our ability to improve our unit economics may suffer
- We operate in a competitive industry. Increased competition in online car sales could increase our marketing costs and affect our business, results of operations and prospects
- Loss of, or disruption to, our customer centers or vehicle preparation centers could have a material adverse effect on our business, financial condition, results of operations and prospects
- We rely on key third-party suppliers for outsourced services to us as well as for value-added products to our customers, and we cannot control the quality or fulfillment of these products
- We rely on our own logistics to transport our vehicle inventory. Thus, we are subject to business risks and costs associated with the transportation industry
- We are highly dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy
- We will need to continue to improve the capacity, speed, integration and automation of our reporting systems and operational processes as we rationalize our operations
- Cyber breaches caused by malicious hacking could jeopardize the integrity of our IT systems and the security of our data
- A significant disruption in service of our website and information technology systems could result in a disruption in our business and could have a material adverse effect on our results of operations
- Failure to safeguard our customer and other personal data may result in reputational damage, financial penalties, claims from individuals and litigation, and decrease in revenues

- Because we have historically operated as a private company, we have limited experience complying with public company obligations and fulfilling these obligations is expensive and time consuming and may divert management’s attention from the day-to-day operation of our business
- We have identified material weaknesses in our internal control over financial reporting (“ICFR”) for the fiscal years ended December 31, 2022 and 2021, which may result in material misstatements of our financial statements or cause us to fail to meet our reporting obligations. If these material weaknesses are not remediated our ability to accurately and timely report our financial results could be adversely affected
- Our operations may be adversely affected by legal, regulatory and other developments. Our non-compliance with applicable financial regulations could have a material impact on us
- We are subject to many hazards and operational risks, including accidents or incidents relating to health, safety and the environment at our customer centers and vehicle preparation centers, that may disrupt our business, which could have a material adverse effect on our business, financial condition and results of operations
- If our business and results of operations do not meet the expectations of investors, shareholders or financial analysts, the market price of our securities may decline
- The NYSE may delist our Class A Shares, which could limit investors’ ability to transact in our securities, subject us to additional trading restrictions, and trigger a “Fundamental Change” under the Convertible Notes, requiring us to repurchase for cash the Convertible Notes at 100% of their principal amount, plus any accrued and unpaid interest thereon

Risks Relating to our Business and Industry

Our limited operating history makes it difficult to evaluate our current business and future prospects

We first began operations in December 2019 and therefore do not have a long history as a commercial company. Our business has evolved rapidly as we have developed our product offering and brand and we have revised our strategy. Given our limited operating history, it is difficult to predict whether we will be able to maintain or grow our business. We also expect that our business will evolve in ways that may be difficult to predict. Following our launch in December 2019 we began expanding our storage and vehicle preparation centers, the products and services we provide and our digital platform and distribution infrastructure. On June 7, 2022, we announced our business realignment plan, which was designed to de-risk our path to profitability and to maximize our liquidity by right-sizing the business and conserving cash in the short-term, and by focusing on delivering improved and sustainable profit margins (the “Business Realignment Plan”). On September 8, 2022, following the review of a range of strategic options, we concluded that we would focus exclusively on our core opportunity in the UK. We have commenced an orderly wind down of our operations in Europe, having sold our operations in Spain, Italy and Germany and largely wound down our operations in France. On January 18, 2023 we announced our Revised 2023 Plan, which is aimed at improving the unit economics of the business and has resulted in the closure of certain of our vehicle preparation centers, customer centers and offices and significant headcount reductions (the “Revised 2023 Plan” together with the “Business Realignment Plan” and the winddown of operations in Europe are collectively referred to as the “Revised Business Plans”)

The rapid evolution our business and strategy has and continues to expose us to various costs and risks, including additional administration and operating expenses and risks, potential disruption of our internal operations, additional demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays. We may not succeed in successfully implementing our strategy or in appropriately mitigating all of these risks. As a result, our operating results are not predictable, and our historical results may not be indicative of our future results.

As a result of our Business Realignment Plan, the winddown of operations in mainland Europe and the recently announced Revised 2023 Plan, our strategy has shifted from seeking to maximize our market share in the UK and mainland Europe to focusing on the UK market only and pursuing improved unit economics. We may have difficulties implementing our strategy in the UK, which could have a material adverse effect on our business and results of operations

On June 7, 2022, we announced the Business Realignment Plan, which was designed to de-risk our path to profitability and to maximize our liquidity. On September 8, 2022, we announced the winddown of operations in mainland Europe and, on January 18, 2023, we announced our Revised 2023 Plan which is intended to rapidly improve the unit economics of the business. Accordingly, our strategy will no longer seek to achieve maximum market penetration in the UK and mainland Europe. Our ability to pursue our development objectives will depend on our success in carrying out our strategy of improving our unit economics in the UK market only.

A number of factors may affect the achievement of our strategy, including, among others, the implementation of our Revised Business Plans, demand for our vehicles, our ability to locate suitable inventory, our ability to grow organically, our ability to obtain funding and macroeconomic trends. We may not be able to fulfill our strategy in the near term or at all. We will have to react and adapt to the changing business environment, including the emergence of competitors with digital platforms that are similar to our platform. We may be unable to achieve improved unit economics while maintaining the quality and efficiency of our customers' car-buying and selling experience. See “— If we are unable to adapt to and satisfy customer demands in a timely and cost-effective manner, our ability to improve our unit economics may suffer” below. In addition, the time required to implement the Revised Business Plans could divert management's attention from other business concerns.

If we fail to realize our strategic objectives in full or in part and in a timely manner, or if the underlying assumptions on which such objectives are based prove to be incorrect, our ability to improve our unit economics as well as our ability to respond to competitive pressures could suffer, which could have a material adverse effect on our business, financial condition, results of operations and prospects. The Revised Business Plans focus on:

- reducing our existing employee headcount and slowing the pace of new hiring;
- lowering our brand marketing and performance marketing spend;
- rationalizing our vehicle preparation and customer support sites;
- increasing focus on driving retail gross profit per unit (“GPU”) growth through more efficient buying, reconditioning and improved vehicle mix;
- modifying our consumer proposition to drive costs down and improve operating efficiencies; and
- increasing procurement efficiencies across our entire supply chain to reduce overheads.

The Revised Business Plans, and the Revised 2023 Plan in particular, are based on our current estimates, assumptions and forecasts, which are subject to known and unknown risks and uncertainties, including assumptions regarding cost savings, cash burn rate, improvements in gross profits per unit, customer demand and a reduction in operating expenses. Accordingly, we may not be able to fully realize the benefit of the cost savings and other benefits anticipated from the Revised Business Plans. Additionally, implementation of the Revised Business Plans may be costly and disruptive to our business, the expected costs and charges may be greater than we anticipate, and the estimated cost savings may be lower than we have forecasted. In addition, our initiatives could result in personnel attrition beyond our planned reduction in headcount, which could in turn adversely impact productivity, including through a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods, or our ability to attract highly skilled employees. Unfavorable publicity about us or the Revised Business Plans could result in reputational harm and could diminish confidence in our brand and business model. The Revised Business Plans have required, and may continue to require, a significant amount of management's and other employees' time and focus, which may divert attention from effectively operating and growing our business.

We have a history of losses and we may not achieve or maintain profitability in the future

We have not been profitable since we began operations in December 2019 and had an accumulated loss of approximately £1,279 million as of December 31, 2022. Although we intend to reduce operating expenses and take other initiatives through implementation of our Revised Business Plans, we expect to continue to incur losses. These expense reductions, initiatives and further investments may not achieve the anticipated results and as such we cannot guarantee we will become cash-flow breakeven or achieve profit at all in the business generally.

We may continue to incur losses in the future for a number of reasons, some of which are outside of our control, including our inability to reduce costs and increase per unit profitability as contemplated under our Revised Business Plans, slower than anticipated adoption of online channels for car buying, slower than anticipated demand for car purchases and our related products and services, increased competition, weakness in the automotive retail industry generally, our ability to source appropriate inventory, and a decline in global financial conditions that negatively impacts economic activity and employment. We may also encounter unforeseen expenses, difficulties, complications and delays in generating revenues or profitability. If our rate of generating revenues slows beyond what is expected in our business plan, we may not be able to reduce costs further in a timely manner. In addition, if we further reduce variable costs to respond to losses, this may limit our ability to improve unit economics.

Accordingly, we may not achieve or maintain profitability and may continue to incur significant losses in the future, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In response to the risks and uncertainties described above, we may seek to secure additional outside capital over the next 12 months beyond the date hereof. While we have historically been successful in our ability to secure outside capital, as of the date hereof, we had no firm commitments of additional outside capital. We can provide no assurance we will be able to continue to secure outside capital in the future or do so on terms that are acceptable to us. Furthermore, we also plan to continue to closely monitor our cash flows and, if necessary, we may implement certain incremental cost savings to preserve our liquidity beyond those being implemented through the Revised Business Plans. While we currently expect we will have sufficient liquidity to fund our operations for the next twelve months beyond the date hereof, we can provide no assurance we will successfully generate such liquidity, or if necessary, secure additional outside capital or achieve incremental cost savings.

As part of our Revised Business Plans we have shifted our focus from maximizing growth to improving our unit economics. No assurance can be given that we will succeed in achieving any improvement in our unit economics

Following our launch in December 2019 we began expanding and we focused on increasing revenue and market share. We now intend to focus on achieving higher margins, improving our product mix and reducing our cost base with the aim of further improving our unit economics and maximizing our cash runway. As a result our revenues may decline. Under our Revised 2023 Plan, we intend to reduce the rate of unit sales to focus on improving gross profit per unit and working capital, by among other things, lowering our operating expenses, rationalizing our footprint, reducing our headcount and implementing other initiatives. There can be no assurance that this strategy of reducing revenue growth to focus on profitability will be successful. We believe that our ability to improve unit economics will depend, among other factors, on our ability to:

- Further improve the quality of our vehicle offering, by focusing on a higher-margin offering mix;
- acquire sufficient suitable inventory, and effectively and timely recondition suitable inventory at an attractive cost in order to maintain an attractive product mix;
- improve the attachment rates and profitability of our complementary business lines;
- complete the rationalization of our footprint and improve the efficiency of our logistics network;
- continue to attract customers to our website;
- improve our processes and create efficiencies across the business; and
- develop our offering cost effectively in line with customer demands.

We may not meet these objectives, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our audited consolidated financial statements include a note regarding substantial doubt about our ability to continue as a going concern

As set forth in Note 2.7 of the audited consolidated financial statements included elsewhere in this Annual Report, we have determined that, in a downside scenario, certain inherent uncertainties in forecasting operating performance, including gross profit margin, raise substantial doubt about our ability to continue as a going concern, due to the risk that we may not have sufficient cash and liquid assets at December 31, 2022 to cover our operating and capital requirements for the period through to April 30, 2024; and if sufficient cash cannot be obtained, we would have to substantially alter, or possibly even discontinue, operations.

As of December 31, 2022 we had cash and cash equivalents of £258.3 million. We believe that our cash on hand, and available borrowing capacity under stocking loans and borrowings, will be adequate to meet our liquidity requirements for at least the twelve months following the date of this Form 20-F.

We have adopted a plan (the “**2023 budget**”) designed to allow us to focus on unit economics through higher margin, faster moving inventory and rationalization of our operational footprint. In line with the lower unit expectations for 2023 and the current economic climate, the 2023 budget includes the closure of certain vehicle preparation centers and customer centers, and further headcount reductions, which are already underway. The 2023 budget is expected to deliver a significant reduction in our cash consumption and continued progress towards our goal of reaching profitability, without the need to raise further external funding until H2 2024.

The 2023 budget includes actions to increase liquidity such as a prospective sale and leaseback of owned property, the continued financing of UK retail inventory and the unwinding of the UK subscriptions business to realize cash from subscription vehicles in property, plant and equipment.

Given the stage of evolution of our Company, there are certain inherent uncertainties in forecasting operating performance, including gross profit margin, as well as cash flows. Our ability to satisfy our current liabilities and maintain daily liquidity is dependent on successful execution of our 2023 budget.

We cannot assure you that we will succeed in implementing the 2023 budget or, that if implemented, the 2023 budget will be successful in improving our unit economics and financial outlook. The identification of a substantial doubt about our ability to continue as a going concern could adversely affect our ability to obtain additional financing on favorable terms, if at all, and may cause investors to have reservations about our long-term prospects and may adversely affect our relationships with suppliers. If we cannot successfully continue as a going concern, our investors may lose a large proportion of or even their entire investment.

At such time as we may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, such capital may not be available to us, and therefore our business, operating results and financial condition may be materially adversely affected

In the future we will need to engage in equity or debt financings to secure additional funds. However, additional funds may not be available when we need them, on terms that are acceptable to us, or at all. Under the terms of the Indenture governing the Convertible Notes, we are obligated to ratably guarantee and/or secure the Convertible Notes, as applicable, with guarantees or security provided at any time for the benefit of certain other indebtedness of the Company for borrowed money issued or incurred in the future, other than indebtedness incurred to purchase, finance or refinance the purchase of vehicles, vehicle parts, supplies and inventory, sale leasebacks and certain other indebtedness, which may negatively impact our ability to incur debt in the future, as well as the cost of any such debt. In addition, any debt financing that we secure in the future could involve restrictive covenants which may make it more difficult for us to obtain additional capital and to pursue business opportunities. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt or equity financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A Shares. If we are unable to obtain adequate financing or financing on terms satisfactory to us when required, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and this could have a material adverse effect on our business, financial condition, results of operations and prospects.

We rely, or may rely in the future, on various of forms of debt financing to operate our business, including car financing facilities, mortgage debt, capital leases and syndicated loans, and there is no guarantee that such financing will be available in the future on acceptable terms, or at all. In addition, our leverage from any such facilities could adversely impact our business, financial condition and results of operations.

As of December 31, 2022, we had approximately £240 million in committed car financing facilities to finance purchasing of our inventory with a total of four lenders. These facilities have no fixed end date but are subject to annual review. There are no financial covenants attached to these facilities. Certain facilities have triggers to revise the loan-to-value terms if cash falls below a certain level. We are proactively managing our number of available facilities to reflect the lower unit volume we anticipate in 2023. If availability under these facilities was reduced, we could choose to cash finance inventory in the short-term, or to reduce overall levels of inventory held.

We may in the future seek to refinance our existing debt, or incur new debt to, among other things, finance our continuing operations, including our inventory purchases. However, we may be unable to extend these agreements on terms that are acceptable to us, or at all. If the agreements are terminated or expire and are not renewed, or if we are unable to find satisfactory replacements, whether because of our financial and operating performance or for other reasons, our inventory supply may decline, resulting in fewer vehicles available for sale on our website. New funding arrangements may include higher interest rates or other less favorable terms. No assurance can be given that financing will be available in the future on terms acceptable to us, or at all. These financing risks, in addition to rising interest rates and changes in market conditions, if realized, could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we increase our indebtedness, that will pose additional risks to our business. A high degree of leverage could have important consequences to us. For example, it could:

- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash from operations to the payment of debt service, thereby reducing the availability of cash to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, capital expenditures, general corporate purposes or acquisitions.
- place us at a disadvantage compared to our competitors that are less leveraged;
- limit our flexibility in planning for, or reacting to, changes in our business and in our industry; and
- make us vulnerable to increases in interest rates.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could have a material adverse effect on our business and results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (the “FDIC”), as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. On March 19, 2023, Credit Suisse and UBS entered into a merger agreement following the intervention of the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority FINMA. There can be no assurance that there will not be additional bank failures or issues in the broader financial system, which may have an impact on the broader capital markets and, in turn, our ability to access those markets. In addition, if any parties with whom we conduct business are unable to access funds pursuant to lending arrangements with a closed financial institution, such parties’ ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected.

We may be unable to generate sufficient cash to fulfill our obligations under our indebtedness, and we may be unable to incur additional indebtedness to fund future needs

As of December 31, 2022, we had indebtedness outstanding with a carrying amount of £531 million, which included £162 million related to stocking loans, £15 million related to subscription facilities and £349 million related to the Convertible Notes and embedded derivative. Our interest expense resulting from indebtedness outstanding from time to time was £53 million for the year ended December 31, 2022. We intend to continue to evaluate entering into additional stocking facilities or other loans to finance our inventory.

Our ability to make payments on and refinance our current or future debt will depend on our ability to generate cash in the future from operations, financings or asset sales, and is subject to general economic, financial, competitive, legislative, regulatory and other factors that we cannot control. If our cash flows and capital resources are insufficient to fund our debt service obligations we may be forced to sell assets, seek additional capital or take other disadvantageous actions, including reducing financing in the future for working capital, capital expenditures and other general corporate purposes or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. The lenders or other investors who hold debt that we fail to service or on which we otherwise default could also accelerate amounts due, which could in such an instance potentially trigger a default or acceleration of other debt we may incur. Any refinancing or replacement of our existing debt could be at higher interest rates and may require it to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives.

We may not have the ability to repurchase the Convertible Notes upon a fundamental change or repay the Convertible Notes in cash at their maturity, and our future debt may contain limitations on our ability to pay cash upon conversion, redemption or repurchase of the Convertible Notes

Holders of the Convertible Notes have the right to require us to repurchase for cash all or a portion of their Convertible Notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of a Fundamental Change (as defined in the Indenture). We are also required to increase the conversion rate for holders who convert their Convertible Notes in connection with a Fundamental Change prior to the maturity date. We will be required to repay the Convertible Notes in cash at their maturity, unless earlier converted, redeemed or repurchased. In addition, as more fully described in “Item 10.C — Material Contracts — Indenture,” we may be required, under certain circumstances, to make a payment of premium to holders at maturity of the Convertible Notes equal to 50% of the principal amount of the Convertible Notes. The premium is payable in cash, Class A Shares, or a combination of cash and Class A Shares at our option. We may not have enough available cash or be able to obtain financing at such time as we are required to make any repurchases of Convertible Notes surrendered or to repay principal at maturity or pay required premium.

In addition, our ability to repurchase the Convertible Notes or to repay principal at maturity or pay required premium may be limited by law, regulatory authority, or agreements governing our future indebtedness. Our failure to repurchase the Convertible Notes at a time when the repurchase is required by the Indenture or to repay principal at maturity or pay required premium as required by the Indenture would constitute a default under the Indenture. A default under the Indenture or the Fundamental Change itself could also lead to a default under agreements governing our future indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the interest on such indebtedness and repurchase the Convertible Notes or to repay principal at maturity or pay required premium.

As of March 20, 2023 we understand from public filings that certain of the holders of the Convertible Notes entered into a cooperation agreement to engage in discussions with the Company concerning a potential financing, recapitalization, asset or equity sale, reorganization and/or restructuring transaction or series of such transactions or alternative extraordinary transactions involving the Company. There is no assurance that any such discussions will occur with the Company or result in any of the foregoing.

Our ability to improve the profitability of our complementary service offerings may be limited, which could negatively impact our revenues and financial performance

We may be unable to improve the profitability of our complementary service offerings. We may not successfully demonstrate the value of such products and services to consumers, and pricing, commission and attachment rates may not improve. Failure to do so would compromise our ability to achieve increasing profitability rates on these products and services over time. Any of these risks, if realized, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to risks related to the larger automotive ecosystem, including consumer demand, the shift to electric vehicles, global supply chain challenges and other macroeconomic issues

Our business may be negatively affected by challenges to the larger automotive ecosystem, including urbanization, global supply chain challenges and other macroeconomic issues. The shift to electric vehicles as a result of government mandates and consumer preferences may result in a dislocation in the supply of suitable vehicles in the medium term as there may be fewer used electric vehicles available. New technologies such as autonomous driving software also have the potential to change the dynamics of car ownership in the future. A decline in the volume of new cars would result in a decline in the supply of used cars over time and could impact pricing of used cars. For example, a number of OEMs have experienced new car production disruptions caused by an ongoing global shortage of automobile microchips, which resulted in a decline in the supply of new vehicles, which in turn resulted in a decline in the supply of used vehicles due to a lack of turnover in the automotive retail market. The Russia Ukraine conflict has contributed to shortages in materials and increased costs for transportation, energy and raw material, particularly with respect to raw materials extracted from, or components produced in, Russia or Ukraine, which are important to the vehicle manufacturing industry including the production of electric vehicle batteries. Rising gasoline prices may also change consumer behavior in ways that adversely impact us, including by decreasing demand for cars and by increasing demand for electric vehicles, which could affect our vehicle sales and valuations. In addition, manufacturer recalls are a common occurrence. Recalls and a scrutiny surrounding selling used vehicles with open safety recalls could adversely affect used vehicle sales or valuations, could cause us to temporarily remove vehicles from inventory, sell affected vehicles at a loss, incur increased costs and could expose us to litigation and adverse publicity related to the sale of recalled vehicles. See “— Our business is sensitive to conditions affecting automotive manufacturers, including manufacturer recalls and potential financial issues” below.

Demand for vehicle purchases may be adversely impacted by international, national and local economic conditions and travel demand. When travel demand or economic conditions weaken, our financial condition and results of operations may be adversely impacted. Consumer purchases of vehicles generally decline during recessionary periods and other periods in which disposable income is adversely affected. Purchases of vehicles may be affected by negative trends in the UK economy and other factors, including rising interest rates, rising vehicle prices, the cost of energy and gasoline, any significant increases in fuel prices, any protracted disruption in fuel supplies or rationing of fuel, the availability and cost of credit, reductions in business and consumer confidence, stock market volatility, increased regulation, increased unemployment and the impact of any recession. See “— Continued downturns in general economic and market conditions and reductions in spending may reduce demand for our products” below.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Continued downturns in general economic and market conditions and reductions in spending may reduce demand for our products

Our revenues, results of operations and cash flows depend on the overall demand for our cars, services and products. Negative conditions in the general economy, including conditions resulting from changes in gross domestic product growth, rising interest rates, financial and credit market fluctuations construction slowdowns, energy costs, international trade relations and other geopolitical issues, including those caused or may be caused by the Russia Ukraine conflict, and the availability and cost of credit could cause a decrease in consumer discretionary spending and business investment and diminish growth expectations. Moreover, government consumption or socio-economic policies or objectives could potentially impact the demand for our goods and services.

Global inflation also increased during 2022. The Russia Ukraine conflict and other geopolitical conflicts, as well as the related international response, has exacerbated inflationary pressures, including causing increases in the price for goods and services and global supply chain disruptions, which has resulted and may continue to result in shortages in materials and services. Such shortages have resulted and may continue to result in inflationary cost increases for labor, fuel, materials and services, and could continue to cause costs to increase as well as result in the scarcity of certain materials. We cannot predict any future trends in the rate of inflation or other negative economic factors or associated increases in our operating costs and how any such trends may impact our business. To the extent we are unable to recover higher operating costs resulting from inflation or otherwise mitigate the impact of such costs on our business, our revenues and gross profit per unit could decrease, and our financial condition and results of operations could be adversely affected.

Economic slowdowns in the past have significantly affected the automotive and related markets. Consumer purchases of vehicles generally decline during recessionary periods and other periods in which disposable income is adversely affected. Purchases of vehicles may be affected by negative trends in the UK economy. Periods of deteriorating general economic conditions may result in a significant reduction in car sales, which may negatively affect our profitability and put downward pressure on our product and service prices and volumes. Economic slowdowns may lead to reduced sales of new vehicles, which may in turn reduce the supply of suitable used vehicles.

Downturns in general economic conditions may also materially affect our third-party suppliers. Adverse economic conditions may cause suppliers to be unable to meet their commitments to us, which could limit our ability to purchase or recondition sufficient numbers of cars to meet demand, or our ability to purchase or recondition any cars at all. Our suppliers may also seek to reduce their costs in response to adverse economic conditions, which could reduce the quality of their products or services, which, in turn, could damage our reputation.

Any of these events or occurrences could cause consumer confidence and spending to decrease, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our geographic concentration in the UK creates an exposure to severe weather, the local economy, regional downturns, or catastrophic occurrences in the UK that may materially adversely affect our financial condition and results of operations

As a result of the UK focus of our business, we are subject to risks related to downturns in the economy as well as downturns in the market for our products and services in the UK. In addition, the geographic concentration of our business in the UK exposes us to risks related to regional specific legislation, taxes and disasters such as earthquakes or floods, which could disproportionately affect us and our financial performance. Furthermore, the future effects of Brexit are still currently unknown and Brexit may continue to lead to uncertainty and potentially divergent national laws and regulations (including financial laws and regulations, tax and free trade agreements, immigration laws and employment laws). As such, the legal, political and economic relationship with the EU may continue to be a source of instability in international markets, create significant currency fluctuations or otherwise adversely affect trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future and could adversely affect economic or market conditions in the UK. Any such event or occurrence could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be unable to attract a sufficient audience to our website in a cost-effective manner

Our success will depend, in part, on our ability to continue to attract users to our website in a cost-effective manner. Although, in 2022, we made substantial investments in advertising and public relations campaigns in order to raise awareness of, and direct traffic to, our website, our efforts may not continue to be successful. Furthermore, as part of the Revised Business Plans, we have lowered our brand marketing spend and continue to focus on maximizing our cash runway. As a result, we may not continue to make sufficient investments in our advertising and public relation campaigns to attract an adequate audience to our website. Factors important to maintaining the audience to our website include our ability to:

- maintain a convenient and reliable user experience as consumer preferences evolve;
- develop and manage new and existing technologies and distribution channels, including smartphones and tablets; and
- maintain awareness of our brand and website through marketing and promotional activities.

In addition, our future success depends, in part, on our ability to provide adequate functionality for visitors who use mobile devices to search for and purchase cars and the number of transactions that are completed by those users. In the year ended December 31, 2022, approximately 80% of unique visitors to our website were attributable to mobile devices. This is consistent with prior years. The online market for purchasing vehicles is significantly less developed than the online market for other goods and services such as books, music, travel and other consumer products. If the market for online vehicle transactions does not gain more widespread acceptance, or if we are unable to adequately address our customers' desire to utilize mobile device technology, our business may suffer. Furthermore, a failure or inability to carry out sustained advertising and promotional expenditures or offer more incentives than we currently anticipate could mean that we are unable to attract consumers to our digital platform or to convert them into purchasing customers. Specific factors that could prevent consumers from purchasing vehicles through our digital platform include a preference for the ability to physically test-drive and examine vehicles, the confidence that can be provided in meeting the person who is selling the car, our ability to provide the same level of website functionality to a mobile device that we provide on a desktop computer, the actual or perceived lack of security of information on a mobile device and possible disruptions of service or connectivity. In addition, we may not continue to innovate and introduce enhanced products that can be suitably conveyed on mobile platforms. Any failure to properly manage these factors could negatively affect our brands and reputation or our ability to attract and retain users.

Our business is dependent upon access to suitable vehicle inventory, including the appropriate inventory mix, for resale to customers. Obstacles to acquiring suitable inventory for resale to customers, whether because of supply, competition, or other factors, could have a material adverse effect on our business, financial condition, results of operations and prospects

We acquire cars for sale through numerous sources, including from used-car auctions, corporate suppliers including vehicle finance, leasing, rental companies and OEMs, as well as directly from consumers and from subscription agreements as our remaining subscription contracts terminate. The supply of suitable vehicles may not be sufficient to meet our needs and the vehicles may not be available at prices or on terms acceptable to us. For example, any reduction in the volume of new cars could negatively impact the supply of cars for our business. OEMs continue to report new car production disruptions caused by various factors including an ongoing global shortage of automobile microchips. This disruption resulted in and could in the future continue to result in a decline in the supply of new vehicles, which has in turn resulted in and could in the future result in a decline in the supply of used vehicles due to a lack of turnover in the automotive retail market. The decline in the supply of new vehicles has resulted in used car pricing increasing significantly. In addition, suppliers may also choose to provide our competitors with certain vehicles or may prefer working with our competitors over us, limiting our ability to obtain inventory. Some of these factors could continue in the future. We have expanded the volume of vehicles we acquire from consumers through our direct car buying channel in 2022. This has allowed us to increase the availability of suitable vehicle inventory at attractive commercial rates. However, this channel may not continue to be successful or commercially viable or may not be sustainable in the context of the associated capital overhead. A reduction in the availability of or access to sources of inventory, whether due to supply chain constraints, geopolitical events, or otherwise, could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, the shift to electric vehicles as a result of government mandates and consumer preferences may result in a dislocation in the supply of suitable vehicles in the medium term, as used electric vehicles may not achieve wide consumer acceptance as a result of actual or perceived limitations on battery life or other concerns. New technologies, such as autonomous driving software, also have the potential to change the dynamics of car ownership in the future and could reduce the demand for both new and used cars. A decline in the volumes of new cars would result in a decline in the supply of used vehicles over time.

We evaluate thousands of potential cars to purchase daily using proprietary algorithms to determine appropriate appraisals based on a variety of factors including age, condition, consumer desirability and relative value as prospective inventory. Our failure to adjust appraisals to stay in line with broader market trends or failure to recognize those trends, could adversely affect our ability to acquire inventory. In addition, if our appraisals are too high, we may be unable to generate sufficient profit or any profit on the sale of our vehicles. Our ability to source vehicles could also be affected by competition, which may have the effect of increasing prices for and decreasing the availability of used vehicles.

A reduction in the availability of suitable vehicle inventory for any of the above reasons, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business is dependent on the image and reputation of our brand

Our financial performance is influenced by the image, perception and recognition of the Cazoo brand. We need to maintain, protect, and enhance our brand in order to attract users to our website and increase their engagement with our website. This, in turn, depends on many factors such as the quality of the vehicles available for sale and the services provided, the level of customer service and advice, the efficiency of our delivery services and our communication activities including advertising, public relations, marketing and our general corporate and market profile. As part of the Revised Business Plans, we have begun to reduce our brand marketing spend and expect to further reduce our performance marketing spend, and this reduction could impede our ability to maintain user engagement or respond to threats to our reputation. If we fail to maintain the standards on which our reputation is built, or if an event occurs that damages this reputation, such as accidents in or malfunctions related to Cazoo vehicles or services, consumer demand could be adversely affected, which would have a material adverse effect on our business, sales and results of operations. Even the perception of a decrease in the quality of our vehicles, customer service or brand could impact results.

Complaints or negative publicity about our business practices, the quality of our vehicles or services, our marketing and advertising campaigns, compliance with applicable laws and regulations, the integrity of the vehicle data that we provide to users, data privacy, environmental and social, governance, health and safety, driver and vehicle standards, and security issues, and other aspects of our business, especially on blogs and social media websites, and irrespective of their validity, could diminish customer confidence in our platform and adversely affect the Cazoo brand. The growing use of social media increases the speed with which information and opinions can be shared and thus the speed with which reputation can be affected. While we may choose to engage in marketing campaigns to promote our brands, these efforts may not be successful. Our failure to correct or mitigate misinformation or negative information about us, the vehicles we sell or purchase, our customer experience, or any aspect of our brand, including information spread through social media or traditional media channels, could have a material adverse effect on our business, financial condition, results of operations and prospects.

The success of our business relies heavily on the effectiveness of our marketing and branding efforts, and these efforts may not be successful

We are a consumer brand; we rely heavily on effective marketing and advertising to sustain brand visibility with potential customers. We recorded marketing expenses of £63 million in the year ended December 31, 2022. As part of our Revised Business Plans, we have reduced and intend to continue reducing certain types of marketing (such as TV and radio advertisements, and sponsorships) as well as performance marketing spend. This reduction may affect our ability to sustain brand visibility, which could have a negative effect on our business, financial condition, results of operations and prospects.

We are also heavily reliant on our website, which needs to evolve as our business matures. In the future, we may not be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of our website in a timely manner or at all. If we are unable to recover marketing costs through increases in customer traffic and in the number of transactions by users of our platform, or if our broad marketing campaigns are not successful or are terminated, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

We rely on search engines and vehicle listings sites to help drive traffic to our website, and if we fail to appear prominently in the search results or fail to drive traffic through paid advertising, our audience may decline and our business would be adversely affected

We depend in part on search engines and vehicle listings sites to drive traffic to our website. Our ability to maintain and increase the number of visitors directed to our website is not entirely within our control. A significant number of users access our website via links contained in search engines' "natural" listings (i.e. listings not dependent on advertising or other payments). Search engines typically do not accept payments to rank websites in their natural listings and instead rely on algorithms to determine which websites are included and in what priority to order in the results of a search query. We endeavor to enhance the relevance of our website to common user search queries and thereby improve the rankings of our website in natural listings (a process known as "search engine optimization" or "SEO"). Search engines frequently modify their algorithms and ranking criteria to prevent their natural listings from being manipulated, which could impair our search engine optimization activities, in turn reducing new client acquisition and adversely affecting our operating results.

These algorithms and ranking criteria may be confidential or proprietary information, and we may not have complete information on the methods used to rank our website. If we are unable to quickly recognize and adapt our techniques to such modifications in search engine algorithms or if the effectiveness of our SEO activities is affected for any other reason, we could suffer a significant decrease in traffic to our website. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future.

Our competitors may increase their search engine optimization efforts and outbid us for placement on various vehicle listings sites or search terms on various search engines, resulting in their websites receiving a higher search result page ranking than Cazoo. Search engine providers could also provide automotive dealer and pricing information directly in search results and search engine providers or vehicle listings sites could align with our competitors or choose to develop competing services.

Further, a violation of a search engine's terms of service may result in a website's exclusion from that search engine's natural listings. If a search engine were to modify our terms of service or interpret existing or modified terms of service in a manner such that our SEO practices were deemed to violate such terms, our website could be excluded from the search engine's natural listings. Such exclusion could significantly affect our ability to direct traffic to our website.

Vehicle listings sites, such as Autotrader.co.uk, also direct users to our website via links from vehicles advertised on their sites. Should a vehicle listing site such as Autotrader cease to promote our vehicles for any reason, it could reduce new client acquisition and adversely affect our operating results.

If search engines modify their algorithms in ways that are detrimental to us, if vehicle listings sites are unwilling to display any or all of our inventory or if they significantly increase the cost of doing so, or if our competitors' efforts are more successful than us, overall growth in our audience could slow or our customer base could decline.

Further, mobile operating system and web browser providers, such as Google, have announced product changes to limit the ability of advertisers to collect and use data to target and measure advertising. Google intends to further restrict the use of third-party cookies in its Chrome browser in 2024, consistent with similar actions taken by the owners of other browsers, such as Apple in its Safari browser, and Mozilla in its Firefox browser. These changes may reduce our ability to efficiently target and measure advertising, in particular through online social networks, making our advertising less cost effective and successful. Any reduction in the number of users directed to our website through search engines or vehicle listings sites could have an adverse effect on our business, financial condition, results of operations and prospects.

Our business is dependent upon our ability to recondition and sell inventory expeditiously and efficiently

Our purchases of vehicles are based in large part on projected consumer demand. If actual sales are materially less than we forecast, we would experience an over-supply of vehicle inventory. An over-supply of vehicle inventory will generally cause downward pressure on product sales prices and margins and increase our average days to sale. Vehicle inventory represents a significant portion of our total assets, accounting for £233 million, or approximately 27% of our total assets, as of December 31, 2022. Having such a large portion of total assets in the form of inventory for an extended period subjects us to depreciation, inflation and other risks that affect our results of operations. Vehicles can depreciate rapidly and therefore a failure to sell our inventory expeditiously or to recondition and deliver vehicles efficiently to customers could adversely impact our gross profit per unit. If we have excess inventory or our average days to sale increases, we may be unable to liquidate such inventory at prices that allow us to meet margin targets or to recover our costs, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Conversely if our customer demand exceeds our capacity to purchase and recondition our used vehicle inventory this could result in lower inventory levels, leading to lower conversion rates. Following the announcement of our Revised 2023 Plan, we have begun to rationalize our footprint, including through reducing the number of vehicle preparation centers we operate. As a result of this reduction, our reconditioning capacity will decline and our operations may experience periods of inefficiency, which could have a negative impact on our gross profit per unit.

Any disruption of our ability to recondition our vehicles in an expeditious and efficient manner could have a material adverse effect on our business, financial condition, results of operations and prospects.

Vehicle retail sales depend heavily on affordable interest rates and availability of credit for vehicle financing and a substantial increase in interest rates could materially and adversely affect our business, prospects, financial condition, results of operations, and cash flows

If interest rates continue to rise, market rates for vehicle financing will generally be expected to rise as well, which may make our vehicles less affordable to customers or steer customers to less expensive vehicles that would be less profitable for us, adversely affecting our financial condition and results of operations. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, customers may not desire or be able to obtain financing to purchase our vehicles. As a result, a substantial increase in customer interest rates or tightening of lending standards could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our business is sensitive to changes in the prices of new and used vehicles

Any significant changes in retail prices for new or used vehicles could have a material adverse effect on our revenues and results of operations. For example, an overall increase in prices for used vehicles may make it difficult for certain customers to afford to purchase a vehicle. Similarly, if retail prices for used vehicles rise relative to retail prices for new vehicles, it could make buying new vehicles more attractive to our customers than buying used vehicles, which could result in reduced used-car sales and lower revenues. Manufacturer incentives could contribute to narrowing the price gap between new and used vehicles. In addition, supply chain issues impacted new vehicle production throughout 2022 and may continue in the future. See “— Our business is subject to risks related to the larger automotive ecosystem, including consumer demand, the shift to electric vehicles, global supply chain challenges and other macroeconomic issues.” As a result of these factors, automotive vehicle pricing and demand continues to be difficult to predict, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Used vehicle prices may also decline for a variety of reasons including an increase in supply due to an increased number of new vehicle lease returns over the next several years. While lower used vehicle prices reduce the cost of acquiring new inventory, lower prices could also lead to reductions in the value of inventory we currently hold, which could result in impairments to our assets and have a negative impact on gross profit. Furthermore, any significant changes in wholesale prices for used vehicles could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to adapt to and satisfy customer demands in a timely and cost-effective manner, our ability to improve our unit economics may suffer

The success of our business depends in part on effectively managing and maintaining sales of our vehicle inventory and related products and services, and providing customers with a car buying experience that meets or exceeds their expectations. If for any reason we are unable to do so in a timely and cost-effective manner, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

If our products and services do not meet expected performance or quality standards, including with respect to customer safety and satisfaction, this could adversely affect consumer demand. In addition, the volume of customer service requests before and after delivery limits our service capacity and may prevent us from retailing service plans to customers effectively. The changes to our footprint and headcount announced as part of the Revised 2023 Plan may negatively impact our ability to serve customers while maintaining the quality and efficiency of our customers' car-buying experience. If the demand for our used cars exceeds our ability to recondition cars, we may be unable to meet customer demand and may have to decrease our range of brands and models for sale. This could adversely impact our reputation, customer demand for our vehicles and our competitive position.

If we cannot maintain the quality and efficiency of our customers' car-buying experience or the quality of the vehicles we sell, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

The disposals resulting from the winddown in Europe and other strategic decisions that we may take could have a negative effect on our results of operations

We may divest assets or otherwise discontinue businesses that are no longer a part of our strategy. For example, on September 8, 2022, we announced a plan to wind down our operations in Europe, and since then we have announced the sales of our Spanish, Italian and German businesses. Divestitures or other similar strategic endeavors require significant investment of time and resources, may disrupt our business and distract management from other responsibilities and may result in losses on disposition or continued financial involvement in the divested business, including through indemnification or other financial arrangements, for a period following the transaction, which could adversely affect our business, results of operations or financial condition.

An impairment of our goodwill and other indefinite-lived intangible assets could have a material impact to our results of operations

On an annual basis as of December 31, and at interim periods when circumstances require as a result of a triggering event, we test the recoverability of our goodwill and indefinite-lived intangible assets by performing an impairment analysis. The value in use calculation involves judgment and estimates, including projected revenues, projected cash flows, long-term growth rates, and discount rates. A significant decline in any of the items used to determine the recoverable amount, as well as other triggering events, could result in a material impairment charge. For details of our annual impairment testing, see Note 16 of the audited consolidated financial statements included elsewhere in this Annual Report.

We operate in a competitive industry. Increased competition in online car sales could increase our marketing costs and affect our business, results of operations and prospects

The car retail market is highly competitive with respect to price, quality, service, location and vehicle offering. Our current and future competitors may include:

- traditional car dealers or marketplaces who could increase investment in technology and infrastructure to compete directly with our online retail model or current online retail platforms;
- search engines and vehicle listings sites and new entrants that could change their models to directly compete with us, such as Google, Amazon and AutoTrader.co.uk and Motors.co.uk; and
- OEMs that could change their sales models through technology and infrastructure investments and enter into the subscription and/or direct online retail sales market themselves.

We also expect that new competitors will continue to enter the online and traditional automotive retail industry with competing brands, business models, products, and services, which could have an adverse effect on our business, financial condition, results of operations and prospects. Our competitors may also develop and market new technologies that render our existing or future business model, products and services less competitive, undesirable or obsolete. In addition, if our competitors develop business models, products or services with similar or superior functionality to our solutions or broader in range than those we provide customers with or with more competitive pricing, this may adversely impact our business and prospects.

Our current and potential competitors may have significantly greater financial, technical, marketing, infrastructure and other resources than we have, and an ability to devote greater resources to the development, promotion and support of their products and services. Additionally, they may have more extensive automotive industry relationships, longer operating histories and greater name recognition than us. As a result, these competitors may be able to adapt more quickly, develop new technologies faster and undertake more extensive marketing or promotional campaigns. Furthermore, the closures of a number of our vehicle preparation and customer centers following the announcement of our Revised 2023 Plan could limit our access to certain markets and impair our ability to compete effectively. In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. If we are unable to compete with these competitors, the demand for our cars, products and services could substantially decline.

We may not be able to compete successfully against current or future competitors, and competitive pressures could have a material adverse effect on our business, financial condition, results of operations and prospects.

Loss of, or disruption to, our customer centers or vehicle preparation centers could have a material adverse effect on our business, financial condition, results of operations and prospects

Following the announcement of the Revised 2023 Plan, we have rationalized our footprint and operate seven customer centers and four vehicle preparation centers in the UK as of March 20, 2023. We store our sale-ready inventory at and deliver vehicles from these locations. Our ability to deliver vehicles to customers is dependent on our operational infrastructure, particularly the efficient functioning of our customer centers and vehicle preparation centers as well as the services of third-party providers of vehicle reconditioning. Customer and vehicle preparation centers rely on inventory management and logistics technology. If this technology fails to operate correctly it could result in an interruption to or a significant diminishment in our ability to function until the technology is restored to working order, which could result in delays in deliveries to our customers, damage to our reputation and potentially a loss of customers or sales.

Our customer centers also provide support in organizing deliveries, managing servicing, MOTs and repairs, dealing with insurance and warranty claims and answering general queries, and vehicle preparation centers are used to recondition used cars prior to sale. If one or more of these customer centers or vehicle preparation centers were to suffer an interruption to their operations, we may have difficulty in replicating their services at one of our other centers. Such an interruption could have a substantial impact on our ability to recondition vehicles to our quality standards, fulfill customer orders or address our customers' needs, which could result in damage to our reputation and potentially a loss of customers or sales.

Although we have established business continuity procedures designed to minimize the impact of any such disruption, including work from home procedures where necessary, those procedures may not be adequate or effective. We maintain insurance to cover material exposures and business interruption; however, the insurance coverage may not be sufficient and insurance proceeds may not be paid on a timely basis to us if any of our customer centers or vehicle preparation centers are unavailable for any extended period of time. As a result, any loss of or disruption to any of our customer centers or vehicle preparation centers may have a material adverse effect on our business, financial condition, results of operations and prospects.

We rely on key third-party suppliers for outsourced services to us as well as for value-added products to our customers, and we cannot control the quality or fulfilment of these products

Our operations are subject to a number of risks, some of which are outside of our control, including: failure of a supplier to provide the required level of service or to comply with the terms of an agreement with us; interruption of operations or increased costs in the event that a supplier ceases its business due to insolvency or other unforeseen circumstances; failure of a supplier to comply with applicable legal and regulatory requirements or our policies; loss of confidence by suppliers in us as a result of the recent changes to our business; and difficulty in managing the workforce, labor unrest or other employment issues. This in turn, may affect our relationships with our customers and damage our reputation. In addition, we may incur liability to third parties as a result of the actions of our suppliers.

Outsourced services may cease to be provided, for example due to a contract period expiring or a contract being terminated, and there can be no guarantee that the chosen suppliers will be able to provide the functions for which they have been contracted. Although we may replace suppliers or decide to perform functions ourselves, we cannot ensure that such substitution can be accomplished in a timely fashion or without significant costs or disruption to our operations. Any failure of third-party suppliers to deliver the contracted services could have a material adverse effect on our business, financial condition, results of operations and prospects, particularly if a disruption occurs during peak trading periods.

We also offer value-added products to our customers through third-party service providers. As we utilize third-party service providers, we cannot control all of the factors that might affect the quality and fulfillment of these services and products, including (i) lack of day-to-day control over the activities of third-party service providers, (ii) that such service providers may not fulfil their obligations to us or our customers or may otherwise fail to meet expectations and (iii) that such service providers may terminate their arrangements with us on limited or no notice or may change the terms of these arrangements in a manner unfavorable to us or our customers for reasons outside of our control. Such providers also are subject to local and national regulations and any failure by such third-party service providers to comply with applicable legal requirements could cause us financial or reputational harm.

In addition, we rely on third-party lenders to finance our customers' vehicle purchases. To the extent that our finance customers have a higher-than-expected default rate, this may affect our ability to agree customer financing with third-party lenders on acceptable terms or at all. Moreover, we receive commissions and fees from these third-party service providers in connection with finance, service and insurance products purchased by our customers. A portion of the commissions and fees we receive on such products is subject to chargebacks in the event of early termination, default or prepayment of the contracts by end-customers, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our revenues and results of operations are partially dependent on the actions of these third parties. If one or more of these third-party service providers cease to provide these services or products to our customers, tighten their credit standards or otherwise provide services to fewer customers or are no longer able to provide them on competitive terms, any of these could have a material adverse effect on our business, revenues and results of operations. If we are unable to replace the current third-party providers upon the occurrence of one or more of the foregoing events, it could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, disagreements with such third-party service providers could require or result in costly and time-consuming litigation or arbitration.

We rely on our own logistics to transport our vehicle inventory. Thus, we are subject to business risks and costs associated with the transportation industry

We rely on our own logistics to transport vehicles from the site of purchase to vehicle preparation centers, then to our customer centers and/or then directly to our customers. As a result, we are exposed to risks associated with transportation, such as weather, traffic patterns, gasoline prices, cost inflation, supply chain delays, labor shortages at transportation providers and warehouses, recalls affecting our vehicle fleet, local and national regulations, insufficient internal capacity, rising prices of external transportation vendors, taxes, license and registration fees, insurance premiums, difficulty in recruiting and retaining qualified drivers, disruption of our technology systems and increasing equipment and operational costs. In addition, events related to political instability, or threatened or actual acts of terrorism and security concerns, may pose challenges to our logistics and fulfillment processes.

Our transportation costs may increase as carriers have increased prices. We are also exposed to the risks of vehicular crashes, which may result in serious injury to or loss of life of an employee or third party. Our failure to successfully manage our logistics and fulfilment process could cause a disruption in our inventory supply chain and distribution, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

As part of our Revised 2023 Plan, we announced the intention to make our logistics networks more efficient through the closure of certain of our vehicle preparation and customer centers and further headcount reductions. As part of this, as of March 20, 2023 we have reduced the number of vehicle preparation centers we operate to four and the number of customer centers we operate to seven. There can be no guarantee that these closures, reduced headcount and transport divestitures will lead to the desired efficiencies or reduced operating costs.

Our business is sensitive to conditions affecting automotive manufacturers, including manufacturer recalls and potential financial issues

Adverse conditions affecting one or more automotive manufacturers, including financial issues, could have a material adverse effect on our business, financial condition, results of operations and prospects and could impact the supply of vehicles. Manufacturer recalls are a common occurrence that have accelerated in frequency and scope in recent years. Recalls and the increased regulatory scrutiny surrounding selling used vehicles with open safety recalls could adversely affect used vehicle sales or valuations, could cause us to temporarily remove vehicles from inventory, could force us to incur increased costs and could expose us to litigation and adverse publicity related to the sale of recalled vehicles, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Vehicles in our inventory may be stolen, damaged or destroyed before they can be sold. In addition, our vehicles used for our subscription offering may be stolen, damaged or destroyed before being returned to us

Vehicles in our inventory comprise a large share of our total assets. As of December 31, 2022, the value of our overall inventory amounted to £233 million. Given the size of this inventory, we require significant space to store our cars. To this end, we have in the past, and may in the future, enter into short-term agreements with third-party logistics partners to handle the storage of some of our cars. We have limited control over the third-party partners and cannot guarantee that cars in our inventory will be properly protected (e.g., against theft or vandalism).

In addition, given that our cars are typically stored in unroofed parking lots, *force majeure* events such as flooding, fires or hail may affect a large number of our cars. This type of parking lot also has an increased risk of theft or vandalism. Such events may cause us to incur large, uninsured damages, deprive us of a significant portion of our inventory and reduce customer satisfaction if we cannot deliver sold cars. In addition, vehicles provided to customers under our car subscription offering (which is being wound down) may be stolen, damaged or destroyed before being returned to us. While we carry insurance for our vehicles, the insurance coverage may not be sufficient.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Fraudulent behavior of sellers or purchasers of our cars or an inability to correctly assess their creditworthiness may adversely affect our business

We source a large number of used cars. While we run provenance checks on the vehicles we purchase, we have in the past, and may in the future, purchase cars that have been stolen, altered or sourced from salvage. Criminals attempting fraudulent sales tend to be sophisticated, presenting us with fake identities, forged car documentation (e.g., a fake registration document and vehicle registration, or obtaining such documentation by submitting false information to the relevant governmental agencies) or altered vehicles (e.g. by changing the odometer reading). Buying stolen or altered cars may result in increased legal fees and expenses, fines and increased insurance costs. Any of the foregoing could have an adverse effect on our brand, reputation and ability to attract customers.

When deciding whether to provide financing services to consumers, we assess their creditworthiness by relying, among other things, on the assessments of third-party credit agencies. There is, however, no guarantee that the systems of these agencies will function properly or that there are no gaps or errors in their assessment. Going forward, we may develop and rely on our own automated credit assessment software. Our credit risk algorithms are, however, unproven and may not function as envisaged. Consequently, we may fail to correctly assess the creditworthiness of consumers. If purchases or payments are not properly authorized or payment confirmations are transmitted in error, the relevant purchasers may turn out to have insufficient funds or be able to defraud us, which would adversely affect our operations and result in increased legal expenses and fees. High levels of fraud could result in us having to comply with additional requirements or pay higher payment processing fees or fines. Furthermore, permitting new and innovative online payment options may increase the risk of fraud. In addition, the risk of fraud may increase as our business matures.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may experience significant returns of cars sold

Consumers who purchase cars currently have the right to return such cars within a period of seven days from delivery and to receive full refunds, assuming they have driven no more than a stated maximum amount of miles or kilometers per our terms and conditions and providing the car is undamaged. In the year ended December 31, 2022, the return rate for cars sold under this offering amounted to 6.7%. Returning cars is more cost-intensive than returns for other goods sold online due to the size and weight of vehicles. If we face high levels of returns (e.g., due to customers being dissatisfied with their car or customer service) we may incur significant costs, including costs in relation to handling such returns, as well as further complications to our operations.

In addition, we typically purchase cars ‘as is’ based on the details provided and we assume responsibility for any defects these cars may have, assuming they were not previously disclosed by the seller. Defects in purchased vehicles can lead to increased reconditioning costs and reduced flow through our vehicle preparation centers, which can impact the number of cars available for sale. We also sell cars through our wholesale channel and, in the case where these cars have defects that have not been disclosed, we may be required to compensate the purchaser or take back the deficient vehicle, which may result in significant transport costs, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may experience seasonal and other fluctuations in our operating results, which may not fully reflect the underlying performance of our business

We expect our results of operations, including revenues and profitability, if any, and cash flow to vary in the future based in part on, among other things, consumers’ car-buying patterns. Industry vehicle sales exhibit seasonality with sales peaking late in the first calendar quarter and diminishing through the rest of the year, with the lowest relative level of industry vehicle sales expected to occur in the fourth calendar quarter. Due to our rapid growth, our sales patterns to date have not reflected the general seasonality of the automotive industry, but we expect this to change once our business and markets mature. Used vehicle prices also exhibit seasonality, with used vehicles depreciating at a faster rate in the last two quarters of each year and a slower rate in the first two quarters of each year. In the future, this may result in a gross profit per unit higher on average in the first half of the year than in the second half of the year.

In addition, a significant portion of our expenses are fixed and do not vary proportionately with fluctuations in revenues. If sales during peak seasons are significantly lower than expected for any reason, we may be unable to adjust our expenses in a timely manner and may be left with a substantial amount of unsold inventory which may be difficult to liquidate and the value of which may depreciate. At the same time, if we fail to obtain sufficient inventory of appropriate vehicles, we may not have an adequate supply of products to meet consumer demand. We may also experience fluctuations in our operating results due to the implementation of our Revised Business Plans.

We are highly dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy

Our results and success are dependent in part on our ability to attract and retain effective personnel. Our performance depends significantly on the efforts and abilities of our key senior management. Our senior management have substantial experience and expertise and have made significant contributions to our continuing growth and success. The loss of any members of the senior management or other key employees without the prompt addition of appropriate replacements could have a material adverse effect on our business, financial condition, results of operations and prospects. We may be unable to find appropriate replacements in a timely manner or the replacements, once appointed, may not perform as effectively as expected. In addition, we may not continue to be able to retain or attract a sufficient number of skilled personnel, including within the commercial, car reconditioning, sales and marketing, software engineering, data and IT teams, on attractive terms or at all. In light of our announced reduction in headcount as part of the Revised 2023 Plan, we may find it difficult to prevent attrition beyond our planned reduction in headcount, and to attract personnel in the future. Any inability to recruit, train or retain such personnel could hinder our ability to successfully operate our business and to meet business objectives and timelines, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, labor shortages, the inability to hire or retain qualified employees nationally, regionally or locally or increased labor costs could have a material adverse effect on our ability to control expenses and efficiently conduct operations.

We are exposed to risks in connection with product-related warranties as well as the provision of services, which may be costly

We provide a free 90-day warranty and offer extended warranty, insurance and service plans to our customers. There is a risk that, relative to the warranties and insurance and service plans provided, the calculated product prices and the provisions for our warranty and insurance and service risks have been set, or will in the future be set, too low. There is also a risk that we may be required to extend the applicable warranty period originally granted or to provide services as a courtesy or for reasons of reputation where we are not legally obliged to do so, and for which we will generally not be able to assert claims in recourse against suppliers or insurers. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

We will need to continue to improve the capacity, speed, integration and automation of our reporting systems and operational processes as we rationalize our operations

The rapid development of our business has placed, and may continue to place, significant demands on our management and operational infrastructure. As a part of our ongoing obligations as a public company, we will need to continue to improve the capacity, speed, integration and automation of our reporting systems and operational processes. See “— Because we have historically operated as a private company, we have limited experience complying with public company obligations and fulfilling these obligations is expensive and time consuming and may divert management’s attention from the day-to-day operation of our business” below.

Our future development could also strain our ability to maintain reliable service levels for our users and inhibit our ability to develop and improve our operational, financial, and management controls, enhance our reporting systems and procedures, and recruit, train and retain highly skilled personnel.

If we fail to achieve the necessary level of efficiency in our organization, or to improve the capacity, speed, integration and automation of our reporting systems, our business, financial condition, results of operations or prospects could be materially adversely affected.

Cyber breaches caused by malicious hacking could jeopardize the integrity of our IT systems and the security of our data

The rise in cyber- and data-related crime presents a significant challenge in terms of securing data and systems against attack. The growth in online access throughout the retail landscape increases our exposure to potential cyber threats. Our systems, website, mobile applications, data (wherever stored), software or networks, and those of third parties, may be vulnerable to security breaches, including unauthorized access (from within our organization or by third parties), computer viruses or other malicious code and other cyber threats that could have a security impact. We and third parties may not be able to anticipate evolving techniques used to effect security breaches (which change frequently and may not be known until launched), or prevent attacks by hackers, including phishing, ransomware attacks or other cyber-attacks, or prevent breaches due to employee error or malfeasance, in a timely manner, or at all. Cyber-attacks have become far more prevalent in recent years, leading potentially to unauthorized access to, misuse or disclosure of, unavailability of, or the theft or manipulation of confidential and proprietary information or loss of access to, or destruction of, data on our or third-party systems, as well as interruptions or malfunctions in our or third-parties' operations. See "—Failure to safeguard our customer and other personal data may result in reputational damage, financial penalties, claims from individuals and litigation, and decrease in revenues" below.

Attacks on our information technology networks may increase in the future. We and our suppliers are at a risk of suffering materially from such attacks and breaches, which could adversely affect our ability to process customer and consumer transactions and manage inventories, result in us incurring significant additional costs to modify our protective measures or to investigate and remediate vulnerabilities, and result in significant losses, reputational harm, competitive disadvantage and sometimes physical damage. We may also be subject to related litigation and financial losses that are either not insured against or not fully covered through our insurance policies, as well as being obliged to incur costs through a need to engage third-party experts, advisers and consultants. We may also be subject to regulatory intervention, significant regulatory fines and sanctions, particularly as a result of the increasing regulatory focus on promoting the protection of customer information and the integrity of information technology systems.

We have security measures in place to safeguard customer information and have invested in cyber security and added additional controls but still may suffer a major loss or unavailability of customer, employee or other personal data, or other business sensitive data, due to inadequate or failed processes or systems, human error, employee misconduct, catastrophic events, external or internal security breaches, acts of vandalism, computer viruses, malware, ransomware, misplaced or lost data, or other events that could disrupt our normal operating procedures and have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, with the rise in remote working as a response to and following the COVID-19 pandemic, the risk of one of our employees intentionally or inadvertently compromising our systems or misusing data or confidential information has grown.

A significant disruption in service of our website and information technology systems could result in a disruption in our business and could have a material adverse effect on our results of operations

Our brand, reputation and ability to attract customers and generate revenues depend on the reliable performance of our website and supporting systems, technology and infrastructure. Our services are accessed by a large number of users, often at the same time, and as user traffic increases, we may not be able to scale our technology to accommodate increased capacity requirements, which may result in interruptions or delays in service. We have experienced minor interruptions in our systems in the past, including server failures, that temporarily slowed the performance of our website and we may experience interruptions in the future. Notwithstanding efforts to prevent website or IT failure or disruption, including established disaster recovery plans, interruptions in these systems, whether due to system failures, programming or configuration errors, computer viruses, malware, cyber-attacks, power outages, physical or electronic break-ins, fire, telecommunications failures, floods or other malfunctions and disruptions, could affect the availability of inventory on our website and prevent or inhibit the ability of customers to access our website. Problems with the reliability or security of our systems could harm our reputation, prevent us from making sales, result in a loss of customers as well as result in additional costs.

In addition, problems faced by our third-party web-hosting providers, including Amazon Web Services, could adversely affect the experience of our customers. For example, our third-party web-hosting providers could close their facilities without adequate notice or suffer interruptions in service caused by cyber-attacks, natural disasters or other phenomena. Any financial difficulties, up to and including bankruptcy, faced by our third-party web-hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. We may not be able to find a replacement provider within a timely manner or on commercially favorable terms, which may result in reduced revenues and profitability, deteriorating cash flow and reduced market share. In addition, if our third-party web-hosting providers are unable to keep up with our growing capacity needs, our business could be harmed.

In the future, we may not be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of our IT infrastructure. Any failure to effectively maintain, improve or upgrade our IT infrastructure and management information systems in a timely manner or at all could have a material adverse effect on our business, financial condition, results of operations or prospects.

Our business relies on e-mail and other messaging services, and any restrictions on the sending of e-mails or messages or an inability to timely deliver such communications could materially and adversely affect our business, financial condition and results of operations

We use e-mail and other messaging services both for internal employee communication purposes and as a free marketing tool to promote our services and website to customers. Promotions offered through e-mail and other messages we send are an important part of our marketing strategy. We provide e-mails to customers and other visitors informing them of the convenience and value of using our platform, as well as updates on orders placed, new inventory and price updates on listed inventory, and we believe these e-mails, coupled with our general marketing efforts, are an important part of the customer experience and help generate revenues. If we are unable to successfully deliver e-mails or other messages to our employees and customers, or if customers decline to consent or to open our e-mails or other messages, our revenues could be materially and adversely affected. In addition, our e-mails may be shown as "spam" or given a lower priority, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on, or charge for the delivery of, e-mails and other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements, could impair our ability to communicate with customers.

We also rely on social networking messaging services to send communications and to encourage customers to send communications. Social networks are important as a source of new clients and as a means by which to connect with current clients, and their importance may be increasing. We may be unable to effectively maintain a presence within these networks, which could lead to lower than anticipated brand affinity and awareness, and in turn could adversely affect our operating results. Additionally, changes to the terms of these social networking services to limit promotional communications, any restrictions that would limit our ability or customers' ability to send communications through their services, disruptions or downtime experienced by these social networking services or decline in the use of or engagement with social networking services by customers and potential customers could materially and adversely affect our business, financial condition, results of operations or prospects. If we are not able to use unpaid marketing tools in the form of e-mails or other messages efficiently, this could impair our marketing efforts or make them more expensive if we have to increase spending on paid marketing channels.

Furthermore, malfunctions of our e-mail and messaging services could result in erroneous messages being sent and customers no longer wanting to receive any messages from us. In addition, our process to obtain consent from visitors to our website and mobile application to receive newsletters and other messages from us and to allow us to use their data may be insufficient or invalid. As a result, such individuals or third parties may accuse us of sending unsolicited advertisements and other messages, which could result in regulatory investigations and/or claims.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to risks related to online payment methods

We accept payments for our vehicles through a variety of methods, including credit card, debit card and bank transfers. As we offer new payment options to customers, we may be subject to additional regulations, compliance requirements, fraudulent activity and financial crime. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. As our business changes and we enter new markets, we also may be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. Consumer practices, preferences and norms for payment mechanisms may also vary to a significant degree across different markets, thereby limiting the range of online payment options we are able to offer or deploy. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card and debit card payments from customers or facilitate other types of online payments. If any of these events were to occur, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

We occasionally receive orders placed with fraudulent credit card data, including stolen credit card numbers, or from clients who have closed bank accounts or who have insufficient funds in open bank accounts to satisfy payment obligations. We may suffer losses as a result of orders placed with fraudulent credit card data even if the associated financial institution approved payment of the orders. Under current credit card practices, we may be liable for fraudulent credit card transactions. If we are unable to detect or control credit card or other fraud, our liability for these transactions could be substantial.

Further, we may become subject to changing payment regulations and requirements that could potentially affect the compliance of our current payment processes and increase the operational costs we incur to support payments. Any noncompliance by us in relation to global laws and regulations that govern payment methods, or any alleged noncompliance, could result in reputational damage, litigation, increased costs or liabilities, or require us to stop offering payment services in certain markets.

Failure to safeguard our customer and other personal data may result in reputational damage, financial penalties, claims from individuals and litigation, and decrease in revenues

We collect, store and use data in our operations that may be protected by data protection and privacy laws. We have taken steps to comply with the General Data Protection Regulation (Regulation (EU) 2016/679) (“**GDPR**”) and the GDPR as it forms part of the law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 and relevant statutory instruments (the “**UK GDPR**”). Such laws govern our ability to collect, use and transfer personal data, including relating to our customers and business partners, as well as any such data relating to our employees and others. We routinely transmit and receive personal, proprietary and confidential information (including debit and/or credit card details of our customers) by electronic means and therefore rely on the secure processing, storage and transmission of such information in line with regulatory requirements (including Payment Card Industry — Data Security Standards). Therefore, we are exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws. Failure to comply with the UK GDPR and other applicable data protection laws may result in reputational damage, financial penalties and fines, claims from individuals and litigation, and loss of competitive advantage. For example, breaches of the UK GDPR can each result in fines of up to 4% of annual global turnover.

In addition, we work with third-party service providers that process personal data on our behalf. There is a risk that those service providers may not fully comply with the relevant contractual data processing terms and all data protection obligations imposed on them (including by applicable law). Any failure by such third-party service providers to maintain and protect customer or other personal data could affect the quality of our services, compromise the confidentiality of our customer and other data or cause service interruptions. Such a failure may also result in the imposition of fines and other penalties and could lead to litigation that may result in our being ordered to pay damages and other costs and, as a result, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We also use cookies and similar technologies on our website including to allow our website to work, to analyze and improve our website, to personalize customers’ experiences and to market products to users through advertisements. In recent years, regulators in the UK have expressed increased concern over the use of third-party cookies and similar technologies including for online behavioral advertising and laws in this area are also subject to reform. Privacy and Electronic Communications Regulations require us to obtain informed consent for the placement of a cookie on a customer’s device for certain purposes, and the UK GDPR also imposes additional conditions in relation to that consent, such as a prohibition on pre-checked consents except under certain circumstances.

We may not succeed in adequately protecting our intellectual property and know-how

We rely on a combination of trademark registrations, domain name registrations, and unregistered rights including copyright, unregistered designs, database rights and trade secrets, as well as contractual provisions and restrictions on access to and use of proprietary information to protect our brands, technologies, algorithms, applications and systems, a number of which are of essential importance to our business success. Although we have taken steps consistent with industry practice to protect our intellectual property and know-how, such steps may be inadequate.

We have a portfolio of registered trademarks in respect of the various trading names and logos used in connection with our website. Competitors may adopt service names similar to ours, thereby harming our ability to build our brand identity and possibly leading to user confusion. In addition, there could be potential trade name or trademark infringement or invalidity claims brought by owners of other trademarks or trademarks that incorporate variations of our trading name and logo. We also own a portfolio of internet domain names related to our brand and website. We actively monitor the domain name market for any changes and additions and seek to protect our brand through the registration of additional domain names, where appropriate. However, we may not be able to acquire or maintain all domain names that relate to our brand.

To the extent that our brand, technologies, algorithms and data are not protected by intellectual property rights or the law protecting confidential information, third parties, including competitors, may be able to commercialize or otherwise use our brands, technologies, algorithms and/or data without compensation. We also face the risk that existing or new competitors may independently develop similar or alternative technologies that are equal or superior to our technology without infringing our intellectual property rights or may design around our proprietary technologies.

Furthermore, litigation or proceedings before governmental authorities in the UK and overseas may be necessary in the future to enforce our intellectual property rights, to protect our brand, trade secrets, databases and domain names and to determine the validity and scope of our proprietary rights and those of others. See “— We may be subject to intellectual property rights claims, which are costly to defend and could require us to pay damages or an account of profits” below.

Any of these risks, if realized, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to intellectual property rights claims, which are costly to defend and could require us to pay damages or an account of profits

Companies in the internet and technology sectors may enter into litigation in order to enforce and protect their intellectual property rights. Third parties may in the future assert that we have infringed their intellectual property rights. As we face increasing competition, the possibility of being subject to intellectual property rights claims may grow.

Our technologies, products and services may not be able to withstand third-party claims against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management’s attention. If we were found to be in violation of a third-party’s intellectual property rights, we may be required to pay compensation, including damages, or an account of profits, or be subject to injunctions that prevent us from using certain technologies. We may have to seek a license to use the intellectual property rights in the technology, which may not be available or available on reasonable terms and may significantly increase our operating expenses. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop aspects of our technology due to infringement of third-party intellectual property rights, we may be forced to limit our product and service offerings and may be unable to compete effectively.

In addition, like many businesses, we use open-source software and will continue to use open-source software in the future. Open-source software is generally licensed without any support, warranties or other protections regarding infringement, origin, or quality. Some open-source licenses may, depending on how we use or modify the licensed software, require that we make available the source code of our modifications to or derivatives of the open-source software to the public or grant other licenses to our intellectual property. This may include allowing third parties to make further modifications to and distributions of that source code, in some circumstances at no or minimal cost. Some open-source licenses may also require us to make the source code for our proprietary software available under the terms of the open-source license, depending on how we combine our proprietary software with the relevant open-source software. Companies that use open-source software have faced challenges to their use of open-source software and other software incorporating it. As such, we could be subject to lawsuits claiming that we have not complied with applicable open-source license terms. If we are held to have breached or failed to comply with an open-source software license, we could be exposed to liability, be required to release the affected portions of our source code publicly or cease offering the implicated solutions, and/or be required to re-engineer our software. Although we do not intend to use or modify open-source software in a manner that would adversely affect our business, there can be no guarantee that this will be effective to identify or address all unintended consequences of using open-source software or breach of open-source license terms.

In addition, open-source licensors generally do not provide contractual protections, including as to security and patching, with respect to the software and are not obliged to maintain their software or provide any support, which in turn makes it difficult to pass assurances on to our customers. We may be required to maintain or update such software itself or to replace such software with internally developed software or software obtained from another supplier if the authors of the open-source software utilized by us stop updating it, which may be costly. The use of open-source software may also allow our competitors or other third parties to develop similar offerings more quickly and with less effort and ultimately could result in a loss of our competitive advantages.

Any of these risks, if realized, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have income, expenses, assets and liabilities denominated in foreign currencies which could lead to volatility of our operating results as a result of foreign exchange fluctuations

Our reporting currency is British Pounds Sterling (“GBP”). We have assets and liabilities denominated in other currencies, principally United States Dollars (“USD”). Movement in exchange rates with USD and GBP could lead to gains and losses in our income statement. Revaluation of the Convertible Notes as a result of changes in the exchange rate between USD and GBP could lead to significant reported gains and losses between periods. In addition, a decline in the value of GBP relative to USD would increase our interest expense.

Because we have historically operated as a private company, we have limited experience complying with public company obligations and fulfilling these obligations is expensive and time consuming and may divert management’s attention from the day-to-day operation of our business

As a privately held company, we were not required to comply with many corporate governance and financial reporting practices and policies required of publicly-traded companies. As a publicly traded company, we incur significant legal, accounting and other expenses that we were not required to incur in the recent past. Since we stopped qualifying as an “emerging growth company” as defined under the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”) on December 31, 2022, these expenses are expected to increase further. In addition, new and changing laws, regulations and standards relating to corporate governance and public disclosure for public companies, including the Dodd-Frank Act, the Sarbanes-Oxley Act, regulations related thereto and the rules and regulations of the SEC and NYSE, have increased the costs and the time that must be devoted to compliance matters. We expect these laws and regulations to increase our legal and financial compliance costs and to render some activities more time-consuming and costly. We also expect to continue to need to hire more employees or engage outside consultants to comply with these requirements, which will increase our costs and expenses. As a public company, it could be more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a public company, it could be more difficult and expensive for us to attract and retain qualified persons to serve on our board of directors, board committees or as executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to the delisting of our Class A Shares, fines, sanctions and other regulatory action and potentially civil litigation.

We have identified material weaknesses in our internal control over financial reporting (“ICFR”) for the fiscal years ended December 31, 2022 and 2021, which may result in material misstatements of our financial statements or cause us to fail to meet our reporting obligations. If these material weaknesses are not remediated our ability to accurately and timely report our financial results could be adversely affected

In connection with our preparation and the audit of our financial statements as of and for the year ended December 31, 2022, we have identified material weaknesses as defined under the Exchange Act in our internal control over financial reporting. SEC guidance defines a material weakness as a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual financial statements will not be prevented or detected on a timely basis. We and our independent public accounting firm identified the following material weaknesses as defined under the Exchange Act in our internal control over financial reporting:

- i. The entity level and financial reporting control environment is not designed with the appropriate precision to prevent or detect material misstatement in accounting or disclosure, including deficiencies in the design and operation of transaction-level control activities. This includes a lack of effective management review controls, including over the completeness and accuracy of data and reports used in internal controls and segregation of duties relating to the review of manual journal entries, as a part of the financial statement close process for the year ended December 31, 2022;
- ii. The Company did not design and maintain effective controls over information technology general controls (“ITGCs”) for all information systems and applications that are relevant to the preparation of the consolidated financial statements. Specifically, the Company did not design and maintain: (i) sufficient user access controls to ensure appropriate segregation of duties and adequately restrict user and privileged access to financial applications, programs and data to appropriate Company personnel; (ii) program change management controls to ensure that information technology (“IT”) program and data changes affecting financial information technology applications and underlying accounting records are identified, tested, authorized and implemented appropriately; and (iii) monitoring controls of IT operations performed by service organizations to ensure that critical batch and interface jobs are monitored, privileges are appropriately granted, and data backups are authorized and monitored. Business process controls (automated and manual) that are dependent on the ineffective ITGCs, or that rely on data produced from systems impacted by the ineffective ITGCs, are also deemed ineffective for the year ended December 31, 2022; and
- iii. Insufficient accounting and finance personnel with IFRS technical accounting knowledge to account for non-routine and complex transactions for the year ended December 31, 2022.

A management assessment has been carried out in relation to the year ended December 31, 2022 and no additional material weaknesses have been identified. However, the management assessment found that, while an overall ICFR plan has been developed and is being implemented, the iterative nature of the process has meant that we are continuing to design, redesign and implement key financial reporting controls across each of the in-scope processes. As such, the management assessment has been unable to conclude that the overall entity-level, business process and IT general control environments are effective.

To address the material weaknesses we plan to continue to undertake remediation actions. During the fiscal year ended December 31, 2022 we implemented a governance, risk management and compliance (“GRC”) tool for the management, operation and evidencing of financial reporting controls. We continued to engage consultants with the appropriate expertise to perform a risk assessment of the internal control environment and assist management in designing and implementing entity level, financial reporting and management review controls, together with IT general and application controls for systems which impact financial reporting. In addition, we have hired a number of personnel with expertise in finance and technical IFRS accounting, including for senior finance leadership positions. Dedicated resources continue to be allocated to support the improvement of our financial control environment and we will deliver training to further support the needs of our staff.

Our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects. We cannot provide assurance as to when we will be able to complete full remediation or if we will be able to avoid the identification of additional material weaknesses in the future. In addition, the process of assessing the effectiveness of our internal control over financial reporting may require the investment of substantial time and resources, including by members of senior management. As a result, this process may divert internal resources and take a significant amount of time and effort to complete. Additionally, if we are unable to successfully remediate the identified material weaknesses or if we identify additional material weaknesses, our financial statements could contain material misstatements that, when discovered in the future, could cause failure to meet reporting obligations. At such time, our independent registered public accounting firm may issue an adverse report in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating.

If we are considered to have material weaknesses in our internal control over financial reporting which are not addressed in a timely manner, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our securities could decline, and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities. Failure to remedy material weaknesses in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets and other forms of financing.

We may identify additional material weaknesses in the future, or otherwise fail to establish or maintain an effective system of internal control, which may result in material misstatements of our financial statements or cause us to fail to meet our reporting obligations

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we identify any additional material weaknesses in the future, the accuracy and timing of our financial reporting may be adversely affected. Additionally, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports as well as applicable stock exchange listing requirements. We may be unable to prevent fraud, investors may lose confidence in our financial reporting and our share price may also decline. Our reporting obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future and may cause us to fail to achieve and maintain the adequacy of our internal control over financial reporting in a timely fashion.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. In addition, control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgement and breakdowns resulting from human failures. In addition, the level of manual processes and multiple systems in our internal control over financial reporting increases the risk of error. As a result, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. We can provide no assurance that the measures we are currently undertaking or may take in the future will be sufficient to maintain effective internal controls or to avoid potential future deficiencies in internal control, including material weaknesses.

Failing to maintain effective disclosure controls and internal controls over financial reporting could have a material adverse effect on our business, financial condition, results of operations and prospects and could cause a decline in the price of our securities.

Our operations may be adversely affected by legal, regulatory and other developments. Our non-compliance with applicable financial regulations could have a material impact on us

We are subject to a range of legal and regulatory requirements originating in the UK, particularly in the areas of consumer protection, transportation, product safety, competition, bribery and corruption, financial services, environment social and governance, customer service agreements, supplier pricing, infrastructure investment, property rights and planning laws and accounting. Failure to comply with any of these laws or regulations could result in administrative, civil or criminal penalties, loss of licenses or in a cease-and-desist order against our business operations, any of which could damage our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

Cazoo Ltd is an appointed representative of ITC Compliance Limited (ITC) which is authorised and regulated by the Financial Conduct Authority. As an Appointed Representative of ITC, it is permitted by the Financial Conduct Authority in the UK to carry out regulated activity, including brokering finance agreements and introducing insurance products. We intend to remain compliant with such regulations although compliance cannot be guaranteed. Any non-compliance or regulatory changes could have a material and adverse effect on our ability to sell finance and/or insurance products and/or the pricing of and cover provided by such products. This could therefore materially and adversely affect the revenues and earnings that we derive from such products, and consequently could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, changes in laws and regulations, more stringent enforcement or alternative interpretation of existing laws and regulations may change the legal and regulatory environment, making compliance with all applicable laws and regulations more challenging. Changes in laws and regulations in the future could have an adverse economic impact on us by tightening restrictions, reducing our freedom to do business, increasing our costs of doing business or reducing our profitability. Failure to comply with applicable laws or regulations may lead to civil, administrative or criminal penalties, including but not limited to fines or the revocation of permits and licenses that may be necessary for our business activities. We could also be required to pay damages or civil judgments in respect of third-party claims.

New laws, regulations or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions or vehicle safety could give rise to significant costs

We are subject to comprehensive and constantly evolving laws, regulations and policies related to environmental matters (and, in particular, climate change) and health and safety. Capital and operating expenses required in order to comply with environmental laws and regulations may be significant, and violations may result in substantial fines and penalties, third-party damages, suspension of production or a cessation of our operations. We anticipate that the extent of the legal and regulatory requirements in these areas and the related effect on our operations and costs of compliance will continue to increase in the future.

In general, there is a clear move toward increasingly stringent vehicle emissions regulations, particularly for conventional drive systems. Moreover, further tightening and scrutiny could be forthcoming given the ongoing focus on emissions testing and on-road performance, which could lead to significant additional costs to recondition cars so they comply with new regulations, which may reduce our gross profit per unit. In particular, the UK Government has announced plans to ban sales of new petrol and diesel cars by 2030 which would subsequently reduce the number of used petrol and diesel cars available for us to purchase. There may be a limited availability of vehicles that comply with such regulations which would adversely impact our ability to purchase inventory for sale.

In addition, to comply with current and future environmental, health and safety norms (such as air emissions, the maintenance of safe workplace conditions and regulations that impose responsibility on vehicle sellers to fund the recovery, recycling and disposal of vehicle parts, including lead-acid batteries, at the end of their useful life), we may have to incur substantial capital expenditures to upgrade vehicles and vehicle preparation centers. All of these factors could increase our costs significantly.

Increased public and shareholder attention to environmental, social and governance (“ESG”) matters may expose us to negative public perception, impose additional costs on our business or impact our share price

In recent years, greater attention has been directed towards publicly-traded companies regarding environmental, social and governance matters. A failure, or perceived failure, to respond to regulatory requirements or meet investor or customer expectations related to ESG concerns could cause harm to our business and reputation. For example, the majority of the cars we buy and sell are powered by gasoline or diesel engines, and government, media, activist or other pressure to limit emissions could negatively impact consumers’ perceptions of us, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Additionally, while we strive to create an inclusive culture and a diverse workforce where employees feel valued and respected, a failure, or perceived failure, to properly address inclusivity, diversity and other corporate governance matters could result in reputational harm, reduced sales or an inability to attract and retain a talented workforce. Organizations that provide information to investors on corporate governance and other matters have developed rating systems for evaluating companies on their approach to ESG. Unfavorable ESG ratings that we could receive could lead to negative investor sentiment which could have a negative impact on our stock price.

Regulation of the internet and e-commerce is evolving, and unfavorable changes or our failure to comply with these regulations could substantially harm our business and results of operations

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet, e-commerce and mobile commerce. Existing and future regulations and laws could impede the growth of the Internet, e-commerce or mobile commerce. These regulations and laws may involve taxes, privacy, data security, anti-spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information reporting requirements, advertising, unencumbered Internet access to our services and the design and operation of our website. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the Internet as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet, e-commerce or mobile commerce. Unfavorable regulations and laws could diminish the demand, including online demand, for used cars and complementary products and services and increase our cost of doing business and could adversely affect our business and results of operations.

We are subject to many hazards and operational risks, including accidents or incidents relating to health, safety and the environment at our customer centers and vehicle preparation centers, that may disrupt our business, which could have a material adverse effect on our business, financial condition and results of operations

Our operations are subject to many hazards and operational risks inherent to our business, including accidents or incidents relating to health, safety and the environment at our customer centers and vehicle preparation centers. Our reconditioning operations may expose us to safety risks, including environmental risks and health and safety hazards to our employees or third parties. Any significant interruption due to any of the above hazards at one of our primary facilities could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are also exposed to hazards and operational risks associated with transportation, such as vehicular crashes, which may result in serious injury to or loss of life of an employee or third party. See “— We rely on our own logistics to transport our vehicle inventory. Thus, we are subject to business risks and costs associated with the transportation industry” above.

Moreover, our insurance coverage may be inadequate to cover our liabilities related to such hazards or operational risks and we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, insurance may not continue to be available on terms as favorable as our current arrangements and certain risks related to breaches of health and safety may not be insurable.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Natural disasters, unusual weather conditions, epidemic outbreaks, global health crises, terrorist acts and political events could disrupt our business

The occurrence of one or more natural disasters such as tornadoes, hurricanes, fires, floods and earthquakes, unusual weather conditions, epidemic or pandemic outbreaks, terrorist attacks or disruptive political events in regions where we operate or where our third-party contractors’ and suppliers’ facilities are located, could adversely affect our business. Natural disasters including floods, hurricanes and earthquakes may damage our facilities or those of our suppliers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Severe weather, such as rainfall, snowfall or extreme temperatures, may impact our ability to transport and deliver vehicles, thereby reducing our sales and profitability. Terrorist attacks, actual or threatened acts of war or the escalation of current hostilities, or any other military or trade disruptions impacting our domestic or foreign suppliers of components of our vehicles, may impact our operations by, among other things, causing supply chain disruptions and increases in commodity prices, which could adversely affect our raw materials or transportation costs. These events also could cause or act to prolong an economic recession or depression, such as the business disruption and related financial impact that resulted from the COVID-19 pandemic. To the extent these events also impact one or more of our suppliers or contractors or result in the closure of any of their facilities or our facilities, we may be unable to maintain delivery schedules or provide other support functions to our customers. In addition, the disaster recovery and business continuity plans we have in place currently are limited and are unlikely to prove adequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans and, more generally, any of these events could cause consumer confidence and spending to decrease, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Tax matters could impact our results of operations and financial condition

We are subject to corporation tax in the UK. Our provision for corporation taxes and cash tax liability in the future could be adversely affected by numerous factors including, changes in tax laws, regulations, accounting principles or interpretations thereof, which could materially and adversely impact our cash flows and our business, financial condition, results of operations and prospects in future periods. Increases in our effective tax rate could also materially affect our results. Further, we are subject to the examination of our income and other tax returns by His Majesty’s Revenue and Customs, which could impact on our business, financial condition, results of operations and prospects.

We may become subject to risks arising from legal disputes in connection with our general business activities

In connection with our general business activities, we may become the subject of legal disputes in the UK or in jurisdictions in which we have previously operated. Legal claims could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to consumer finance laws, consumer protection laws, intellectual property laws, privacy laws, labor and employment laws, securities laws, employee benefit laws and tort laws. Moreover, the process of litigating cases, even if we are successful, may be costly, and in certain circumstances may approximate the cost of damages sought. These claims may also divert our financial and management resources from more beneficial uses. These actions could also expose us to adverse publicity, which might adversely affect our reputation and/or customer preference for our products. Litigation trends and expenses and the outcome of litigation cannot be predicted with certainty and adverse litigation trends, expenses and outcomes could have an adverse effect on our business, financial condition, results of operations and prospects.

Our insurance may not provide adequate levels of coverage against claims

We are subject to all of the operating hazards and risks normally incidental to the provision of sales of cars. In addition to contractual provisions limiting our liability to our corporate vehicle sourcing partners, retail sellers, customers and third parties, we maintain insurance policies in such amounts and with such coverage and deductibles as required by law and that we believe are reasonable and prudent. Nevertheless, such insurance may not be adequate to protect us from all the liabilities and expenses that may come from claims arising in the ordinary course of our business and current levels of insurance may not be able to be maintained or be available at economical prices. If a significant liability claim is brought against us that is not covered by insurance, then we may have to pay the claim with our own funds, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our inability to obtain affordable insurance on our inventory may materially adversely affect our financial condition and results of operations

We rely on inventory insurance to protect against catastrophic losses of our inventory. There is no guarantee that we will continue to be able to insure our inventory at affordable rates, or at all, through outside insurers. If we are unable to purchase affordable insurance, we may have to self-insure, reducing our ability to make other investments in our business and exposing us to financial risk. In addition, our inability to insure our inventory through an outside insurer, or to adequately self-insure, may adversely impact our ability to finance inventory purchases.

Risks Related to the Ownership of Our Securities, the Law of the Cayman Islands and Provisions of Our Memorandum and Articles of Association

If our business and results of operations do not meet the expectations of investors, shareholders or financial analysts, the market price of our securities may decline

If our business, financial condition, results of operations and prospects do not meet the expectations of investors or securities analysts, the market price of our securities may decline. Fluctuations in the price of our securities could contribute to the loss of all or part of your investment. Any of the factors listed below could have a material adverse effect on your investment in our securities and our securities may trade at prices significantly below the price you paid for them. In these circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of our securities may include:

- actual or anticipated fluctuations in our financial results (including in connection with implementation of our Revised Business Plans) or the financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results, including in connection with implementation of our Revised Business Plans;
- success of competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- our ability to execute and achieve the benefits of our Revised Business Plans;
- changes in financial estimates and recommendations by securities analysts concerning us or the industry in which we operate;
- operating and share price performance of other companies that investors deem comparable to us;
- our ability to market new and enhanced products on a timely basis;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation;
- changes in our capital structure, such as future issuances of securities, the impact of the Reverse Stock Split, or the incurrence of additional debt;
- the volume of our Class A Shares available for public sale;
- any major change in our board or management;
- sales of substantial amounts of our securities by our directors, executive officers or significant shareholders, or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, inflation, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general, and the NYSE, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for the stocks of other companies that investors perceive to be similar to us could depress our share price regardless of our business, prospects, financial conditions, or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention. In addition, you should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the prices of our securities could decline substantially. Such price declines could occur even when we have met any previously stated revenue or earnings forecasts that we may provide.

The NYSE may delist our Class A Shares, which could limit investors' ability to transact in our securities, subject us to additional trading restrictions, and trigger a "Fundamental Change" under the Convertible Notes, requiring us to repurchase for cash the Convertible Notes at 100% of their principal amount, plus any accrued and unpaid interest thereon

Our Class A Shares are listed on the NYSE. Although we were able to meet their initial listing requirements, we may be unable to maintain the listing of our Class A Shares in the future. We received a notice on July 15, 2022 from the NYSE that we were not in compliance with the continued listing standards set forth in Rule 802.01C of the NYSE Listed Company Manual that require listed companies to maintain an average closing share price of at least \$1.00 over a consecutive 30 trading-day period. The Board of Directors approved a consolidation of the Company's issued and unissued share capital at a ratio of 1-for-20 (the "reverse stock split"), which became effective on February 8, 2023. The Class A Shares began trading on a split-adjusted basis on Thursday, February 9, 2023.

Rule 802.01B of the NYSE Listed Company Manual provides that a company will be considered to be below compliance if its average global market capitalization over a consecutive 30 trading-day period is less than \$50,000,000. There can be no guarantee that we will maintain a market capitalization of over \$50,000,000. If NYSE subsequently delists our Class A shares, we could face significant material adverse consequences, including:

- the triggering of a Fundamental Change under the terms of the Convertible Notes Indenture (see "Item 10.C — Material Contracts — Indenture");
- a limited availability of market quotations for our Class A Shares;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional Class A Shares or obtain additional financing in the future.

A default under the Indenture or the Fundamental Change itself could also lead to a default under agreements governing our future indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the interest on such indebtedness and repurchase the Convertible Notes or to repay principal at maturity or pay required premium. See "— We may not have the ability to repurchase the Convertible Notes upon a fundamental change or repay the Convertible Notes in cash at their maturity, and our future debt may contain limitations on our ability to pay cash upon conversion, redemption or repurchase of the Convertible Notes" above.

Our Warrants are no longer listed for trading on the NYSE and are only traded over the counter on the pink sheets, which may adversely limit investors' ability to effect transactions in our Warrants and have adverse effects on our business

We received a notice on January 3, 2023 from the NYSE that our Warrants were no longer suitable for listing based on "abnormally low" price levels, pursuant to Section 802.01D of the NYSE Listed Company Manual. Trading in the Warrants on the NYSE was suspended on January 4, 2023, and the delisting of the Warrants was completed on January 19, 2023. As a result, the Warrants have since been available for trading only through the pink sheets. The delisting of our Warrants from the NYSE and their limited trading over the counter on the pink sheets may have adverse effects on our business, including:

- more limited liquidity in our Warrants and more limited ability to engage in transactions in our Warrants; and
- more limited information concerning our Warrants, including trading price and volume;

An active trading market for the Warrants may not be sustained in the future. You may be unable to sell your Warrants unless an active market for such securities can be established and sustained.

If securities analysts do not publish research or reports about our business or if they downgrade our Class A Shares or our industry, our share price and trading volume could decline

The trading market for our Class A Shares relies in part on the research and reports that industry or financial analysts publish about our business. We do not control these analysts. If one or more of the analysts who do cover us downgrade our Class A Shares or industry, or the shares of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our Class A Shares could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our share price or trading volume to decline.

Future resales of our Class A Shares and/or our Warrants may cause the market price of our securities to drop significantly, even if our business is doing well

Under the Business Combination Agreement, the Sponsor, certain current shareholders of Cazoo and the PIPE Investors were granted certain rights to require us to register, in certain circumstances, the resale under the Securities Act of our Class A Shares and Warrants held by them, subject to certain conditions. In addition, the holders of the Convertible Notes were granted certain rights to require us to register, in certain circumstances, the resale under the Securities Act of our Class A Shares issuable upon conversion of the Convertible Notes, subject to certain conditions. The sale or possibility of sale of these Class A Shares and/or Warrants could have the effect of increasing the volatility in the prices of these securities or putting significant downward pressure on the price of our Class A Shares and/or Warrants.

Our Convertible Notes may be converted into Class A Shares, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders

On February 16, 2022, we issued \$630 million in aggregate principal amount of the Convertible Notes pursuant to the Indenture. The Convertible Notes will be convertible at the option of the holders at any time after November 6, 2022 and prior to the close of business on the second scheduled trading day immediately preceding February 16, 2027. The Convertible Notes are currently convertible at a rate of 10 Class A Shares per \$1,000 principal amount of Convertible Notes. In addition, as more fully described in “Item 10.C — Material Contracts — Indenture,” we may be required, under certain circumstances, to make a payment of premium to holders at maturity of the Convertible Notes equal to 50% of the principal amount of the Convertible Notes. The premium is payable in cash, Class A Shares, or a combination of cash and Class A Shares at the option of the Company. To the extent the Convertible Notes are converted, or payment of premium (if required) upon maturity of the Convertible Notes is made in shares, additional Class A Shares will be issued, which will result in dilution to the holders of Class A Shares and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such Convertible Notes may be exercised, or payment of premium could be made in shares, could adversely affect the market price of our Class A Shares.

Our Warrants may be exercised for Class A Shares, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders

Outstanding Warrants to purchase an aggregate of 2,062,728 Class A Shares may be exercised in accordance with the terms of the Warrant Agreement governing those securities. These Warrants became exercisable on October 30, 2021. The exercise price of these Warrants is currently \$230.00 per share. To the extent such Warrants are exercised, additional Class A Shares will be issued, which will result in dilution to the holders of Class A Shares and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such Warrants may be exercised could adversely affect the market price of our Class A Shares.

We may issue additional Class A Shares or other equity or equity-linked securities, which would dilute the interests of our existing shareholders and may depress the market price of our Class A Shares

We may issue additional Class A Shares or other equity or equity-linked securities in the future in connection with, among other things, future capital raising and transactions and future acquisitions, without shareholder approval in many circumstances. We may also issue additional Class A Shares upon exercise of our Warrants, or upon conversion of our Convertible Notes or payment of premium upon maturity of our Convertible Notes. See “— Our Warrants may be exercised for Class A Shares, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders” and “— Our Convertible Notes may be converted into Class A Shares, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders.”

Our issuance of additional Class A Shares or other equity or equity-linked securities would have the following effects:

- our existing shareholders’ proportionate ownership interest in us may decrease;
- the amount of cash available per share, including for payment of dividends in the future, may decrease;
- the relative voting power of each previously outstanding Class A Share may be diminished; and
- the market price of our securities may decline.

Any future issuances of our Class A Shares may be dilutive to current holders of Class A Shares and negatively impact the value of your investment.

Fluctuations in operating results, quarter to quarter earnings and other factors, including incidents involving customers and negative media coverage, may result in significant decreases in the price of our securities

The stock markets experience volatility that is often unrelated to operating performance. These broad market fluctuations may adversely affect the trading price of our Class A Shares and, as a result, there may be significant volatility in the market price of our Class A Shares. Separately, if we are unable to achieve profitability in line with investor expectations, the market price of our Class A Shares will likely decline when it becomes apparent that the market expectations may not be realized. In addition to operating results, many economic and seasonal factors outside of our control could have an adverse effect on the price of our Class A Shares and increase fluctuations in our results. These factors include certain of the risks discussed herein, operating results of other companies in the same industry, changes in financial estimates or recommendations of securities analysts, speculation in the press or investment community, negative media coverage or risk of proceedings or government investigation, change in government regulation, foreign currency fluctuations and uncertainty in tax policies, the possible effects of war, terrorist and other hostilities, other factors affecting general conditions in the economy or the financial markets or other developments affecting the vehicle industry.

A market for our securities may not be sustained, which would adversely affect the liquidity and price of our securities

An active trading market for our Class A Shares may not be sustained. In addition, the price of our securities could fluctuate significantly for various reasons, many of which are outside our control, such as our performance, large purchases or sales of the Class A Shares, legislative changes and general economic, political or regulatory conditions. Holders may be unable to sell their Class A Shares or Warrants unless a market can be sustained.

We do not currently intend to pay dividends on our Class A Shares and, consequently, a shareholder's ability to achieve a return on its investment will depend on appreciation in the price of our Class A Shares

We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board and will depend on our financial condition, results of operations, capital requirements and future agreements and financing instruments, business prospects and such other factors as our Board deems relevant. As a result, a shareholder's ability to achieve a return on their investment in our Class A Shares will depend on appreciation in the price of our Class A Shares.

Concentration of ownership may have the effect of delaying or preventing a change in control

Alex Chesterman owns approximately 24.3% of our issued and outstanding Class A Shares. As a result, Alex Chesterman has significant influence over matters requiring shareholder approval. In addition, under the Investor Rights Agreement, Alex Chesterman is entitled to nominate himself to our board of directors so long as he is (i) our Chief Executive Officer or, (ii) together with his affiliates, beneficially owns at least 5% of our issued and outstanding voting shares. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our Class A Shares. This concentration of ownership may not be in the best interests of our other shareholders.

Because we are incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. Federal courts may be limited

We are an exempted company incorporated under the laws of the Cayman Islands. As a result, it may be difficult for investors to effect service of process within the United States upon our directors or officers, or enforce judgments obtained in the United States courts against our directors or officers.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Companies Act and the common law of the Cayman Islands. We are subject to the federal securities laws of the United States. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to the Company under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are different from what they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws as compared to the United States, and certain states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law. In addition, Cayman Islands companies may not have standing to initiate a shareholders derivative action in a Federal court of the United States.

We have been advised by Maples and Calder, our Cayman Islands legal counsel, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a corporation incorporated in the United States.

It may be difficult to enforce a U.S. judgment against us or our directors and officers outside the United States, or to assert U.S. securities law claims outside of the United States

The majority of our directors and executive officers are not residents of the United States, and substantially all of our assets and the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us within the United States or other jurisdictions, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Additionally, it may be difficult to assert U.S. securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a U.S. securities law claim because foreign courts may not be the most appropriate forum in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides. See “Exhibit 2.5 — Description of Securities — Enforceability of Civil Liability under Cayman Islands Law” incorporated by reference in this Annual Report.

Provisions in our Articles may inhibit a takeover of the Company, which could limit the price investors might be willing to pay in the future for our Class A Shares and could entrench management

Our Articles contain provisions that may discourage unsolicited takeover proposals that shareholders may consider to be in their best interests. These provisions include that our Board is classified into three classes of directors. As a result, in most circumstances, a person can gain control of the board only by successfully engaging in a proxy contest at two or more annual general meetings. Our authorized but unissued Ordinary Shares and preference shares will be available for future issuances without shareholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved Ordinary Shares and preference shares could render more difficult or discourage an attempt to obtain control of the Company by means of a proxy contest, tender offer, merger or otherwise that could involve the payment of a premium over prevailing market prices for our Class A Shares.

As a foreign private issuer, we generally are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE corporate governance listing standards applicable to U.S. domestic companies; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE corporate governance listing standards

We are considered a foreign private issuer as such term is defined in Rule 405 under the Securities Act. The NYSE rules generally permit a foreign private issuer like us to follow the corporate governance practices of our home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE corporate governance listing standards.

Among other things, we are not required to: (i) have a majority of the board be independent; (ii) have a compensation committee consisting entirely of independent directors; (iii) have a nominating and corporate governance committee consisting entirely of independent directors; (iv) obtain shareholders' approval for issuance of securities in certain situations; or (v) have regularly scheduled executive sessions with only independent directors each year. We may continue to follow our home country's corporate governance practices as long as we remain a foreign private issuer. As a result, our securityholders will not have the benefit of all of the NYSE corporate governance rules that apply to U.S. domestic companies. See "Item 16.G — Corporate Governance"

We are a foreign private issuer, and as such are exempt from certain provisions of U.S. securities laws applicable to U.S. domestic public companies

Because we qualify as a foreign private issuer, we are exempt from certain provisions of the securities rules and regulations in the U.S. that are applicable to U.S. domestic issuers, including: (i) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q and current reports on Form 8-K; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) the sections of the Exchange Act related to short-swing profit disgorgement and the disclosure of beneficial ownership of directors, executive officers and 10% or greater shareholders; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we currently intend to publish certain quarterly financial information as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We may lose our foreign private issuer status in the future, which could result in significant additional cost and expense

The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to Cazoo on June 30, 2023.

In the future, we would lose our foreign private issuer status if a majority of our shareholders are U.S. residents, and a majority of our directors or executive officers are U.S. citizens or residents, more than 50% of our assets are located in the United States or our business is administered principally in the United States. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. For example, the annual report on Form 10-K requires domestic issuers to disclose executive compensation information on an individual basis with specific disclosure regarding compensation philosophy, objectives, annual total compensation (base salary, bonus, and equity compensation) and potential payments in connection with change in control, retirement, death or disability, while the annual report on Form 20-F permits foreign private issuers to disclose compensation information on an aggregate basis. We would also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors, and principal shareholders would become subject to the related to short-swing profit disgorgement and the disclosure of beneficial ownership of directors, executive officers and 10% or greater shareholders. We may also be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we would lose our ability to rely upon exemptions from certain corporate governance requirements on the NYSE that are available to foreign private issuers.

We may redeem your unexpired public warrants prior to their exercise at a time that is disadvantageous to you, thereby making your Warrants worthless

We have the ability to redeem outstanding public warrants at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per Warrant if, among other things, the reference value equals or exceeds \$360.00 per share (subject to adjustment). If and when the Warrants become redeemable, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. As a result, we may redeem Warrants as set forth above even if the holders are otherwise unable to exercise such Warrants. Redemption of the outstanding Warrants as described above could force you to: (i) exercise your Warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so; (ii) sell your Warrants at the then-current market price when you might otherwise wish to hold your Warrants; or (iii) accept the nominal redemption price which, at the time the outstanding Warrants are called for redemption, we expect would be substantially less than the market value of your Warrants.

In addition, we have the ability to redeem outstanding Warrants at any time after they become exercisable and prior to their expiration, at a price of \$0.10 per Warrant if, among other things, the last reported sale price of our Class A Shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders equals or exceeds \$200.00 per share as adjusted for share sub-divisions, share dividends, right issuances, consolidations, reorganizations, recapitalizations and other similar transactions). In such a case, the holders will be able to exercise their Warrants prior to redemption for a number of our Class A Shares determined based on the redemption date and the fair market value of our Class A Shares. Any such redemption may have similar consequences to a cash redemption described above. In addition, such redemption may occur at a time when the Warrants are “out of the money,” in which case you would lose any potential embedded value from a subsequent increase in the value of our Class A Shares had your Warrants remained outstanding. The value received upon exercise of our Warrants (i) may be less than the value the holders would have received if they had exercised their Warrants at a later time where the underlying share price is higher and (ii) may not compensate the holders for the value of the Warrants, including because the number of Class A Shares received is capped (subject to adjustment) irrespective of the remaining life of the Warrants.

The terms of our Warrants may be amended in a manner adverse to a holder if holders of at least 65% of the then outstanding public warrants approve of such amendment

The Warrant Agreement governing the terms of the Warrants provides that (a) the terms of our Warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or correcting any mistake, including to conform the provisions of the Warrant Agreement to the description of the terms of the Warrants and the Warrant Agreement set forth in the prospectus for the initial public offering of Ajax, or defective provision or (ii) adding or changing any provisions with respect to matters or questions arising under the Warrant Agreement as the parties to the Warrant Agreement may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the Warrants under the Warrant Agreement and (b) all other modifications or amendments require the vote or written consent of at least 65% of the then outstanding public warrants; provided that any amendment that solely affects the terms of the private warrants or any provision of the Warrant Agreement solely with respect to the private warrants will also require at least 65% of the then outstanding private warrants.

Accordingly, we may amend the terms of our public warrants in a manner adverse to a holder if holders of at least 65% of the then outstanding public warrants approve of such amendment. Although our ability to amend the terms of our public warrants with the consent of at least 65% of the then outstanding public warrants will be unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the Warrants, shorten the exercise period or decrease the number of shares purchasable upon exercise of a Warrant.

There can be no assurance that our Warrants will be in the money in the future, and they may expire worthless

The exercise price for our Warrants is currently \$230.00 per Class A Share. There can be no assurance that our Warrants will be in the money prior to their expiration, and as such, our Warrants may expire worthless.

ITEM 4. INFORMATION ON THE COMPANY

A. About the Company

Cazoo Group Ltd (NYSE: CZOO) (“Cazoo” or the “Company”), the UK’s leading online car retailer, makes buying and selling a car as simple as ordering any other product online. Cazoo was founded in December 2018 by Alex Chesterman OBE, Chairman and Chief Executive Officer of Cazoo, one of Europe’s most successful serial digital entrepreneurs who previously founded LoveFilm and Zoopla, with the aim of transforming the used car market in the UK.

The Company’s legal and commercial name is Cazoo Group Ltd. The Company was incorporated under the laws of the Cayman Islands as an exempted company on March 24, 2021, solely for the purpose of effectuating the Transaction, which was consummated on August 26, 2021. See “Explanatory Note” for further details of the Transaction. Prior to the Transaction, the Company owned no material assets and did not operate any business.

Upon closing of the Transaction, Class A Shares became listed on the NYSE under the symbol “CZOO” and we received proceeds of approximately \$836 million, net of fees. In February 2022, we issued, via a private placement, 2.00% Convertible Senior Notes (the “Notes”) in an aggregate principal amount of \$630 million. The Convertible Notes are currently convertible into Class A Shares at a conversion price of \$100.00 per share.

The Company’s principal executive office is located at 41 Chalton Street, London, NW1 1JD, and its telephone number is +44 20 3901 3488.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC which is accessible at <http://www.sec.gov>. Since the Company is a “foreign private issuer,” it is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and its officers, directors and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions contained in Section 16 of the Exchange Act with respect to their purchase and sale of the Company’s shares. In addition, the Company is not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. public companies whose securities are registered under the Exchange Act. However, it is required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm.

The Company’s website address is <https://www.cazoo.co.uk>. The information contained on the Company’s website does not form a part of, and is not incorporated by reference into, this Annual Report.

B. Business Overview

Our Company

Cazoo is an online car retailer. Cazoo was founded with a mission to transform the car buying and selling experience across the UK by providing better selection, transparency, and convenience. Our aim is to make buying or selling a car no different to ordering any other product online, where consumers can simply and seamlessly buy, sell and finance a car entirely online for delivery or collection. Since our launch in the UK in December 2019, we have experienced rapid growth and sold more than 100,000 cars to Retail customers across the UK as of December 31, 2022.

Markets

In 2021-22 we pursued the strategy of expanding operations in the EU with a number of acquisitions, launching operations in Germany, France, Italy and Spain. Following the strategic review of our EU business, which completed in September 2022, we determined that the appropriate decision for Cazoo was to withdraw from the EU to focus on the UK market. The decision to withdraw was based on the material further investment required for Cazoo to scale its operations in the EU and the conflict this had with the Company's priorities of cash conservation and achieving profitability in the UK. Our focus is now on the UK market, which consists of approximately seven million used car transactions annually, worth approximately £100 billion. The European business is presented as discontinued operations in 2022, and our operating and financial review focuses on the operations in the UK.

The Cazoo Platform

We are a highly data-driven Company and use proprietary data and algorithms to both purchase vehicles and to price them for sale. Our end-to-end digital platform offers customers in the UK a choice of used vehicles of different makes and models for acquisition, and an opportunity to sell their car without an obligation to buy a car from us. Other options available to the customer include part-exchanging their current vehicle as a form of partial payment for a Cazoo car, as well as options to finance a car purchase. Our customer proposition continues to evolve over time as we adjust to the market backdrop and needs of the customer.

Vehicle lifecycle

Vehicle Acquisition

We purchase the cars we believe are best suited for our customers and platform. Our purchasing strategy focuses on optimizing our purchasing channels, balanced with car desirability. We use a data-driven and algorithm-based approach, derived from a mix of our first-party data (Cazoo website searches and intent to buy, sales volumes, days to sale) and third-party data sources, to determine which cars to purchase.

We acquire our used vehicle inventory from a variety of sources, including used-car auctions, corporate suppliers such as vehicle finance, leasing, and rental companies, as well as directly from consumers (including via part-exchanges). During 2022, we continued to scale purchasing cars directly from consumers outside of part-exchanges, via our direct car buying channel in the UK and in the year ended December 31, 2022 approximately 50% of retail units sold were sourced directly from consumers. Vehicles sourced directly from consumers reduce the need to source from third parties and this approach typically lowers the like-for-like cost of acquiring the vehicle.

In the fiscal year ended December 31, 2022, we purchased from different supplier sources as follows:

Channel	% of Total
Corporate	21%
Auction	27%
Consumer	51%
Other	1%
Total	100%

We partner with third-party lenders to finance the purchases of our inventory. We had £162 million drawn under stocking loans on December 31, 2022, which enables capital efficient inventory acquisition.

Reconditioning

Each of our cars undergoes an inspection and is reconditioned to a high standard at our preparation facilities before being offered for sale. As of December 31, 2022, we operated a network of eight vehicle preparation centers across the UK, which we have consolidated to three operational retail preparation centers and one operational wholesale preparation center as part of the Revised Business Plans. These three retail preparation centers provide us with the potential to recondition up to approximately 85,000 cars per year.

We typically own the vehicles we have reconditioned and sold, helping us to ensure the quality of our offering. We also sell a small number of vehicles where the supplier owns the vehicle up to the point of sale, but the vehicles still go through our reconditioning and logistics processes. We act as an agent and receive a fixed commission from the supplier when the vehicle is sold.

Customer Centers

As of December 31, 2022, we operated 21 customer centers around the UK, which we have consolidated to seven as part of the Revised Business Plans. We have retained customer centers in the most geographically optimal locations in order to maximize the number of customers who can come to a center to pick up their car and to make our logistics network more efficient. We store, distribute, prepare and hand over cars for delivery at these centers. Both Cazoo car owners and customers who have not purchased a Cazoo car can take their vehicles to these centers for everything from service to MOT and repairs. We continue to operate a Customer Services site which handles customer queries and is a satellite office.

Delivery and Collection

Our logistics infrastructure is capable of operating throughout the UK (excluding Northern Ireland) and offers a high-quality delivery experience with in-house storage, distribution and car service. Customers can have their car delivered to their door or they can collect it from one of our customer centers. Cars being transported from the vehicle preparation center or customer center to the customer are primarily transported by our own fleet of 190 transporters and employed drivers. We use third-party providers for collection of certain wholesale cars for delivery to auctions, and in a limited number of cases we use third-party providers to assist with intra-site movements.

Vehicle Sales and Other Sales

When it comes to selling a car, our main channel is Retail (directly to retail consumers) primarily through our website www.cazoo.co.uk. The secondary channel is Wholesale where we sell vehicles through car auctions to trade buyers and other customers. We also generate revenue from walk-in servicing; subscription services and third-party reconditioning services (which are being wound down following the decision to stop offering our subscription service to new subscribers from the end of June 2022 as part of the Business Realignment Plan). Customers can return a purchased car under our Terms & Conditions and receive a refund.

During the year ended December 31, 2022, revenue generated from retail sales through our platform was £1,103.6 million, with 65,366 retail units sold; revenue generated from wholesale sales was £116.5 million; revenue generated from other sales was £28.5 million. Please refer to the Accounting Policies — Revenue in the Notes to the audited consolidated financial statements.

Financing

We work with partners including Black Horse, BNP Paribas, Santander and Evolution Funding (a broker with a panel of different lenders) to offer our customers the ability to finance their Cazoo car. As we are a credit broker, not a lender, we aim to find the most competitive deal for the customer from our finance partners.

We offer all standard forms of car financing, as well as the purchase of part-exchange (customer vehicles exchanged as partial payment for a Cazoo car) at the time of delivery or collection for added convenience. We offer Hire Purchase and Personal Contract Purchase finance plans.

Seasonality

Vehicle sales exhibit seasonality with sales peaking late in the first calendar quarter and diminishing through the rest of the year, with the lowest relative level of industry vehicle sales expected to occur in the fourth calendar quarter. Due to our rapid growth, our sales patterns to date have not reflected the general seasonality of the used vehicle industry. Used vehicle prices also exhibit seasonality, with used vehicles depreciating at a faster rate in the last two quarters of each year and at a slower rate in the first two quarters of each year. In the future this may result in a gross profit per unit higher on average in the first half of the year than in the second half of the year but this is not currently the case for Cazoo given our early stage of development.

Business Strategies

Focus on improving unit economics to continue progress towards our goal of reaching profitability

Our 2023 strategy is to focus on further improving our unit economics, reducing our fixed cost base, and maximizing our cash runway. To enable these improvements, we are moving from a high growth multinational European model to a focus on the UK market only, with higher margin and faster moving inventory, together with rationalization of our operational footprint. As part of this strategy we implemented the Business Realignment Plan in June 2022, the winddown of our EU business in September 2022, and the Revised 2023 Plan in January 2023. Together these plans are defined as the "Revised Business Plans". The Revised Business Plans anticipate us executing on the following key strategies:

Improving our purchasing channel mix and stock selection

Our Revised Business Plans aim to improve the unit economics of the business. We expect that moderating our growth assumptions will allow us to be more selective with the vehicles we acquire and sell, enabling us to focus on higher margin and faster moving inventory. We plan to improve our profitability through a continued shift in our buying mix by sourcing more of our inventory directly from consumers. We believe this approach will lower the like-for-like cost of acquiring vehicles. In addition, we are rebalancing the mix of cars available for sale towards higher margin, more desirable cars. We also expect to achieve continued efficiencies from further enhancements to our products, partnerships, processes, and pricing.

Managing the fixed costs within our business

As part of our Revised Business Plans, we expect to achieve significant fixed cost savings, with the aim of making continued progress towards our goal of reaching profitability. In line with our revised unit expectations for 2023 and the current economic climate, we are making our operational and logistics network more efficient through the closure of certain of our vehicle preparation centers and customer center facilities. We are reducing our network of operational vehicle preparation centers from eight to four (three for retail reconditioning and one for wholesale reconditioning), which is expected to result in significant fixed cost savings. The remaining three retail preparation centers provide us with the potential to recondition up to a total of approximately 85,000 cars per year. We are also consolidating the number of customer centers around the UK from 21 to seven. We expect these closures, combined with further headcount reductions across our central teams, to aid us with our goal of maximizing our cash runway and progressing towards our goal of reaching profitability.

Capture additional revenue opportunities from ancillary products and in-house financing products

We will continue to use our data and technology to launch new products and thereby increase our ancillary revenue opportunities. This includes initiatives to drive higher attachment rates for finance and other ancillary revenue products, thereby increasing customer lifetime value. In Q4 2022, we achieved a record 51.5% finance attachment rate, a testament to the strength of our offering.

Withdrawal from mainland Europe and focus on the core UK market

Following the strategic review of our EU business in September 2022, we announced our decision to withdraw from mainland Europe and focus exclusively on the UK market. The decision to withdraw was based on the material further investment required for Cazoo to scale its operations in the EU and the conflict this had with the Company's priorities of cash conservation and achieving profitability in the UK. We have now largely exited all of our mainland European operations. Refer to "Item 5 — Operating and Financial Review and Prospects — Recent developments" and "— European exit" for details elsewhere in this Annual Report.

Information Technology

Data and technology are at the heart of our business. Proprietary data and algorithms sit behind the Cazoo platform. Our information technology systems are managed centrally and cover all key business processes in the value chain including logistics, inventory management and payment functions. Certain of these systems are considered business critical and plans are in place to mitigate failures of these systems.

Our technology teams include product engineering and data teams, are organized by domain, and are aligned to key stakeholders around the business such as purchasing, pricing, merchandizing, operations and logistics, and others. The teams are supported by central platform and design product engineering teams.

We rely on several critical software tools to run our business. These tools are a mixture of proprietary tools developed or acquired by us and third-party tools provided under software-as-a-service ("SaaS") agreements with third parties. Critical third-party systems include those that provide business IT systems and those that provide tools that power our website, mobile applications, logistics and e-commerce platforms.

In relation to the website, logistics and e-commerce platforms, we have in place key agreements with commercetools (which helps to power our e-commerce architecture), Descartes and Satalia (which power our logistics operations) and Amazon Web Services (which hosts our website).

Alongside significant proprietary code in our website and systems developed by our employees and contractors (each under contracts that assign the IP in that code to us), we also own the IP in a system called "CazooNet," which is software that we use to support purchasing, photography, vehicle reconditioning and preparation, as well as our service centers.

Intellectual Property

We protect our intellectual property through a combination of trademark registrations, domain name registrations, and unregistered rights including copyright, unregistered designs, database rights and trade secrets, as well as contractual provisions and restrictions on access to and use of proprietary information.

Our key trademark is the Cazoo name itself, whether used in its plain or stylized forms, or in conjunction with one or more of our marketing slogans. The Cazoo name and logo are protected in the UK through trademark registrations.

We also have proprietary rights in bespoke information technology algorithms, applications and systems that have been developed by or for us for operating our business and for pricing our vehicles. We protect intellectual property and trade secrets developed by our employees in the course of their employment with us through intellectual property assignment and confidentiality provisions in our standard employment contracts.

Like other digital businesses, we use open-source software (“OSS”) libraries in the development of our website and technology platforms. We have invested in enterprise software subscriptions that include OSS code evaluation tools, which enable more structured monitoring of the use of OSS and more mature license management practices.

Marketing

We have built a strong brand identity and we achieved national brand awareness among potential used car buyers in the UK of over 80% in 2022. Our marketing strategy has been one of our key investment areas in order to raise our brand awareness and grow our customer base.

We invested in high reach media channels such as TV, radio, press and outdoor every month of the year in 2022, with our messaging focused on the benefits of buying and selling cars online with Cazoo. We have also entered into a number of high-profile sports marketing sponsorship deals.

Our extensive marketing activities are driving our brand recognition. A key focus going forward is to deliver marketing efficiencies and significantly lower our customer acquisition costs. While we will continue to invest behind our brand, we will prioritize and seek to optimize performance marketing, as we believe that this will drive additional demand and sales on our website in the near future.

Environmental, Social and Corporate Governance

The goal of our Environmental, Social and Corporate Governance Committee is to oversee and support our commitment to social, environmental, corporate social responsibility, sustainability and other public and internal policy initiatives relevant to us. We are committed to being a responsible member of the communities in which we do business.

Competition

The UK used car retail market is fragmented and highly competitive with respect to price, quality, service, location and vehicle offering. As of March 2020, there were approximately 15,000 used vehicle dealers in the UK. No dealership group in the UK has a share of the market greater than 3%. Our current and future competitors may include:

- Traditional car dealers or marketplaces who could increase investment in technology and infrastructure to compete directly with our online retail model;

- Search engines and vehicle listings sites and new entrants that could change their models to directly compete with us, such as Google, Amazon, AutoTrader.co.uk and Motors.co.uk; and
- OEMs that could change their sales models through technology and infrastructure investments and enter into the subscription and/or direct online used car retail sales market themselves.

Our competitive position is supported by a fully integrated data-driven and algorithm-based model with in-house reconditioning and logistics, and a fully digital customer experience for car buying, selling, financing, delivery, collection and post-sales servicing.

Insurance

We maintain insurance policies covering a range of risks including business interruption, director and officer liability, professional indemnity (for Cazoo Data Services), terrorism, injury to employees, cyber and technology liability, travel, motor, damage to property and stock, as well as coverage against general liability claims that may arise through the course of our normal business operations. We engage an insurance broker to advise on the necessary types and levels of coverage. We continually review our coverage and consult with our broker at least annually.

Regulatory Matters

We are subject to various laws and regulations affecting the operation of our business including those relating to financial service regulation, consumer credit, consumer rights, zoning and land-use planning, product liability, distance selling, and data protection and privacy, among others.

Financial services regulation

We provide credit broking and insurance distribution services to customers. Under the UK Financial Services and Markets Act 2000 (“**FSMA**”) these are regulated activities for which we have and maintain all required permissions with the UK regulator: the Financial Conduct Authority (the “**FCA**”).

Cazoo Ltd is registered with the FCA as an appointed representative: a firm that carries on regulated activity on behalf of and under the responsibility of a regulatory principal firm directly authorized by the FCA (an “**FCA Principal Firm**”). ITC Compliance Limited (“**ITC**”) (now owned by Fortegra) is the FCA Principal Firm for Cazoo Ltd. Our permitted regulated activities obtained via ITC include entering into regulated hire agreements, advising on and arranging general insurance contracts as an intermediary, and acting as a credit broker.

Cazoo Ltd as an appointed representative is subject to various regulatory requirements governing conduct of business, relations with customers, governance and risk management. It is subject to regulatory supervision and is in regular contact with its regulators.

As part of the Business Realignment Plan, in June 2022 we took the decision to wind down our subscriptions business which involved providing consumer hire services, a regulated activity under FSMA. While we wind down these operations, Cazoo Subscription Services Limited (previously Drover Limited) is directly authorized and regulated by the FCA to provide consumer credit services, including entering into regulated consumer hire agreements. Cazoo Subscription Services Limited is also an appointed representative of ITC to carry out general insurance distribution.

Consumer protection law

We are subject to consumer protection laws that set quality and service standards and create a range of rights for consumers. These include requirements on sellers and service providers to provide information to consumers, automatic rights for consumers to cancel and return goods, and rights of redress against unfair, misleading or aggressive business practices.

Online and distance selling of goods and services are subject to additional requirements to provide consumers with clear information and to meet certain cancellation and delivery standards. Product liability laws create grounds for manufacturer and seller liability in the event of an injury caused by a defective product.

Data protection law

We collect and process personal data from customers, employees and suppliers as part of our business. As a result of these activities, we are subject to data protection laws and regulations including the UK GDPR and the UK DPA. These data protection laws impose certain restrictions on what we can and cannot do with the personal data we collect and give data subjects certain rights in relation to their personal data. Applicable data protection laws also require us to identify, and safeguard against, risks that arise in relation to certain high-risk processing, which may include the use of algorithms and geolocation data. The applicable data protection laws also oblige us to establish appropriate assessments of the risks relating to the processing of personal data, to establish appropriate technical and organizational measures to reduce the risk of security incidents and to inform individuals of the ways in which we use their personal data.

We have appointed a data protection officer to oversee our compliance with applicable data protection laws and have in place policies and procedures to support ongoing compliance. We conduct mandatory training for our personnel on applicable data protection laws and publish information on how we collect, use and disseminate personal data in data privacy and cookies policies that are published on our website, and in other policies provided to our personnel that may be modified from time to time.

We use cookies and similar technologies on our website to allow our website to work, to analyze and improve our website and to personalize users' experiences on our website. These activities, as well as direct marketing, are regulated in the UK by the Privacy and Electronic Communications Regulations. These rules include an obligation to obtain consent for the placement of cookies on customers' devices for direct electronic marketing. Changes to these laws are anticipated in the future, which we are monitoring.

Logistics

We maintain operating licenses for the vehicles we operate in the UK and our logistics fleet can be subject to inspections and spot checks by the authorities.

Employees

As of December 31, 2022 we had 3,226 employees employed on a permanent or fixed term basis primarily located in the UK, with further teams in Germany, Portugal, France and Spain. We hire a limited number of temporary workers primarily at certain of our vehicle preparation centers. On January 18, 2023 we announced our Revised 2023 Plan, which included a reduction in headcount. Following the implementation of that plan, as of March 20, 2023 we had 1,511 employees, of which 25 were based in France, 64 in Germany, 4 in Portugal and 1,418 in the United Kingdom.

Our success is highly dependent on human capital and a strong leadership team. We aim to attract, retain and develop staff with the skills, experience and potential necessary to implement our strategy. When selecting and onboarding new employees, we communicate our vision and core values that we expect all staff to uphold, which is underpinned by a business-wide Code of Conduct and Ethics supported by appropriate training programs. We believe that engagement with staff on issues affecting the business is important for our culture and success and aim to do so through regular group-wide and location-specific “all-hands” and “town hall” sessions and other engagement platforms.

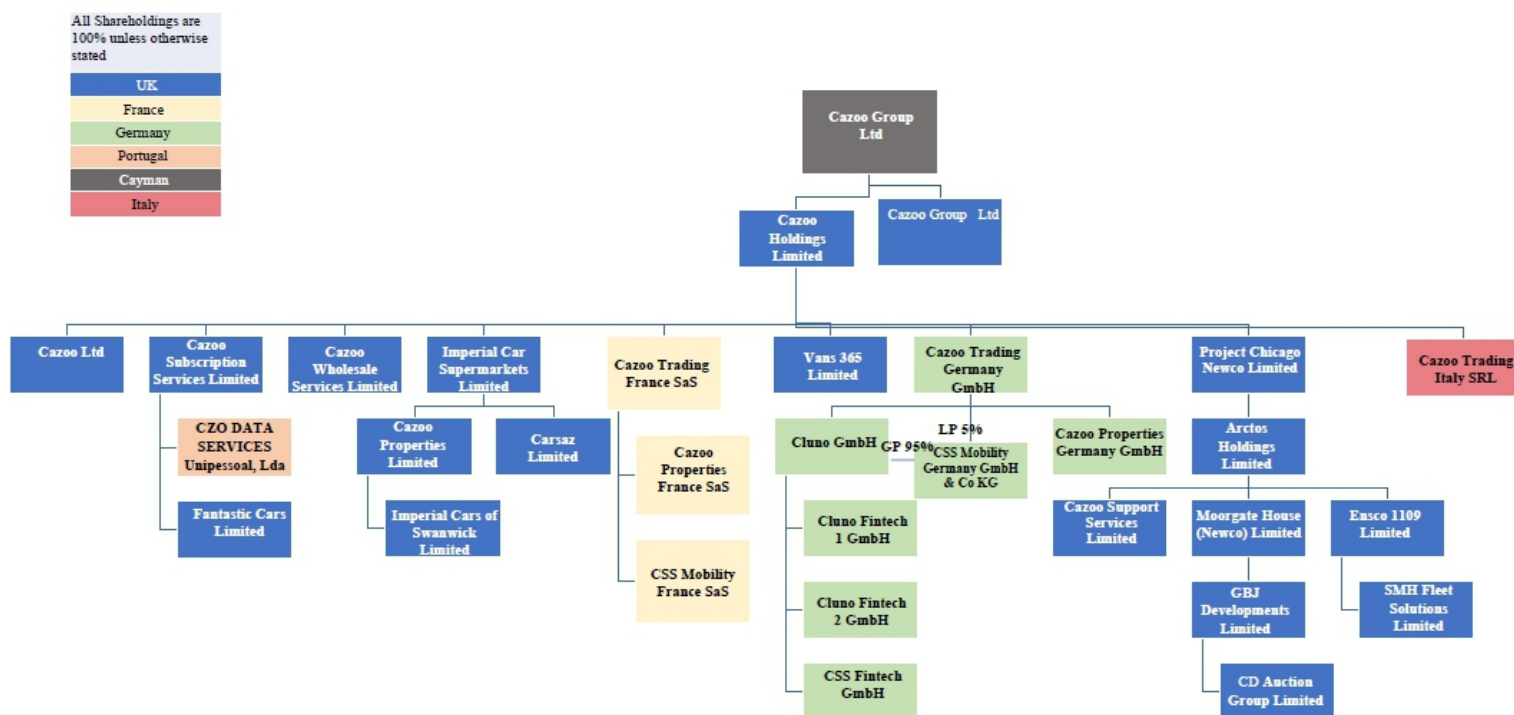
None of our employees are represented by a labor union and there have been no work stoppages to date. We generally consider relations with our employees to be good.

Legal Proceedings

From time to time we are subject to various claims, charges and litigation matters that arise in the ordinary course of business. We believe these actions are a normal component of the business in which we are engaged. While it is not feasible to predict the outcome of these matters with certainty, we do not believe that any asserted or unasserted legal claims or proceedings, individually or in the aggregate, will have a material adverse effect on our business, financial condition, results of operations or prospects.

C. Organizational Structure

Refer to Explanatory Note, Note 25, Group information, within our audited consolidated financial statements included elsewhere in this Annual Report for a listing of our subsidiaries, including legal name, country of incorporation, and proportion of ownership interest. The following diagram depicts the organizational structure of the Company and its subsidiaries as of March 20, 2023.



D. Property, Plants and Equipment

The Company's headquarters are located in London, UK under a lease agreement that expires in September 2024. As of December 31, 2022 the Company operated 21 customer centers around the UK. Of these customer centers, all were leased. As of December 31, 2022, the Company also leased two further customer centers that were not operational. As of December 31, 2022, the Company operated eight vehicle preparation centers in the UK located in Westbury, Livingston, Nottinghamshire, Bedford, Gloucester, Staffordshire and Bristol. Of the operational UK vehicle preparation centers as of December 31, 2022, two are owned, one is part owned and part leased and the remaining are leased. As of December 31, 2022, the Company also leased three further vehicle preparation centers that were not operational. As of December 31, 2022, the Company also leased two delivery hubs, one of which was not operational.

Following the announcement of the Revised 2023 Plan in January 2023, we took steps to rationalize our footprint. As a result, as of March 20, 2023, the Company operated seven customer centers and four vehicle preparation centers. The Company has assigned two customer center leases, and is in the process of disposing of our remaining vehicle preparation centers, customer centers and hubs, except for one vehicle preparation center which has been mothballed. See "Item 5 — Operating and Financial Review and Prospects — Recent Developments — Revised 2023 Plan" for more details.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis provides information which Cazoo's management believes is relevant to an assessment and understanding of Cazoo's results of operations and financial condition.

This discussion and analysis should be read together with the audited consolidated financial statements and related notes of Cazoo that are included elsewhere in this Annual Report.

Unless otherwise stated, the information included in this section is based on Cazoo's audited consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") which may differ in material respects from generally accepted accounting principles in other jurisdictions, including U.S. GAAP.

In addition to historical financial information, this discussion and analysis contains forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions. See the section entitled "Cautionary Note Regarding Forward-Looking Statements." Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3.D - Risk Factors."

A discussion regarding our financial condition and results of operation for the fiscal year ended December 31, 2022, compared to the fiscal year ended December 31, 2021, is presented below. A discussion regarding our financial condition and results of operations for fiscal year ended December 31, 2021, compared to the fiscal year ended December 31, 2020, unless otherwise noted, can be found under Item 5 in our Annual Report on Form 20-F, filed with the SEC on May 5, 2022, which is available on the SEC's website at www.sec.gov and on the SEC Filings section of the Investors section of our website at: <https://investors.cazoo.co.uk/sec-filings>.

Certain figures, such as interest rates and other percentages included in this section, have been rounded for ease of presentation. Percentage figures included in this section have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in Cazoo's audited consolidated financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

Overview

Cazoo is an online car retailer. Cazoo was founded with a mission to transform the car buying and selling experience across the UK by providing better selection, transparency and convenience. Our aim is to make buying or selling a car no different to ordering any other product online, where consumers can simply and seamlessly buy, sell and finance a car entirely online for delivery or collection.

Refer to Item 4.B "Business Overview" included elsewhere in this Annual Report for additional information.

2022 Business Highlights

On January 26, 2022 we announced that we had agreed to acquire brumbrum, Italy's leading digital car retailer and subscription platform, for €80 million in a mix of cash and Cazoo shares. The purpose of the acquisition was to accelerate the launch of Cazoo's full proposition throughout Italy. Following earlier launches in France and Germany and its acquisitions in Spain and Italy, Cazoo was pursuing the strategy of building a strong presence across the five largest European markets for used cars by replicating its model in the UK.

On February 10, 2022 we announced that we had agreed to issue and sell, via a private placement (the “Note Issue”), \$630 million in aggregate principal amount of 2.00% Convertible Senior Notes due 2027 (the “Convertible Notes”). The Convertible Notes are currently convertible into Class A Shares at a conversion price of \$100.00 per share. See “Item 5 — Operating and Financial Review and Prospects — Recent Developments — Revised 2023 Plan”. The Note Issue was led by new investor Viking Global Investors, alongside participation from several existing shareholders including Mubadala Investment Company, D1 Capital and Willoughby Capital as well as other new and existing investors. The funds were raised to support Cazoo’s continued growth in the UK and expansion in Europe.

On March 22, 2022 we increased our UK stocking facilities by £25 million with an existing lender. On March 28, 2022, we entered into a €50 million asset-based securitization facility with BNP Paribas (the “BNP Facility”).

On May 12, 2022 we announced we had launched our service in Spain.

On June 7, 2022 we announced a business realignment plan to de-risk the path to profitability and extend the cash runway reflecting the weaker and uncertain external environment. The plan prioritized gross margin and GPU growth, with a focus on cash preservation.

On June 22, 2022, we announced that we had launched in Italy.

On August 2, 2022 we announced the appointment of Paul Woolf as Chief Financial Officer to succeed Stephen Morana during Q4 2022. We also announced the strategic review of our EU business.

On September 8, 2022 we announced the outcome of the strategic review of our EU business, which concluded that the right course of action was for Cazoo to focus exclusively on the UK market. The decision to withdraw was based on the material further investment required for Cazoo to scale its operation in the EU and the conflict it had with the Company’s priorities of cash conservation and achieving profitability. As a result, the Company commenced an orderly wind down of its operations in Germany and Spain and launched consultations with its employee representatives in France and Italy.

On October 31, 2022 we announced that Aramis Group SA and Cazoo Holdings Limited had reached agreement for Aramis Group to acquire 100% of the capital and voting rights of Cazoo Trading Italy S.p.A.

On November 10, 2022 we announced that holders (“**Noteholders**”) of 96% of the principal amount outstanding of the Convertible Notes had voluntarily elected to enter into extensions of their lock-up agreements with the Company from November 6, 2022 to September 30, 2023 as a sign of their continued support of the business.

On December 15, 2022 we announced that we had sold our Spanish subscription business, Swipcar, to Renting Finders S.L.

Recent developments

Our recent developments are discussed below:

Revised 2023 Plan

The Revised 2023 Plan announced on January 18, 2023 aims to rapidly improve the unit economics of the business, allowing us to advance towards our goal of profitability. To enable these improvements, we reset our 2023 top line ambitions, allowing us to focus on higher margin and faster moving inventory and to rationalize our operational footprint. See “Item 4.B — Business Overview” and “— Business Strategies” for further details.

Changes to Management

Effective from April 1, 2023 the roles of Executive Chairman and Chief Executive Officer will be split with Alex Chesterman continuing in the role of full time Executive Chairman and Paul Whitehead, currently Chief Operating Officer, taking on the role of Chief Executive Officer. The splitting of these roles, which is customary, will allow Mr. Chesterman to focus on the strategic direction of the Company and Mr. Whitehead to focus on the day-to-day operations of the business and unit economics improvements.

Changes to Board of Directors

Effective from close of business on January 31, 2023 David Hobbs stepped down from the Board of Directors. Mary Reilly joined the Board as a Class I director effective February 1, 2023 to serve for the remainder of the full term of a Class I director. Ms. Reilly was appointed as a member of the Nominating and Corporate Governance Committee and the Audit Committee and will be appointed as Chair of the Audit Committee following completion of the 2022 audit.

Effective February 28, 2023 Anne Wojcicki stepped down from the Company's board of directors for personal reasons.

Public warrants of Cazoo Group Ltd

On January 3, 2023 the New York Stock Exchange ("NYSE", the "Exchange") announced that the staff of NYSE Regulation had determined to commence proceedings to delist the our Warrants from the NYSE. Trading in the Warrants was suspended immediately. Trading in our Class A Shares — ticker symbol CZOO — continues on the NYSE. NYSE Regulation had determined that the our Warrants were no longer suitable for listing based on "abnormally low" price levels, pursuant to Section 802.01D of the Listed Company Manual.

Reverse Stock Split and Increase in Authorized Share Capital

On February 8, 2023 we implemented the consolidation of our issued and unissued share capital, par value \$0.0001 per share, at a ratio of 1-for-20 (the "Reverse Stock Split"), as well as an increase in share capital (the "Share Increase").

After giving effect to the Reverse Stock Split and the Share Increase the Company's authorized share capital is US\$435,500, divided into 165,000,000 Class A ordinary shares of a par value of US\$0.002 each (the "Class A Shares"), 2,500,000 Class B ordinary shares of a par value of US\$0.002 each, 50,000,000 Class C ordinary shares of a par value of US\$0.002 each and 250,000 preference shares of a par value of US\$0.002 each.

Sale of Cazana Data Platform

On February 22, 2023 we announced the sale of our third-party data platform, Cazana. The disposal aligned with Cazoo's strategy to focus its business on the UK used car market.

European Exit

In line with our European strategic review to exit mainland Europe to focus on the UK market only, we have largely completed the exit of our European operations.

Germany

In February 2021 we acquired Cluno GmbH and its two subsidiaries ("Cluno"), a German car subscription services company. On February 17, 2023, we announced the disposal of Cluno to ViveLaCar GmbH and The Platform Group GmbH & Co. KG for an undisclosed amount. This disposal will conclude Cazoo's withdrawal from the German market once completed.

France

In December 2021 we launched our retail proposition in France. As of March 20, 2023 we have largely concluded the orderly winddown of our French retail business. We will continue an orderly winddown of the French subscriptions business.

Italy

In January 2022 we acquired brumbrum S.p.A (“**brumbrum**”) which was renamed Cazoo Trading Italy S.p.A. post-acquisition. The business was subsequently sold to Aramis Group on October 31, 2022.

Spain

In November 2021 we acquired Swipcar, 2017 S.L. (“**Swipcar**”), a Spanish car subscription services company. On December 15, 2022, we announced that we had sold the Swipcar subscription business to Renting Finders S.L. The agreement included the sale of 100% of the shares of Swipcar 2017, S.L., along with the Swipcar brand and associated assets. Our Spanish retail business was wound down during Q1 2023.

Key trends and factors affecting the results of our operations

Our financial condition and results of operations have been, and will continue to be, affected by a number of key factors and trends. For a discussion of uncertainties and other factors that could affect our operating results see the section entitled “Item 3.D — Risk Factors” in this Annual Report. The key trends and factors affecting the results of our operations include the following:

Demand: Shift to online/e-commerce penetration

The purchase of used cars online has experienced significant growth, driven primarily by a shift in the buying behavior of customers and restrictions during the Covid-19 pandemic that led to a boost in online buying across many sectors. We are one of a handful of online car retail specialists in the UK offering a fully digital journey. We believe that the high growth in volumes we have achieved in our first three full years of operations is primarily driven by customer appetite for our online proposition. Through our data-driven marketing efforts we continue to drive the shift to online car buying and selling with customers across the UK. Consumers remain willing to consider purchasing their next used car online and are increasingly open to embrace the transparency and convenience of buying and selling used cars entirely online with the “Click and Collect” option appealing to all age groups of up to 54 years old.

The shift to online is disrupting the traditional offline market model, including dealerships and automotive manufacturers. Today, the car buying journey normally begins with research online. Some traditional dealerships have started to transition to a hybrid model, supplementing their offline offering with online and phone purchases. However, for these dealers, the majority of the purchase (and/or sale) journey remains offline. We believe that we may continue to benefit from the acceleration to online buying because we can offer customers clear advantages of our end-to-end online proposition particularly around the range of cars available online, transparency and convenience.

Supply: Inventory sourcing

We strategically source inventory from three channels: auction, corporate relationships and consumers directly. Because the quality of vehicles and associated gross margin profile vary across each channel, the mix of inventory sources has an impact on our profitability.

We continually evaluate the optimal mix of sourcing channels and strive to source vehicles in a way that maximizes our average gross profit per unit and improves our unit economics. We seek to increase the percentage of vehicle sales that we source directly from consumers as purchasing vehicles at third-party auctions is competitive and incurs associated auction fees. We expect that our expanded purchasing from consumers will increase the availability of suitable vehicle inventory at attractive commercial costs.

We believe our ability to increase the percentage of inventory sourced directly from customers will depend on the popularity and success of our e-commerce platform. We expect that as customers experience the convenience of our platform to sell or trade in their used vehicles, the percentage of inventory we source directly from consumers may continue to grow and we expect this would positively impact our profitability.

The supply of vehicles to the market continues to be impacted by the global shortage of automobile microchips. See “Item 3.D — Risk Factors — Our business is dependent upon access to suitable vehicle inventory, including the appropriate inventory mix, for resale to customers. Obstacles to acquiring suitable inventory for resale to customers, whether because of supply, competition, or other factors, could have a material adverse effect on our business, financial condition, results of operations and prospects” elsewhere in this Annual Report.

Supply: Inventory financing

Our business as an online specialist depends on having the right volume and range of inventory on our website. The appropriate volume and mix of vehicle inventory are fundamental to our operations and require an ability to finance the acquisition of inventory at competitive rates and across various acquisition channels nationwide.

The availability and cost of financing for vehicle purchases is a significant factor affecting our results of operations. Stocking loans are used specifically to finance the purchase of inventory and typically cover approximately 90% of the car value for an average of 180 days from inception of the loan. The availability of stocking loans provides us with the flexibility to finance our inventory while maximizing liquidity available in the business.

Our ability to continue to access financing at affordable rates to purchase the required mix and selection of inventory is an important factor for our future performance. In 2022 we increased our total available funding facilities. We had inventory of £232.6 million and £161.6 million in stocking loans as of December 31, 2022. In addition, we had £15.0 million in subscription facilities for financing subscription vehicles. The subscription facilities will be repaid as existing subscription contracts come to an end.

Technology: Technology and data

We continue to invest in the data, information technology and security infrastructure, as well as in the core technology-based systems used to drive and support our business. The customer experience on our website is critical to attracting unique users to our platform, converting such visitors into customers, selling a broad range of our products and increasing new customers through referrals. Accordingly, we believe that our ability to make our platform an attractive choice for customers and create a more tailored website experience based on our functionalities and offerings, tailored to customer preferences, may drive higher customer conversion rates.

We believe we have created a unique, best in-class customer experience. We give our customers a fully end-to-end digital buying experience with the entire purchasing and/or selling journey taking place online. We continue to incur expenditure on research and development to develop new products and enhance our existing technology platform.

Additionally, our ability to accurately forecast pricing and customer demand for specific types of vehicles is critical to sourcing high quality, high-demand vehicles. This ability is enabled by our proprietary data that leverages the vast amount of information at our disposal to adjust our supply and sourcing models. We plan to continue to invest in technology and infrastructure to support the performance of our platform. We believe our future performance will also depend on the ways in which we predict customer demand through constant improvement and investment in technology and data.

Economy: Macroeconomic factors

Negative trends in the general economy, including trends resulting from changes in gross domestic product growth, financial and credit market fluctuations, energy costs, international trade relations and other geopolitical issues, including those caused or that may be caused by the Russia-Ukraine conflict, and the availability and cost of credit could lead to a decline in consumer discretionary spending and business investment.

Global inflation, including in the UK, increased during 2022 which has resulted in cost increases for labor, fuel, materials and services, and these costs could continue to increase. A further increase in UK base interest rates could result in higher interest on our UK stocking loans and subscription facilities. A further weakening of pound sterling against the US dollar could increase the cost of certain expenses which we incur in US dollars, including the interest payments on the Convertible Notes. We will continue to actively monitor and develop responses to macroeconomic conditions. See “Item 3.D — Risk Factors — Downturns in general economic and market conditions and reductions in spending may reduce demand for our products” and See “Item 3.D — Risk Factors — Our geographic concentration in the UK creates an exposure to severe weather, the local economy, regional downturns, or catastrophic occurrences in the UK that may materially adversely affect our financial condition and results of operations” in this Annual Report.

Key performance indicators

We regularly monitor the following key performance indicators to help evaluate our business and trends, identify near-term and longer-term risks and opportunities, measure our performance, prepare financial projections and make strategic decisions. We believe these operational measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with IFRS.

The calculation of our key operating and financial metrics is straightforward and does not rely on significant projections, estimates or assumptions. Nevertheless, there are limitations inherent within these calculations, and these measures may not be comparable to other performance measures used by our competitors. Each of our key operating and financial metrics focuses specifically on only one standard by which to evaluate our business, without taking into account other applicable standards, performance measures or operating trends by which our business could be evaluated. Accordingly, no single metric should be viewed as the indicator by which our business should be measured. Rather, each key operating and financial metric should be considered in conjunction with other metrics and components of our results of operations.

These operating and financial metrics should be read in conjunction with the following discussion of our results of operations and together with our audited consolidated financial statements and related notes included elsewhere in this Annual Report.

	Year Ended December 31,		Variance	
	2022	2021	Change	%
UK Retail units sold	65,366	34,718	30,648	88%
UK Retail gross profit per unit	£ 403	£ 427	£ (24)	(6)%
UK Ancillary revenue per retail unit sold	£ 605	£ 439	£ 166	38%
UK Average monthly unique users (<i>thousands</i>) ¹	1,532	1,619	(87)	(5)%
UK Retail inventory units available on website	7,700	4,683	3,017	64%

(1) The 2021 comparative has been restated to exclude 12 thousand EU users.

UK Retail units sold

Retail units sold is defined as the number of vehicles sold through our retail channel and delivered to customers, net of returns. Retail units sold excludes vehicles sold through auction which are recorded within our wholesale channel. Our retail business is the core proposition of Cazoo and we expect that retail units sold will be the primary driver of revenue generation. Retail unit sales also provide a source of cars through our consumer vehicle acquisition channel (either through direct sales or part-exchanges). Vehicles acquired through this channel can either be reconditioned and added to our inventory or sold through our wholesale channel.

Retail units sold for the year ended December 31, 2022 amounted to 65,366 units compared to 34,718 retail units sold for the year ended December 31, 2021. In the year ended December 31, 2022, 6.7% of used cars sold were returned for a refund. Retail units sold increased throughout the period driven by continued strong uptake of our offering, despite the challenging macroeconomic environment. In 2023, our focus will be on improving unit economics.

UK Retail gross profit per unit

This metric is defined as the aggregate retail sales price and ancillary revenues (including financing commission, warranty commission, paint protection, delivery charges, administrative fees and any add-ons) from all vehicles sold through our retail channel in a given period, less the aggregate costs to acquire those vehicles, the aggregate costs of inbound transportation to the vehicle preparation centers, auction fees, the aggregate costs of reconditioning those vehicles, costs of providing insurance, warranty, fuel and other direct costs associated with providing the car to the customer, divided by the number of retail units sold in that period. This is an important metric that we use to record and forecast the performance and trends of our core retail business. There are a number of drivers of this metric such as our purchasing mix, cost of reconditioning, days to sale, our finance attachment rate and the number of new ancillary products.

For the year ended December 31, 2022 retail gross profit per unit was £403, compared to gross profit per unit of £427 for the year ended December 31, 2021. The decrease was primarily due to an increase in vehicle purchases and reconditioning costs due to the rapid expansion and growth of our business.

Our business plan is to continue to grow retail gross profit per unit, leveraging the improvements discussed in “Item 4.B —Business Strategies”.

UK Ancillary revenue per retail unit sold

Each retail vehicle sale through our website creates an opportunity to sell ancillary products. The products include financing, warranty, paint protection, service plans and affiliate add-ons. Customers buying vehicles from us may enter into a contract for finance through our platform. We receive commissions for the arrangement of these contracts from the lender. When buying a car from us, customers can also purchase additional associated products (including extended warranty, paint protection and service plans), from which we achieve attractive margins. The combination of these ancillary profit sources is an important metric that we use to track and forecast our performance. The ability to generate additional revenue around the vehicle purchase is a key component of GPU.

For the year ended December 31, 2022 ancillary revenue per retail unit sold was £605 compared to ancillary revenue per retail unit sold of £439 for the year ended December 31, 2021. The increase was primarily driven by an improved online journey and stock profile, as well as an expansion of ancillary product options.

UK Average monthly unique users

This metric is defined as the average number of individuals who access our website within a calendar month, based on data provided by Google Analytics. We calculate the average monthly unique visitors over any period by dividing the aggregate monthly unique visitors during such period by the number of months in that period. This metric is used to measure the quality of our customer experience, the effectiveness of our marketing campaigns and customer acquisition as well as the strength of our brand and market penetration, which can then be turned into a retail sale.

The computation of average monthly unique visitors excludes individuals who access our platform multiple times within a calendar month, counting such individuals only one time for purposes of the calculation. If an individual accesses our website using different devices or different browsers on the same device within a given month, the first access through each such device or browser is counted as a separate monthly unique visitor.

Our average monthly unique users during the year ended December 31, 2022 decreased to 1,532 thousand users, compared to 1,619 thousand users during the year ended December 31, 2021. The decrease in the average monthly unique visitors was primarily due to optimization of our marketing strategy to focus on higher performance traffic channels, which we believe will lead, over time, to a higher rate of converting website visits into sales.

UK Retail inventory units available on website

Retail inventory units available on website represent the total number of vehicles available for sale on our website on the last day of each reporting period. This may lead to volatility when comparing one period to another. It is important to ensure we have enough inventory to cater to the majority of customers based on customer demand.

Retail inventory units available on website is a key indicator of our performance because we believe that the number of vehicles listed on our platform is one of the key drivers of vehicle sales and revenue generation. Ensuring an adequate number of vehicles listed on our website results in a greater selection of vehicles for our customers, creating demand and increasing conversion.

Our retail inventory units available on our website increased to 7,700 units as of December 31, 2022 compared to 4,683 units as of December 31, 2021. The increase in units was primarily driven by higher retail units purchased during the year and increased reconditioning throughput.

Key components of our operating results in 2022

Revenue

Revenue is recorded for the sale of used vehicles (retail and wholesale) as well as the provision of services (other sales). We recognize revenue net of sales tax.

Retail — We sell reconditioned vehicles directly to customers primarily through our platform. Customers include both consumers and businesses. The prices of vehicles are included in customer contracts at stand-alone selling prices, which are agreed prior to delivery. We recognize revenue when we satisfy our performance obligations for vehicle sales. The amount we recognize as revenue is the agreed upon purchase price stated in the contract less an estimate for returns. Estimates for returns are based on an analysis of historical experience, trends and sales data. We reflect the changes in these estimates as an adjustment to revenue in the period identified. The amount of consideration received for vehicles includes non-cash consideration which represents the value of part-exchange vehicles, if applicable, as stated in the contract.

Retail revenue also includes the fixed commission from the sale of a small number of vehicles where Cazoo acts as an agent. Under IFRS 15 only the net commission received from these sales is recorded within revenue, with 100% of that revenue contributing towards gross profit.

Retail revenue also comprises ancillary products (including financing commission, warranty commission, paint protection and any add-ons), together with delivery charges and administrative fees. Ancillary revenues were previously included in “Other sales”. The comparatives for 2021 and 2020 have been restated for consistency.

Customers buying vehicles from us may enter into a contract for finance through our platform and, if they buy a car, enter into a contract to extend their warranty after the initial 90-day inclusive period. We receive commissions for the arrangement of these contracts from the principal. We recognize commission revenue at the time of sale, net of a reserve for estimated contract cancellations. The reserve for cancellations is estimated based upon historical experience and recent trends and is reflected as a reduction in revenue. Changes in these estimates are reflected as an adjustment to revenue in the period identified.

Wholesale — We sell vehicles through car auctions to trade buyers and other customers. The vehicles sold to trade buyers are primarily acquired from customers as part-exchanges or through our direct car buying channel that do not meet the Cazoo criteria or standards to list and sell as retail vehicles. For wholesale we recognize revenue at the point when the vehicle is sold at auction.

Other sales — We offer walk-in servicing, subscription services, third-party reconditioning and the provision of data services.

At our customer centers vehicle servicing products are offered including interim, full and major servicing, MOT tests, general repairs and one-off checks and treatments. We recognize revenue from such services when we satisfy our performance obligations, which is at the point the agreed work is completed.

We provided third-party reconditioning services during the year ended December 31, 2022, but such services are being discontinued. We satisfy our performance obligations at the point the agreed work is completed.

Revenue from subscription services is recognized under IFRS 16 and as such is recognized on a straight-line basis over the contract period. The subscription service allows customers to subscribe for a vehicle over a period of time for a monthly fee as an alternative to ownership. Revenue from the provision of related services such as maintenance and breakdown are recognized separately in accordance with IFRS 15 – over time, as the service is provided. In connection with our Business Realignment Plan, we ceased offering our subscription service to new subscribers at the end of June 2022.

We also provide data services whereby customers access selected Cazoo vehicle data for a monthly fee. Revenue is recognized in accordance with IFRS 15 based on actual data usage for these contracts.

Cost of sales

Cost of sales primarily relates to vehicle acquisition costs and reconditioning costs, as well as any necessary adjustments to reflect vehicle inventory at the lower of cost and net realizable value.

Vehicle reconditioning costs are the direct costs associated with preparing the vehicles for resale and typically include the cost of parts, labor and inbound transportation.

Our cost of sales also includes the cost of providing drive-away insurance, fuel, vehicle warranty, buyers fees, and other costs incurred in providing ancillary products and services.

Cost of sales also includes the depreciation of cars out on subscription.

Marketing expenses

These primarily relate to the cost of advertising through various platforms, including brand marketing, digital marketing, media costs, agency and production costs, and other promotional expenses such as sponsorships. Our marketing expenditure also includes public relations costs and costs of any customer incentives.

Selling and distribution expenses

Selling and distribution costs mainly relate to the salaries and wages of our employees engaged in the transportation and handover of vehicles, costs incurred in relation to the storage and transportation of vehicles, post-sales costs and payment gateway fees. The depreciation charges of vehicle preparation centers and right-of-use assets (transporters) are also included in selling and distribution expenses.

Administrative expenses

Administrative expenses comprise staff related costs (excluding sales and distribution staff costs), property costs, information technology, external professional services and other general administrative costs.

Our administrative expenses also include depreciation and amortization charges. Amortization is in relation to capitalized development costs, leasehold improvements, software, domain names and other intangible assets. Depreciation expenses within administrative expenses mainly relate to the depreciation of offices and customer centers. These costs are amortized or depreciated over their useful economic lives.

We operate an equity-settled share-based incentive scheme and our share-based charges are included as part of administrative expenses.

Specifically for the year ended December 31, 2022 our administrative expenses included certain exceptional items which were incurred primarily in relation to the restructuring costs as a result of the Revised Business Plans and transaction costs incurred on the acquisition of brumbrum.

Other income and expenses

Other income and expenses includes fair value movement in the Convertible Notes and embedded derivative, fair value movement in the warrants and foreign exchange movements. In 2021, other income and expenses included a non-cash IFRS 2 expense on the Transaction which represented the excess of the fair value of the equity instruments issued over the fair value of the identified net assets received as part of the Transaction.

Finance income

Finance income relates to interest income receivable on bank deposits.

Finance expense

Our finance expense consists primarily of interest incurred on the Convertible Notes, stocking loans and subscription facilities and interest on lease liabilities.

Tax credit

The tax credit relates to the net movements in specific deferred tax items in the period. A deferred tax asset on losses is only recognized to the extent that it matches deferred tax liabilities.

Loss after tax from discontinued operations

The EU segment was classified as a discontinued operation following the decision to winddown our operations in mainland Europe.

Results of operations

Year Ended December 31, 2022 compared to Year Ended December 31, 2021

	Year ended	Year ended	Variance	
	December 31, 2022	December 31, 2021 ⁽¹⁾	£'000	%
	£'000	£'000	£'000	%
Continuing operations				
Revenue ⁽²⁾	1,248,591	655,423	593,168	91%
Cost of sales	(1,228,324)	(632,114)	(596,210)	94%
Gross profit	20,267	23,309	(3,042)	(13)%
Marketing expenses	(62,596)	(63,165)	569	(1)%
Selling and distribution expenses	(96,246)	(54,172)	(42,074)	78%
Administrative expenses	(529,907)	(218,855)	(311,052)	142%
Loss from operations	(668,482)	(312,883)	(355,599)	114%
Finance income	2,111	232	1,879	810%
Finance expense	(53,339)	(4,663)	(48,676)	1,044%
Other income and expenses ⁽³⁾	194,236	(214,140)	408,376	(191)%
Loss before tax	(525,474)	(531,454)	5,980	(1)%
Tax credit	7,352	2,162	5,190	240%
Loss for the year from continuing operations	(518,122)	(529,292)	11,170	(2)%
Discontinued operations⁽¹⁾				
Loss after tax from discontinued operations	(185,762)	(14,217)	(171,545)	1,207%
Loss for the year	(703,884)	(543,509)	(160,375)	30%
Other comprehensive income				
Exchange differences on translation of foreign operations	6,449	(1,577)	8,026	(509)%
Total comprehensive loss for the year	(697,435)	(545,086)	(152,349)	28%

(1) The 2021 comparatives have been restated to show the EU segment as a discontinued operation.

(2) Revenue excludes £1.9 million of sales in 2022 where Cazoo sold vehicles as an agent for third parties and only the net commission received from those sales is recorded within revenue (2021: £17.4 million).

(3) Other income and expenses includes fair value movement in the Convertible Notes and embedded derivative, fair value movement in the warrants and foreign exchange movements.

Revenue

The following table summarizes our revenue for the periods presented:

	Year ended	Year ended	Variance	
	December 31, 2022	December 31, 2021	£'000	%
Retail ¹	1,103,557	515,711	587,846	114%
Wholesale	116,541	103,203	13,338	13%
Other sales ¹	28,493	36,509	(8,016)	(22)%
Revenue	1,248,591	655,423	593,168	91%

¹ Retail includes the aggregate retail sales price and ancillary products (including financing commission, warranty commission, paint protection and any add-ons), together with delivery charges and administrative fees, from all vehicles sold through the Group's retail channel in the year. Ancillary revenues were previously presented in "Other sales". The comparatives for 2021 have been restated for consistency.

Revenue has increased by £593.2 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to increased online orders and rapid expansion of our business.

Retail revenue has increased by £587.8 million for the year ended December 31, 2022 compared to the year ended December 31, 2021. This is due to an increase in the number of retail vehicles sold, from 34,718 during the year ended December 31, 2021 to 65,366 during the year ended December 31, 2022, driven by continued strong uptake of our offering, the depth and breadth of our inventory levels, increased brand awareness and customer referrals.

Wholesale revenue has increased by £13.3 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 due to the growth of our consumer car buying channel and the number of part-exchange vehicles received from customers which has grown with retail sales.

Other sales have decreased by £8.0 million for the year ended December 31, 2022 compared to the year ended December 31, 2021. The decrease was driven by lower revenue from third-party reconditioning as we have been exiting those contracts.

Retail revenue for the year ended December 31, 2022 excludes £1.9 million generated from the sale of vehicles as an agent for third parties. Only the net commission received from those sales is recorded within revenue.

Cost of sales

The following table summarizes our cost of sales for the periods presented:

	Year ended	Year ended	Variance	
	December 31, 2022	December 30, 2021	£'000	%
Vehicle purchases	1,126,520	540,481	586,039	108%
Reconditioning and other costs	101,804	91,633	10,171	11%
Cost of sales	1,228,324	632,114	596,210	94%

Cost of sales have increased by £596.2 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 due to an increase in vehicle purchases and reconditioning costs following the rapid expansion and growth of our business.

Vehicle purchases increased by £586.0 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to an increase in the level of inventory purchases to support the increased demand.

Reconditioning and other costs increased by £10.2 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 as a result of an increase in the number of cars requiring reconditioning before being listed on our website, and the costs of providing warranties and drive away insurance for cars sold. The reconditioning of third-party vehicles and the depreciation charge of subscription vehicles are also included within reconditioning and other costs. There has been a decrease in reconditioning of third-party vehicles for the year ended December 31, 2022.

Marketing expenses

Marketing expenses have decreased by £0.6 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily driven by a shift from brand to performance marketing.

Selling and distribution expenses

The following table summarizes our selling and distribution expenses for the periods presented:

	Year ended	Year ended	Variance	
	December 31, 2022	December 31, 2021	£'000	%
Staff costs	57,907	25,984	31,923	123%
Transportation and storage costs	17,503	15,166	2,337	15%
Depreciation	9,331	7,778	1,553	20%
Other costs	11,505	5,244	6,261	119%
Selling and distribution expenses	96,246	54,172	42,074	78%

Selling and distribution expenses have increased by £42.1 million for the year ended December 31, 2022, compared to the year ended December 31, 2021, primarily due to an increase in personnel-related costs (selling and distribution staff) of £31.9 million, due to the significant increase in average headcount in the year ended December 31, 2022, to support our growth.

Transportation and storage costs increased by £2.4 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to a larger fleet of transporters, resulting in increases in fuel and mileage, insurance and other costs incurred in the outbound transportation of vehicles.

Depreciation increased by £1.6 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 reflecting a larger fleet of transporters and a higher number of vehicle preparation centers for the year ended December 31, 2022.

Other costs, which include post sales and marketing costs, increased by £6.2 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 due to an increase in units sold and growth of our business.

Administrative expenses

The following table summarizes our administrative expenses for the periods presented:

	Year ended	Year ended	Variance	
	December 31, 2022	December 31, 2021	£'000	%
Staff costs	71,564	48,682	22,882	47%
Office and property costs	20,896	13,949	6,947	50%
Technology and other costs	41,705	23,763	17,942	76%
Depreciation, amortization and impairment of intangible assets	344,278	49,363	294,915	597%
Share-based payments	44,496	43,871	625	1%
Exceptional items	6,968	39,227	(32,259)	(82)%
Administrative expenses	529,907	218,855	311,052	142%

The total administrative costs have increased by £311.1 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to:

- an increase in personnel-related costs of £22.9 million due to an increase in average headcount across all administrative functions;
- an increase in share-based payments by £0.6 million reflecting the higher headcount and larger number of outstanding options;
- an increase in depreciation, amortization and impairment of intangible assets of £294.9 million reflecting a non-cash impairment charge of £299.4 million largely related to actions taken in the Group's Revised Business Plans including the wind down of operations in mainland Europe, and a higher number of offices and customer centers; and
- exceptional items of £7.0 million include restructuring costs of £6.0 million with the remainder primarily related to transaction costs incurred on the acquisition of brumbrum. Exceptional items for the year ended December 31, 2021 included transaction costs of £37.8 million in relation to the Transaction.

Finance income

Finance income has increased by £1.9 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 due to an increase in average cash at bank and short-term deposits, and an increase in interest rates.

Finance expenses

Our finance expenses are interest on the Convertible Notes, stocking loans and subscription facilities, and interest on lease liabilities. The table below is a summary of the amount recognized for the periods presented:

	Year ended	Year ended	Variance	
	December 31, 2022	December 31, 2021	£'000	%
	£'000	£'000	£'000	%
Interest on Convertible Notes	41,351	-	41,351	-
Interest on loans and borrowings	6,940	3,327	3,613	109%
Interest on lease liabilities	5,048	1,336	3,712	278%
Finance expense	53,339	4,663	48,676	1,044%

Finance expenses have increased by £48.7 million for the year ended December 31, 2022 compared to the year ended December 31, 2021. Interest on Convertible Notes was £41.4 million for the year ended December 31, 2022 of which £33.4 million was non-cash. Interest on loans and borrowings increased by £3.6 million primarily due to an increase in interest rates. Interest on lease liabilities increased by £3.7 million driven by an increase in the number of leasehold properties and transporters.

Other income and expenses

The following table summarizes our other income and expenses for the periods presented:

	Year ended	Year ended	Variance	
	December 31, 2022	December 31, 2021	£'000	%
	£'000	£'000	£'000	%
Fair value movement in the Convertible Notes and embedded derivative	198,769	-	198,769	-
Fair value movement in the warrants	47,097	26,671	20,426	77%
Foreign exchange movements	(51,630)	-	(51,630)	-
IFRS 2 expense on the Transaction (non-cash)	-	(240,810)	240,810	-
Other income and expenses	194,236	(214,139)	408,376	(191)%

The fair value movement in the Convertible Notes and embedded derivative of £198.8 million reflects the decrease in the fair value of the embedded derivative since February 16, 2022.

The fair value movement in the warrants of £47.1 million reflects the decrease in the fair value of the warrants during the year ended December 31, 2022.

Foreign exchange movements of £51.6 million are primarily due to adverse movements in the USD denominated Convertible Notes and embedded derivative and warrants.

In 2021, the one-off, non-cash, IFRS 2 expense of £240.8 million was a result of the Transaction. Cazoo issued shares with a fair value of £288.4 million to Ajax shareholders. In exchange, Cazoo received the identifiable net assets held by Ajax, which had a fair value upon closing of £47.5 million. The excess of the fair value of the equity instruments issued over the fair value of the identified net assets received represented a non-cash expense in accordance with IFRS 2.

Tax credit

The tax credit was £7.4 million for the year ended December 31, 2022 compared to a tax credit of £2.2 million for the year ended December 31, 2021. The tax credit relates to the net movements in specific deferred tax items in the period. A deferred tax asset is only recognized up to an amount equal to the total of deferred tax liabilities with the excess not being recognized.

Loss after tax from discontinued operations

Loss after tax from discontinued operations has increased by £171.5 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 due to the launch and subsequent winddown of our operations in mainland Europe.

Non-IFRS financial measures: Adjusted EBITDA

In addition to our results determined in accordance with IFRS we believe that Adjusted EBITDA provides useful information for management and investors to assess the underlying performance of the business as it removes the effect of certain non-cash items and certain charges that are not indicative of our underlying operating performance or results of operations. We believe that non-IFRS financial information, when taken collectively with financial measures prepared in accordance with IFRS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and because it provides consistency and comparability with past financial performance.

Adjusted EBITDA is presented for supplemental informational purposes only, and Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, the analysis of other IFRS financial measures, such as loss for the year. Some of the limitations of Adjusted EBITDA include that it does not reflect the impact of working capital requirements or capital expenditures and other companies in our industry may calculate Adjusted EBITDA differently, or use a different accounting standard such as U.S. GAAP, which limits its usefulness as a comparative measure. Adjusted EBITDA may not be indicative of our historic operating results nor is it meant to be predictive of potential future results.

“Adjusted EBITDA” is defined as loss for the year from continuing operations adjusted for tax, finance income, finance expense, depreciation, amortization and impairment of intangible assets, share-based payment expense, fair value movement in the Convertible Notes and embedded derivative, fair value movement in the warrants and foreign exchange movements and exceptional items which do not relate to our underlying operations.

The table below presents a reconciliation of loss for the year, the most comparable IFRS measure to Adjusted EBITDA for the periods presented.

	Year ended December 31, 2022 £'000	Year ended December 31, 2021 £'000
Loss for the year	(703,884)	(543,509)
Loss for the year from discontinued operations	185,762	14,217
Loss for the year from continuing operations	(518,122)	(529,292)
Adjustments:		
Tax credit	(7,352)	(2,162)
Finance income	(2,111)	(232)
Finance expense	53,339	4,663
Depreciation	44,521	26,274
Amortization and impairment of intangible assets ⁽¹⁾	318,709	35,968
Share-based payment expense	44,496	43,871
IFRS 2 expense on the Transaction (non-cash)	-	240,810
Fair value movement in the Convertible Notes and embedded derivative, fair value movement in the warrants and foreign exchange movements	(194,236)	(26,671)
Exceptional items ⁽²⁾	6,968	39,227
Total adjustments	264,334	361,748
Adjusted EBITDA	(253,788)	(167,544)

(1) Amortization and impairment of intangible assets includes a non-cash impairment charge of £299.4 million largely related to actions taken in the Group's Revised Business Plans.

(2) Exceptional items of £7.0 million include restructuring costs of £6.0 million with the remainder primarily related to transaction costs incurred on the acquisition of brumbrum.

Liquidity and Capital Resources

On September 8, 2022, following the review of a range of strategic options, we concluded that we would focus exclusively on our core opportunity in the UK. Our 2023 strategy is to further improve our unit economics, reduce our fixed cost base, and maximize our cash runway. To enable these improvements, we have scaled back on our expectations for growth in 2023 and will focus on higher margin and faster moving inventory and rationalization of our operational footprint. Refer to “Item 4. B — Business Strategies” for details on the actions we are undertaking.

As of December 31, 2022, we had cash and cash equivalents of £258.3 million. We believe that our cash on hand, and available borrowing capacity under stocking loans and borrowings, will be adequate to meet our liquidity requirements for at least the twelve months following the date of this Form 20-F.

We have adopted a plan (the “**2023 budget**”) designed to allow us to focus on unit economics through higher margin, faster moving inventory and rationalization of our operational footprint. In line with the lower unit expectations for 2023 and the current economic climate, the 2023 budget includes the closure of certain vehicle preparation centers, customer centers and further headcount reductions, which are already underway. The 2023 budget is expected to deliver a significant reduction in our cash consumption and continued progress towards our goal of reaching profitability, without the need to raise further external funding until H2 2024.

The 2023 budget includes actions to increase liquidity such as a prospective sale and leaseback of owned property, the continued financing of UK retail inventory and the unwinding of the UK subscriptions business to realize cash from subscription vehicles in property, plant and equipment.

Given the stage of evolution of our Company, there are certain inherent uncertainties in forecasting operating performance, including gross profit margin, as well as cash flows. Our ability to satisfy our current liabilities and maintain daily liquidity is dependent on successful execution of our 2023 budget. Management has evaluated our forecasted cash burn rate by testing our 2023 budget in a range of scenarios. In a downside scenario, certain inherent uncertainties for forecasting operating performance, including gross profit margin, and the status of implementing the 2023 budget, combine to raise substantial doubt about our ability to continue as a going concern. See Note 2.7 to the audited consolidated financial statements included elsewhere in this Annual Report.

As of December 31, 2022 we had loans and borrowings of £182.2 million including stocking loans of £161.6 million and subscription facilities of £15.0 million. Our business model relies on having a large inventory of cars available on our platform to have a broad offering to prospective customers. To fund the working capital required to maintain high levels of inventory we enter into stocking loan arrangements. Under a stocking loan arrangement, a bank will take the legal title of cars held in Cazoo’s stock and provide a loan relative to the value of the car. Our stocking loans at December 31, 2022 do not contain financial or other restrictive covenants. The loans charge a rate of interest at a base rate plus a margin. These facilities have no fixed end date but are subject to annual review. Certain facilities have triggers to revise the loan-to-value terms if cash falls below a certain level. We are proactively reducing our number of available facilities to reflect the lower unit volume we anticipate in 2023. If the number of these facilities was reduced, we could choose to cash finance inventory in the short-term, or to reduce overall levels of inventory held.

As at December 31, 2022, the Convertible Notes and embedded derivative had a carrying amount of £349.0 million. The Convertible Notes bear regular interest at a rate of 2.00% per year. The Convertible Notes will mature on February 16, 2027, unless earlier redeemed, repurchased or converted in accordance with the terms of the Convertible Notes. The principal amount of the Convertible Notes does not accrete.

We do not believe we will need external capital until H2 2024. However, in response to the risks and uncertainties described above, we may seek to secure additional outside capital over the next twelve months beyond the date hereof. While we have historically been successful in our ability to secure outside capital, as of the date hereof, we had no firm commitments of additional outside capital. We can provide no assurance we will be able to continue to secure outside capital in the future or do so on terms that are acceptable to us. Furthermore, we also plan to continue to closely monitor our cash flows and, if necessary, we may implement certain incremental cost savings to preserve our liquidity beyond those being implemented through the Revised Business Plans and our 2023 budget. While we currently expect we will be able to generate sufficient liquidity to fund our operations for the next twelve months beyond the date hereof, we can provide no assurance we will successfully generate such liquidity, or if necessary, secure additional outside capital or achieve incremental cost savings.

On March 20, 2023 we understand from public filings that certain of the holders of the Convertible Notes entered into a cooperation agreement to engage in discussions with the Company concerning a potential financing, recapitalization, asset or equity sale, reorganization and/or restructuring transaction or series of such transactions or alternative extraordinary transactions involving the Company. There is no assurance that any such discussions will occur with the Company or result in any of the foregoing.

Cash flows

The following table shows a summary of our audited consolidated cash flows for the years ended December 31, 2022 and 2021.

	Year ended December 31, 2022	Year ended December 31, 2021
	£'000	£'000
Net cash provided by/(used in):		
Operating activities	(250,398)	(556,489)
Investing activities	(75,531)	(234,660)
Financing activities	380,328	741,026
Net increase/(decrease) in cash and cash equivalents	54,399	(50,123)

Operating activities

Our primary sources of operating cash flows result from the sale of retail vehicles, wholesale vehicles and other services we provide to customers. Our primary uses of cash from operating activities are purchases of inventory, vehicle reconditioning costs, marketing costs and personnel-related expenses.

Net cash used in operating activities was £250.4 million for the year ended December 31, 2022 (£556.5 million for the year ended December 31, 2021).

The net cash used in operating activities during the year ended December 31, 2022 was primarily attributed to a net operating cash outflow of £374.8 million (outflow of £220.9 million for the year ended December 31, 2021), partially offset by a cash inflow from working capital movements of £121.8 million (outflow from working capital movements of £335.8 million for the year ended December 31, 2021).

Net operating cash flow represents the loss for the year of £703.9 million (loss for the year of £543.5 million for the year ended December 31, 2021), adjusted for non-cash items of £329.1 million (£322.6 million for the year ended December 31, 2021)

Our non-cash items include depreciation, amortization and impairment of intangible assets, finance income, finance expense, share-based payment expense, fair value movement in the Convertible Notes and embedded derivative, fair value movement in the warrants and foreign exchange movements, tax credit, impairment loss on remeasurement of the disposal group, loss on sale of property, plant and equipment, loss on sale of discontinued operations, loss on sale and leaseback transactions and movement in provisions.

The cash inflow from working capital movements for the year ended December 31, 2022 was largely due to a reduction in inventory as we wound down our operations in Europe and improved stock turn in the UK, whereas the working capital outflow for the year ended December 31, 2021 was driven by investment in inventory and subscription vehicles. The remaining movement in working capital was due to movements in trade and other receivables, trade and other payables and subscription vehicles.

Investing activities

Net cash used in investing activities was £75.5 million for the year ended December 31, 2022 (£234.7 million for the year ended December 31, 2021).

The net cash used in investing activities during the year ended December 31, 2022 was primarily attributed to the acquisition of subsidiaries for £33.1 million net of the cash acquired, additions to property plant and equipment of £33.6 million, as well as additions to intangible assets of £18.1 million.

Financing activities

Net cash provided by financing activities was £380.3 million for the year ended December 31, 2022 (£741.0 million for the year ended December 31, 2021).

The net cash provided by financing activities during the year ended December 31, 2022 was primarily attributed to the net proceeds from the convertible notes. In addition, there were proceeds from stocking loans and subscription facilities. The net cash used in financing for the year ended December 31, 2022 was primarily attributed to lease payments and the repayment of stocking loans and mortgages.

Contractual obligations and commitments

The table below presents a summary of our undiscounted contractual obligations and other commitments as of December 31, 2022 (in thousands):

	<u>Total</u>	<u>< 1 Year</u>	<u>1 – 5 Years</u>	<u>> 5 Years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Convertible Notes and embedded derivative	564,777	10,411	554,336	-
Stocking loans ⁽¹⁾	164,478	164,478	-	-
Subscription facilities	15,354	15,354	-	-
Secured asset financing	6,135	1,727	4,408	-
Bank loans	30	30	-	-
Lease liabilities	153,171	24,203	56,324	72,644
Trade payables	68,201	68,201	-	-
Total contractual obligations	972,146	284,404	615,098	72,644

(1) The stocking loans generally become due at the earlier of a sale of our vehicle to a customer or 180 days from the inception of the individual loan.

Off balance sheet arrangements

As of December 31, 2022, we did not have any off-balance sheet financing arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

Critical accounting policies and estimates

Our financial statements are prepared in accordance with international accounting standards in conformity with the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

While our significant accounting policies are described in more detail in Note 2 in our audited consolidated financial statements included elsewhere in this Annual Report, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

Revenue recognition

The process of determining whether Cazoo acts as a principal or agent in certain transactions requires detailed analysis of the specific facts and circumstances of the transaction concerned. Management judgement is applied in the assessment of the transaction against the three indicators in IFRS 15:

- Assessment of whether Cazoo is primarily responsible for fulfilling the promise to provide the specified good or service.
- Assessment of whether Cazoo has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer.
- Assessment of whether Cazoo has discretion in establishing the price for the specified good or service.

Revenue includes the fixed commission from the sale of a small number of vehicles where Cazoo acts as an agent.

Recognition of acquired intangibles on acquisition

The process of recognizing intangible assets acquired in an acquisition requires a judgement in assessing the intangibles that exist in the acquired business and assessing fair value. An intangible asset acquired as part of a business combination is recognized if it can be separately identified and it is a probable source of economic benefits.

The details of all assets and liabilities recognized upon acquisition is set out in Note 14 of the audited consolidated financial statements included elsewhere in this Annual Report.

Capitalization of development time

Time spent by our employees, and external contractors under the direction of our employees, in software development is capitalized as an internally generated intangible asset when the requirements of IAS 38 and of Group policy are both met. Management judgement is applied in the assessment of the project against the development criteria of IAS 38.

Determination of cash-generating units (“CGUs”) Judgement is applied in the determination of CGUs for impairment testing. Management have carefully considered the cash inflows of each group of assets and how they are monitored. As a result, management have identified three CGUs (UK, Cazana and France and Germany) based on the lowest level at which largely independent cash flows are generated. Management have also considered secondary factors such as monitoring by management and how management makes decisions about continuing or disposing of assets and operations in helping to identify its CGUs. Further information on the three CGUs and impairment testing are disclosed in Note 16 of the audited consolidated financial statements included elsewhere in this Annual Report.

Impairment of intangible assets and goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. The value in use calculation is based on a discounted cash flow (“DCF”) model. The cash flows are derived from the budget for the next five years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16 of the audited consolidated financial statements included elsewhere in this Annual Report.

Net realizable value of inventory

Vehicles held in inventory are stated at the lower of cost and net realizable value. The calculation of net realizable value requires an estimate of the expected selling price of each vehicle held in inventory. This estimate is made using a combination of our historical data and independent market data. Independent market data provides a view to recent market activity for vehicles with similar attributes to those held in stock. This, combined with our recent sales data, is used to estimate the expected selling prices of inventory.

Share-based payments

Estimating the fair value of equity-settled employee share options requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Monte-Carlo model for Executive director grants and a Black-Scholes model for the SAYE scheme. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 26 of the audited consolidated financial statements included elsewhere in this Annual Report for further details of the options granted.

Convertible Notes and embedded derivative

The valuation of the Convertible Notes and embedded derivative requires the use of option pricing models or other valuation techniques. The fair value of the embedded derivative is determined using a Monte-Carlo simulation to model the conversion, redemption and repayment premium features. The key assumption used for estimating the fair value of the embedded derivative is the volatility and credit spread. Further details are disclosed in Note 24 of the audited consolidated financial statements included elsewhere in this Annual Report.

Warrants

The valuation of our warrants requires the use of option pricing models or other valuation techniques. The fair value is determined using a Black-Scholes model for the private warrants. The key assumption used for estimating the fair value of the private warrants is the volatility. Further details are disclosed in Note 24 of the audited consolidated financial statements included elsewhere in this Annual Report.

Leases — Estimating the incremental borrowing rate

We cannot readily determine the interest rate implicit in the lease, therefore, we use our incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. We estimate the IBR using observable inputs when available and are required to make certain entity-specific estimates.

New and amended standards and interpretations

Refer to Note 2 of our audited consolidated financial statements included elsewhere in this Annual Report for more information about recent accounting pronouncements, the timing of their adoption and Cazoo’s assessment, to the extent it has made one, of their potential impact on Cazoo’s financial condition and its results of operations and cash flows.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth the names, ages and positions of our directors and executive officers as of March 20, 2023:

Name	Age	Position
Alex Chesterman ⁽¹⁾	53	Chief Executive Officer and Chairman (Class I)
Paul Woolf	58	Chief Financial Officer and Class II Director
Ned Staple	44	General Counsel
Daniel Och	62	Class III Director
Paul Whitehead ⁽¹⁾	52	Chief Operating Officer and Class III Director
Luciana Berger	41	Class III Director
Mary Reilly ⁽²⁾	69	Class I Director
Moni Mannings	59	Class I Director
Duncan Tatton-Brown	58	Class II Director

(1) Effective April 1, 2023, the roles of Executive Chairman and Chief Executive Officer will be split, with Alex Chesterman continuing in the role of Executive Chairman and Paul Whitehead, currently Chief Operating Officer, taking on the role of Chief Executive Officer.

(2) Ms. Reilly joined the Board as a Class I director effective February 1, 2023, to serve for the remainder of the full term of a Class I director. Ms. Reilly replaced David Hobbs, who stepped down as a director effective January 31, 2023.

Alex Chesterman serves as our Chief Executive Officer and Chairman, positions he has held since the completion of the Transaction. Mr. Chesterman founded Cazoo Holdings in 2018 and served as its Chief Executive Officer and as a Director since inception. He is one of Europe's leading digital entrepreneurs and has spent the last twenty years applying data and technology to improve consumer experiences. Previously, in 2008, he founded Zoopla to deliver greater transparency and efficiency to the UK property market and in 2003, he co-founded LoveFilm which transformed the DVD rental market in the UK and Europe. Mr. Chesterman obtained a Bachelor's Degree in Economics from University College London in 1990.

Paul Woolf serves as our Chief Financial Officer and as a Director, positions he has held since November 1, 2022. Mr. Woolf has over 30 years' experience in various finance roles and joined Cazoo from Graphcore. He was previously Chief Financial Officer at UK-listed Mitie Group PLC and prior to that held a number of roles at international private equity backed companies including CPA Global, Virgin Active, Birds Eye Iglo and The Automobile Association. Mr. Woolf holds a bachelor's degree from the University of Oxford.

Ned Staple has served as General Counsel since the completion of the Transaction. Mr. Staple served as General Counsel of Cazoo Holdings beginning in March 2019. Prior to that, he spent five years as General Counsel and Company Secretary at ZPG Plc, which included the listing of Zoopla, multiple acquisitions and culminated in ZPG Plc's takeover in 2018. Earlier in his career he was a solicitor at Freshfields Bruckhaus Deringer working on M&A, IPOs, joint ventures and commercial contracts. Mr. Staple obtained a Master's Degree in International Relations from the London School of Economics and Political Science in 2003.

Daniel Och has served as a Director since the completion of the Transaction. Mr. Och served as Chief Executive Officer and Chairman of Ajax from the closing of its initial public offering until the closing of the Transaction. Mr. Och began his career at Goldman Sachs in 1982 and in 1994, he left to found asset management firm Och-Ziff Capital Management Group, where he served as Chief Executive Officer until February 2018 and Chairman of the Board until March 2019. Mr. Och focuses on investment activities through Willoughby Capital Holdings, LLC, his family office, and philanthropy through his foundation, the Jane and Daniel Och Family Foundation. Mr. Och holds a Bachelor's Degree in Finance from the Wharton School of the University of Pennsylvania.

Paul Whitehead has served as our Chief Operating Officer since January 2019 and has served as a Director since October 28, 2022. Prior to joining Cazoo, Mr. Whitehead was Chief Strategy Officer at ZPG Plc where he was responsible for strategic direction, M&A and partnerships as well as investments and management of its international businesses. Prior to that, he was Commercial Director at uSwitch and has over 20 years of experience in managing and growing consumer technology businesses. Mr. Whitehead holds a Bachelor's Degree (Hons) in Business Studies from the University of Teesside.

Luciana Berger has served as a Director since the completion of the Transaction. Since February 2022 Ms. Berger has served as a consultant. From May 2020 until February 2022 Ms. Berger was a Managing Director of Advocacy and Public Affairs at Edelman UK, specializing in health, sustainability and energy policy. From 2010 to 2019 she served as a Member of Parliament for Liverpool Wavertree. She was the Shadow Minister for Energy and Climate Change, Shadow Minister for Public Health, Shadow Cabinet Member for Mental Health between 2010 and 2016, and the Liberal Democrat Shadow Spokesperson for Health, Social Care and Wellbeing in 2019. Ms. Berger earned a Bachelor's degree from the University of Birmingham and a Masters' degree from Birkbeck, University of London.

Mary Reilly has served as a Director since February 2023. Ms. Reilly is also a board member and Audit Chair of companies including MITIE Plc, Essentra Plc and Mar Holdco Sarl. She is also a non-executive director at Gemfields plc. Previously Ms. Reilly was a non-executive Director and Audit Chair at several companies including Travelzoo Inc, Ferrexpo Plc, Cape Plc and a main Board Director of the Department of Transport. Ms. Reilly was a partner at Deloitte LLP (and predecessor firms) - where she specialized in manufacturing, luxury retail and business services - for over 25 years until she retired in 2013. Ms. Reilly has a degree in history from University College London and is a Fellow of the Institute of Chartered Accountants of England and Wales and a Fellow of University College London.

Moni Mannings has served as a Director since the completion of the Transaction. Ms. Mannings currently serves on the boards of directors of Hargreaves Lansdown PLC, where she serves as Chair of the Remuneration Committee and easyJet PLC, where she serves as Chair of the Remuneration Committee. From 2000 to 2016 Ms. Mannings served as a partner, board member and executive committee member of Olswang LLP. She previously served as a partner of Dewey Ballantine LLP and Simmons & Simmons. Ms. Mannings holds an LLB (Hons) from the University of Southampton and is qualified as a solicitor under the laws of England and Wales.

Duncan Tatton-Brown has served as a Director since the completion of the Transaction. He is currently Chair of Oxford Nanopore plc and is also Chair of Wednesday Topco Ltd, the ultimate holding company for loveholidays.com. From September 2012 to November 2020 Mr. Tatton-Brown served as the Chief Financial Officer of Ocado Group plc. Prior to that he was Chief Financial Officer of Fitness First plc, Group Finance Director of Kingfisher plc, Finance Director of B&Q plc, Chief Financial Officer of Virgin Entertainment Group and held various senior finance positions at Burton Group Plc. Mr. Tatton-Brown currently sits on the board of directors of Trainline plc, where he serves as Chair of the Audit Committee. Mr. Tatton-Brown previously served as a Director of ZPG plc from May 2014 to July 2018. Mr. Tatton-Brown earned a master's degree in Engineering from King's College, Cambridge in 1987.

Effective April 1, 2023, the roles of Executive Chairman and Chief Executive Officer will be split, with Alex Chesterman continuing in the role of Executive Chairman and Paul Whitehead, currently Chief Operating Officer, taking on the role of Chief Executive Officer.

Board Disclosures

On September 29, 2016, in connection with his prior position as Chief Executive Officer and Chairman of the Board of Och-Ziff Capital Management Group, Daniel Och, without admitting or denying any of the allegations, settled with the SEC in connection with an investigation of certain payments made by Och-Ziff Capital Management Group, directly or indirectly through intermediaries, between the period from 2007 through 2011 to high-ranking government officials in the Democratic Republic of the Congo. Mr. Och agreed to cease and desist from committing or causing any violations and any future violations of Section 13(b)(2)(A) of the Exchange Act and agreed to a settlement payment of \$2,173,718 in disgorgement and interest. The SEC did not allege any anti-fraud violations, intentional misrepresentations or willful misconduct on the part of Mr. Och.

Family Relationships

There are no family relationships between any of our executive officers and directors.

Director Nomination and Appointment Rights

At the Closing of the Transaction, the Company, the Sponsor and certain securityholders of the Company entered into an investor rights agreement (the "Investor Rights Agreement"). Pursuant to the terms of the Investor Rights Agreement, certain shareholders are entitled to nominate individuals to the board of directors of the Company following the closing of the Transaction, in each case, on the terms and subject to the conditions set forth therein. In particular, the Company and such securityholders have agreed to take all necessary and desirable action within their control to cause the nominating committee of the board of directors to nominate and recommend to the board of directors, the following individuals for election to the board as directors:

- (a) for so long as Alex Chesterman is the Chief Executive Officer of the Company or, together with his affiliates, beneficially owns at least 5% of the issued and outstanding voting shares of the Company, Alex Chesterman;
- (b) until the expiration of the term of office of the Company's Class III directors in office on the Closing Date, one individual designated by the Sponsor, who will initially be Daniel Och.

On October 28, 2022, Daily Mail & Trust plc ("DMGT") and Cazoo Group Ltd signed a waiver (the "Waiver") pursuant to which DMGT waived (i) its Board nomination and appointment rights and (ii) its right to appoint a Board observer set forth in the Investor Rights Agreement, and such rights under Sections 6.1.1(d), 6.1.6 and 6.1.4 of the Investor Rights Agreement were terminated.

See "Item 7.B — Related Party Transactions — Investor Rights Agreement."

B. Compensation

Executive Officer and Board Member Compensation

The compensation for each of our executive officers is comprised of the following elements: base salary, an annual incentive tied to the achievement of Company, contractual benefits, and pension contributions.

Total cash compensation paid and benefits in kind provided to our executive officers and members of our Board of Directors for the year ended December 31, 2022 was £1,282,661.07. Of this total amount, £113,676.28 was made in pension payments and £10,346.99 was payable in benefits.

Our executive officers and members of our Board of Directors were not granted any options to purchase Class A shares in the year ended December 31, 2022.

Employment Agreements

Each of Alex Chesterman, Paul Woolf and Ned Staple is party to an employment agreement with Cazoo Group Ltd, each of which is in substantially the same form. Under their respective agreements, each executive officer is eligible for an annual base salary and an annual discretionary bonus. In addition, each executive officer was subject to a perpetual confidentiality covenant and non-competition, non-solicitation, non-dealing, non-poaching, non-employment and non-interference restrictive covenants during the term of his employment and for a period of 12 months after the termination of his employment. Each agreement also includes a notice period of six months if Cazoo seeks to terminate the executive officer's employment, other than due to the executive officer being guilty of gross misconduct or any other fundamental breach of the executive officer's agreement. Cazoo Group Ltd has the ability to provide a payment in lieu of such notice or require the executive officer to be placed on garden leave. Mr. Whitehead is party to an employment agreement with Cazoo Ltd, with substantially the same terms. Effective April 1, 2023 we expect that his employment agreement will move to Cazoo Group Ltd on the same terms.

Mr. Chesterman is eligible to participate in a performance-based bonus scheme. In October 2022 his bonus scheme was adjusted to provide for a maximum bonus opportunity of 100% of his annual base salary. Any bonus earned by Mr. Chesterman is subject to malus or clawback provisions in the event of a material breach of any agreement entered into by Mr. Chesterman and the Company. Mr. Chesterman is eligible to participate in our occupational pension scheme, pursuant to which we contribute 10% of basic salary, subject to the terms and conditions of the pension scheme.

Mr. Woolf and Mr. Whitehead are eligible to participate in a performance-based bonus scheme, which provides for a maximum bonus opportunity of 100% of their annual base salary. Any bonus earned by Mr. Woolf or Mr. Whitehead is subject to malus or clawback provisions in the event of a material breach of any agreement entered into by the respective executive and the Company. Mr. Woolf and Mr. Whitehead are eligible to participate in our occupational pension scheme, pursuant to which we contribute 10% of basic salary, subject to the terms and conditions of the pension scheme.

Cazoo Holdings Option Schemes

On May 30, 2019, the board of directors of Cazoo Holdings adopted the (i) Cazoo Ltd EMI Share Option Scheme (the "EMI Share Option Scheme") and (ii) Cazoo Ltd Share Option Scheme (Non-Tax Favoured) (the "Cazoo Ltd Share Option Scheme"). Further, in June 2020, the board of directors of Cazoo Holdings adopted the Cazoo Holdings Limited Share Option Scheme (the "Cazoo Holdings Limited Share Option Scheme," and together with the EMI Share Option Scheme and the Cazoo Ltd Share Option Scheme, the "Option Schemes"). The Option Schemes were terminated in connection with closing of the Transaction.

Under each of the EMI Share Option Scheme and the Cazoo Ltd Share Option Scheme, (i) no option could be granted if, as a result, the total value of shares of Cazoo Holdings in respect of unexercised options would exceed £3 million and (ii) no option could be granted to an individual if, as a result, the total value of Cazoo Shares in respect of unexercised options held by such individual would exceed £250,000. Under the Cazoo Holdings Limited Share Option Scheme, no option could be granted if, as a result, the total values of Cazoo Shares in respect of unexercised options would exceed £15 million.

Purpose and Eligibility. The Option Schemes were intended to enable Cazoo Holdings to retain and recruit employees by providing them with the opportunity to purchase ordinary shares. Consultants approved by the Cazoo Holdings board of directors could also be eligible to receive awards under the Cazoo Holdings Limited Share Option Scheme.

Type of Awards. Under the Option Schemes, Cazoo Holdings could grant stock options exercisable for Cazoo Shares, with an exercise price per share specified at grant, and could grant such stock options subject to conditions based on service and/or performance and/or as to the time at which such stock options could be exercisable. Stock options generally expired ten years after grant or on such earlier date as could be specified in connection with the grant of the stock option (including any earlier expiration date specified for any tax purposes applicable to the recipient).

Conditions. Stock options granted under the Option Schemes could be granted subject to conditions based on service and/or performance and/or as to the time at which stock options could be exercisable. Cazoo Holdings' board of directors determined any applicable conditions in connection with the grant of a stock option. A stock option would vest in accordance with the vesting schedule provided to the option holder. Grants generally lapsed in the event of termination of employment prior to a stock option vesting in accordance with its terms and any conditions specified in connection with its grant. Stock options that vested could lapse for cause, as defined in the applicable Option Scheme.

Transferability. Stock options granted under the Option Schemes could not be sold, transferred or disposed of in any manner other than upon the death of the original option holder.

Incentive Equity Plan

Pursuant to the Business Combination Agreement, we established the Incentive Equity Plan for our employees, consultants and directors, and employees consultants and directors of our subsidiaries.

Certain of Cazoo Holdings' directors and executive officers held vested and unvested Cazoo Holdings stock options prior to closing of the Transaction. Prior to the closing of the Transaction, Cazoo Holdings accelerated the vesting of certain unvested Cazoo Holdings stock options, which included those held by Cazoo Holdings' directors and executive officers.

The issued and outstanding options to acquire Cazoo Shares as of the closing of the Transaction which were not exercised or cancelled in exchange for a cash payment at the Closing were cancelled and replaced by options exercisable to purchase 1,725,750 Class A Shares (after giving effect to the Reverse Stock Split) that were issued under the Incentive Equity Plan.

In addition, our executive directors and certain members of senior management have received awards under the Incentive Equity Plan, equally split between time-based and performance-based awards. Subject to any modifications necessary to avoid adverse tax consequences for award recipients, (i) the time-based awards are eligible to vest in equal annual installments on each of the first four anniversaries of the grant date, subject to continued employment through each such anniversary, and (ii) the performance-based awards are eligible to vest in four separate tranches in the event the average closing price of a Class A Share for 20 trading days in any consecutive 30 day trading period equals or exceeds \$20.00, \$30.00, \$40.00 and \$50.00, respectively; provided, however, that such performance-based awards that vest are eligible to be settled in equal annual installments on each of the first four anniversaries of the grant date. Any portion of the performance-based awards that remain unvested as of the fifth anniversary of the grant will be forfeited.

Summary of the Incentive Equity Plan

The Incentive Equity Plan became effective upon the closing of the Transaction. The Incentive Equity Plan allows us to make equity and equity-based incentive awards to our employees, directors and consultants or any of our subsidiaries. The Board believes that providing such persons with a direct stake in us assures a closer alignment of the interests of such individuals with those of the Company and its shareholders, thereby stimulating their efforts on our behalf and strengthening their desire to remain with the Company.

This section summarizes certain principal features of the Incentive Equity Plan.

Eligibility and Administration

Our employees, consultants and directors, and employees, consultants and directors of our subsidiaries are eligible to receive awards under the Incentive Equity Plan. The Incentive Equity Plan is administered by the Board with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which could delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the "plan administrator" below), subject to certain limitations that could be imposed under stock exchange rules. The plan administrator has the authority to interpret and adopt rules for the administration of the Incentive Equity Plan, subject to its express terms and conditions. The plan administrator also sets the terms and conditions of all awards under the Incentive Equity Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available

The maximum number of Class A Shares available for issuance under the Incentive Equity Plan is 1,966,669 shares (after giving effect to the Reverse Stock Split) plus shares underlying stock options that were converted from the options outstanding under the Option Schemes. The maximum aggregate market value of awards which an executive or non-executive director could be granted in respect of any financial year will not exceed, as of the date of grant, the level specified in any applicable executive or non-executive directors' compensation policy.

Awards granted under the Incentive Equity Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by an entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or shares, in any case, do not reduce the number of shares authorized for grant under the Incentive Equity Plan except as may be required by reason of applicable law. If any Class A Shares subject to an award are forfeited or expire, are converted to shares of another person in connection with a recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares or other similar event, or such award is settled for cash (in whole or in part), the Class A Shares subject to such award are, to the extent of such forfeiture, expiration, conversion or cash settlement, available for future grants of awards under the Incentive Equity Plan. The payment of dividend equivalents in cash in conjunction with any outstanding awards are not counted against the Class A Shares available for issuance under the Incentive Equity Plan.

Awards

The Incentive Equity Plan provides for the grant of conditional awards, market value options, options with a nil-cost or nominal cost exercise price, restricted shares, cash-based phantom awards, tax qualifying awards where appropriate and dividend equivalents. Certain awards under the Incentive Equity Plan could constitute or provide for a deferral of compensation, subject to Section 409A of the Code or Section 457A of the Code, which could impose additional requirements on the terms and conditions of such awards. All awards under the Incentive Equity Plan are set forth in award certificates, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards, other than cash awards, generally are settled in Class A Shares, but the plan administrator could provide for cash settlement of any award. A brief description of each award type follows.

- *Conditional Awards.* Conditional awards are contractual promises to deliver Class A Shares in the future that remain forfeitable unless and until specified conditions are met.
- *Market Value Options.* Market value options provide for the purchase of Class A Shares in the future at an exercise price set on the grant date. The exercise price per Class A Share subject to each market value option will be set by the plan administrator, but are, except with respect to certain substitute options granted in connection with a corporate transaction, not less than 100% of the fair market value of a Class A Share on the date the market value option is granted. The term of a market value option may not be longer than ten years.
- *Options with a Nil-Cost or Nominal Cost Exercise Price.* Nil-cost options provide for the purchase of Class A Shares in the future at an exercise price set on the grant date. The exercise price per Class A Share subject to each nil-cost option will be set by the plan administrator. The plan administrator will have discretion to ensure that any such nil-cost options are only granted to award holders who reside in jurisdictions in which such awards are permissible.
- *Restricted Shares.* Restricted shares are an award of non-transferable Class A Shares that remain forfeitable unless and until specified conditions are met, and which could be subject to a purchase price.
- *Cash-Based Phantom Awards.* Cash-based phantom awards include awards entitling the holder to receive cash to be delivered immediately or in the future. Cash-based phantom awards could be provided in settlement of other awards granted under the Incentive Equity Plan, as stand-alone payments, as a part of a bonus, deferred bonus, deferred compensation or other arrangement, and/or as payment in lieu of compensation.
- *Tax Qualifying Awards.* Tax qualifying awards are those which provide beneficial tax treatment for an award holder if available in his or her jurisdiction.
- *Dividend Equivalents.* Dividend equivalents represent the right to receive the equivalent value of dividends paid on Class A Shares and could be granted alone or in tandem with awards. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator.

Vesting and Holding Period

Vesting conditions determined by the plan administrator may apply to each award and may include continued service, performance and/or other conditions. The plan administrator could in its absolute discretion determine prior to the grant date of an award whether or not to impose a mandatory holding period in respect of an award, in which case the shares or options subject to the holding period may not be transferred, assigned, sold, pledged or otherwise disposed of during the holding period, except, in the case of shares, as to satisfy any tax liability of the participant incurred in connection with the award.

Certain Transactions

The plan administrator has broad discretion to take action under the Incentive Equity Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of any variation in our share capital or reserves (including, without limitation, by way of capitalization issue, rights issue, open offer, sub-division, consolidation or reduction). If the plan administrator becomes aware that we are or are expected to be affected by any demerger, dividend in specie, super dividend or other transaction which, in the opinion of the plan administrator, would affect the current or future value of any awards, the plan administrator, acting fairly, reasonably and objectively, may in its absolute discretion allow some or all awards to vest, subject to proration in accordance with the Incentive Equity Plan.

In the event of a Relevant Event (as defined in the Incentive Equity Plan) other than an internal reorganization, all outstanding awards will automatically vest upon the consummation of the Relevant Event, subject to, in accordance with the Incentive Equity Plan, the compensation committee's determination on: the extent to which any applicable performance conditions are met (subject to such modification as it may consider appropriate); and time proration (which it may disapply). Vested in-the-money options will be automatically exercised upon the consummation of the Relevant Event provided that any exercise price payable by the participant on exercise is equal to or less than the relevant offer price or consideration (as determined by the compensation committee). Notwithstanding the foregoing, in the event that a business entity obtains Control (as defined in the Incentive Equity Plan) of us and such entity notifies participants or us of an offer of replacement awards in substitution of existing awards, then participants may elect to accept, or the plan administrator may determine, that such existing awards will be exchanged for a replacement award.

Subplans, Malus and Claw-Back Provisions, Transferability

The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of award holders in certain countries. All awards are subject to malus and claw-back, to reduce future awards, unvested awards and vested awards, in the event of circumstances that the plan administrator may consider appropriate, including, without limitation, (i) in the event of a material financial misstatement of results of our audited financial accounts (other than as a result of a change in accounting practice), (ii) material misconduct, conduct which results or could result in material financial loss or reputational harm to us or any of our subsidiaries, or any other misconduct as determined by the plan administrator in its discretion, (iii) conduct or behavior that, following an investigation, is reasonably considered to constitute a breach of our values as stipulated by our Code of Ethics in force from time to time, (iv) we or any of our subsidiaries that employs the applicable participant having suffered a material corporate failure or a failure of risk management, or (v) evidence that an award was granted or vested based on erroneous or misleading data. With limited exceptions for the laws of descent and distribution, awards under the Incentive Equity Plan are generally non-transferable and are exercisable only by the participant.

Plan Amendment and Termination

The Board may amend or terminate the Incentive Equity Plan at any time, provided that no amendment, suspension or termination of the Incentive Equity Plan will, without the consent of an award holder, materially prejudice the interests of such award holder, unless the award itself otherwise expressly so provides.

The Incentive Equity Plan provides that in no event may any award be granted under the Incentive Equity Plan after August 18, 2031.

Non-Employee Director Compensation Policy

In connection with the Transaction, we adopted a compensation policy for our independent non-employee directors that consists of annual cash retainer fees and long-term equity awards.

Pursuant to this policy, each independent non-employee director received an annual cash retainer of £65,000. The chairpersons of the audit committee, the compensation committee and the ESG committee each receive an additional annual cash retainer of £15,000. The Senior Independent Director receives an additional annual cash retainer of £10,000. Each annual cash retainer is paid quarterly in arrears. No meeting fees are paid to any independent non-employee director for attending any meetings of the Board or its committees.

In January 2023, the Compensation Committee approved increases to the cash retainers for independent non-employee directors, pursuant to which each non-employee director will receive an annual cash retainer of £66,750. The chairpersons of the audit committee, the compensation committee and the ESG committee will each receive an additional annual cash retainer of £15,500, while the Senior Independent Director will receive an additional annual cash retainer of £10,250.

Also, pursuant to this policy, on the date of any annual meeting of our shareholders, each independent non-employee director may be granted, at the sole discretion of the compensation committee, an award of restricted stock units or an award of nil-cost options, to be determined by the compensation committee in its sole discretion with consideration given to the tax residency of the relevant independent non-employee director.

Each of the foregoing equity awards will vest and become exercisable as set out in the Incentive Equity Plan and the applicable award agreement and, subject to the discretion of the compensation committee, may vest in full immediately prior to the occurrence of a Change in Control (as defined in the Incentive Equity Plan), to the extent outstanding at such time. All equity awards granted under this policy are granted under, and subject to the limits of, the Incentive Equity Plan and an award agreement thereunder.

C. Board Practices

Board of Directors

Our Board of Directors is comprised of eight members, five of whom qualify as independent within the meaning of the independent director guidelines of the NYSE. Our Articles provide for a classified board of directors, with three directors in Class I (Alex Chesterman, Mary Reilly and Moni Mannings), two directors in Class II (Duncan Tatton-Brown and Paul Woolf) and three directors in Class III (Luciana Berger, Daniel Och and Paul Whitehead).

On January 31, 2023, David Hobbs stepped down from the Board of Directors. Mary Reilly joined the Board as a Class I director effective February 1, 2023, to serve for the remainder of the full term of a Class I director. On February 28, 2023 Anne Wojcicki stepped down from the Board of Directors.

We entered into the Investor Rights Agreement with certain of our shareholders in connection with the Transaction. This agreement grants certain board nomination rights to Alex Chesterman, DMGH and the Sponsor. See “Item 7.B — Related Party Transactions — Investor Rights Agreement.”

At our 2023 annual general meeting, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three (3) years. At our 2024 annual general meeting, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three (3) years. At our 2025 annual general meeting, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three (3) years. At each succeeding annual general meeting, directors shall be elected for a full term of three (3) years to succeed the directors of the class whose terms expire at such annual general meeting. Directors hold office until the expiration of the director’s term, until a director’s successor has been duly elected and qualified or until such director’s earlier death, resignation or removal.

Independence of Directors

As a result of our Class A Shares being listed on the NYSE, the Company has to adhere to the rules of the NYSE, as applicable to foreign private issuers, in determining whether a director is independent. Our Board has consulted, and will consult, with its counsel to ensure that our Board’s determinations are consistent with those rules and all relevant securities and other laws and regulations regarding the independence of directors. The listing standards of the NYSE define an “independent director” as a person who, in the affirmative determination of our Board, has no material relationship with the Company.

As of the date of this Annual Report, the size of our board of directors is eight directors, five of whom qualify as independent within the meaning of the independent director guidelines of the NYSE.

Board Leadership Structure and Role in Risk Oversight

Following completion of the Transaction, Alex Chesterman was appointed as our Chairman and Chief Executive Officer. We believe that having Mr. Chesterman act as both Chairman of the Board and Chief Executive Officer has been the most appropriate for us because it has provided consistent and efficient leadership, both with respect to our operations and the leadership of the Board. In particular, having Mr. Chesterman act in both of these roles increases the timeliness and effectiveness of our board’s deliberations, increases the board’s visibility into the Company’s day-to-day operations, and ensures the consistent implementation of our strategies.

Effective as of April 1, 2023 the role of Executive Chairman and Chief Executive Officer will be split. Mr. Whitehead will assume the role of Chief Executive Officer and Mr. Chesterman will continue in the role of Executive Chairman. The splitting of these roles will allow Mr. Chesterman to focus on the strategic direction of the business and Mr. Whitehead to focus on the day-to-day operations of the business.

Risk Oversight

Our Board is responsible for overseeing our risk management activities designed and implemented by our management. Our Board executes its oversight responsibility both directly and through its committees. Our Board also considers specific risk topics, including risks associated with our strategic initiatives, business plans and capital structure. Our management, including our executive officers, are primarily responsible for managing the risks associated with the operation and business of the company and provide appropriate updates to the board of directors and the audit committee. Our Board has delegated to the audit committee oversight of our risk management process, and our other committees also consider risk as they perform their respective committee responsibilities. All committees report to the board of directors as appropriate, including when a matter rises to the level of material or enterprise risk.

Board Committees

Our Board has formed the following committees: an audit committee, a compensation committee, a nominating and corporate governance committee and an environmental, social and governance committee. The composition and responsibilities of each committee are described below. Our Board may also establish from time to time any other committees that it deems necessary or desirable. Members serve on these committees until their resignation or until otherwise determined by our Board.

Audit Committee

Our audit committee consists of Duncan Tatton-Brown, Luciana Berger and Mary Reilly. Mr. Tatton-Brown served as chair until the conclusion of the 2022 audit, following which Mary Reilly became chair of the audit committee. Mr. Tatton-Brown is the audit committee financial expert. Our audit committee is responsible for, among other things:

- selecting and hiring our independent auditors, and approving the audit and non-audit services to be performed by our independent auditors;
- assisting our Board in annually evaluating the qualifications, performance and independence of our independent auditors;
- assisting our Board in monitoring the integrity of our financial statements, accounting and financial reporting processes and financial statement audits (including the implementation and effectiveness of internal control over financial reporting);
- assisting our Board in monitoring our compliance with legal and regulatory requirements;
- reviewing the adequacy and effectiveness of our internal control over financial reporting processes;
- overseeing risk management related to financial matters and risk assessment;
- assisting our Board in monitoring the performance of our internal audit function;
- reviewing with management and our independent auditors our annual audited and quarterly unaudited financial statements; and
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.

Each of Mr. Tatton-Brown, Ms. Berger and Ms. Reilly qualify as independent directors under the NYSE listing standards and the independence standards of Rule 10A-3 under the Exchange Act.

Compensation Committee

Our compensation committee consists of Moni Mannings, Daniel Och and Duncan Tatton-Brown, with Moni Mannings serving as chair. The compensation committee is responsible for, among other things:

- reviewing our compensation philosophy, goals and objectives of the executive compensation plans and making recommendations to our Board regarding appropriate amendments;
- reviewing and evaluating the performance of our CEO and other executive officers in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by our Board), determining and approving our CEO's and other executives' compensation;
- reviewing and making recommendations with respect to our incentive compensation and equity-based compensation plans; and
- overseeing risk management as it relates to our compensation policies and practices.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Alex Chesterman, Mary Reilly and Duncan Tatton-Brown, with Alex Chesterman serving as chair. The nominating and corporate governance committee is responsible for, among other things:

- assisting our Board in identifying prospective director nominees and recommending nominees to our Board;
- overseeing the evaluation of our Board and the committees of our Board;
- reviewing developments in corporate governance practices and developing and recommending a set of corporate governance guidelines;
- overseeing succession planning for senior management positions; and
- recommending members for each committee of our Board.

Environmental, Social and Governance Committee

Our environmental, social and governance committee consists of Luciana Berger, Paul Woolf and Moni Mannings, with Luciana Berger serving as chair. The environmental, social and governance committee is responsible for, among other things, overseeing and supporting our commitment to social, environmental and other public policy initiatives.

Compensation Committee Interlocks and Insider Participation

Other than as indicated below, none of the members of the compensation committee is currently, or has been at any time, one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee. Prior to consummation of the Transaction, Daniel Och served as the Chief Executive Officer of Capri Listco.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics (“**Code of Conduct**”) that applies to all our employees, officers and Directors, including our principal executive, principal financial and principal accounting officers. Our Code of Conduct is intended to meet the definition of “code of ethics” under Item 16B of Form 20-F under the Exchange Act. We intend to disclose on our website any amendment to, or waiver from, a provision of our Code of Conduct that applies to our Directors or executive officers to the extent required under the rules of the SEC or the NYSE. Our Code of Conduct is available on our website at [www.https://investors.cazoo.co.uk](https://investors.cazoo.co.uk). The information contained on our website is not incorporated by reference in this Annual Report.

Shareholder Communication with the Board of Directors

Shareholders and other interested parties may communicate with the board of directors, including non-management directors, by sending us a letter to at 41 Chalton Street, London, NW1 1JD, United Kingdom for submission to the board of directors or committee or to any specific director to whom the correspondence is directed. Shareholders communicating through this means should include with the correspondence evidence, such as documentation from a brokerage firm, that the sender is a current record or beneficial shareholder. All communications received as set forth above will be opened by the Corporate Secretary or his or her designee for the sole purpose of determining whether the contents contain a message to one or more of our directors. Any contents that are not advertising materials, promotions of a product or service, patently offensive materials or matters deemed, using reasonable judgment, inappropriate for the board of directors will be forwarded promptly to the chairman of the board of directors, the appropriate committee or the specific director, as applicable.

D. Employees

As of December 31, 2022, we had 3,226 employees, all of whom were employed on a permanent or fixed term basis, and primarily located in the UK with teams in France, Germany, Portugal and Spain. On January 18, 2023 we announced our Revised 2023 Plan, which included a reduction in headcount. Following the implementation of that plan, as of March 20, 2023 we had 1,511 employees, of which 25 were based in France, 64 in Germany, 4 in Portugal and 1,418 in the United Kingdom. For more information on the Revised 2023 Plan, see “Item 5. Operating and Financial Review and Prospects — Recent Developments — Revised 2023 Plan”. The following table provides a breakdown of our employees by location and function as of December 31, 2022.

Department	France	Germany	Portugal	Spain	United Kingdom	Total
Commercial	6	11	-	2	49	68
Customer	12	31	3	-	261	307
Executive	-	-	-	1	15	16
Finance	7	15	-	7	105	134
Marketing	4	4	-	1	25	34
Operations & Logistics	85	65	1	3	2,118	2,272
People	5	7	5	3	44	64
Technology	1	16	56	2	256	331
Total	120	149	65	19	2,873	3,226

As of December 31, 2021, we had 3,822 employees, all of whom were employed on a permanent or fixed-term basis, of whom 119 were based in France, 245 in Germany, 63 in Portugal, 75 in Spain and 3,320 were located in the UK.

As of December 31, 2020, we had 830 employees, all of whom were employed on a permanent or fixed term basis, and primarily located in the UK with a team based locally in Romania.

E. Share Ownership

Ownership of the Company’s Class A Shares by its executive officers and directors is set forth in Item 7.A of this Annual Report.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of Class A Shares as of March 20, 2023, based on 38,494,209 Class A Shares outstanding, by:

- each person known by the Company to be the beneficial owner of more than 5% of the Class A Shares;
- each of the Company's executive officers and directors; and
- all of the Company's executive officers and directors as a group.

In accordance with SEC rules, individuals and entities below are shown as having beneficial ownership over Class A Shares they own or have the right to acquire within 60 days, as well as Class A Shares for which they have the right to vote or dispose of. Also in accordance with SEC rules, for purposes of calculating percentages of beneficial ownership, Class A Shares which a person has the right to acquire within 60 days are included both in that person's beneficial ownership as well as in the total number of Class A Shares issued and outstanding used to calculate that person's percentage ownership but not for purposes of calculating the percentage for other persons. All Class A figures shown below take into account the effects of the Reverse Stock Split.

Except as indicated by the footnotes below, the Company believes that the persons named below have sole voting and dispositive power with respect to all Class A Shares that they beneficially own. The Class A Shares owned by the persons named below have the same voting rights as the Class A Shares owned by other holders. To the Company's knowledge, as of March 20, 2023, approximately 81% of the Class A Shares were owned by 11 record holders in the United States of America.

Name and Address of Beneficial Owner	Number of Class A Shares	Percentage of Outstanding Class A Shares
<i>Directors and Executive Officers of the Company</i>		
Alex Chesterman ⁽¹⁾⁽²⁾	9,348,262	24.3%
Paul Woolf ⁽¹⁾	*	*
Luciana Berger ⁽¹⁾	*	*
Moni Mannings ⁽¹⁾	*	*
Daniel S. Och ⁽³⁾⁽⁴⁾	2,311,207	6.0%
Mary Reilly ⁽¹⁾	*	*
Duncan Tatton-Brown ⁽¹⁾	*	*
Paul Whitehead ⁽¹⁾	*	*
Ned Staple ⁽¹⁾⁽⁵⁾	28,244	*
All Directors and Executive Officers of the Company as a Group (9 Individuals)	11,771,359	30.6%
<i>Holders of 5% or Greater:</i>		
Greenvale Capital LLP ⁽⁶⁾	2,522,820	6.6%
Viking Global Entities ⁽⁷⁾	3,000,000	7.8%
D1 Capital Partners L.P. ⁽⁸⁾⁽⁹⁾	2,141,326	5.6%
Mubadala Entities ⁽¹⁰⁾	2,737,836	7.1%

* Less than one percent.

(1) The business address of each of the following individuals is c/o Cazoo Group Ltd, 41 Chalton Street, London, NW1 1JD, United Kingdom.

(2) For Mr. Chesterman, consists of (i) 9,249,929 Class A Shares and (ii) 98,333 Class A Shares issuable upon exercise of vested options granted on October 1, 2021 with an exercise price of £nil and an expiration date 10 years following the date of grant.

(3) The business address of Daniel S. Och is c/o Willoughby Capital Holdings, LLC, 667 Madison Avenue, New York, NY 10065.

- (4) Consists of (i) 447,217 Class A Shares and (ii) 1,056,490 private warrants held directly by the Sponsor. Daniel S. Och controls the managing member of the Sponsor. As such, he may be deemed to beneficially own the securities held by the Sponsor. In addition, consists of (i) 5,000 Class A Shares held by ASO GST Holdings, LLC; (ii) 5,000 Class A Shares held by AJO GST Holdings, LLC; (iii) 5,000 Class A Shares held by GST VII Holdings, LLC; (iv) 130,000 Class A Shares held by JADOFF Investments, LP and 30,000 Class A Ordinary Shares issuable upon conversion of the Convertible Notes held by JADOFF Investments, LP; (v) 5,000 Class A Shares held by JAO GST Holdings, LLC; (vi) 377,500 Class A Shares held by WCH 2021 Quad, LLC; (vii) 130,000 Class A Shares held by WCHS Holdings 1, LLC and 30,000 Class A Shares issuable upon conversion of the Convertible Notes held by WCHS Holdings 1, LLC; and (viii) 90,000 Class A Ordinary Shares issuable upon conversion of the Convertible Notes held by WCH 2022 Quad, LLC. Daniel S. Och may be deemed to hold voting and dispositive power over the shares held by ASO GST Holdings, LLC, AJO GST Holdings, LLC, GST VII Holdings, LLC, JADOFF Investments, LP, JAO GST Holdings, LLC, WCH 2021 Quad, LLC; WCHS Holdings 1, LLC and WCH 2022 Quad, LLC.
- (5) Consists of (i) 25,548 Class A Shares and (ii) options to purchase 2,696 Class A Shares. On September 1, 2021, Mr. Staple was granted options to purchase 17,107 Class A Shares to replace existing options under the Option Schemes, of which 2,160 are unvested, and which have a weighted-average exercise price of £nil. On October 1, 2021, Mr. Staple was granted options to purchase 4,318 Class A Shares, of which 2,700 are unvested, and which have a weighted-average exercise price of £nil. Each of the foregoing options is scheduled to expire no later than 10 years following the applicable grant date of the corresponding option under the Option Schemes that such option replaced. With respect to 3,239 of his Class A Shares, Mr. Staple retains voting but not investment power.
- (6) Based solely on information reported on a Schedule 13G filed with the SEC on February 14, 2023 and which information may not be current as of March 20, 2023. The business address of Greenvale Capital LLP is 3rd Floor, 1 Vere Street, London W1G 0DF, United Kingdom.
- (7) Reflects (i) 2,940,000 Class A Shares issuable upon conversion of the Convertible Notes held by Viking Global Equities Master Ltd. (“VGEM”) and (ii) 60,000 Class A Shares issuable upon conversion of the Convertible Notes held by Viking Global Equities II LP (“VGEII”) and together with VGEM, the “**Viking Global Entities**”). VGEM has the power to dispose of and vote the shares directly owned by it, which power may be exercised by its investment manager, Viking Global Performance LLC (“VGP”), and by Viking Global Investors LP (“VGI”), which provides managerial services to VGEII. O. Andreas Halvorsen, David C. Ott, and Rose S. Shabet, as Executive Committee members of Viking Global Partners LLC (the general partner of VGI) and VGP, have shared power to direct the voting and disposition of investments beneficially owned by VGI and VGP. The business address of each of the Viking Global Entities is c/o Viking Global Investors LP, 55 Railroad Avenue, Greenwich, Connecticut 06830.
- (8) Based solely on information reported on a Schedule 13D/A filed with the SEC on January 31, 2023 and which information may not be current as of March 20, 2023. Consists of (i) 1,841,326 Class A Shares and (ii) 300,000 Class A Ordinary shares issuable upon conversion of the Convertible Notes.
- (9) D1 Capital Partners L.P. is a registered investment adviser and serves as the manager of private investment vehicles and accounts. Daniel Sundheim indirectly controls D1 Capital Partners L.P. and may be deemed to beneficially own the Class A Shares held by D1 Capital Partners L.P. The principal business address of each of D1 Capital Partners L.P. and Daniel Sundheim is 9 West 57th Street, New York, NY 10019.
- (10) Consists of (i) 727,955 Class A Shares directly held by 94th Investment Company LLC, which is a wholly owned subsidiary of Mamoura Diversified Global Holdings PJSC, which is wholly owned by Mubadala Investment Company PJSC; (ii) 500,000 2.00% Class A Shares issuable upon conversion of the 2.00% Convertible Senior Notes due 2027 directly held by MIC Capital Management 38 RSC Ltd., which is a wholly owned subsidiary of Mamoura Diversified Global Holdings PJSC, which is wholly owned by Mubadala Investment Company PJSC; (iii) 1,134,728 Class A Shares held directly by MIC Capital Partners (Ventures) Europe Parallel (Luxembourg) Aggregator SCSp, which is managed by MIC Capital Partners Management UK LLP; and (iv) 375,153 Class A Shares directly held by MIC Capital Partners (Public) Parallel Cayman, LP, which is managed by MIC Capital Partners Management UK LLP. The principal business address of each of Mubadala Investment Company PJSC and Mamoura Diversified Global Holdings PJSC is Mamoura A Buildings Abu Dhabi, 45005 United Arab Emirates. The principal business address of 94th Investment Company LLC is 2462ResCowork01, 24th Floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The principal business address of MIC Capital Management 38 RSC Ltd. is PO Box 45005 Muroor Road, Abu Dhabi, United Arab Emirates. The principal business address of MIC Capital Management UK LLP is Floor 7, 25 Berkeley Square, London, United Kingdom. The principal business address of MIC Capital Partners (Ventures) Europe Parallel (Luxembourg) Aggregator SCSp is 19 Rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg. The principal business address of MIC Capital Partners (Public) Parallel Cayman, LP is Maples Corporate Services Limited, PO Box 309, Uglund House Grand Cayman, Cayman Islands KY1-1104

B. Related Party Transactions

Ajax Related Person Transactions prior to the Transaction

Founder Shares

On September 16, 2020, the Sponsor paid \$25,000 to cover certain offering and formation costs of Ajax in consideration for 8,855,000 Ajax Class B Shares (the “founder shares”). On September 22, 2020, Ajax effected a share capitalization resulting in an aggregate of 9,583,333 founder shares being outstanding. The Ajax Class B Shares included an aggregate of up to 1,250,000 founder shares subject to forfeiture by the Sponsor, so that the number of Ajax Class B Shares would collectively represent 10% of Ajax’s issued and outstanding shares upon the completion of Ajax’s initial public offering. On December 11, 2020, the option to exercise the remaining over-allotment balance expired and 638,990 founder shares were forfeited, resulting in an aggregate of 8,944,343 Ajax Class B Shares issued and outstanding. In connection with consummation of the Transaction, the founder shares were cancelled and exchanged for Class B Shares, which subsequently converted into Class A Shares upon closing of the Transaction.

The Sponsor has agreed, subject to limited exceptions, not to transfer, assign or sell any of the founder shares until the earlier to occur of: (A) two years after the completion of the Transaction; and (B) subsequent to completion of the Transaction, (x) if the last reported sale price of the Class A Shares equals or exceeds \$12.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Transaction, or (y) the date on which the Company completes a liquidation, merger, amalgamation, share exchange, reorganization or other similar transaction that results in all of the Company’s shareholders having the right to exchange their Class A Shares for cash, securities or other property.

Private Placement Warrants

Simultaneously with the closing of Ajax’s initial public offering, the Sponsor purchased an aggregate of 21,129,818 private placement warrants at a price of \$1.00 per private placement warrant (for an aggregate purchase price of \$21,129,818). The proceeds from the sale of the private placement warrants were added to the net proceeds from Ajax’s initial public offering held in the trust account. Upon consummation of the Transaction the private placement warrants were cancelled and exchanged for private warrants, each exercisable to purchase one Class A Share at an exercise price of \$11.50 per share, subject to adjustment.

Related Party Notes

On September 16, 2020, Ajax issued an unsecured promissory note to the Sponsor (the “Promissory Note”), pursuant to which Ajax could borrow up to an aggregate principal amount of \$500,000. The Promissory Note was non-interest bearing and payable on the earlier of (i) June 30, 2021, or (ii) the consummation of Ajax’s initial public offering. The outstanding balance under the Promissory Note of \$500,000 was repaid at the closing of Ajax’s initial public offering on October 30, 2020.

On March 22, 2021, Daniel Och, Ajax’s chief executive officer and chairman of Ajax’s board of directors, committed to provide Ajax with an aggregate of \$1,500,000 in loans. On May 15, 2021, Daniel Och and Glenn Fuhrman, a director of Ajax, committed to provide Ajax with an aggregate of \$2,000,000 in loans. On August 4, 2021, Daniel Och and Glenn Fuhrman committed to provide Ajax with an aggregate of \$1,650,000 in loans. As of June 30, 2021 there were \$3,500,000 of such loans outstanding. The loans were non-interest bearing, unsecured and were repaid upon consummation of the Transaction.

Administrative Services Agreement

In October 2020 Ajax entered into an agreement (the “Administrative Services Agreement”) to pay the Sponsor up to \$10,000 per month for office space, and administrative and support services. For the period from August 13, 2020 (inception) through December 31, 2020, Ajax incurred and paid \$21,290, in fees for these services. For the six months ended June 30, 2021 Ajax incurred and paid \$60,000, in fees for these services. The Administrative Services Agreement was terminated in connection with the closing of the Transaction.

Cazoo Related Person Transactions prior to the Transaction

DMGV Financing

As part of Cazoo funding rounds prior to closing of the Transaction, DMGV provided future media spend in place of cash for a portion of their investment. In July 2021, Cazoo and DMGV agreed to extend the utilization period for approximately £9.0 million of media spend through to the first half of 2024. Cazoo used £3.9 million of such media spend in the fiscal year ended December 31, 2022, £1.7 million of such media spend in the fiscal year ended December 31, 2021 and £2.0 million of such media spend in the fiscal year ended December 31, 2020.

Transactions Related to the Transaction

Investor Rights Agreement

At the Closing, the Company, the Sponsor and the other holders party thereto (the “Holders”) entered into an Investor Rights Agreement (the “Investor Rights Agreement”). Under the Investor Rights Agreement, the Holders hold registration rights that obligate the Company to register for resale under the Securities Act certain securities, including all of the Class A Shares issued upon the conversion or exchange of any Class B Shares or Class C Shares held by such Holder, the Warrants (including any Class A Shares issued or issuable upon the exercise of any such Warrants) held by such Holder, and any outstanding Ordinary Shares or any other equity security (including the Ordinary Shares issued or issuable upon the exercise of any other equity security) of the Company held by a Holder as of the Closing Date (collectively, the “Registrable Securities”). Under the Investor Rights Agreement, (i) Alex Chesterman, (ii) any of DMGV and each of its permitted transferees that is Rothermere Continuation Limited, DMGT or a controlled affiliate of DMGT holding Registrable Securities (the “DMGV Group”), or (iii) Holders of a majority-in-interest of Registrable Securities held by the Sponsor Group (as such term is defined in the Investor Rights Agreement) (a “Demanding Holder”) may make a written demand for registration of all or part of their Registrable Securities on Form F-3 (or, if Form F-3 is not available to be used by the Company at such time, on Form F-1 or another appropriate form permitting registration of such Registrable Securities for resale by such Demanding Holders). Under no circumstances will the Company be obligated to effect more than an aggregate of (i) three (3) registrations pursuant to a demand registration initiated by Alex Chesterman, three (3) registrations pursuant to a demand registration initiated by a member of the DMGV Group, or (iii) two (2) registrations pursuant to a demand registration by the Sponsor Group (which number of registrations may be increased to three (3) under certain circumstances).

Subject to certain exceptions, if at any time after the Closing, the Company proposes to file a registration statement under the Securities Act with respect to its securities, under the Investor Rights Agreement, it will be required to give notice to the Holders as to the proposed filing and offer the Holders an opportunity to register the sale of such number of Registrable Securities as requested by the Holders in writing. The Company also agreed to file within 45 calendar days after the Closing a resale registration statement on Form F-3 (or, if Form F-3 is not available to be used by the Company at such time, on Form F-1 or another appropriate form permitting registration of such Registrable Securities for resale). In addition, the Investor Rights Agreement contains customary “piggy-back” registration rights. If a registration statement includes any Registrable Securities that are subject to contractual transfer restrictions, such Registrable Securities may be registered, but they may not be sold or transferred while subject to such transfer restrictions.

Under the Investor Rights Agreement, the Company is required to promptly notify each of the Holders in writing if a registration statement or prospectus contains an untrue statement of a material fact or an omission to state a material fact required to be stated in a registration statement or prospectus, or necessary to make the statements in a registration statement or prospectus (and in the case of any prospectus and any preliminary prospectus, in the light of the circumstances under which they were made) not misleading (a “Misstatement”) and, upon receipt of such written notice from the Company, each of the Holders is required to discontinue disposition of Registrable Securities until he, she or it is advised in writing by the Company that the use of the prospectus may be resumed or has received copies of a supplemented or amended prospectus correcting the Misstatement. If the filing, initial effectiveness or continued use of a registration statement or prospectus included in any registration statement at any time (i) would require the Company to make any public disclosure of material non-public information, which disclosure, in the good faith judgment of the Board, after consultation with counsel to the Company, (a) would be required to be made in any registration statement or prospectus in order for the applicable registration statement or prospectus not to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein (in the case of any prospectus and any preliminary prospectus, in the light of the circumstances under which they were made) not misleading, (a) would not be required to be made at such time if the registration statement were not being filed, and (c) would materially impede, delay or interfere with any significant financing, significant acquisition, significant corporate reorganization or other significant transaction then pending or proposed to be taken by the Company or any of its subsidiaries (or any negotiations, discussions or pending proposals with respect thereto), or would otherwise materially adversely affect the Company, or (ii) would require the inclusion in such registration statement of financial statements that are unavailable to the Company for reasons beyond the Company’s control, the Company may defer the filing, initial effectiveness or continued use of any registration statement pursuant to (i) or (ii) for a period of not more than sixty (60) consecutive days and the Company may not defer any such filing, initial effectiveness or use of a registration statement for more than three times or for more than a total of 120 days (in each case counting deferrals initiated pursuant to (i) or (ii) in the aggregate) in any 12-month period.

Under the Investor Rights Agreement, the Company has agreed to indemnify the Holders and certain persons or entities related to the Holders such as their officers, directors, agents and persons who control such Holder against all losses, claims, damages, liabilities and expenses (including attorneys' fees) resulting from any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to the Company by such Holder expressly for use therein. The Holders including Registrable Securities in any registration statement or prospectus agree to indemnify the Company, its directors and officers and agents and each person who controls (within the meaning of the Securities Act) the Company against any losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees) resulting from any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by such Holder expressly for use therein.

Pursuant to the terms of the Investor Rights Agreement, certain shareholders are entitled to nominate individuals to the board of directors of the Company following the closing of the Transaction, in each case, on the terms and subject to the conditions set forth therein. In particular, the Company and such securityholders have agreed to take all necessary and desirable action within their control to cause the nominating committee of the board of directors to nominate and recommend to the board of directors, the following individuals for election to the board as directors:

- (a) for so long as Alex Chesterman is the Chief Executive Officer of the Company or, together with his affiliates, beneficially owns at least 5% of the issued and outstanding voting shares of the Company, Alex Chesterman;
- (b) for so long as Stephen Morana was the Chief Financial Officer of the Company, Stephen Morana; and
- (c) until the expiration of the term of office of the Company's Class III directors in office on the Closing Date, one individual designated by the Sponsor, who will initially be Daniel Och.

Pursuant to the terms of the Investor Rights Agreement, the Board was initially set at nine members, at least three of whom were required to satisfy the independence criteria applicable to the audit committee of the Board. So long as the Board comprises nine members, three of such directors are required to sit in each of Class I, Class II and Class III.

Pursuant to the Investor Rights Agreement, during the period in which the Sponsor is permitted to designate a nominee to the Board under the provision described above, in the event that (i) a vacancy is created at any time by the death, retirement, disability, removal or resignation of any member nominated by the Sponsor (the "Shareholder Designee") or (ii) a Shareholder Designee fails to be elected to the Board at any annual or special meeting of the shareholders of the Company at which such Shareholder Designee stood for election but was nevertheless not elected, the remaining directors and the Company shall cause such open seat to be filled by a new member designated in writing by the Sponsor, as soon as possible, and the Company and the other parties to the Investor Rights Agreement shall take all necessary and desirable actions within their control to accomplish the same.

Pursuant to the Investor Rights Agreement, if the Company intended to issue equity securities within one year of the Closing Date which would have resulted in any individual or entity that beneficially owned ten percent (10%) or more of the issued and outstanding Ordinary Shares, having beneficial ownership of less than ten percent (10%) of the issued and outstanding Ordinary Shares then, at least 15 business days prior to the issuance of the equity securities, the Company was required to deliver to such shareholder an offer to issue a portion of such equity securities to such shareholder in an aggregate amount, on a pro forma basis after giving effect to the issuance of such equity securities, that would have resulted in such shareholder maintaining beneficial ownership of at least ten percent (10%) of the issued and outstanding Ordinary Shares.

On September 2, 2021, DMGV transferred and assigned all of its Class A Shares and Class C Shares to DMGH. In connection with the transfer, DMGH executed a Joinder to the Investor Rights Agreement, pursuant to which DMGH agreed to join and be bound by the Investor Rights Agreement as if it were DMGV thereunder.

On November 29, 2021, DMGH transferred and assigned all of its Class A Shares and Class C Shares to DMGT. As a result of that transfer, DMGH no longer holds any Class A Shares or Class C Shares. In connection with the transfer, DMGT executed a Joinder to the Investor Rights Agreement, pursuant to which DMGT agreed to join and be bound by the Investor Rights Agreement as if it were DMGH thereunder.

On October 28, 2022, Daily Mail & Trust plc (“**DMGT**”) and Cazoo Group Ltd signed a waiver (the “**Waiver**”) pursuant to which DMGT waived (i) its Board nomination and appointment rights and (ii) its right to appoint a Board observer set forth in the Investor Rights Agreement, and such rights under the Investor Rights Agreement were terminated.

The foregoing summary of the Investor Rights Agreement is qualified in its entirety by reference to the text of the Investor Rights Agreement, the form of which is included as Exhibit 4.6 to this Annual Report, and is incorporated herein by reference.

On October 28, 2022, DMGT and Cazoo signed a waiver pursuant to which DMGT waived (i) its Board nomination and appointment rights and (ii) its right to appoint a Board observer set forth in the Investor Rights Agreement, and such rights under Sections 6.1.1(d), 6.1.6 and 6.1.4 of the Investor Rights Agreement were terminated.

Transaction Support Agreements

Concurrently with the execution of the Business Combination Agreement, Ajax, the Company, Cazoo Holdings and holders of a majority of each of Cazoo Holdings’ outstanding series A shares, series B shares, series C shares and ordinary shares executed transaction support agreements (the “Transaction Support Agreements”), pursuant to which, on the terms and subject to the conditions set forth therein, each such holder agreed to, among other things (i) following the effectiveness of the Company’s registration statement on Form F-4, enter into a purchase and sale agreement for his, her or its Cazoo Shares pursuant to which, such Cazoo Shareholder sold and the Company purchased such Cazoo Shareholder’s Cazoo Shares, (ii) to the extent reasonably determined to be necessary or advisable by Ajax or Cazoo Holdings in furtherance of the Transaction, support and vote in favor of the Business Combination Agreement, the ancillary documents to which Cazoo Holdings was a party and the transactions contemplated thereby, (iii) take any actions reasonably determined by Ajax and Cazoo Holdings to be necessary or advisable to exercise the drag along right set out in and in accordance with Cazoo Holdings’ articles of association (including delivery by such holder to Cazoo Holdings of notice of a desire to transfer its Cazoo Shares and implement the drag along right in Cazoo Holdings’ articles of association), and (iv) subject to certain exceptions, not to transfer, assign, or sell their respective Cazoo Shares, prior to the consummation of the Transaction. In addition, Alex Chesterman and Stephen Morana, in their capacities as Cazoo Shareholders, agreed under the Transaction Support Agreements signed by them to only make a Standard Election or a Stock Election (as such terms are defined in the Business Combination Agreement) with respect to (i) all Cazoo Shares held by them (including such Cazoo Shares resulting from the exercise of certain options), and (ii) all their vested unapproved options.

PIPE Investment

As part of the PIPE Investment, D1 Capital Partners Master LP, an affiliate of David Hobbs, a former director, purchased 10,000,000 PIPE Shares for \$100,000,000, DMGV, an affiliate of Lord Rothermere, a former director, purchased 2,500,000 PIPE Shares for \$25,000,000, entities affiliated with Anne Wojcicki purchased 750,000 PIPE Shares for \$7,500,000, entities affiliated with Daniel Och purchased 13,150,000 PIPE Shares for \$131,500,000, an entity affiliated with Glenn Fuhman, a former director of Ajax, purchased 3,000,000 PIPE Shares for \$30,000,000, an entity affiliated with Jim McKelvey, a former director of Ajax, purchased 1,500,000 PIPE Shares for \$15,000,000, Steve Ells, a former director of Ajax, purchased 1,500,000 PIPE Shares for \$15,000,000, and an entity affiliated with Kevin Systrom, a former director of Ajax, purchased 100,000 PIPE Shares for \$1,000,000. In the aggregate, these investments represent approximately 40.6% of the total number of PIPE Shares issued.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its directors and executive officers. The indemnification agreements provide, to the fullest extent permitted under law, indemnification against all expenses, judgments, fines and amounts paid in settlement relating to, arising out of or resulting from indemnitee’s status as a director, officer, employee or agent of the Company or any other corporation, limited liability company, partnership or joint venture, trust or other enterprise which such person is or was serving at the Company’s request. In addition, the indemnification agreements provide that the Company will advance, to the extent not prohibited by law, the expenses incurred by the indemnitee in connection with any proceeding, and such advancement will be made within 20 days after the receipt by the Company of a statement requesting such advances from time to time, whether prior to or after final disposition of any proceeding.

Other Related Party Transactions

Convertible Notes

On February 16, 2022, we issued \$630 million in aggregate principal amount of the Convertible Notes pursuant to the Indenture. D1 Capital Partners Master LP, an affiliate of David Hobbs, a former director, purchased \$30 million principal amount of the Convertible Notes, and WCH 2022 Quad, LLC, WCHS Holdings 1, LLC and JADOFF Investments, LP, each affiliates of Daniel Och, purchased \$9,000,000, \$3,000,000, and \$3,000,000, respectively, of the Convertible Notes. These entities are party to the Note Purchase Agreement and the Registration Rights Agreement.

On November 9, 2022, we announced that we had entered into agreements with holders (“**Noteholders**”) of 96% of our Convertible Senior Notes (including D1 Capital Partners Master LP, an affiliate of David Hobbs, a former director, and WCH 2022 Quad, LLC, WCHS Holdings 1, LLC and JADOFF Investments, LP, each affiliates of Daniel Och, pursuant to which such Noteholders have agreed to extend their original lock-up period from November 6, 2022 to September 30, 2023. The Company has granted the Noteholders a right of first refusal to participate in certain financings for cash (other than equity, except for convertible or exchangeable debt) by the Company and its subsidiaries until June 30, 2024.

See “Item 10.C — Material Contracts.”

Policies and Procedures for Related Person Transactions

The Board has adopted a written related person transaction policy that sets forth policies and procedures for the review and approval or ratification of related person transactions. The Company has policies and procedures designed to minimize potential conflicts of interest arising from any dealings it may have with its affiliates and provides appropriate procedures for the disclosure of any real or potential conflicts of interest that may exist from time to time. Specifically, pursuant to its audit committee charter, the audit committee has the responsibility to review related party transactions.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

For consolidated financial statements and other financial information, see Item 18 of this Annual Report.

B. Significant Changes

None.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

The Class A Shares are listed on the New York Stock Exchange under the symbol CZOO. A description of the Class A Shares and Warrants is included in Exhibit 2.5 to this Annual Report.

B. Plan of Distribution

Not applicable.

C. Markets

The Class A Shares are listed on the New York Stock Exchange under the symbol CZOO.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The Articles are appended as Exhibit 1.1 to this Annual Report. The information called for by this Item is set forth in Exhibit 2.5 to this Annual Report and is incorporated by reference into this Annual Report.

C. Material Contracts

Investor Rights Agreement

On August 26, 2021, we entered into an investor rights agreement with the Sponsor and certain securityholders of the Company. For more information on this material contract, see “Item 7.B — Related Party Transactions — Investor Rights Agreement” of this Annual Report.

Subscription Agreements with PIPE Investors

Concurrently with the execution and delivery of the Business Combination Agreement, the Company, Ajax and certain investors, including the Sponsor, and Ajax’s directors and officers (collectively, the “PIPE Investors”), entered into Subscription Agreements, pursuant to which the PIPE Investors committed to purchase, concurrently with the closing of the Transaction, in the aggregate, 80,000,000 Class A Shares for \$10.00 per share, for an aggregate purchase price of \$800,000,000. At the Closing, we issued 80,000,000 Class A Shares to the PIPE Investors. The PIPE Investors were given registration rights in the PIPE Subscription Agreements pursuant to which the Company was required to file a resale registration statement for the Class A Shares issued to the PIPE Investors within 30 calendar days after the Closing and to use its commercially reasonable efforts to have the registration statement declared effective as soon as practicable after the filing thereof.

Under the PIPE Subscription Agreements, the Company may delay or postpone filing of such registration statement if, acting reasonably, it determines that an amendment to the registration statement is required in order for the registration statement to not contain a material misstatement or omission, or if the Company’s board of directors determines in good faith that such filing or use could materially affect a bona fide business or financing transaction of the Company that would require premature disclosure of information that could materially adversely affect the Company, or if the SEC issues any stop order suspending the effectiveness of such registration statement or indicates the intention to initiate any proceedings for such purpose (each such circumstance, a “Suspension Event”). Upon receipt of any written notice from the Company of any Suspension Event, the PIPE Investors are required to immediately discontinue offers and sales of our securities under the registration statement and to maintain the confidentiality of any information included in such written notice delivered by the Company unless otherwise required by applicable law.

Warrant Agreement

The Company agreed that, as soon as practicable, but in no event later than 15 business days after the Closing Date, we would use our commercially reasonable efforts to file a registration statement with the SEC covering the Class A Shares issuable upon exercise of the Warrants. The Company also agreed to use its commercially reasonable efforts to cause the registration statement to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration or redemption of the Warrants in accordance with the provisions of the Warrant Agreement.

If a registration statement covering the Class A Shares issuable upon exercise of the Warrants has not been declared effective by the sixtieth (60th) business day following the Closing Date, holders of the Warrants shall have the right, during the period beginning on the sixty-first (61st) business day after the Closing Date and ending upon such registration statement being declared effective by the SEC, and during any other period when we fail to have maintained an effective registration statement covering the issuance of the Class A Shares issuable upon exercise of the Warrants, to exercise such Warrants on a “cashless basis.”

Note Purchase Agreement

On February 9, 2021, we entered into a purchase agreement (the “Note Purchase Agreement”) with certain purchasers (collectively the “Purchasers”) pursuant to which we sold \$630.0 million in aggregate principal amount of 2.00% Convertible Senior Notes due 2027 (the “Convertible Notes”).

The Purchase Agreement includes customary representations, warranties and covenants. In addition, the Purchasers agreed to certain transfer restrictions with respect to the Convertible Notes and the Class A Shares issuable upon conversion of the Convertible Notes until the earliest of (a) 270 days from the date of the Purchase Agreement, (b) the date on which the Company completes a transaction that results in the Company’s shareholders having the right to exchange their Class A Shares for cash, securities or other property and (c) the occurrence of a Fundamental Change (as defined in the Indenture).

The foregoing summary of the Note Purchase Agreement is qualified in its entirety by reference to the text of the Note Purchase Agreement, which is incorporated by reference as Exhibit 4.10 to this Annual Report.

Indenture

On February 16, 2022, we issued \$630.0 million in aggregate principal amount of the Convertible Notes pursuant to the Indenture, dated February 16, 2022 (the “Indenture”), between the Company and U.S. Bank Trust Company, National Association, as trustee.

The Convertible Notes bear regular interest at a rate of 2.00% per year. Interest accrues from February 16, 2022 and is payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year, beginning on May 16, 2022. The Convertible Notes will mature on February 16, 2027, unless earlier redeemed, repurchased or converted in accordance with the terms of the Convertible Notes. The principal amount of the Convertible Notes does not accrete.

The Convertible Notes will be convertible at the option of the holders at any time after November 6, 2022 and prior to the close of business on the second scheduled trading day immediately preceding February 16, 2027. In addition, the Company may force the conversion of the Convertible Notes on or after February 16, 2025, if the trading price of the Company’s Class A Shares exceeds 150% of the conversion price for at least 20 trading days (whether or not consecutive) in any consecutive 30 trading day period (the “Trading Condition”).

Upon conversion, the Company will satisfy its conversion obligation by delivering Class A Shares (subject to certain exceptions set forth in the Indenture). The Convertible Notes are currently convertible at a rate of 10 Class A Shares per \$1,000 principal amount of Convertible Notes. This is equivalent to a conversion price of \$100.00 per share. The conversion rate is subject to customary adjustments under certain circumstances in accordance with the terms of the Indenture.

Holders of the Convertible Notes have the right to require the Company to repurchase for cash all or a portion of their Convertible Notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of a Fundamental Change. The Company is also required to increase the conversion rate for holders who convert their Convertible Notes in connection with a Fundamental Change prior to the maturity date.

The Company may not redeem the Convertible Notes prior to February 16, 2025. The Convertible Notes are redeemable, in whole or in part, for cash at the Company's option at any time, and from time to time, on or after February 16, 2025, but only if (i) the Trading Condition (as defined above) is met, or (ii) the aggregate principal amount of the Convertible Notes outstanding and held by persons other than the Company or its affiliates is less than 15% of the initial aggregate principal amount of the Convertible Notes.

If the Convertible Notes have not been converted, repurchased or redeemed at or prior to February 16, 2027, holders of the Convertible Notes will also be entitled to payment of a premium at maturity of the Convertible Notes, equal to 50% of the principal amount of the Convertible Notes. The premium is payable in cash, Class A Shares, or a combination of cash and Class A Shares at the option of the Company. The premium will not be payable if the trailing 10 trading day volume weighted average price of the Class A Shares is above \$135.00 for any trading day beginning on (and excluding) March 4, 2024 and ending on (and including) March 18, 2024 (the "premium fall-away trigger"), provided that in connection with a share exchange event on or prior to March 4, 2024 involving a third-party acquirer, the premium fall-away trigger shall be tested using the fair market value of the consideration paid per Class A Share on the date of the share exchange event or if resulting in less consideration, the date on which any lock-up applicable to holders of the Class A Shares expires after the share exchange event. For the avoidance of doubt, this premium will not be payable by the Company (i) in the event of a mandatory conversion on or prior to the maturity date, (ii) in the event of a voluntary conversion by a holder on or prior to the maturity date, (iii) in connection with the redemption of the Convertible Notes on or prior to the maturity date, or (iv) in connection with a make-whole Fundamental Change or an offer to purchase Convertible Notes upon a Fundamental Change.

The Convertible Notes are the Company's senior unsecured obligations and (i) rank equal in right of payment to all of the Company's existing and future unsubordinated indebtedness, (ii) rank senior in right of payment to any of the Company's existing and future indebtedness that is expressly subordinated in right of payment to the Convertible Notes, (iii) are effectively subordinated in right of payment to any of the Company's future secured indebtedness to the extent of the value of the collateral securing such indebtedness (subject to the next succeeding paragraph) and (iv) are structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of current or future subsidiaries of the Company (subject to the next succeeding paragraph).

The Convertible Notes will not be guaranteed or secured upon issuance but will receive the benefit of any guarantees or security provided at any time for the benefit of certain other indebtedness of the Company for borrowed money issued or incurred in the future, other than indebtedness incurred to purchase, finance or refinance the purchase of vehicles, vehicle parts, supplies and inventory and certain other indebtedness. The Indenture also contains covenants, events of default and other provisions which are customary for offerings of convertible notes. The foregoing summary of the Indenture is qualified in its entirety by reference to the text of the Indenture, which is incorporated by reference as Exhibit 4.11 to this Annual Report.

Registration Rights Agreement

Concurrently with the issuance of the Convertible Notes, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement") with the purchasers of the Convertible Notes (the "**RRR Holders**"). The Registration Rights Agreement provided that the Company would file with the SEC a resale registration statement registering the public resale of the Class A Shares issuable upon conversion of the Convertible Notes ("**RRR Registrable Securities**") and use reasonable best effort to have such registration statement declared effective by the SEC no later than 270 days from February 16, 2022. The Registration Rights Agreement contains customary "piggy-back" registration rights, and rights to conduct underwritten offerings (subject to a limit of two in any twelve-month period).

Under the Registration Rights Agreement, the Company is required to promptly notify each of the RRA Holders in writing if a registration statement or prospectus contains an untrue statement of a material fact or an omission to state a material fact required to be stated in a registration statement or prospectus, or necessary to make the statements in a registration statement or prospectus (and in the case of any prospectus and any preliminary prospectus, in the light of the circumstances under which they were made) not misleading (an “RRA Misstatement”) and, upon receipt of such written notice from the Company, each of the RRA Holders is required to discontinue disposition of RRA Registrable Securities until he, she or it is advised in writing by the Company that the use of the prospectus may be resumed or has received copies of a supplemented or amended prospectus correcting the RRA Misstatement. If the filing, initial effectiveness or continued use of a registration statement or prospectus included in any registration statement at any time (i) would require the Company to make any public disclosure of material non-public information, which disclosure, in the good faith judgment of the Board, after consultation with counsel to the Company, (a) would be required to be made in any registration statement or prospectus in order for the applicable registration statement or prospectus not to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein (in the case of any prospectus and any preliminary prospectus, in the light of the circumstances under which they were made) not misleading, (a) would not be required to be made at such time if the registration statement were not being filed, and (c) would materially impede, delay or interfere with any significant financing, significant acquisition, significant corporate reorganization or other significant transaction then pending or proposed to be taken by the Company or any of its subsidiaries (or any negotiations, discussions or pending proposals with respect thereto), or would otherwise materially adversely affect the Company, or (ii) would require the inclusion in such registration statement of financial statements that are unavailable to the Company for reasons beyond the Company’s control, the Company may defer the filing, initial effectiveness or continued use of any registration statement pursuant to (i) or (ii) for a period of not more than sixty (60) consecutive days and the Company may not defer any such filing, initial effectiveness or use of a registration statement for more than three times or for more than a total of 120 days (in each case counting deferrals initiated pursuant to (i) or (ii) in the aggregate) in any 12-month period.

Under the Registration Rights Agreement, the Company has agreed to indemnify the RRA Holders and certain persons or entities related to the RRA Holders such as their officers, directors, agents and persons who control such RRA Holder against all losses, claims, damages, liabilities and expenses (including attorneys’ fees) resulting from any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to the Company by such RRA Holder expressly for use therein. The RRA Holders including RRA Registrable Securities in any registration statement or prospectus agree to indemnify the Company, its directors and officers and agents and each person who controls (within the meaning of the Securities Act) the Company against any losses, claims, damages, liabilities and expenses (including reasonable attorneys’ fees) resulting from any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by such RRA Holder expressly for use therein.

The foregoing summary of the Registration Rights Agreement is qualified in its entirety by reference to the text of the Registration Rights Agreement, which is incorporated by reference as Exhibit 4.14 to this Annual Report.

Letter Agreements

On November 9, 2022, we announced that we had entered into agreements (the “**Letter Agreements**”) with holders (“**Noteholders**”) of 96% of our Convertible Senior Notes (including D1 Capital Partners Master L.P, an affiliate of David Hobbs, a former director, and WCH 2022 Quad, LLC, WCHS Holdings 1, LLC and JADOFF Investments, LP, each affiliates of Daniel Och, pursuant to which such Noteholders have agreed to extend their original lock-up period from November 6, 2022 to September 30, 2023. The Company has granted the Noteholders a right of first refusal to participate in certain financings for cash (other than equity, except for convertible or exchangeable debt) by the Company and its subsidiaries until June 30, 2024.

The foregoing summary of the Letter Agreements is qualified in its entirety by reference to the text of the Form of Letter Agreement, which is incorporated by reference as Exhibit 4.13 to this Annual Report.

D. Exchange Controls and Other Limitations Affecting Security Holders

There are no foreign exchange controls or foreign exchange regulations under the currently applicable laws of the Cayman Islands.

E. Taxation

Material U.S. Federal Income Tax Considerations

The following discussion is a general summary based on present law of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) of Class A Shares and Warrants. This discussion is not a complete description of all tax considerations that may be relevant to a U.S. Holder of Class A Shares or Warrants; it is not a substitute for tax advice. It applies only to U.S. Holders that will hold Class A Shares or Warrants as capital assets and use the U.S. dollar as their functional currency. In addition, it does not describe all of the U.S. federal income tax considerations that may be relevant to a U.S. Holder in light of a U.S. Holder's particular circumstances, including U.S. Holders subject to special rules, such as banks or other financial institutions, insurance companies, tax-exempt entities, dealers, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, partnerships and other pass-through entities (including S-corporations), certain former U.S. citizens and lawful permanent residents of the United States, persons liable for the alternative minimum tax, persons that directly, indirectly or constructively, own 5% or more of the total combined voting power of the Company's stock or of the total value of the Company's equity interests, investors that will hold Class A Shares or Warrants in connection with a permanent establishment or fixed base outside the United States, or investors that will hold securities as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction. This summary also does not address U.S. federal taxes other than the income tax (such as Medicare contribution tax on net investment income, the alternative minimum tax, or estate or gift taxes) or U.S. state and local, or non-U.S. tax laws or considerations. U.S. Holders are urged to consult their own tax advisors to determine the consequences to them in light of their particular circumstances.

As used in this section, "U.S. Holder" means a beneficial owner of Class A Shares or Warrants that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court, or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The U.S. federal income tax treatment of a partner in a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) that holds Class A Shares or Warrants generally will depend on the status of the partner and the activities of the partnership. Partnerships that hold Class A Shares or Warrants should consult their own tax advisors regarding the specific U.S. federal income tax consequences to their partners of the partnership's ownership and disposition of Class A Shares or Warrants.

U.S. HOLDERS ARE ENCOURAGED TO SEEK ADVICE FROM THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF OWNERSHIP OF CLASS A SHARES OR WARRANTS UNDER THEIR PARTICULAR CIRCUMSTANCES AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTIONS.

U.S. federal income tax consequences of U.S. Holders of Class A Shares and Warrants

Taxation of dividends and other distributions on our Class A Shares

Subject to the discussion below under "— Passive Foreign Investment Company rules," the gross amount of any distribution of cash or property (other than certain pro rata distributions of ordinary stock) with respect to Class A Shares will be included in a U.S. Holder's gross income as ordinary income from foreign sources when actually or constructively received. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations. Dividends received from a "qualified foreign corporation" by eligible non-corporate U.S. Holders that satisfy a minimum holding period and certain other requirements generally will be taxed at the preferential rate applicable to qualified dividend income. A non-U.S. corporation is treated as a qualified foreign corporation with respect to dividends it pays on shares that are readily tradable on an established securities market in the United States. U.S. Treasury guidance indicates that shares listed on NYSE will be considered readily tradable on an established securities market in the United States. There can be no assurance, however, that Class A Shares will be considered readily tradable on an established securities market in future years. Non-corporate U.S. Holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code (dealing with the deduction for investment interest expense) will not be eligible for the reduced rates of taxation regardless of the Company's status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to the positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. The Company will not constitute a qualified foreign corporation for purposes of these rules if it is a passive foreign investment company for the taxable year in which it pays a dividend or for the preceding taxable year. See "— Passive Foreign Investment Company rules."

Dividends paid in a currency other than U.S. dollars will be included in income in a U.S. dollar amount based on the exchange rate in effect on the date of receipt, whether or not the currency is converted into U.S. dollars at that time. A U.S. Holder's tax basis in the non-U.S. currency will equal the U.S. dollar amount included in income. Any gain or loss realized on a subsequent conversion or other disposition of the non-U.S. currency for a different U.S. dollar amount generally will be U.S. source ordinary income or loss. If dividends paid in a currency other than U.S. dollars are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

Dividends received by certain non-corporate U.S. Holders generally will be includible in "net investment income" for purposes of the Medicare contribution tax.

Taxation of dispositions of Class A Shares and Warrants

Subject to the discussion below under "— Passive Foreign Investment Company rules," a U.S. Holder generally will recognize capital gain or loss on the sale or other disposition of Class A Shares or Warrants in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. Holder's adjusted tax basis in the disposed Class A Shares or Warrants. Any gain or loss generally will be treated as arising from U.S. sources and will be long-term capital gain or loss if the U.S. Holder's holding period exceeds one year. Deductions for capital loss are subject to significant limitations.

Capital gains from the sale or other disposition of Class A Shares or Warrants received by certain non-corporate U.S. Holders generally will be includible in "net investment income" for purposes of the Medicare contribution tax.

Passive Foreign Investment Company Rules

Based on the composition of the Company's current gross assets and income and the manner in which the Company expects to operate its business in future years, the Company believes that it should not be classified as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for its current taxable year and does not expect to be so classified in the foreseeable future. In general, a non-U.S. corporation will be a PFIC for any taxable year in which, taking into account a pro rata portion of the income and assets of 25% or more owned subsidiaries, either (i) 75% or more of its gross income is passive income, or (ii) 50% or more of the average quarterly value of its assets are assets that produce, or are held for the production of, passive income or which do not produce income. For this purpose, passive income generally includes, among other things and subject to various exceptions, interest, dividends, rents, royalties and gains from the disposition of assets that produce passive income. Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending among other things upon changes in the composition and relative value of its gross receipts and assets. Because the market value of the Company's assets (including for this purpose goodwill) may be measured in large part by the market price of the Class A Shares, which is likely to fluctuate, no assurance can be given that the Company will not be a PFIC in the current year or in any future taxable year.

If the Company were a PFIC for any taxable year in which a U.S. Holder holds Class A Shares or Warrants, such U.S. Holder would be subject to additional taxes on any excess distributions and any gain realized from the sale or other taxable disposition of Class A Shares or Warrants (including certain pledges) regardless of whether the Company continues to be a PFIC. A U.S. Holder will have an excess distribution to the extent that distributions on Class A Shares during a taxable year exceed 125% of the average amount received during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period). To compute the tax on excess distributions or any gain, (i) the excess distribution or gain is allocated ratably over the U.S. Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the Company became a PFIC is taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years is taxed at the highest applicable marginal rate in effect for each year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year.

If, as is not expected to be the case, the Company were a PFIC for any taxable year in which a U.S. Holder holds Class A Shares, a U.S. Holder may be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark Class A Shares to market annually. The election is available only if the Class A Shares are considered “marketable stock,” which generally includes stock that is regularly traded in more than de minimis quantities on a qualifying exchange (which includes NYSE). If a U.S. Holder makes the mark-to-market election, any gain from marking Class A Shares to market or from disposing of them would be ordinary income. Any loss from marking Class A Shares to market would be recognized only to the extent of unreversed gains previously included in income. Loss from marking Class A Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. No assurance can be given that the Class A Shares will be traded in sufficient frequency and quantity to be considered “marketable stock.” A valid mark-to-market election cannot be revoked without the consent of the IRS unless the Class A Shares cease to be marketable stock. Currently, a mark-to-market election may not be made with respect to Warrants to acquire Class A Shares.

As an alternative, if the Company were to be treated as a PFIC, a U.S. Holder may avoid the excess distribution rules described above in respect of Class A Shares (but not Warrants) by electing to treat the Company (for the first taxable year in which the U.S. Holder owns any Class A Shares) and any lower-tier PFIC (for the first taxable year in which the U.S. Holder is treated as owning an equity interest in such lower-tier PFIC) as a “qualified electing fund” (a “QEF”). If a U.S. Holder makes an effective QEF election with respect to the Company (and any lower-tier PFIC), the U.S. Holder will be required to include in gross income each year, whether or not the Company makes distributions, as capital gains, its pro rata share of the Company’s (and such lower-tier PFIC’s) net capital gains and, as ordinary income, its pro rata share of the Company’s (and such lower-tier PFIC’s) net earnings in excess of its net capital gains. U.S. Holders can make a QEF election only if the Company (and each lower-tier PFIC) provides certain information, including the amount of its ordinary earnings and net capital gains determined under U.S. tax principles. A U.S. Holder may not make a QEF election with respect to its Warrants to acquire Class A Shares. The Company has not determined whether it will provide U.S. Holders with this information if it determines that it is a PFIC.

U.S. Holders of Class A Shares and Warrants should consult their own tax advisors concerning the Company’s possible PFIC status and the consequences to them if the Company were classified as a PFIC for any taxable year.

Exercise or Lapse of a Warrant

Except as discussed below with respect to the cashless exercise of a Warrant, a U.S. Holder generally will not recognize taxable gain or loss from the acquisition of Class A Shares upon exercise of a Warrant for cash. A U.S. Holder’s tax basis in the Class A Shares received upon exercise of the Warrant generally will be an amount equal to the U.S. Holder’s basis in the Warrant and the exercise price. A U.S. Holder’s holding period for the Class A Shares received upon exercise of the Warrants will begin on the date following the date of exercise (or possibly the date of exercise) of the Warrants and will not include the period during which the U.S. Holder held the Warrants. If a Warrant is allowed to lapse unexercised, a U.S. Holder generally will recognize a capital loss equal to its tax basis in the Warrant.

The tax consequences of a cashless exercise of a Warrant are not clear under current tax law. A cashless exercise may be tax-free, either because the exercise is not a gain realization event or because the exercise is treated as a recapitalization for U.S. federal income tax purposes. In either tax-free situation, a U.S. Holder’s basis in the Class A Share received would equal its basis in the Warrant. If the cashless exercise were treated as not being a gain realization event, a U.S. Holder’s holding period in the Class A Shares would be treated as commencing on the date following the date of exercise (or possibly the date of exercise) of the Warrant. If the cashless exercise were treated as a recapitalization, the holding period of the Class A Shares would include the holding period of the Warrant. It is also possible that a cashless exercise could be treated in part as a taxable exchange in which gain or loss would be recognized. In such event, a U.S. Holder could be deemed to have surrendered Warrants equal to the number of Class A Shares having a value equal to the exercise price for the total number of Warrants to be exercised. A U.S. Holder would recognize capital gain or loss in an amount equal to the difference between the fair market value of the Class A Shares represented by the Warrants deemed surrendered and its tax basis in the Warrants deemed surrendered. In this case, a U.S. Holder’s tax basis in the Class A Shares received would equal the sum of the fair market value of the Class A Shares represented by the Warrants deemed surrendered and the U.S. Holder’s tax basis in the Warrants exercised. A U.S. Holder’s holding period for the Class A Share would commence on the date following the date of exercise (or possibly the date of exercise) of the Warrant.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their tax advisors regarding the tax consequences of a cashless exercise.

The terms of each Warrant provide for an adjustment to the number of shares for which the Warrant may be exercised or to the exercise price of the Warrant in certain events. An adjustment which has the effect of preventing dilution generally is not taxable. A U.S. Holder would, however, be treated as receiving a constructive distribution from the Company if, for example, the adjustment increases the U.S. Holder's proportionate interest in the Company's assets or earnings and profits (e.g., through an increase in the number of Class A Shares that would be obtained upon exercise) as a result of a distribution of cash to the holders of Class A Shares which is taxable to the U.S. Holders of such shares as described under "— Taxation of dividends and other distributions on our Class A Shares" above. Such constructive distribution would be subject to tax as described under that section in the same manner as if a U.S. Holder received a cash distribution from the Company equal to the fair market value of such increased interest.

Information Reporting and Backup Withholding

Dividends on Class A Shares and proceeds from the sale or other disposition of Class A Shares and Warrants may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting. Backup withholding is not an additional tax and amounts withheld will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided the required information is timely furnished to the IRS. U.S. Holders should consult with their own tax advisers regarding the application of the U.S. information reporting and backup withholding rules to them in their particular circumstances. Certain non-corporate U.S. Holders are required to report information with respect to Class A Shares and Warrants not held through an account with a domestic financial institution to the IRS. U.S. Holders that fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in Class A Shares or Warrants.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR U.S. HOLDER. EACH U.S. HOLDER OF CLASS A SHARES AND WARRANTS IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF OWNING AND DISPOSING OF CLASS A SHARES AND WARRANTS IN LIGHT OF SUCH U.S. HOLDER'S OWN CIRCUMSTANCES.

Cayman Islands Tax Considerations in Relation to the Holding of Our Ordinary Shares

The following is a discussion on certain Cayman Islands income tax consequences of an investment in our securities. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under Existing Cayman Islands Laws

Payments of dividends and capital in respect of our securities will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the securities nor will gains derived from the disposal of the securities be subject to Cayman Islands income or corporate tax. The Cayman Islands currently has no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the warrants. An instrument of transfer in respect of one of our Warrants is stampable if executed in or brought into the Cayman Islands.

No stamp duty is payable in respect of the issue of our Ordinary Shares or on an instrument of transfer in respect of such shares.

We have been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, have applied for and received an undertaking from the Financial Secretary of the Cayman Islands in the following form:

The Tax Concessions Act
(2018 Revision)
Undertaking as to Tax Concessions

In accordance with the provision of Section 6 of The Tax Concessions Act (2018 Revision), the Financial Secretary undertakes with the Company:

1. That no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
2. In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - 2.1 On or in respect of the shares, debentures or other obligations of the Company; or
 - 2.2 by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Act (2018 Revision).

These concessions shall be for a period of 20 years from the date hereof.

F. Dividends and Paying Agents

The Company intends to retain its earnings for use in business operations and, accordingly, it is not anticipated that the Company's board of directors will declare dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Company's board of directors and will depend on the Company's financial condition, results of operations, capital requirements and future agreements and financing instruments, business prospects and such other factors as the board of directors deems relevant. The Company does not currently have a paying agent.

G. Statement by Experts

Not applicable.

H. Documents on Display

The Company is subject to certain of the informational filing requirements of the Exchange Act. Since it is a "foreign private issuer," the Company is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and its officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act with respect to their purchase and sale of its shares. In addition, the Company is not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. public companies whose securities are registered under the Exchange Act. However, it is required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm. The SEC maintains a website at <http://www.sec.gov> that contains reports and other information that the Company files with or furnishes electronically with the SEC.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates. We do not hold or issue financial instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect our income and financial management. We are exposed to interest rate risk mainly through our stocking loans and subscription facilities where interest, in the year ended December 31, 2022, was charged in reference to a base interest rate. However, our exposure to interest rate risk is minimal since we were in a net cash position at December 31, 2022 and December 31, 2021, and therefore able to reduce exposure through repayment of the facilities. We do not hedge against interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on our stocking loans and subscription facilities during the year ended December 31, 2022. With other variables held constant, our profit before tax is affected through the impact on floating rate borrowings, as follows:

	Change in basis points	Effect on profit before tax 2022 £'000	Effect on profit before tax 2021 £'000
Loans and borrowings	+100	(2,350)	(1,393)
Loans and borrowings	-100	1,754	95

A 100 basis points decrease in interest rates would have less effect on profit before tax than a 100 basis points increase in interest rates because our stocking loans and subscription facilities are generally subject to reference rate floors.

Foreign currency risk

We have foreign currency risks related to certain expenses in US dollars, including the interest payments on our Convertible Notes. We do not currently hedge against currency risk through the use of financial instruments such as foreign currency swaps. However, we may look to do this in the future as appropriate.

We also have foreign currency risks related to our trading in mainland Europe which is now being wound down. The following tables demonstrate the sensitivity to a reasonably possible change in EUR/GBP exchange rate, with all other variables held constant. The impact on our profit before tax is due to changes in the fair value of monetary assets and liabilities. Our exposure to foreign currency changes for all other currencies is not material.

	<u>Change in EUR rate</u>	<u>Effect on profit before tax from discontinued operations £'000</u>	<u>Effect on pre-tax equity £'000</u>
2022	+5%	(8,613)	(6,516)
	-5%	8,613	6,516
2021	+5%	(1,336)	(1,170)
	-5%	1,336	1,170

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

A description of the Company's Warrants is set forth in this Annual Report, in Exhibit 2.5 "Description of Securities" and is incorporated by reference herein.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On February 8, 2023 we implemented a consolidation of the Company's issued and unissued share capital, par value \$0.0001 per share, at a ratio of 1-for-20 (the "Reverse Stock Split"), as well as an increase in share capital (the "share increase"). After giving effect to the Reverse Stock Split and the share increase the Company's authorized share capital is US\$435,500, divided into 165,000,000 Class A ordinary shares, par value US\$0.002 per share, 2,500,000 Class B ordinary shares, par value US\$0.002 per share, 50,000,000 Class C ordinary shares, par value US\$0.002 per share and 250,000 preference shares, par value US\$0.002 per share. As a result of the Reverse Stock Split, every 20 Class A ordinary shares issued and outstanding as of the effective date were automatically combined into one Class A ordinary share, par value \$0.002 per share. The Reverse Stock Split and share increase became effective at 4:05 p.m. (ET) on February 8, 2023 and the Class A Shares began trading on a post-Reverse Stock Split basis on February 9, 2023. The Reverse Stock Split and the share increase were approved by the Company's shareholders at the extraordinary general meeting of shareholders held on February 7, 2023.

As a result of the Reverse Stock Split, the number of Class A Shares issuable upon exercise of the Company's (i) 21,129,818 private warrants and (ii) 20,124,748 public warrants was reduced at a ratio of 1-for-20, so that each Warrant entitles a holder to purchase one twentieth (1/20th) of a Class A Share. The exercise price of each Warrant, after giving effect to the Reverse Stock Split, is \$230.00 per share.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Annual Report on Form 20-F. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2022, our disclosure controls and procedures were not effective as of such date due to material weaknesses in internal control over financial reporting described below in Section D. "*Internal control over financial reporting.*"

B. Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements may not be prevented or detected on a timely basis.

As disclosed in this Annual Report, we identified three material weaknesses in the design and operation of our internal control over financial reporting:

- i. The entity level and financial reporting control environment is not designed with the appropriate precision to prevent or detect material misstatement in accounting or disclosure, including deficiencies in the design and operation of transaction-level control activities. This includes a lack of effective management review controls, including over the completeness and accuracy of data and reports used in internal controls and segregation of duties relating to the review of manual journal entries, as a part of the financial statement close process for the year ended December 31, 2022;
- ii. The Company did not design and maintain effective controls over information technology general controls (“ITGCs”) for all information systems and applications that are relevant to the preparation of the consolidated financial statements. Specifically, the Company did not design and maintain: (i) sufficient user access controls to ensure appropriate segregation of duties and adequately restrict user and privileged access to financial applications, programs and data to appropriate Company personnel; (ii) program change management controls to ensure that information technology (“IT”) program and data changes affecting financial information technology applications and underlying accounting records are identified, tested, authorized and implemented appropriately; and (iii) monitoring controls of IT operations performed by service organizations to ensure that critical batch and interface jobs are monitored, privileges are appropriately granted, and data backups are authorized and monitored. Business process controls (automated and manual) that are dependent on the ineffective ITGCs, or that rely on data produced from systems impacted by the ineffective ITGCs, are also deemed ineffective for the year ended December 31, 2022; and
- iii. Insufficient accounting and finance personnel with IFRS technical accounting knowledge to account for non-routine and complex transactions for the year ended December 31, 2022.

A management assessment has been carried out in relation to the year ended December 31, 2022 and no additional material weaknesses have been identified. However, the management assessment found that, while an overall ICFR plan has been developed and is being implemented, the iterative nature of the process has meant that we are continuing to design, redesign and implement key financial reporting controls across each of the in-scope processes. As such, the management assessment has been unable to conclude that the overall entity-level, business process and IT general control environments are effective.

To address the material weaknesses we plan to continue to undertake remediation actions. During the fiscal year ended December 31, 2022 we implemented a governance, risk management and compliance (“GRC”) tool for the management, operation and evidencing of financial reporting controls. We continued to engage consultants with the appropriate expertise to perform a risk assessment of the internal control environment and assist management in designing and implementing entity level, financial reporting and management review controls, together with IT general and application controls for systems which impact financial reporting. In addition, we have hired a number of personnel with expertise in finance and technical IFRS accounting, including for senior finance leadership positions. Dedicated resources continue to be allocated to support the improvement of our financial control environment and we will deliver training to further support the needs of our staff.

Based upon the above evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as a result of the material weaknesses described above, our internal control over financial reporting was not effective as of December 31, 2022.

C. Attestation Report of Registered Public Accounting Firm

Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report, has audited our internal control over financial reporting as of December 31, 2022, as stated in its report on page F-2.

D. Effect of Changes in Internal Control Over Financial Reporting

During the period covered by this annual report on Form 20-F, there were no changes in our internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act that have materially affected or are reasonably likely to materially affect our internal control over financial reporting, except as disclosed below in “*Internal control over financial reporting*.”

Internal control over financial reporting

In connection with our preparation and the audits of our financial statements as of and for the year ended December 31, 2022, we have identified material weaknesses as defined under the Exchange Act in our internal control over financial reporting. SEC guidance defines a material weakness as a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual financial statements will not be prevented or detected on a timely basis. Although we are not subject to the certification or attestation requirements of Section 404 of the Sarbanes-Oxley Act (SOX), we will be required to report on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2022. We and our independent public accounting firm identified the following material weaknesses as defined under the Exchange Act in our internal control over financial reporting:

- i. The entity level and financial reporting control environment is not designed with the appropriate precision to prevent or detect material misstatement in accounting or disclosure, including deficiencies in the design and operation of transaction-level control activities. This includes a lack of effective management review controls, including over the completeness and accuracy of data and reports used in internal controls and segregation of duties relating to the review of manual journal entries, as a part of the financial statement close process for the year ended December 31, 2022;
- ii. The Company did not design and maintain effective controls over information technology general controls (“ITGCs”) for all information systems and applications that are relevant to the preparation of the consolidated financial statements. Specifically, the Company did not design and maintain: (i) sufficient user access controls to ensure appropriate segregation of duties and adequately restrict user and privileged access to financial applications, programs and data to appropriate Company personnel; (ii) program change management controls to ensure that information technology (“IT”) program and data changes affecting financial information technology applications and underlying accounting records are identified, tested, authorized and implemented appropriately; and (iii) monitoring controls of IT operations performed by service organizations to ensure that critical batch and interface jobs are monitored, privileges are appropriately granted, and data backups are authorized and monitored. Business process controls (automated and manual) that are dependent on the ineffective ITGCs, or that rely on data produced from systems impacted by the ineffective ITGCs, are also deemed ineffective for the year ended December 31, 2022; and
- iii. Insufficient accounting and finance personnel with IFRS technical accounting knowledge to account for non-routine and complex transactions for the year ended December 31, 2022.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Duncan Tatton-Brown serves as the audit committee financial expert. Each of Duncan Tatton-Brown, Luciana Berger and Mary Reilly qualify as independent directors under the NYSE listing standards and the independence standards of Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics that applies to all of our employees, officers, and directors. This includes our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. We intend to disclose on our website any future amendments of the Code of Ethics or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions, or our directors from provisions in the Code of Ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table represents aggregate fees billed to us for professional services rendered by our independent registered public accounting firm, Ernst & Young LLP (London, United Kingdom, Auditor Firm ID: 1438), for the fiscal years ended December 31, 2022 and December 31, 2021.

	Year ended December 31, 2022 £'000	Year ended December 31, 2021 £'000
Audit fees	2,205	2,300
Audit-related fees	45	580
Tax fees	-	-
Other fees	-	67
	<u>2,250</u>	<u>2,947</u>

Audit Fees

Audit Fees consist of fees for the audit of the consolidated financial statements of the Company and for the review of the interim financial statements of the Company. The fees reported include reimbursements of out-of-pocket expenses.

Audit-Related Fees

Audit-Related Fees mainly consist of procedures related to consents and assistance with and review of documents filed with the SEC.

Tax Fees

No tax fees were paid to our independent auditor during the year ended December 31, 2022.

Other Fees

No other fees were paid to our independent auditor during the year ended December 31, 2022. Other fees for the year ended December 31, 2021 consisted of due diligence.

Audit Committee Pre-Approval

Our audit committee pre-approves auditing services and permitted non-audit services to be performed for us by our independent auditor, including the fees and terms thereof (subject to certain de minimis exceptions provided by law or regulation). Audit committee pre-approval of audit and non-audit services is not required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the audit committee. There were no services approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We are a "foreign private issuer" (as such term is defined in Rule 3b-4 under the Exchange Act), and our Class A Shares are listed on the NYSE. We believe the following to be the significant differences between our corporate governance practices and those applicable to U.S. companies under the NYSE listing standards. Under the NYSE rules, NYSE-listed companies that are foreign private issuers are permitted to follow home country practice in place of the corporate governance provisions specified by the NYSE, with limited exceptions. Accordingly, we follow certain corporate governance practices of our home country, the Cayman Islands, in place of certain of the corporate governance requirements of the NYSE.

The NYSE also requires that a listed company obtain, in specified circumstances, (1) shareholder approval to adopt or materially revise equity compensation plans, as well as (2) shareholder approval prior to an issuance (a) of more than 1% of its common stock (including derivative securities thereof) in either number or voting power to related parties, (b) of more than 20% of its outstanding common stock (including derivative securities thereof) in either number or voting power or (c) that would result in a change of control, none of which require shareholder approval under Cayman Islands law. We intend to follow home country law in determining whether shareholder approval is required.

Under the NYSE rules, U.S. domestic listed companies are required to have a Nominating and Corporate Governance Committee composed entirely of independent Directors, which is not required under our home country laws. As of the date of this Annual Report one of the three directors on our nominating and corporate governance committee does not meet the NYSE independence requirements.

We may in the future, however, decide to use other foreign private issuer exemptions with respect to some or all of the other NYSE listing requirements. Following our home country governance practices may provide less protection than is accorded to investors under the NYSE listing requirements applicable to domestic issuers.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

See pages F-1 through F-61 of this Annual Report.

ITEM 19. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description
1.1	Amended and Restated Memorandum and Articles of Association*
2.1	Specimen Class A Ordinary Share Certificate of Cazoo Group Ltd*
2.2	Specimen Warrant Certificate of Cazoo Group Ltd (incorporated by reference to Exhibit 2.2 to the Company's Shell Company Report on Form 20-F, filed with the SEC on September 1, 2021).
2.3	Warrant Agreement, dated October 27, 2020, between Continental Stock Transfer & Trust Company and Ajax I (incorporated by reference to Exhibit 4.1 of Ajax I's Current Report on Form 8-K filed with the SEC on October 30, 2020).
2.4	Amendment to and Assignment of Warrant Agreement, dated as of August 23, 2021, by and among Ajax I, Capri Listco, Continental Stock Transfer & Trust Company and Equiniti Trust Company (incorporated by reference to Exhibit 2.4 to the Company's Shell Company Report on Form 20-F, filed with the SEC on September 1, 2021).
2.5	Description of Securities.*
4.1	Business Combination Agreement, dated as of March 29, 2021, by and among Ajax I, Cazoo Holdings Limited and Capri Listco (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form F-4/A (File No. 333-256152), filed with the SEC on July 22, 2021).
4.2	First Amendment to Business Combination Agreement, dated as of May 14, 2021, by and among Ajax I, Cazoo Holdings Limited and Capri Listco (incorporated by reference to Exhibit 2.2 to the Company's Registration Statement on Form F-4/A (File No. 333-256152), filed with the SEC on July 22, 2021).
4.3	Letter Agreement, dated October 27, 2020, among Ajax I, AJAX I Holdings, LLC and Ajax I's officers and directors (incorporated by reference to Exhibit 10.1 of Ajax I's Form 8-K (File No. 001-39660), filed with the SEC on October 30, 2020).
4.4	Securities Subscription Agreement, dated September 16, 2020, between Ajax I and Ajax I Holdings, LLC (incorporated by reference to Exhibit 10.5 to Ajax I's Registration Statement on Form S-1/A (File No. 333-249411), filed with the SEC on October 16, 2020).
4.5	Incentive Equity Plan (incorporated by reference to Exhibit 4.6 to the Company's Shell Company Report on Form 20-F, filed with the SEC on September 1, 2021).
4.6	Investor Rights Agreement, dated August 26, 2021, by and among Capri Listco, Ajax I Holdings, LLC and the other investors party thereto (incorporated by reference to Exhibit 4.7 to the Company's Shell Company Report on Form 20-F, filed with the SEC on September 1, 2021).

4.7	Form of Subscription Agreement (Institutional Investor) (incorporated by reference to Exhibit 10.4 to Ajax I's Current Report on Form 8-K (File No. 001-39660), filed with the SEC on March 29, 2021).
4.8	Form of Subscription Agreement (Other) (incorporated by reference to Exhibit 10.5 to Ajax I's Current Report on Form 8-K (File No. 001-39660), filed with the SEC on March 29, 2021).
4.9	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form F-4/A (File No. 333-256152), filed with the SEC on July 22, 2021).
4.10	Purchase Agreement, dated as of February 9, 2022, between Cazoo Group Ltd and the Purchasers set forth on the signature pages thereto (incorporated by reference to Exhibit 99.1 to the Company's Report on Form 6-K, filed with the SEC on February 16, 2022).
4.11	Indenture, dated as of February 16, 2022 by and between Cazoo Group Ltd and U.S. Bank Trust Company, National Association as trustee (incorporated by reference to Exhibit 99.2 to the Company's Report on Form 6-K, filed with the SEC on February 16, 2022).
4.12	Form of 2.00% Convertible Senior Notes due 2027 (included in Exhibit 4.11).
4.13	Form of Letter Agreement (incorporated by reference to Exhibit 99.1 to the Company's Report on Form 6-K, filed with the SEC on November 10, 2022).
4.14	Registration Rights Agreement dated as of February 16, 2022 by and between Cazoo Group Ltd and the holders named therein (incorporated by reference to Exhibit 99.4 to the Company's Report on Form 6-K, filed with the SEC on February 16, 2022).
8.1	Subsidiaries of Cazoo Group Ltd.*
12.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.*
12.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.*
13.1	Certification of the Principal Executive Officer pursuant to 18 U.S.C. 1350.*
13.2	Certification of the Principal Financial Officer pursuant to 18 U.S.C. 1350.*
15.1	Consent of Ernst & Young LLP, independent public accounting firm.*
101.INS	Inline XBRL Instance Document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover Page Interactive Data File (Embedded as Inline XBRL document and contained in Exhibit 101).*

* Filed herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this report on its behalf.

March 30, 2023

CAZOO GROUP LTD

By /s/ Alex Chesterman

Name: Alex Chesterman

Title: Chief Executive Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Cazoo Group Ltd

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Cazoo Group Ltd (the Company) as of December 31, 2022 and 2021, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years period ended December 31, 2022 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years period ended December 31, 2022, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission "(2013 framework)", and our report dated March 30, 2023 expressed an adverse opinion thereon.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2.7 to the financial statements, the Company has suffered recurring losses from operations and negative cash flows from operating activities and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2.7. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. As explained below, auditing the Company's evaluation of its ability to continue as a going concern was a critical audit matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Convertible Notes

Description of the matter

At December 31, 2022, the Company's financial liability relating to the convertible senior notes was £349.0 million. As described in Note 24 to the consolidated financial statements, in February 2022 the Company issued \$630.0 million of convertible senior notes due in 2027 (equivalent to £460.0 million in net proceeds with £208.7 million attributable to the financial liability and £251.3 million attributable to the embedded derivative). The convertible notes are accounted for as a hybrid financial instrument comprising: (i) a liability for the principal and interest amount, and (ii) a single compound embedded derivative instrument for the conversion, redemption and repayment premium features. The embedded derivative was measured at fair value using a Monte-Carlo simulation with subsequent changes in fair value being reported through profit and loss. At inception, the Company estimated the fair value of the financial liability component of the Convertible Notes as the residual transaction price after deducting the fair value of the embedded derivative.

Auditing the Company's accounting for the convertible senior notes was complex due to the inherent estimation uncertainty in the valuation of the embedded derivative. This was especially challenging, primarily due to the judgmental nature of the significant inputs to the valuation models, including the volatility and credit spread.

How we addressed the matter in our audit

Our audit procedures included, among others, assessing the Company's initial accounting assessment including the identification of embedded derivatives, against IFRS 9 – *Financial Instruments*. To test the valuation of the embedded derivative, we involved our valuation specialists to assist in our evaluation of the valuation methodologies against IFRS 13 – *Fair Value Measurement*. In addition, our valuation specialists assisted in evaluating the volatility and credit spread assumptions used by the Company's valuation professional at inception and year-end against observable market data and current industry trends. We tested the source information underlying the valuation assumptions used in the model to determine fair value, including evaluating the completeness and accuracy of the underlying data to the terms contained in the convertible senior notes agreement. In addition, we have assessed the adequacy of the disclosures in Note 24.

Goodwill impairment of the UK cash-generating unit

Description of the matter

At December 31, 2022, the Company's goodwill was £0.0 million for the UK cash-generating unit ("CGU") as discussed in Note 16 of the consolidated financial statements. The Company performed quantitative impairment analyses estimating the value in use of the UK CGU by utilizing an income approach which uses the discounted cash flow ("DCF") analysis. Goodwill impairment of £136.8 million was recorded for the year ended December 31, 2022, relating to the UK CGU.

Auditing the Company's goodwill impairment test was complex due to the significant judgment required in determining the value in use of the UK CGU. In particular, the significant assumptions used to calculate the value in use of the UK CGU that required judgment included gross margin assumptions, terminal growth rates, and the weighted average cost of capital ("discount rate"), which are sensitive to and affected by factors, such as, general market conditions and projected operating performance.

How we addressed the matter in our audit

We involved our valuation specialists to assist in evaluating the discount rates utilized in the valuation by calculating an independent range using available market information, and comparing it against management's discount rates. We agreed the underlying data used by the Company in its analysis, including assessing the completeness and accuracy of such data by agreeing forecasts to board approved business plans. We also tested the source information underlying the gross margin assumptions and terminal growth rates by comparing the underlying data used in these assumptions to current industry and economic trends, historical performance, and strategic plans. This included involving our economist specialists to assist in assessing certain key assumptions in the Company's prospective financial information (e.g., gross margin) against the current macroeconomic backdrop. We also performed sensitivity analyses of the above-mentioned significant assumptions to evaluate the changes in the value in use of the UK CGU that would result from changes in the assumptions to assess the adequacy of the disclosures in Note 16.

Going concern

Description of the matter

As discussed above and in Note 2.7 to the consolidated financial statements, the Company has disclosed factors that raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to alleviate the conditions that raise substantial doubt regarding the Company's ability to continue as a going concern are not entirely within the Company's control and therefore cannot be considered probable. Accordingly, there remains substantial doubt about the Company's ability to continue as a going concern.

Management's cash flow forecasts include significant assumptions related to improvements in gross margin driven by sales of higher margin vehicles and lower operating costs, which are sensitive and judgmental due to the inherent estimation uncertainty in forming these assumptions.

Auditing the Company's going concern assessment described above is complex because it involves a high degree of auditor judgment to assess the reasonableness of the cash flow forecasts, and planned restructuring actions used in the Company's going concern analysis.

How we addressed the matter in our audit

To test the Company's going concern assessment, our audit procedures included, among others, assessing the forecast of cash flows developed by management, by testing the completeness and accuracy of the underlying data. For example, we agreed forecasts used in the assessment to board approved business plans, benchmarked forecasted cash flows to externally derived industry data, and evaluated against the Company's historical trends. This included involving our economist specialists to assist in assessing certain key assumptions in the Company's prospective financial information (e.g., gross margin) against the current macroeconomic backdrop.

We performed sensitivity analyses of changes to the key assumptions and judgments, such as gross margin, and controllable mitigating actions used to determine management's forecasts of cash flows and financial position as well as stress tests on the overall forecast and the downside scenarios.

We have also read significant agreements, including those agreements associated with the Company's convertible senior notes, and discussed the relevant terms with management and its legal counsel, to understand and assess the impact of default provisions on the going concern assessment. In addition, we have assessed the adequacy of the disclosures in Note 2.7.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.

London, United Kingdom

March 30, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Cazoo Group Ltd

Opinion on Internal Control Over Financial Reporting

We have audited Cazoo Group Ltd's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission "(2013 framework)" (the COSO criteria). In our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, Cazoo Group Ltd (the Group) has not maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment.

- i. The entity level and financial reporting control environment is not designed with the appropriate precision to prevent or detect material misstatement in accounting or disclosure, including deficiencies in the design and operation of transaction-level control activities. This includes a lack of effective management review controls, including over the completeness and accuracy of data and reports used in internal controls and segregation of duties relating to the review of manual journal entries, as a part of the financial statement close process for the year ended December 31, 2022;
- ii. The Group did not design and maintain effective controls over information technology general controls ("ITGCs") for all information systems and applications that are relevant to the preparation of the consolidated financial statements. Specifically, the Group did not design and maintain: (i) sufficient user access controls to ensure appropriate segregation of duties and adequately restrict user and privileged access to financial applications, programs and data to appropriate Group personnel; (ii) program change management controls to ensure that information technology ("IT") program and data changes affecting financial information technology applications and underlying accounting records are identified, tested, authorized and implemented appropriately; and (iii) monitoring controls of IT operations performed by service organisations to ensure that critical batch and interface jobs are monitored, privileges are appropriately granted, and data backups are authorized and monitored. Business process controls (automated and manual) that are dependent on the ineffective ITGCs, or that rely on data produced from systems impacted by the ineffective ITGCs, are also deemed ineffective for the year ended December 31, 2022; and
- iii. Insufficient accounting and finance personnel with IFRS technical accounting knowledge to account for non-routine and complex transactions for the year ended December 31, 2022.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Group as of December 31, 2022 and 2021, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2022 and the related notes (collectively referred to as the "consolidated financial statements"). These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2022 consolidated financial statements, and this report does not affect our report dated March 30, 2023, which expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

London, United Kingdom

March 30, 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Notes	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000 Restated ¹	Year ended December 31 2020 £'000
Continuing operations				
Revenue ²	5	1,248,591	655,423	162,208
Cost of sales		(1,228,324)	(632,114)	(165,082)
Gross profit/(loss)		20,267	23,309	(2,874)
Marketing expenses		(62,596)	(63,165)	(36,110)
Selling and distribution expenses		(96,246)	(54,172)	(17,693)
Administrative expenses		(529,907)	(218,855)	(42,358)
Loss from operations	6	(668,482)	(312,883)	(99,035)
Finance income	8	2,111	232	486
Finance expense	8	(53,339)	(4,663)	(1,298)
Other income and expenses ³	9	194,236	(214,140)	-
Loss before tax		(525,474)	(531,454)	(99,847)
Tax credit	11	7,352	2,162	969
Loss for the year from continuing operations		(518,122)	(529,292)	(98,878)
Discontinued operations				
Loss after tax from discontinued operations	12	(185,762)	(14,217)	(3,809)
Loss for the year		(703,884)	(543,509)	(102,687)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations		6,449	(1,577)	-
Total comprehensive loss for the year		(697,435)	(545,086)	(102,687)
Earnings per share:				
Basic loss per ordinary share ⁴	13	£ (18.48)	£ (16.27)	£ (3.99)
Diluted loss per ordinary share ⁴	13	£ (18.48)	£ (16.27)	£ (3.99)
Earnings per share from continuing operations:				
Basic loss per ordinary share from continuing operations ⁴	13	£ (13.61)	£ (15.85)	£ (3.84)
Diluted loss per ordinary share from continuing operations ⁴	13	£ (13.61)	£ (15.85)	£ (3.84)

¹ The 2021 reporting period has been restated to show the EU segment as a discontinued operation.

² Revenue excludes £1.9 million of sales in 2022 where Cazoo sold vehicles as an agent for third parties and only the net commission received from those sales is recorded within revenue (2021: £17.4 million, 2020: £nil).

³ Other income and expenses includes fair value movement in the Convertible Notes and embedded derivative, fair value movement in the warrants and foreign exchange movements.

⁴ The basic and diluted loss per ordinary share has been adjusted retrospectively for the reverse stock split which became effective on February 8, 2023. Refer to Note 28 for further details.

The notes on pages F-10 to F-61 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Notes	At December 31 2022 £'000	At December 31 2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	15	122,713	180,955
Right-of-use assets	22	118,814	92,254
Intangible assets and goodwill	16	16,369	261,514
Trade and other receivables	18	6,500	9,968
		264,396	544,691
Current assets			
Inventory	17	232,565	364,585
Trade and other receivables	18	56,259	77,884
Cash and cash equivalents	27	245,879	192,629
		534,703	635,098
Assets held for sale	12	65,805	-
		600,508	635,098
Total assets		864,904	1,179,789
Liabilities			
Current liabilities			
Trade and other payables	19	68,201	79,284
Loans and borrowings	20	178,084	180,540
Convertible Notes and embedded derivative	24	1,301	-
Lease liabilities	22	28,596	18,826
Provisions	21	26,538	-
		302,720	278,650
Liabilities directly associated with the assets held for sale	12	39,602	-
		342,322	278,650
Non-current liabilities			
Loans and borrowings	20	4,113	68,113
Convertible Notes and embedded derivative	24	347,739	-
Warrants	24	515	42,692
Lease liabilities	22	88,864	71,574
Provisions	21	8,752	7,985
Deferred tax	11	-	86
		449,983	190,450
Total liabilities		792,305	469,100
Net assets		72,599	710,689
Share capital	23	55	55
Share premium	23	925,637	902,586
Merger reserve	23	420,834	420,834
Retained earnings		(1,278,799)	(611,209)
Foreign currency translation reserve		4,872	(1,577)
Total equity		72,599	710,689

The notes on pages F-10 to F-61 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Notes	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total equity £'000
At December 31, 2019¹		-	81,500	-	(17,944)	-	63,556
Comprehensive loss for the year							
Loss for the year		-	-	-	(102,687)	-	(102,687)
Other comprehensive income		-	-	-	-	-	-
Contributions by and distributions to owners							
Issue of share capital		-	365,870	-	-	-	365,870
Group restructuring ¹		-	(181,250)	181,250	-	-	-
Share-based payments		-	-	-	3,759	-	3,759
At December 31, 2020¹		-	266,120	181,250	(116,872)	-	330,498
Comprehensive loss for the year							
Loss for the year		-	-	-	(543,509)	-	(543,509)
Other comprehensive income		-	-	-	-	(1,577)	(1,577)
Contributions by and distributions to owners							
Acquisition of subsidiaries ²		-	5,365	65,348	-	-	70,713
Exercise of warrants	24	-	11,967	-	-	-	11,967
Recapitalization at the Transaction ¹		55	619,134	174,236	-	-	793,425
Exercise of options	26	-	-	-	(1,540)	-	(1,540)
Share-based payments	26	-	-	-	43,287	-	43,287
Taxation recognized directly in equity		-	-	-	7,425	-	7,425
At December 31, 2021¹		55	902,586	420,834	(611,209)	(1,577)	710,689
Comprehensive loss for the year							
Loss for the year		-	-	-	(703,884)	-	(703,884)
Other comprehensive income		-	-	-	-	6,449	6,449
Contributions by and distributions to owners							
Acquisition of subsidiaries	14	-	23,051	-	-	-	23,051
Share-based payments	26	-	-	-	43,719	-	43,719
Taxation recognized directly in equity	11	-	-	-	(7,425)	-	(7,425)
At December 31, 2022		55	925,637	420,834	(1,278,799)	4,872	72,599

¹ The comparatives are based on the operations of Cazoo Holdings prior to the Transaction. The consolidated financial statements are prepared as a continuation of the financial statements of Cazoo Holdings, the accounting acquirer, with a recapitalization to reflect the capital structure of Cazoo Group Ltd. Refer to Note 1 for further details.

² Prior to the Transaction, the merger relief section of the Companies Act 2006 required that the difference between the nominal value and issued value of the shares issued for the acquisitions of Drover Limited, Smart Fleet Solutions Limited and Cluno GmbH should be credited to the merger reserve in equity.

The notes on pages F-10 to F-61 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	Notes	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Cash flows from operating activities				
Loss for the year from continuing operations		(518,122)	(529,292)	(98,878)
Loss for the year from discontinued operations		(185,762)	(14,217)	(3,809)
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	15, 22	57,577	28,791	11,759
Amortization and impairment of intangible assets	16	322,565	35,995	1,361
Finance income		(2,131)	(233)	(486)
Finance expense		57,358	5,716	1,298
Share-based payment expense	26	44,496	43,871	3,759
IFRS 2 expense on the Transaction	9	-	240,810	-
Fair value movement in the Convertible Notes and embedded derivative, fair value movement in the warrants and foreign exchange movements	9	(194,236)	(26,671)	-
Tax credit	11, 12	(10,012)	(5,704)	(969)
Impairment loss on remeasurement of the disposal group	12	2,518	-	-
Loss on disposal of property, plant and equipment		2,879	-	-
Loss on sale of discontinued operations	12	14,509	-	-
Loss on sale and leaseback transactions		1,934	-	-
Increase in provisions	21	31,646	-	-
		(374,781)	(220,934)	(85,965)
Movements in working capital:				
Decrease/(increase) in trade and other receivables	18	19,797	(23,192)	(4,789)
Decrease/(increase) in inventory	17	165,213	(247,745)	(36,961)
Increase in subscription vehicles	15	(54,132)	(80,925)	-
(Decrease)/increase in trade and other payables	19	(9,127)	16,074	10,394
Total working capital movements		121,751	(335,788)	(31,356)
Other cash flows from operating activities:				
Interest received	8	2,131	233	478
Tax credit received	11	501	-	969
Net cash used in operating activities		(250,398)	(556,489)	(115,874)
Cash flows from investing activities				
Purchases of property, plant and equipment	15	(33,625)	(29,466)	(17,919)
Disposals of property, plant and equipment	15	8,320	-	-
Purchases and development of intangible assets	16	(18,133)	(14,260)	(1,889)
Acquisition of subsidiaries, net of cash acquired	14	(33,142)	(190,934)	(16,530)
Deferred consideration paid	19	(5,554)	-	-
Disposal of discontinued operations, net of cash disposed of	12	(9,669)	-	-
Proceeds from sale and leasebacks		10,752	-	-
Proceeds from lease modifications		5,520	-	-
Net cash used in investing activities		(75,531)	(234,660)	(36,338)
Cash flows from financing activities				
Net proceeds from Convertible Notes	24	460,021	-	-
Net proceeds from the Transaction	23	-	622,164	-
Issue of ordinary shares	23	-	-	348,870
Proceeds from warrants exercised from Drover acquisition	24	-	5,300	-
Exercise of share options	26	-	(1,540)	-
Proceeds from stocking loans	24	1,202,039	665,325	216,444
Proceeds from subscription facilities	24	101,967	107,683	-
Proceeds from secured asset financing, bank loans and mortgages	24	5,985	-	-
Repayment of stocking loans	24	(1,218,427)	(574,055)	(196,082)
Repayment of subscription facilities	24	(120,559)	(60,386)	-
Repayment of secured asset financing, bank loans and mortgages	24	(3,862)	(683)	(443)
Interest paid on loans and borrowings		(18,724)	(4,185)	(1,298)
Lease payments	22	(29,198)	(18,597)	(6,294)
Excess proceeds above fair value from sale and leasebacks		1,086	-	-
Net cash from financing activities		380,328	741,026	361,197
Net increase in cash and cash equivalents		54,399	(50,123)	208,985
Cash and cash equivalents at the beginning of the year	27	192,629	243,524	34,539
Net foreign exchange differences		11,293	(772)	-
Cash and cash equivalents at the end of the year	27	258,321	192,629	243,524

The notes on pages F-10 to F-61 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. Reporting entity

Cazoo Group Ltd (the “Company”) is an exempted company incorporated under the laws of the Cayman Islands on March 24, 2021. The Company’s registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s principal executive office is at 41 Chalton Street, London, NW1 1JD, United Kingdom. The Group’s principal activity is the operation of an e-commerce platform for buying and selling used cars.

The financial statements incorporate the accounts of the Company and entities controlled by the Company (“its subsidiaries”). The term “Group” means, prior to closing of the Transaction, Cazoo Holdings Limited, a private limited company organized under the law of England and Wales (“**Cazoo Holdings**”) and its consolidated subsidiaries and, for periods subsequent to closing of the Transaction, Cazoo Group Ltd and its subsidiaries.

The Transaction

On March 29, 2021, Ajax I, a Cayman Islands exempted company (“**Ajax**”), Cazoo Holdings and Capri Listco, a Cayman Islands exempted company (“**Listco**”), entered into the Business Combination Agreement (the “Business Combination Agreement”), as amended by the First Amendment thereto, dated as of May 14, 2021 which, among other things, provided that (i) Ajax would merge with and into the Company, with the Company continuing as the surviving company, (ii) the Company would acquire all of the issued and outstanding shares of Cazoo Holdings via exchange for a combination of shares of the Company and cash consideration and (iii) the Company would become tax resident in the UK following the consummation of the Transaction.

Upon consummation of the Transaction, shareholders of Ajax and Cazoo Holdings became shareholders of Listco, and Listco changed its name to “Cazoo Group Ltd.” Upon consummation of the Transaction Class A ordinary shares, par value \$0.0001 per share (the “Class A Shares”) became listed on the NYSE under the symbol “CZOO”.

The financial statements are prepared as a continuation of the financial statements of Cazoo Holdings, the accounting acquirer, with a recapitalization to reflect the capital structure of Cazoo Group Ltd. The comparatives are based on the operations of Cazoo Holdings prior to the Transaction.

2. Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). They were authorized for issue by the Company’s Board of Directors on March 30, 2023.

Details of the Group’s accounting policies are included in Note 3.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The areas where judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

2. Significant accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The results of subsidiaries acquired are included from the date the Group obtained control of the subsidiary.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for financial assets, financial liabilities and share-based payments that have been measured at fair value.

2.4 New and amended standards and interpretations

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group.

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 9 Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the Group's financial statements are listed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective. The new standards and amendments are not expected to have a material impact on the Group.

Effective for annual reporting periods beginning on or after January 1, 2023:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

2.6 Presentational currency

These financial statements are presented in Pounds Sterling, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

2. Significant accounting policies (continued)

2.7 Going concern

The financial statements have been prepared on a going concern basis.

The Board of Directors have approved a budget for the financial year ended December 31, 2023 which targets a lower retail volume of 40,000-50,000 units compared to approximately 65,000 units in the year ended December 31, 2022. This plan is designed to allow the Group to focus on unit economics through higher margin, faster moving inventory and rationalization of its operational footprint. In line with the lower unit expectations for 2023 and the current economic climate, the plan includes the closure of certain vehicle preparation centers, customer collection centers and further headcount reductions, which are already underway. The plan is expected to deliver a significant reduction in the Group's cash consumption and continued progress towards the Group's goal of reaching profitability, without the need to raise further external funding over the going concern period to April 30, 2024. The 2023 budget has a forecast cash balance of over £120 million at December 31, 2023. The 2023 budget has then been extended through to April 30, 2024, for the going concern assessment, with a forecast cash balance of over £80 million at April 30, 2024.

The plan includes actions to increase liquidity such as a prospective sale and leaseback of owned property, the continued financing of UK retail inventory and the unwinding of the UK subscriptions business to realize cash from subscription vehicles in property, plant and equipment.

Given the stage of evolution of the Group, there are certain inherent uncertainties in forecasting operating performance, including gross profit margin. Therefore, in assessing the appropriateness of the going concern assumption, Management of the Group ("Management") have assessed the probability of achieving the planned budget and the impact if this is not achieved. To do so we developed a severe but plausible downside scenario to the above base case, whereby the most sensitive assumptions have been flexed. These include gross profit margin increasing to only 5%, increasing overhead costs by £1 million per month, and reducing the proceeds from the planned sale and leaseback transactions by 50%. As part of this downside scenario Management have ignored potential incremental cash improvements from the early exit of closed vehicle preparation centers or customer collection centers, or other measures such as expenditure reduction which could improve cash balances. Under this downside scenario, the Group is forecast to still have cash of over £30 million at April 30, 2024. Whilst Management are confident that the approved budget provides significant liquidity for the Group, the ability of the Group to satisfy its current liabilities and maintain sufficient daily liquidity is dependent on successful execution of the plan, including actions which have not yet been implemented.

In the event that further actions to manage liquidity were to be necessary, Management may seek to reduce discretionary marketing spend, capex and/or headcount. Under all circumstances, Management will be seeking to sublet empty vehicle preparation centers and customer collection centers and to improve the mainland Europe exit plans. Management believes these mitigating actions, in combination, could give rise to additional savings of over £35 million in the period.

Therefore downside scenarios such as those described, and certain inherent uncertainties in forecasting operating performance, including gross profit margin, and the status of implementing those plans described above, combine to raise substantial doubt about the Group's ability to continue as a going concern. Management's plans to alleviate the conditions that raise substantial doubt regarding the Group's ability to continue as a going concern cannot be guaranteed or are not entirely within the Company's control and therefore cannot be considered probable.

The Group utilizes stocking finance to support inventory purchasing. In the UK, the business works with four lenders and had total available stocking facilities of £240 million at December 31, 2022, of which £162 million was utilized. The stocking facilities have no fixed end date but are subject to annual review. Management are proactively reducing the available facilities to reflect the lower volume 2023 budget. There are no financial covenants attached to these facilities. Certain of these facilities have triggers to revise the loan-to-value terms if cash falls below a certain level. If facilities were reduced, Management could choose to cash finance inventory in the short-term or reduce overall levels of inventory held, both scenarios being under Management's control.

The Group also has debt in the form of Convertible Notes which bear regular interest at a fixed rate of 2.00% per year. Holders of the Convertible Notes have the right to require the Company to repurchase for cash all or a portion of their Convertible Notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of a Fundamental Change, which includes, among other things, if the Class A Shares cease to be listed on the New York Stock Exchange ("NYSE"), (as defined in the Indenture, dated February 16, 2022, between the Company and U.S. Bank Trust Company, National Association, as trustee (the "Indenture")).

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business and the Group maintaining a listing on the NYSE. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies

3.1 Revenue

The Group evaluates revenue from contracts with customers based on the five-step model under IFRS 15: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the separate performance obligations; and (5) recognize revenues when (or as) each performance obligation is satisfied.

Revenue is measured based on the consideration the Group expects to be entitled to in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

Retail

The Group sells reconditioned vehicles directly to its customers, primarily through its online platform. The prices of vehicles are set forth in the customer contracts at stand-alone selling prices, which are agreed prior to delivery. The Group satisfies its performance obligations for vehicle sales upon delivery when the transfer of title, risks, and rewards of ownership and control pass to the customer. The Group recognizes revenue at the agreed-upon purchase price stated in the contract less an estimate for returns. Estimates for returns are based on an analysis of historical experience, trends and sales data. Changes in these estimates are reflected as an adjustment to revenue in the period identified. The amount of consideration received for vehicles includes non-cash consideration representing the value of part exchange vehicles, if applicable. The value of part exchange vehicles is agreed by the customer at the time of purchase and is stated in the contract. Prior to the delivery of the vehicle, the payment is received, or financing has been arranged. Revenue is recognized net of sales tax.

Retail revenue also includes the fixed commission from the sale of a small number of vehicles where Cazoo acts as an agent. Under IFRS 15 only the net commission received from these sales is recorded within revenue, with 100% of that revenue contributing towards gross profit.

Contract liabilities relate to undelivered retail orders. Contract liabilities are recognized at the point when cash is received for the order and are derecognized into revenue upon delivery to the customer.

Retail revenue also comprises ancillary products (including financing commission, warranty commission, paint protection and any add-ons), together with delivery charges and admin fees. Ancillary revenues were previously included in "Other sales". The comparatives for 2021 and 2020 have been restated for consistency.

Customers purchasing vehicles from the Group may enter into a contract for finance or enter a contract to extend their warranty after the initial 90-day inclusive period through the Group's platform. The Group acts as an agent and receives a commission for the arrangement of these contracts from the principal. The Group recognizes commission revenue at the time of sale, net of a reserve for estimated contract cancellations. The reserve for cancellations is estimated based upon historical experience and recent trends and is reflected as a reduction in revenue. Changes in these estimates are reflected as an adjustment to revenue in the period identified.

Contract assets relate to commission revenue earned but not invoiced at the period end. The commission earned is conditional upon the delivery of the vehicle to the customer and no return being made by the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.1 Revenue (continued)

Wholesale

The Group sells vehicles through car auctions to trade and other buyers. The vehicles sold via auction are primarily acquired from customers as part-exchanges or through our direct car buying channel that do not meet the Group's quality standards to list and sell as retail vehicles. The Group satisfies its performance obligation for wholesale sales when the purchaser obtains control of the underlying vehicle which is at the point the vehicle is sold at auction.

Other sales

Other sales comprises revenue from walk-in servicing, subscription services, third-party reconditioning and the provision of data services.

At the Group's customer centers, vehicle servicing products are offered including interim, full and major servicing, MOT tests, general repairs and one-off checks and treatments. The Group satisfies its performance obligations at the point the agreed work is completed. The Group recognizes revenue at the agreed purchase price net of sales tax.

The Group provided third-party reconditioning services during the year. The Group satisfies its performance obligations at the point the agreed work is completed.

Revenue from subscription services is recognized under IFRS 16 and as such is recognized on a straight-line basis over the contract period. The subscription service allows customers to subscribe for a vehicle over a period of time for a monthly fee as an alternative to ownership. Revenue from the provision of related services such as maintenance and breakdown are recognized separately in accordance with IFRS 15 – over time, as the service is provided.

The Group also provides data services whereby customers access selected Cazoo vehicle data for a monthly fee. Revenue is recognized in accordance with IFRS 15 based on actual data usage for these contracts.

3.2 Cost of sales

Cost of sales primarily relates to vehicle acquisition costs and reconditioning costs, as well as any necessary adjustments to reflect vehicle inventory at the lower of cost and net realizable value. Vehicle reconditioning costs are the direct costs associated with preparing the vehicles for resale and typically include the cost of parts, labor and inbound transportation costs. Cost of sales also includes the cost of providing drive-away insurance, fuel, vehicle warranty, buyers fees, and other costs incurred in providing ancillary products and services. Cost of sales also includes the depreciation of cars out on subscription.

3.3 Leasing

Group acting as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group classifies assets with value less than £5,000 as low-value. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.3 Leasing (continued)

Group acting as a lessee (continued)

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold property	1 – 20 years
Fixtures and fittings	5 years
Subscription vehicles	1 – 3 years
Other motor vehicles	4 years

The estimated useful life of leasehold property has decreased in the year ended December 31, 2022 as a result of lease modifications during the year.

Depreciation of right-of-use subscription vehicles is recognized within cost of sales in the statement of profit or loss. Depreciation of other right-of-use assets is recognized within operating expenses in the statement of profit or loss.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventory) in the period in which the event or condition that triggers the payment occurs.

Interest on lease liabilities is recognized within finance expense in the statement of profit or loss.

Sale and leaseback

A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. The Group accounts for sale and leaseback transactions in accordance with IFRS 16. The Group derecognizes the underlying asset when it satisfies the criteria for the transfer of control to the buyer in accordance with IFRS 15. The Group recognizes the gain or loss, if any, that relates to the rights transferred to the buyer and adjusted for off-market terms. The Group recognizes a right-of-use asset and a lease liability for the leaseback.

Group acting as a lessor

The subscription of vehicles to customers is recognized under IFRS 16. When the Group acts as a lessor, it determines at the lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.3 Leasing (continued)

Group acting as a lessor (continued)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the short-term lease exemption, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as revenue on a straight-line basis over the lease term as part of "Other sales".

The Group recognizes finance income over the lease term, reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

3.4 Employee benefits

Short-term and long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the period to which they relate.

3.5 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the retained earnings.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.5 Share-based payments (continued)

Save As You Earn (“SAYE”) scheme

The SAYE scheme is accounted for as an equity-settled share-based payment scheme. The fair value determined at the grant date of the SAYE scheme is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The fair value is determined using a Black-Scholes option pricing model.

3.6 Government grants

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. The Group received subsidies for electric subscription vehicles from the German government during the year. Amounts received are initially recognized as deferred income and then recognized in the statement of profit or loss over the useful life of the asset.

In the prior years, the Group received funds in connection to the Job Retention Scheme launched as part of the UK Government’s response to the COVID-19 pandemic. Amounts received were recognized net within the statement of profit or loss as income or a reduction to expenses.

3.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from “profit before tax” as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.7 Taxation (continued)

Current and deferred tax

Current and deferred tax are recognized in the statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprises cash at banks and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to insignificant risk of change in value.

3.9 Business combinations

The acquisition of subsidiaries and businesses is accounted for using the acquisition method in accordance with IFRS 3. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs other than those associated with the issue of debt or equity securities, are recognized in the consolidated statement of comprehensive income as incurred.

At the acquisition date the identifiable assets acquired and liabilities assumed are recognized at their fair value with the exception of deferred tax assets and liabilities, which are measured in accordance with IAS 12 - income taxes. Identifiable net assets include the recognition of any separately identifiable intangible assets.

Deferred and contingent consideration are measured at fair value at the date of acquisition. Where the amounts payable are classified as a financial liability any subsequent change in the fair value is charged/credited to the Group's consolidated statement of comprehensive income. Amounts classified as equity are not subsequently remeasured. Where consideration to management shareholders is contingent on their continued employment the amount is recognized as a remuneration expense in the statement of comprehensive income over the deferral period.

3.10 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit or loss. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Subscription vehicles are transferred from property, plant and equipment to inventory at their carrying amount when existing subscription contracts come to an end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.10 Property, plant and equipment (continued)

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Freehold buildings	50 years
Leasehold improvements	5 – 50 years
Fixtures and fittings	3 – 15 years
Computer equipment	1 – 5 years
Subscription vehicles	1 – 13 years
Other motor vehicles	1 – 5 years
Plant and machinery	3 – 15 years

The residual values and economic lives of assets are reviewed on an annual basis. Freehold land is not depreciated.

3.11 Intangible assets and goodwill

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. Amortization is recognized within operating expenses in the statement of profit or loss. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Domain names	1 – 5 years
Development costs and software	3 – 10 years
Customer relationships	1 year
Brand	1 year

Internally-generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.11 Intangible assets and goodwill (continued)

Internally-generated intangible assets (continued)

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Expenditure includes both employees of the Group and external contractors contributing to the development projects. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in the statement of profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Goodwill

Goodwill arising on a business combination represents the difference between the fair value of the consideration paid and the fair value of assets and liabilities acquired and is recorded as an intangible asset. Goodwill is not subsequently subject to amortization but is tested for impairment annually and whenever the Directors have an indication that it may be impaired. For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the combination. Any impairment in carrying value is charged to the consolidated statement of comprehensive income.

3.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.13 Inventory

Inventory consists of vehicles purchased, direct and indirect vehicle reconditioning costs, including parts and labor and inbound transportation costs.

Inventory is stated at the lower of cost and net realizable value. The costs of inventory are determined by specific identification. Net realizable value is the estimated selling price less costs to complete and transport the vehicles. Selling prices are derived from historical data and trends, such as sales price and inventory turn times of similar vehicles, as well as independent market data. Each reporting period the Group recognizes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value through cost of sales.

3.14 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.15 Convertible Notes and embedded derivative

The Convertible Notes are accounted for as a hybrid financial instrument comprising: (i) a liability for the principal and interest amount, and (ii) a single compound embedded derivative instrument for the conversion options and premium feature.

The host contract is classified as a financial liability because there is an obligation to make fixed interest payments on a quarterly basis and there is an obligation to deliver cash to the holder on redemption of the Convertible Notes at the maturity date.

The holder's conversion option is not classified as equity as it does not meet the "fixed-for-fixed" criterion. This is because the Company's contractual obligation, being denominated in a foreign currency (USD), represents a variable amount of cash on settlement.

Financial liability

The financial liability was initially measured at fair value less transaction costs. The fair value of the liability was calculated as the residual transaction price after deducting the fair value of the embedded derivative.

The financial liability is subsequently measured at amortized cost using the effective interest method. Interest expense is recognized within finance expense in the statement of profit or loss.

The financial liability is translated from USD to GBP at the exchange rate at the reporting date in accordance with IAS 21, with the exchange rate difference recognized within other income and expenses in the statement of profit or loss.

The capital element of the financial liability is presented as non-current as it is not due to be repaid until February 2027. However, the accrued interest as at December 31, 2022 is presented as current, as it will be settled within the next twelve months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.15 Convertible loan notes and embedded derivative (continued)

Embedded derivative

The compound embedded derivative for the conversion options and premium feature was initially measured at fair value. The embedded derivative is subsequently remeasured at fair value at each reporting date with changes in fair value recognized in other income and expenses within the statement of profit or loss. The fair value of the embedded derivative is determined using a Monte-Carlo simulation to model the conversion, redemption and repayment premium features.

The embedded derivative is translated from USD to GBP at the exchange rate at the reporting date in accordance with IAS 21, with the exchange rate difference recognized within other income and expenses in the statement of profit or loss.

The embedded derivative is presented as non-current as the maturity exceeds twelve months from the reporting date and the Company intends to hold the derivative for more than twelve months from the reporting date.

3.16 Warrants

Warrants are classified and accounted for as derivative financial liabilities and are initially recognized at their fair value. The warrants are subsequently re-measured at fair value at each reporting date with changes in fair value recognized in other income and expenses within the statement of profit or loss. The fair value is determined using a Black-Scholes model for the private warrants.

3.17 Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value are recognized immediately in the statement of profit or loss.

Financial assets

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.17 Financial instruments (continued)

Financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and effective interest method

Interest income is recognized using the effective interest method for financial assets measured at amortized cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income is recognized in the statement of profit or loss within finance income.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on trade receivables, other receivables, and accrued income. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Group recognizes lifetime expected credit losses (“ECL”) for trade receivables, other receivables, and amounts due from customers under contracts. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss (“FVTPL”).

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.17 Financial instruments (continued)

Financial liabilities (continued)

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3.18 Business segments

The Board of Directors has been identified as the Group's chief operating decision maker. The monthly reporting pack provided to the Board has been used as the basis for determining the Group's operating segments. The key financial performance metrics monitored by the chief operating decision maker include revenue, gross profit, operating expenses and adjusted EBITDA.

During the year ended December 31, 2022 there was a change in the segmentation of the Group following the launch of the Cazoo retail proposition in Europe. The monthly reporting pack provided to the Board disaggregated the performance of the business on a UK and EU basis. Management has therefore determined that there exist two operating segments, UK and EU.

The UK segment's results are equivalent to the Group's results from continuing operations which are disclosed in the statement of profit or loss. The EU segment has been classified as a discontinued operation and the Group has not disclosed the results within the segment disclosures in Note 10 in accordance with IFRS 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3. Accounting policies (continued)

3.19 Assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance expense and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 12. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any components of equity. Any resulting gain or loss is recognized in the statement of profit or loss.

3.20 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the Group's functional currency (Pounds Sterling) at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are recognized in the statement of profit or loss and presented within other income and expenses.

Foreign operations

The assets and liabilities of foreign (non-UK) operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

4. Accounting judgements and estimates

4.1 Judgements

Revenue recognition – Principal / agent arrangements

The process of determining whether Cazoo acts as a principal or agent in certain transactions requires detailed analysis of the specific facts and circumstances of the transaction concerned. Management judgement is applied in the assessment of the transaction against the three indicators in IFRS 15:

- Assessment of whether Cazoo is primarily responsible for fulfilling the promise to provide the specified good or service.
- Assessment of whether Cazoo has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer.
- Assessment of whether Cazoo has discretion in establishing the price for the specified good or service.

Revenue includes the fixed commission from the sale of a small number of vehicles where Cazoo acts as an agent.

Recognition of acquired intangibles on acquisition

The process of recognizing intangible assets acquired in an acquisition requires a judgement in assessing the intangibles that exist in the acquired business and assessing fair value. An intangible asset acquired as part of a business combination is recognized if it can be separately identified and it is a probable source of economic benefits.

The Group acquired brumbrum S.p.A in the year ended December 31, 2022. For the acquisition, the Group has recognized goodwill and a number of separately identifiable intangibles. The Group engaged a third-party valuation expert for the purchase price allocation exercise in relation to each acquisition to mitigate the risk associated with the recognition and valuation of assets and liabilities at the acquisition date. The details of all assets and liabilities recognized upon acquisition of subsidiaries is set out in Note 14.

Capitalization of development time

Time spent by the Group's employees, and external contractors under the direction of the Group's employees, in software development is capitalized as an internally generated intangible asset when the requirements of IAS 38 and of Group policy are both met. Management judgement is applied in the assessment of the project against the development criteria of IAS 38 in the following areas:

- Assessment of whether the project meets the six requirements of IAS 38 to be considered an internally generated asset, as set out in Note 3.11.
- Assessment of the point in time when the project moved from an exploratory phase into a development phase.
- Assessment of the proportion of employee and contractor output that is directly attributable to developmental activities.

Determination of cash-generating units ("CGUs")

Judgement is applied in the determination of CGUs for impairment testing. Management have carefully considered the cash inflows of each group of assets and how they are monitored. As a result, management have identified three CGUs (UK, France and Germany, and Cazana) based on the lowest level at which largely independent cash flows are generated. Management have also considered secondary factors such as monitoring by management and how management makes decisions about continuing or disposing of assets and operations in helping to identify its CGUs. Further information on the three CGUs and impairment testing are disclosed in Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

4. Accounting judgements and estimates (continued)

4.2 Estimates

Impairment of intangible assets and goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. The value in use calculation is based on a discounted cash flow (“DCF”) model. The cash flows are derived from the budget for the next five years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16.

Net realizable value of inventory

Vehicles held in inventory are stated at the lower of cost and net realizable value. The calculation of net realizable value requires an estimate of the expected selling price of each vehicle held in inventory. This estimate is made using a combination of historical data of the Group and independent market data. Independent market data provides a view to recent market activity for vehicles with similar attributes to those held in stock. This, combined with recent sales data of the Group, is used to estimate the expected selling prices of inventory. At each reporting period the Group recognizes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value through cost of sales. See Note 17 for further details of the inventory provision, including a sensitivity analysis.

Share-based payments

Estimating the fair value of equity-settled employee share options requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Monte-Carlo model for Executive director grants and a Black-Scholes model for the SAYE scheme. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 26.

Convertible Notes and embedded derivative

The valuation of the Convertible Notes and embedded derivative requires the use of option pricing models or other valuation techniques. The fair value of the embedded derivative is determined using a Monte-Carlo simulation to model the conversion, redemption and repayment premium features. The key assumption used for estimating the fair value of the embedded derivative is the volatility and credit spread. Further details are disclosed in Note 24.

Warrants

The valuation of the Group’s warrants requires the use of option pricing models or other valuation techniques. The fair value is determined using a Black-Scholes model for the private warrants. The key assumption used for estimating the fair value of the private warrants is the volatility. Further details are disclosed in Note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

4. Accounting judgements and estimates (continued)

4.2 Estimates (continued)

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in its leases, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

5. Revenue

5.1 Disaggregated revenue information

The following is an analysis of the Group’s revenue for the year from continuing operations. Revenue recognized from continuing operations has arisen entirely within the UK.

Type of goods or services	Year ended	Year ended	Year ended
	December 31 2022 £'000	December 31 2021 £'000	December 31 2020 £'000
Retail ¹	1,103,557	515,711	153,541
Wholesale	116,541	103,203	8,667
Other sales ¹	28,493	36,509	-
	1,248,591	655,423	162,208
Timing of revenue recognition			
Goods and services transferred at a point in time	1,231,204	645,952	162,208
Goods and services transferred over time	17,387	9,471	-
	1,248,591	655,423	162,208

¹ Retail includes the aggregate retail sales price and ancillary products (including financing commission, warranty commission, paint protection and any add-ons), together with delivery charges and admin fees, from all vehicles sold through the Group’s retail channel in the year. Ancillary revenues were previously presented in “Other sales”. The comparatives for 2021 and 2020 have been restated for consistency (ancillary revenues were £15.2 million for the year ended 31 December, 2021 and £3.1 million for the year ended December 31, 2020).

5.2 Contract balances

Revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the year-end is summarized as below.

	Within one month as at December 31, 2022 £'000	Within one month as at December 31, 2021 £'000
Undelivered vehicles	19,374	7,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

6. Operating expenses

Operating loss from continuing operations is stated after charging:

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Depreciation of property, plant and equipment and right-of-use assets	34,900	21,172	5,897
Amortization of intangible assets	19,332	30,475	1,292
Impairment of intangible assets and goodwill	299,377	5,493	-
Expensed research and development costs	16,106	8,154	6,697

7. Employee benefit expenses

Employee benefit expenses (including Directors) comprise:

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Wages and salaries	132,742	71,219	10,913
Employer's national insurance	13,990	7,772	2,092
Short-term non-monetary benefits	1,114	430	416
Defined contribution pension cost	6,387	3,408	871
Share-based payment expenses	44,496	43,871	3,759
	198,729	126,700	18,051

8. Finance income and expense

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Finance income			
Interest on bank deposits	2,111	232	486
Total finance income	2,111	232	486
Finance expense			
Interest on Convertible Notes	(41,351)	-	-
Interest on loans and borrowings	(6,940)	(3,327)	(1,000)
Interest on lease liabilities	(5,048)	(1,336)	(298)
Total finance expense	(53,339)	(4,663)	(1,298)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

9. Other income and expenses

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Fair value movement in the Convertible Notes and embedded derivative	198,769	-	-
Fair value movement in the warrants	47,097	26,671	-
Foreign exchange movements	(51,630)	-	-
IFRS 2 expense on the Transaction (non-cash)	-	(240,810)	-
	<u>194,236</u>	<u>(214,140)</u>	<u>-</u>

10. Segment information

Revenue recognized from continuing operations has arisen entirely within the UK (2021 and 2020: all UK).

The following table presents the Group's non-current assets by geographic location.

	At December 31 2022 £'000	At December 31 2021 £'000
Non-current assets		
UK	262,541	496,245
EU	1,855	48,446
Total	<u>264,396</u>	<u>544,691</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

11. Taxation

Tax credit

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Current tax:			
Adjustment in respect of prior years	-	190	-
Deferred tax:			
Origination and reversal of timing differences	(5,997)	(3,867)	(969)
Adjustment in respect of prior years	-	191	-
Effect of tax rate change on opening balance	(1,355)	1,324	-
Tax credit	(7,352)	(2,162)	(969)

The tax credit for the year can be reconciled to the statement of profit and loss as follows:

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Loss before tax from continuing operations	(525,474)	(531,454)	(99,847)
Loss before tax from discontinued operations	(188,422)	(17,759)	(3,809)
Current corporation tax rate of 19%	(99,840)	(98,727)	(18,971)
Impact of difference in overseas tax rates	(17)	-	-
Expenses not deductible for tax purposes	977	55,356	1,238
Adjustment in respect of previous periods	-	381	-
Impact of rate change	(1,355)	1,402	-
Deferred tax asset not recognized	35,867	64,336	17,733
Impact of share scheme	9,089	-	-
Impairment of goodwill	47,927	-	-
Utilization of deferred tax previously unrecognized	-	(23,862)	-
Difference between corporation tax and deferred tax rate	-	(423)	-
Benefit of tax incentives	-	(625)	-
Research and development claim – prior year	-	-	(969)
Tax credit	(7,352)	(2,162)	(969)

The tax credit is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Deferred taxation is determined using tax rates that are substantively enacted at the balance sheet date and are expected to apply when the asset is realized. Deferred tax assets are recognized to the extent it is probable that they will be recoverable against future taxable profits.

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on May 24, 2021). These included an increase in the corporation tax rate from 19% to 25% from April 1, 2023. Deferred tax balances have been remeasured accordingly where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

11. Taxation (continued)

Deferred tax

	At December 31 2022 £'000	At December 31 2021 £'000
Deferred tax assets		
Share-based payments	622	10,822
Losses	506	2,081
Short-term timing differences	-	119
Other temporary differences	-	67
Total deferred tax assets recognized	1,128	13,089
Deferred tax liabilities		
Fixed asset temporary differences	-	(5,280)
Intangible asset differences	-	(6,632)
Other temporary differences	(1,128)	(1,263)
Total deferred tax liabilities	(1,128)	(13,175)
Deferred tax liabilities, net	-	(86)

Reconciliation of deferred tax liabilities, net

	£'000
At December 31, 2020	-
Income tax recognized in the income statement	6,084
Prior year adjustments	(191)
Business combinations	(13,404)
Equity	7,425
At December 31, 2021	(86)
Income tax recognized in the income statement	9,989
Prior year adjustments	23
Business combinations	(2,501)
Equity	(7,425)
At December 31, 2022	-

The Group has unutilized tax losses of £554.1 million (2021: £488.3 million) which are available against future taxable profits for an indefinite period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

12. Discontinued operations

On September 8, 2022, the Group announced the conclusion of its strategic review of its business in mainland Europe. Following a review of a range of strategic options, Management concluded that Cazoo would focus exclusively on its core opportunity in the UK. As a result, the Group commenced an orderly winddown of its operations in mainland Europe. On October 31, 2022, the Group sold its Italian operations, Cazoo Trading Italy S.p.A., to Aramis Group SA. brumbrum was previously acquired on January 31, 2022, refer to Note 14 for further details. On December 15, 2022, the Group sold its Spanish subscription business, Swipcar 2017, S.L., to Renting Finders S.L.

At December 31, 2022, the EU segment was classified as a discontinued operation. The comparative year ended December 31, 2021 has been restated to show the EU segment as a discontinued operation. There was no EU segment in 2020.

In December 2022, management committed to a plan to sell Cluno GmbH. Accordingly, Cluno GmbH is presented as a disposal group held for sale.

For the comparative year ended December 31, 2020, the Imperial Car Supermarkets Limited (“Imperial”) dealership centers were treated as a discontinued operation in accordance with IFRS 5. The dealership centers were converted to Cazoo Customer Centers in order to align with the Group’s online strategy.

Results of discontinued operations

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Revenue	158,384	12,391	27,194
Expenses	(325,779)	(29,098)	(30,315)
Loss from operations	(167,395)	(16,707)	(3,121)
Finance income	19	1	-
Finance expense	(4,019)	(1,053)	(688)
Loss on sale of discontinued operations	(14,509)	-	-
Impairment loss on remeasurement of the disposal group	(2,518)	-	-
Loss before tax from discontinued operations	(188,422)	(17,759)	(3,809)
Tax expense	2,660	3,542	-
Loss for the year from discontinued operations	(185,762)	(14,217)	(3,809)
Earnings per share:			
Basic loss per ordinary share from discontinued operations	£ (4.87)	£ (0.42)	£ (0.15)
Diluted loss per ordinary share from discontinued operations	£ (4.87)	£ (0.42)	£ (0.15)
Net cash flows from/(used in) discontinued operations:			
Operating	(79,232)	(122,646)	23,581
Investing	(57,127)	(38,109)	-
Financing	(29,134)	29,110	(34,987)
Net cash outflow	(165,493)	(131,645)	(11,406)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

12. Discontinued operations (continued)

Effect of disposal on the financial position of the Group

	<u>£'000</u>
Property, plant and equipment	(12,333)
Right-of-use assets	(5,720)
Inventory	(5,570)
Trade and other receivables	(6,020)
Cash and cash equivalents	(10,800)
Trade and other payables	3,424
Loans and borrowings	14,731
Lease liabilities	5,878
Provisions	770
Net assets and liabilities	<u>(15,640)</u>
Consideration received, satisfied in cash	1,131
Cash and cash equivalents disposed of	(10,800)
Net cash outflow	<u>(9,669)</u>

Disposal group held for sale

The major classes of assets and liabilities of Cluno GmbH classified as held for sale as at December 31, 2022 are as follows:

	<u>£'000</u>
Property, plant and equipment	39,369
Right-of-use assets	878
Intangible assets	1,729
Inventory	7,865
Trade and other receivables	3,522
Cash and cash equivalents	12,442
Assets held for sale	<u>65,805</u>
Trade and other payables	(4,504)
Loans and borrowings	(29,062)
Lease liabilities	(1,003)
Provisions	(5,033)
Liabilities associated with assets held for sale	<u>(39,602)</u>
Net assets directly associated with disposal group	<u>26,203</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

13. Earnings per share

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Loss for the year:			
Continuing operations	(518,122)	(529,292)	(98,878)
Discontinued operations	(185,762)	(14,217)	(3,809)
Total loss for the year	(703,884)	(543,509)	(102,687)
Weighted average number of ordinary shares:			
Basic weighted average number of ordinary shares	38,080,782	33,398,652	25,758,091
Dilutive effect of share options, Note 24	-	-	-
Dilutive effect of warrants, Note 24	-	-	-
Diluted weighted average number of ordinary shares	38,080,782	33,398,652	25,758,091
Basic loss per ordinary share from continuing operations	£ (13.61)	£ (15.85)	£ (3.84)
Diluted loss per ordinary share from continuing operations	£ (13.61)	£ (15.85)	£ (3.84)
Basic loss per ordinary share from discontinued operations	£ (4.87)	£ (0.42)	£ (0.15)
Diluted loss per ordinary share from discontinued operations	£ (4.87)	£ (0.42)	£ (0.15)
Basic loss per ordinary share	£ (18.48)	£ (16.27)	£ (3.99)
Diluted loss per ordinary share	£ (18.48)	£ (16.27)	£ (3.99)

The basic and diluted loss per ordinary share has been adjusted retrospectively for the reverse stock split which became effective on February 8, 2023. Refer to Note 28 for further details.

14. Acquisitions

14.1 brumbrum S.p.A

On January 31, 2022, the Group acquired 100% of the share capital of brumbrum S.p.A (“brumbrum”) which was renamed Cazoo Trading Italy S.p.A. post acquisition. Total consideration was £59.9 million, with £27.7 million paid in cash, £3.0 million of deferred consideration, £6.2 million of debt assumed and discharged and £23.1 million through the issue of Class A Shares. The acquisition balance sheet included £3.7 million of cash. Total consideration net of cash acquired was £56.2 million.

Founded in 2016, brumbrum was based in Milan and operated a 40,000 square meter vehicle preparation center in Reggio Emilia. The business offered vehicles for sale, finance or subscription for delivery across Italy.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. The audited consolidated financial statements include the results of brumbrum for the period from the acquisition date.

In calculating goodwill arising from the acquisition, the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities. The Group recognized a number of separately identifiable intangible assets as part of the acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

14. Acquisitions (continued)

14.1 brumbrum S.p.A (continued)

Details of the amounts are set out in the table below.

	£'000
Property, plant and equipment	7,342
Right-of-use assets	6,276
Inventory	1,752
Trade and other receivables	6,401
Cash and cash equivalents	3,743
Trade and other payables	(6,992)
Loans and borrowings	(10,194)
Lease liabilities	(6,276)
Provisions	(631)
Total net assets acquired	1,421
Intangible assets recognized on acquisition:	
Brand	4,158
Customer relationships	3,669
Software	2,592
Deferred tax arising on intangible assets	(2,501)
Total intangible assets recognized on acquisition	7,918
Total identifiable net assets at fair value	9,339
Goodwill	50,597
Purchase consideration transferred	59,936
Satisfied by:	
Cash	27,694
Deferred consideration	2,955
Debt assumed and discharged	6,236
Shares issued	23,051
Purchase consideration transferred	59,936

At the date of the acquisition, the carrying amount of trade and other receivables was £6.4 million, all of which was expected to be collectible in the short-term. As such, there was no difference between the carrying amount and fair value of trade and other receivables at the date of acquisition.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

Software acquired represented brumbrum's platform system and website, which had been developed in-house and was considered to be brumbrum owned intellectual property. The brand was considered to be highly recognizable in Italy. An intangible asset was recognized for significant customer relationships.

Goodwill was attributable mainly to the skills and technical talent of brumbrum's workforce.

The fair value of the Class A Shares issued at the date of acquisition was determined as £3.52 per Class A Share, which was the closing share price of the Class A Shares on the acquisition date.

Transaction costs of £1.0 million have been expensed and are included in administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

Following the winddown of operations in mainland Europe, brumbrum was classified as a discontinued operation. Refer to Note 12 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

15. Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Subscription vehicles £'000	Other motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost								
At December 31, 2020	14,907	13,702	3,949	598	-	2,742	659	36,557
Additions	-	12,419	5,210	2,245	82,314	8,011	810	111,009
Acquisition of subsidiaries	15,921	4,081	1,418	1,013	25,346	367	2,692	50,838
Disposals	-	-	-	(3)	(963)	-	(17)	(983)
Transfers	-	-	-	-	(1,713)	791	-	(922)
FX revaluation	-	-	-	-	(736)	-	-	(736)
At December 31, 2021	30,828	30,202	10,577	3,853	104,248	11,911	4,144	195,763
Additions	-	17,144	2,066	2,340	66,494	11,149	926	100,119
Acquisition of subsidiaries	-	168	330	2	6,781	-	61	7,342
Disposals	-	(134)	(446)	(672)	(14,044)	(11,212)	(28)	(26,536)
Disposal of subsidiaries	-	(183)	(471)	(14)	(12,212)	(11)	(74)	(12,965)
Sale and leasebacks	(14,159)	-	-	-	-	-	-	(14,159)
Assets held for sale	-	-	(116)	(225)	(48,317)	-	-	(48,658)
Transfers from inventory	-	-	-	-	22,255	-	-	22,255
Transfers to inventory	-	-	-	-	(70,427)	-	-	(70,427)
FX revaluation	-	15	17	13	2,735	20	2	2,792
At December 31, 2022	16,669	47,202	11,957	5,297	57,513	11,857	5,031	155,526
Accumulated depreciation								
At December 31, 2020	-	(634)	(415)	(168)	-	(75)	(51)	(1,343)
Depreciation charge for the year	-	(4,247)	(1,495)	(830)	(5,938)	(1,630)	(542)	(14,682)
Disposals	-	-	-	-	1,244	-	-	1,244
Transfers	-	-	-	-	43	(66)	-	(23)
FX revaluation	-	-	-	-	(4)	-	-	(4)
At December 31, 2021	-	(4,881)	(1,910)	(998)	(4,655)	(1,771)	(593)	(14,808)
Depreciation charge for the year	(429)	(7,844)	(2,460)	(1,821)	(15,429)	(3,110)	(927)	(32,020)
Disposals	-	162	154	103	1,682	1,501	-	3,602
Disposal of subsidiaries	-	16	41	7	549	1	18	632
Assets held for sale	-	-	90	125	3,327	-	-	3,542
Transfers to inventory	-	-	-	-	6,707	-	-	6,707
FX revaluation	-	(1)	5	(10)	(460)	(4)	2	(468)
At December 31, 2022	(429)	(12,548)	(4,080)	(2,594)	(8,279)	(3,383)	(1,500)	(32,813)
Net book value								
At December 31, 2022	16,240	34,654	7,877	2,703	49,234	8,474	3,531	122,713
At December 31, 2021	30,828	25,321	8,667	2,855	99,593	10,140	3,551	180,955

The Group completed sale and leaseback transactions during the year ended December 31, 2022 resulting in freehold property with a carrying value of £14.2 million being derecognized from property, plant and equipment (2021: £nil). A loss on rights transferred of £1.9 million (2021: £nil, 2020: £nil) is recognized in the statement of profit or loss within administrative expenses.

The Group disposed of property, plant and equipment with a carrying value of £22.9 million during the year ended December 31, 2022 largely as a result of the Revised Business Plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

16. Intangible assets and goodwill

	Goodwill £'000	Development costs and software £'000	Customer relationships £'000	Brand £'000	Domain names £'000	Total £'000
Cost						
At December 31, 2020	22,693	5,353	-	-	51	28,097
Additions	-	14,237	-	-	22	14,259
Acquisition of subsidiaries	196,147	36,588	21,109	2,746	-	256,590
At December 31, 2021	218,840	56,178	21,109	2,746	73	298,946
Additions	-	18,078	-	-	55	18,133
Acquisition of subsidiaries	50,597	2,592	3,669	4,158	-	61,016
Assets held for sale	-	(2,487)	-	-	-	(2,487)
At December 31, 2022	269,437	74,361	24,778	6,904	128	375,608
Accumulated amortization						
At December 31, 2020	-	(1,428)	-	-	(9)	(1,437)
Charge for the year	-	(6,622)	(21,109)	(2,746)	(25)	(30,502)
Impairment loss	-	(5,493)	-	-	-	(5,493)
At December 31, 2021	-	(13,543)	(21,109)	(2,746)	(34)	(37,432)
Charge for the year	-	(18,641)	(653)	-	(38)	(19,332)
Impairment loss	(269,437)	(26,622)	(3,016)	(4,158)	-	(303,233)
Assets held for sale	-	758	-	-	-	758
At December 31, 2022	(269,437)	(58,048)	(24,778)	(6,904)	(72)	(359,239)
Net book value						
At December 31, 2022	-	16,313	-	-	56	16,369
At December 31, 2021	218,840	42,635	-	-	39	261,514

The Group capitalized £15.8 million of employee and contractor development expenditure in the year ended December 31, 2022 (2021: £11.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

16. Intangible assets and goodwill (continued)**Impairment testing**

For the purposes of impairment testing, intangible assets and goodwill have been allocated to the Group's CGUs as below.

	At December 31 2022 £'000	At December 31 2021 £'000
Intangible assets		
UK	16,369	32,696
France and Germany	-	5,096
Cazana	-	4,304
Spain	-	578
	16,369	42,674
Goodwill		
UK	-	136,833
France and Germany	-	82,007
Cazana	-	-
Spain	-	-
	-	218,840

The Group performed its annual impairment test in December 2022 which considered both qualitative and quantitative factors.

UK

The recoverable amount of the UK CGU of £491.2 million as at December 31, 2022 (2021: £1,658.6 million) has been determined based on a value in use calculation using cash flow projections covering a seven-year period. This was extrapolated from the 2023 budget which was approved by the Board of Directors. The pre-tax discount rate applied to cash flow projections is 21.3% (2021: 15.7%) and cash flows beyond the seven-year period are extrapolated using a 2.0% growth rate (2021: 2.0%). As a result of the analysis, there is an impairment charge of £136.7 million (2021: headroom of £1,004.7 million).

For value in use calculations, cash flows are typically forecast for a five-year period. Management has used a longer period of seven years for the UK CGU to better reflect the medium-term growth expectations for this CGU and the stage of growth of the Company.

Cazana

The recoverable amount of the Cazana CGU of £2.7 million as at December 31, 2022 (2021: £4.6 million) has been determined based on a value in use calculation using cash flow projections covering a five-year period. This was extrapolated from the 2023 budget which was approved by the Board of Directors. The pre-tax discount rate applied to cash flow projections is 18.1% (2021: 23.3%) and cash flows beyond the five-year period are extrapolated using a 2.0% growth rate (2021: 2.0%). As a result of the analysis, there is headroom of £1.0 million (2021: impairment charge of £5.5 million) and management did not identify an impairment for this CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

16. Intangible assets and goodwill (continued)

Key assumptions and sensitivity analysis

The key assumptions used in the estimation of the recoverable amount are set out below.

Discount rates

The discount rate calculation is based on the specific circumstances of the Group and its CGUs and is derived from its weighted average cost of capital (WACC). An increase in the pre-tax discount rate to 22.3% (i.e. +1.0%) in the UK CGU would result in an additional impairment charge of £54.6 million. An increase in the pre-tax discount rate above 28.9% (i.e. +10.8%) in the Cazana CGU would result in impairment.

Gross margins

Gross margins increase over the budget period to reflect the Group's focus on unit economics through higher margin and faster moving inventory, with a long-term retail GPU target of approximately £2,000. A decrease in the gross margin by 1.0% in the UK CGU would result in further impairment of £157.8 million. A decrease in the gross margin by 1.0% in the Cazana CGU would reduce the headroom but not result in impairment.

Terminal growth rate

The terminal growth rate is used to extrapolate cash flows beyond the forecast period. A decrease in the terminal growth rate by 1.0% in the UK CGU would result in further impairment of £26.9 million. A decrease in the terminal growth rate by 1.0% in the Cazana CGU would reduce the headroom but not result in impairment.

17. Inventory

	At December 31 2022 £'000	At December 31 2021 £'000
Finished goods and work in progress	232,565	364,585

At each reporting period the Group recognizes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value. Further detail on the estimates made in the calculation of net realizable value is set out in Note 4.2.

As at December 31 the inventory provision is stated as follows:

	At December 31 2022 £'000	At December 31 2021 £'000
Gross inventory	235,245	369,532
Inventory provision	(2,680)	(4,947)
Inventory	232,565	364,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

17. Inventory (continued)

During the year £1,175.1 million (2021: £447.2 million, 2020: £161.2 million) was recognized as an expense for inventory carried at net realizable value. This is recognized in cost of sales.

The sensitivity of the inventory provision, based upon a 2% change in the expected selling price of inventory input, is as follows:

	Change in expected selling price estimate %	Change in inventory provision 2022 £'000	Change in inventory provision 2021 £'000
Inventory provision	+2	683	1,417
Inventory provision	-2	(1,071)	(1,904)

As at December 31, 2022 inventory of £170.7 million (2021: £273.3 million) was held as security against stocking loans.

18. Trade and other receivables

	At December 31 2022 £'000	At December 31 2021 £'000
Trade receivables	24,475	15,021
Prepayments	21,255	28,124
Contract assets	248	3,451
VAT recoverable	8,445	30,499
Other receivables	12,336	10,982
	66,759	88,077
Allowance for expected credit losses	(4,000)	(225)
Total trade and other receivables	62,759	87,852
Current	56,259	77,884
Non-current	6,500	9,968

Contract assets relate to revenue earned from ancillary products. They are short term in nature and are derecognized within one month of the reporting period end across both 2022 and 2021 financial years.

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	Allowance for expected credit losses £'000
At December 31, 2020	-
Provision for expected credit losses	225
At December 31, 2021	225
Provision for expected credit losses	3,775
At December 31, 2022	4,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

19. Trade and other payables

	At December 31 2022 £'000	At December 31 2021 £'000
Trade payables	18,141	29,224
Accruals and other creditors	25,192	25,279
Tax and social security payables	5,494	11,316
Contract liabilities	19,374	7,911
Deferred consideration	-	5,554
Total trade and other payables	68,201	79,284
Current	68,201	79,284
Non-current	-	-

Contract liabilities relate to undelivered vehicles. They are short term in nature and are derecognized within one month of the reporting period end across both 2022 and 2021 financial years.

20. Loans and borrowings

The book value of loans and borrowings are as follows:

	At December 31 2022 £'000	At December 31 2021 £'000
Current		
Stocking loans	161,592	169,170
Subscription facilities	14,983	10,188
Secured asset financing	1,479	-
Bank loans	30	635
Mortgages	-	547
	178,084	180,540
Non-current		
Stocking loans	-	8,809
Subscription facilities	-	56,987
Secured asset financing	4,113	-
Bank loans	-	815
Mortgages	-	1,502
	4,113	68,113
Total loans and borrowings	182,197	248,653

The carrying value of loans and borrowings classified as financial liabilities measured at amortized cost approximates fair value. Details of the interest rates, maturity and security details of loans and borrowings are set out in Note 24.

The Group's loans and borrowings are mainly denominated in Pounds Sterling.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

21. Provisions

	Dilapidation £'000	Restructuring £'000	Other £'000	Total £'000
At December 31, 2020	3,363	-	-	3,363
Acquisition of subsidiaries	3,549	-	-	3,549
Recognized during the year	1,073	-	-	1,073
At December 31, 2021	7,985	-	-	7,985
Acquisition of subsidiaries	-	-	631	631
Recognized during the year	1,464	36,877	1,979	40,320
Utilized during the year	(697)	(5,740)	-	(6,437)
Reversed during the year	-	(1,406)	-	(1,406)
Liabilities held for sale	-	(5,033)	-	(5,033)
Disposal of subsidiaries	-	-	(770)	(770)
At December 31, 2022	8,752	24,698	1,840	35,290
Current	-	24,698	1,840	26,538
Non-current	8,752	-	-	8,752

The dilapidation provisions relate to the expected reinstatement costs of leased office buildings, vehicle preparation centers, collection centers and vehicles back to the conditions required by the lease. Cash outflows associated with the dilapidation provisions are to be incurred at the end of the relevant lease term, between 4 and 20 years.

The restructuring provision relates to actions being undertaken as part of the Group's Revised Business Plans including redundancy costs. Cash outflows associated with the restructuring provision are to be largely incurred within 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

22. Leases

Group acting as a lessee

The Group has lease contracts for its offices, customer collection centers, transporter motor vehicles and furniture and fittings. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The carrying amounts and movement in the right-of-use assets are set out below:

	Leasehold property £'000	Fixtures and fittings £'000	Subscription vehicles £'000	Other motor vehicles £'000	Total £'000
Cost					
At December 31, 2020	48,332	74	-	8,247	56,653
Additions	13,271	-	2,942	9,048	25,261
Acquisition of subsidiaries	29,268	-	5,536	-	34,804
Disposals	(5,096)	-	(624)	(220)	(5,940)
Transfers	-	-	-	(791)	(791)
FX revaluation	-	-	(151)	-	(151)
At December 31, 2021	85,775	74	7,703	16,284	109,836
Additions	31,670	-	11,913	3,306	46,889
Acquisition of subsidiaries	6,276	-	-	-	6,276
Sale and leasebacks	6,930	-	-	-	6,930
Disposals	(2,428)	-	-	(2,529)	(4,957)
Disposal of subsidiaries	(6,449)	-	-	-	(6,449)
Assets held for sale	-	-	(4,696)	-	(4,696)
Transfers	-	-	(818)	-	(818)
FX revaluation	202	-	223	68	493
At December 31, 2022	121,976	74	14,325	17,129	153,504
Accumulated depreciation					
At December 31, 2020	(4,839)	(18)	-	(1,076)	(5,933)
Depreciation charge for the year	(8,108)	(15)	(3,157)	(2,829)	(14,109)
Disposals	2,251	-	-	143	2,394
Transfers	-	-	-	66	66
At December 31, 2021	(10,696)	(33)	(3,157)	(3,696)	(17,582)
Depreciation charge for the year	(16,485)	(15)	(4,790)	(4,268)	(25,558)
Disposals	2,738	-	-	1,407	4,145
Disposal of subsidiaries	729	-	-	-	729
Assets held for sale	-	-	3,818	-	3,818
Transfers	-	-	-	-	-
FX revaluation	(48)	-	(177)	(17)	(242)
At December 31, 2022	(23,762)	(48)	(4,306)	(6,574)	(34,690)
Net book value					
At December 31, 2022	98,214	26	10,019	10,555	118,814
At December 31, 2021	75,079	41	4,546	12,588	92,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

22. Leases (continued)

Group acting as a lessee (continued)

In February 2022, the Group sold two of its customer collection centers and leased them back for 20 years. The Group accounted for the sale and leaseback transactions in accordance with IFRS 16 and recognized a right-of-use asset and a lease liability for the leaseback.

The carrying amount and movement in the lease liabilities are set out below:

	Lease liabilities
	£'000
At December 31, 2020	48,048
Additions	26,228
Acquisition of subsidiaries	36,352
Interest	1,338
Payments	(18,597)
Terminations	(2,969)
At December 31, 2021	90,400
Additions	51,757
Acquisition of subsidiaries	6,276
Interest	5,245
Payments	(29,198)
Terminations	(2,307)
Sale and leasebacks	5,466
Transfers	(3,529)
Disposals of subsidiaries	(5,878)
Assets held for sale	(1,003)
FX revaluation	231
At December 31, 2022	117,460

The following are the amounts recognized in the statement of profit and loss in respect of lease agreements:

	Year ended	Year ended	Year ended
	December 31	December 31 2021	December 31 2020
	£'000	£'000	£'000
Depreciation expense	25,558	14,109	5,570
Interest on lease liabilities	5,209	1,338	652
Total	30,767	15,447	6,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

22. Leases (continued)

Group acting as a lessor

The Group has entered into operating leases on its subscription vehicles. These leases have terms of between one and three years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	At December 31 2022 £'000	At December 31 2021 £'000
Within one year	776	1,602
Greater than one year but not more than five years	97	469
Total	873	2,072

23. Share capital

Issued and fully paid share capital

	2022 Number '000	2021 Number '000	2022 £'000	2021 £'000
Class A ordinary shares of \$0.0001 per share	768,798	112,010	55	8
Class C ordinary shares of \$0.0001 per share	-	640,924	-	47
	768,798	752,934	55	55

On February 26, 2022, the Class C Shares automatically converted into Class A Shares on a one-for-one basis in accordance with the Articles. The share capital numbers above are before giving effect to the reverse stock split which became effective on February 8, 2023. Refer to Note 28 for further details.

	Share capital £'000	Share premium £'000	Merger reserve £'000
At December 31, 2020	-	266,120	181,250
Acquisition of subsidiaries	-	5,365	65,348
Warrants exercised	-	11,967	-
Recapitalization at the Transaction			
- Group restructuring	49	70,086	174,236
- PIPE share issuance	6	583,936	-
- Transaction costs	-	(34,888)	-
At December 31, 2021	55	902,586	420,834
Acquisition of subsidiaries	-	23,051	-
At December 31, 2022	55	925,637	420,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments

24.1 Financial assets

Set out below is an overview of financial assets, other than cash and short-term deposits, held by the Group as at December 31, 2022 and December 31, 2021:

	At December 31 2022 £'000	At December 31 2021 £'000
Financial assets at amortized cost		
Trade receivables	24,475	14,796
Contract assets	248	3,451
Lease deposits	5,664	5,124
Total financial assets	30,387	23,371
Current	24,723	18,247
Non-current	5,664	5,124

24.2 Financial liabilities

On February 16, 2022, the Company issued \$630.0 million in aggregate principal amount of 2.00% Convertible Senior Notes due 2027. This was equivalent to £460.0 million in net proceeds, with £208.7 million attributable to the financial liability and £251.3 million attributable to the embedded derivative.

The Convertible Notes will be convertible at the option of the holders at any time after November 6, 2022 and prior to the close of business on the second scheduled trading day immediately preceding February 16, 2027. In addition, the Company may force the conversion of the Convertible Notes on or after February 16, 2025, if the trading price of the Company's Class A Shares exceeds 150% of the conversion price for at least 20 trading days (whether or not consecutive) in any consecutive 30 trading day period.

If the Convertible Notes have not been converted, repurchased or redeemed at or prior to February 16, 2027, holders of the Convertible Notes will also be entitled to payment of a premium at maturity of the Convertible Notes, equal to 50% of the principal amount of the Convertible Notes. The premium is payable in cash, Class A Shares, or a combination of cash and Class A Shares at the option of the Company. The premium will not be payable if the trailing 10 trading day volume weighted average price of the Class A Shares is above \$135.00 (after giving effect to the reverse stock split) for any trading day beginning on (and excluding) March 4, 2024 and ending on (and including) March 18, 2024 (the "premium fall-away trigger"), provided that in connection with a share exchange event on or prior to March 4, 2024 involving a third party acquirer, the premium fall-away trigger shall be tested using the fair market value of the consideration paid per Class A Share on the date of the share exchange event or if resulting in less consideration, the date on which any lock-up applicable to holders of the Class A Shares expires after the share exchange event. For the avoidance of doubt, this premium will not be payable by the Company (i) in the event of a mandatory conversion on or prior to the maturity date, (ii) in the event of a voluntary conversion by a holder on or prior to the maturity date, (iii) in connection with the redemption of the Convertible Notes on or prior to the maturity date, or (iv) in connection with a make-whole Fundamental Change or an offer to purchase Convertible Notes upon a Fundamental Change.

The Convertible Notes were not guaranteed or secured upon issuance but will receive the benefit of any guarantees or security provided at any time for the benefit of certain other indebtedness of the Company for borrowed money issued or incurred in the future, other than indebtedness incurred to purchase, finance or refinance the purchase of vehicles, vehicle parts, supplies and inventory and certain other indebtedness. The Indenture also contains covenants, events of default and other provisions which are customary for offerings of convertible notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments (continued)

24.2 Financial liabilities (continued)

Set out below is an overview of financial liabilities held by the Group as at December 31, 2022 and December 31, 2021:

Financial liabilities: Interest-bearing loans and borrowings

	Interest rate %	Maturity	At December 31 2022 £'000	At December 31 2021 £'000
Current				
Convertible Notes	2%	Within one year	1,301	—
Stocking loans	Base rate + 0.5% – 2.2%	On earlier of sale or 180 days	161,592	169,170
Subscription facilities	Base rate + 1.7%	Within one year	14,983	10,188
Secured asset financing	3% – 7%	Within one year	1,479	—
Bank loans		Within one year	30	635
Mortgages			—	547
Lease liabilities	1% – 13%	Within one year	28,596	18,826
			207,981	199,366
Non-current				
Convertible Notes	2%	2027	265,631	—
Stocking loans			—	8,809
Subscription facilities			—	56,987
Secured asset financing	3% – 7%	2027	4,113	—
Bank loans			—	815
Mortgages			—	1,502
Lease liabilities	1% – 13%	2024 – 2042	88,864	71,574
			358,608	139,687

The Convertible Notes are accounted for as a hybrid financial instrument comprising: (i) a liability for the principal and interest amount, and (ii) a single compound embedded derivative instrument for the conversion options and premium feature. The embedded derivative is presented within Financial liabilities at fair value through profit or loss on the next page.

The stocking loans are secured against the inventory of the Group. The stocking loan facilities have varying due dates, ranging from the earlier of a sale of a vehicle by the Group to a customer or 180 day term from the inception of the individual loan. The stocking loans rates are in reference to the Bank of England base rate or SONIA. At December 31, 2022, the Group had available a maximum of £240.0 million of committed stocking loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments (continued)

24.2 Financial liabilities (continued)

Other financial liabilities

	At December 31 2022 £'000	At December 31 2021 £'000
Financial liabilities at fair value through profit or loss		
Warrants	515	42,692
Embedded derivative	82,108	—
	82,623	42,692
Current	—	—
Non-current	82,623	42,692

As at December 31, 2022 there were 41,254,566 warrants outstanding. The warrants entitle the holder to purchase one Class A ordinary share of Cazoo Group Ltd at a current exercise price of \$230.00 per share (after giving effect to the reverse stock split). Until warrant holders acquire the Class A Shares upon exercise of such warrants, they have no rights with respect to the Class A Shares.

	Public Number	Private Number	Total Number
At December 31, 2021	20,124,748	21,129,818	41,254,566
At December 31, 2022	20,124,748	21,129,818	41,254,566

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments (continued)

24.3 Fair value

Management assessed that the fair value of trade receivables, other receivables, stocking loans, subscription facilities and trade and other payables approximate their carrying value due to the short-term maturities of these instruments.

The fair value of trade receivables, other receivables, stocking loans, subscription facilities and trade and other payables has been measured using Level 3 valuation inputs.

Public warrants are classified as Level 1 due to the use of an observable market quote in an active market. Private warrants are classified as Level 3 due to the use of unobservable inputs. The fair value is determined using a Black-Scholes model for the private warrants.

The embedded derivative of the Convertible Notes is classified as Level 3 due to the use of unobservable inputs. The fair value is determined using a Monte-Carlo simulation to model the conversion, redemption and repayment premium features.

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At December 31, 2022				
Warrants	166	-	349	555
Embedded derivative	-	-	82,108	82,108
	166	-	82,457	82,623
At December 31, 2021				
Warrants	13,418	-	29,274	42,692

The following information is relevant in the determination of fair value of the private warrants and the embedded derivative at December 31, 2022:

	Private warrants	Embedded derivative
At December 31, 2022		
Expected term (years)	7	4
Expected volatility	93.4%	62.3%
Credit spread	N/A	25.9%
Dividend yield	Nil	Nil
Risk free interest rate	3.9%	4.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments (continued)

24.3 Fair value (continued)

The following information is relevant in the determination of fair value of the private warrants at December 31, 2021:

	<u>Private warrants</u>
At December 31, 2021	
Expected term (years)	7
Expected volatility	47.1%
Dividend yield	Nil
Risk free interest rate	1.4%

Reconciliation of fair values

The fair value movements are set out as follows:

	Public warrants £'000	Private warrants £'000	Embedded derivative £'000	Total £'000
At December 31, 2020	-	-	-	-
Warrants issued upon acquisition of Drover	-	6,566	-	6,566
Fair value movement	-	102	-	102
Exercise of warrants	-	(6,667)	-	(6,667)
Warrants issued in the Transaction	22,475	46,887	-	69,362
Fair value movement	(9,057)	(17,614)	-	(26,671)
At December 31, 2021	13,418	29,274	-	42,692
Issuances	-	-	251,287	251,287
Fair value movement	(14,799)	(32,298)	(198,769)	(245,866)
Foreign exchange movements	1,547	3,373	29,590	34,510
At December 31, 2022	166	349	82,108	82,623

The fair value decrease and foreign exchange movements is recognized in the statement of profit or loss within other income and expenses.

Sensitivity analysis

For the private warrants, a 100 basis point increase in the expected volatility rate would increase the fair value by £0.02 million.

For the embedded derivative, a 100 basis point increase in the expected volatility rate would increase the fair value by £0.04 million. A 100 basis point increase in the credit spread would decrease the fair value by £2.8 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments (continued)

24.4 Interest rate risk management

Interest rate risk is the risk that changes in interest rates will affect the income and financial management of the Group. The Group is exposed to interest rate risk through its stocking loans and subscription facilities where interest is charged in reference to a base interest rate. However, the exposure to interest rate risk is minimal since the Group is in a net cash position as at December 31, 2022 and December 31, 2021 and is therefore able to reduce exposure through repayment of the facilities. The Group does not hedge against interest rate risk.

	Change in basis points	Effect on profit before tax 2022 £'000	Effect on profit before tax 2021 £'000
Loans and borrowings	+100	(2,350)	(1,393)
Loans and borrowings	-100	1,754	95

A 100 basis points decrease in interest rates would have less effect on profit before tax than a 100 basis points increase in interest rates because the Group's stocking loans and subscription facilities are generally subject to reference rate floors.

24.5 Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk through its remaining operating activities in Europe (when revenue and expenses are denominated in Euros) and through certain expenses denominated in US dollars. The Group does not currently hedge against currency risk through the use of financial instruments such as foreign currency swaps.

The following tables demonstrate the sensitivity to a reasonably possible change in EUR exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Increase/decrease in EUR rate	Effect on profit before tax from discontinued operations £'000	Effect on pre-tax equity £'000
2022	+5%	(8,613)	(6,516)
	-5%	8,613	6,516
2021	+5%	(1,336)	(1,170)
	-5%	1,336	1,170

24.6 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or bank ("counterparty") fails to meet its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

For retail and wholesale sales, the Group's exposure to credit risk is minimal since the settlement of amounts due for the sale of a vehicle to a consumer is completed prior to the delivery of the vehicle. The trade receivables balance represents customer funds to be received from our consumer finance partners and payment gateway provider.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments (continued)

24.6 Credit risk management (continued)

For subscription sales and third-party reconditioning, the expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's treasury policy. The Group's maximum exposure to credit risk on cash and cash equivalents is the carrying amount of cash and cash equivalents on the statement of financial position.

24.7 Liquidity risk management

Liquidity risk refers to the ability of the Group to meet the obligations associated with its financial liabilities that are settled as they fall due.

The treasury strategy of the Group is to retain cash on the balance sheet by financing the purchase of inventory and to maximize interest received while maintaining liquidity and flexibility in the availability of funds.

The table below summarizes the maturity profile of the Group's financial liabilities based upon contractual undiscounted payments:

	Less than one year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
At December 31, 2022				
Convertible Notes	10,411	554,366	-	564,777
Stocking loans	164,478	-	-	164,478
Subscription facilities	15,354	-	-	15,354
Secured asset financing	1,727	4,408	-	6,135
Bank loans	30	-	-	30
Lease liabilities	24,203	56,324	72,644	153,171
Trade payables	68,201	-	-	68,201
Total	284,404	615,098	72,644	972,146
	Less than one year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
At December 31, 2021				
Stocking loans	169,170	8,809	-	177,979
Subscription facilities	12,155	65,797	-	77,952
Bank loans	741	869	-	1,610
Mortgages	600	1,653	-	2,253
Lease liabilities	18,917	46,772	34,526	100,215
Trade payables	29,224	-	-	29,224
Total	230,807	123,900	34,526	389,233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments (continued)

24.8 Changes in liabilities arising from financial activities

	Stocking loans £'000	Subscription facilities £'000	Secured asset financing £'000	Bank loans £'000	Mortgages £'000	Lease liabilities £'000	Convertible Notes and embedded derivative £'000	Warrants £'000	Total £'000
At December 31, 2020	86,709	-	-	-	3,494	48,048	-	-	138,251
New leases	-	-	-	-	-	26,228	-	-	26,228
Acquisition of subsidiaries	-	19,878	-	1,468	-	36,352	-	6,566	64,264
Issue of debt	665,325	107,683	-	30	-	-	-	-	773,038
Repayment	(574,055)	(60,386)	-	(48)	(1,445)	(18,597)	-	-	(654,531)
Terminations	-	-	-	-	-	(2,969)	-	-	(2,969)
Net accrued interest	-	-	-	-	-	1,338	-	-	1,338
Warrants issued and exercised	-	-	-	-	-	-	-	62,695	62,695
Fair value movement	-	-	-	-	-	-	-	(26,569)	(26,569)
At December 31, 2021	177,979	67,175	-	1,450	2,049	90,400	-	42,692	381,745
New leases	-	-	-	-	-	51,757	-	-	51,757
Sale and leasebacks	-	-	-	-	-	5,466	-	-	5,466
Transfers	-	-	-	-	-	(3,529)	-	-	(3,529)
Acquisition of subsidiaries	-	10,193	-	-	-	6,276	-	-	16,469
Disposal of subsidiaries	-	(14,731)	-	-	-	(5,878)	-	-	(20,609)
Issue of debt	1,202,039	101,967	5,971	3	11	-	460,021	-	1,770,012
Repayment	(1,218,426)	(120,559)	(379)	(1,423)	(2,060)	(29,198)	-	-	(1,372,045)
Terminations	-	-	-	-	-	(2,307)	-	-	(2,307)
Net accrued interest	-	-	-	-	-	5,245	33,425	-	38,670
Fair value movement	-	-	-	-	-	-	(198,769)	(47,098)	(245,867)
Foreign exchange movements	-	-	-	-	-	231	54,363	4,921	59,515
Liabilities held for sale	-	(29,062)	-	-	-	(1,003)	-	-	(30,065)
At December 31, 2022	161,592	14,983	5,592	30	-	117,460	349,040	515	649,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24. Financial instruments (continued)

24.9 Hedge accounting

The Group has not entered into any agreements designed to hedge financial risk in the year ended December 31, 2022 (2021: none, 2020: none).

24.10 Derecognition of financial instruments

The Group has not recorded any gains or losses arising through the derecognition of financial assets or financial liabilities in the year ended December 31, 2022 (2021: none, 2020: none).

The Company is not subject to any externally imposed capital requirements.

24.11 Capital management

For the purposes of the Group's capital management, capital includes cash raised through the issue of share capital and stocking and subscription loans. The primary objective of the Group's capital management is to finance operational and developmental activities. Stocking loans are used specifically by the Group to finance the purchase of inventory.

	At December 31 2022 £'000	At December 31 2021 £'000
Inventory	232,565	364,585
Stocking loans	(161,592)	(177,979)
Net inventory	70,973	186,606
Cash and cash equivalents	258,321	192,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

25. Group information**Subsidiaries**

As at December 31, 2022 the consolidated financial statements of the Group include:

Name	Country of incorporation	Principal activities	Equity interest
Cazoo Holdings Limited	United Kingdom	Activities of other holding companies	100%
Cazoo Limited	United Kingdom	Sale of motor vehicles	100%
Cazoo Properties Limited	United Kingdom	Activities of other holding companies	100%
Imperial Car Supermarkets Limited	United Kingdom	Sale of motor vehicles	100%
Imperial Cars of Swanwick Limited	United Kingdom	Sale of motor vehicles	100%
Carsaz Limited	United Kingdom	Sale of motor vehicles	100%
Cazoo Subscription Services Limited	United Kingdom	Renting and leasing of motor vehicles	100%
Fantastic Cars Limited	United Kingdom	Renting and leasing of motor vehicles	100%
Cazoo Wholesale Services Limited	United Kingdom	Maintenance and repair of motor vehicles	100%
Cazoo Data Services Limited	United Kingdom	Other business support service activities not elsewhere classified	100%
Project Chicago Newco Limited	United Kingdom	Non-trading company	100%
Arctos Holdings Limited	United Kingdom	Activities of other holding companies	100%
Moorgate House (Newco) Limited	United Kingdom	Dormant company	100%
GBJ Developments Limited	United Kingdom	Non-trading company	100%
CD Auction Group Limited	United Kingdom	Sale of motor vehicles	100%
Cazoo Support Services Limited	United Kingdom	Maintenance and repair of motor vehicles	100%
Enso 1109 Limited	United Kingdom	Activities of other holding companies	100%
SMH Fleet Solutions Limited	United Kingdom	Maintenance and repair of motor vehicles	100%
Vans 365 Limited	United Kingdom	Sale of vans	100%
CZO Data Services, Unipessoal, Lda	Portugal	Other business support service activities not elsewhere classified	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

25. Group information (continued)**Subsidiaries (continued)**

Name	Country of incorporation	Principal activities	Equity interest
CSS Mobility France SaS	France	Renting and leasing of motor vehicles	100%
Cazoo Trading France SaS	France	Sale of motor vehicles	100%
Cazoo Properties France SaS	France	Activities of other holding companies	100%
Cluno GmbH	Germany	Renting and leasing of motor vehicles	100%
Cluno Fintech 1 GmbH	Germany	Acquisition, leasing and financing of motor vehicles	100%
Cluno Fintech 2 GmbH	Germany	Acquisition, leasing and financing of motor vehicles	100%
CSS Fintech GmbH	Germany	Acquisition, leasing and financing of motor vehicles	100%
Cazoo Trading Germany GmbH	Germany	Sale and rental of motor vehicles and related intermediation activities	100%
Cazoo Properties Germany GmbH	Germany	Activities of other holding companies	100%
CSS Germany GmbH & Co. KG	Germany	Rental of motor vehicles and related intermediation activities	100%
Cazoo Trading Spain, S.L	Spain	Sale of motor vehicles	100%
Cazoo Properties Spain, S.L	Spain	Activities of other holding companies	100%
Cazoo Trading Italy SARL	Italy	Sale of motor vehicles	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

26. Share-based payments

Under the Incentive Equity Plan, the Group operates an equity-settled share-based incentive scheme whereby options are granted under Unapproved share options for UK-based employees and Restricted Stock Units for Europe-based employees. The options vest in instalments over four years with expiry after ten years. Unvested options are forfeited if the employee leaves the Group before the options vest.

Certain executive directors received awards, equally split between time-based and performance-based awards. Under the terms of the Incentive Equity Plan, the time-based awards will be eligible to vest in equal annual instalments on each of the first four anniversaries of the grant date, subject to continued employment through each such anniversary, and market performance criteria. Any portion of the performance-based awards that remain unvested as of the fifth anniversary of the grant will be forfeited.

In January 2022, the Group established a SAYE scheme. The scheme provides employees an option to purchase shares in the Company in three years' time at a discounted price per share which is fixed at the grant date.

The Group recognized a share-based charge for the year as follows:

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Incentive Equity Plan	44,312	13,599	-
SAYE	184	-	-
EMI prior to the Transaction	-	73	182
Unapproved prior to the Transaction	-	29,096	3,577
Modification at the Transaction	-	1,103	-
	44,496	43,871	3,759

The following options were granted during the year ended December 31, 2022:

Scheme	Number	Grant date	Expiry date
Incentive Equity Plan	2,295,099	01/01/2022	01/01/2032
Incentive Equity Plan	1,269,100	01/04/2022	01/04/2032
Incentive Equity Plan	1,087,250	01/07/2022	01/07/2032
Incentive Equity Plan	427,300	01/10/2022	01/10/2032
Incentive Equity Plan – Directors	3,933,339	01/10/2022	01/10/2032
SAYE	1,496,903	26/01/2022	31/08/2025
Total 2022	10,508,991		
Unapproved prior to the Transaction	469,000	01/01/2021	01/01/2031
Unapproved prior to the Transaction	2,023,516	01/04/2021	01/04/2031
Incentive Equity Plan	23,915,248	01/10/2021	01/10/2031
Total 2021	26,407,764		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

26. Share-based payments (continued)

Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year.

	EMI Number of options	Unapproved Number of options	Incentive Equity Plan Number of options	SAYE Number of options
At December 31, 2020	4,683,683	8,121,393	-	-
Granted prior to the Transaction	-	2,492,516	-	-
Forfeited prior to the Transaction	(66,413)	(579,713)	-	-
Cash settled at the Transaction	(34,690)	(44,114)	-	-
Replacements at the Transaction ¹	(4,582,580)	(9,990,082)	50,347,491	-
Granted after the Transaction	-	-	23,915,248	-
At December 31, 2021	-	-	74,262,739	-
Granted during the year	-	-	9,012,088	1,496,903
Exercised during the year	-	-	(9,513,868)	-
Forfeited during the year	-	-	(10,732,364)	(884,823)
Expired during the year	-	-	(599,238)	-
At December 31, 2022	-	-	62,429,357	612,080

¹ The replacement options granted at the Transaction reflect the exchange ratio established in the Business Combination Agreement. Refer to Note 1 for further details.

The share option numbers above are before giving effect to the reverse stock split which became effective on February 8, 2023. Refer to Note 28 for further details.

Employee share option fair value assessment

The following information is relevant in the determination of fair value of the employee share options granted during 2022:

	Incentive Equity Plan	Incentive Equity Plan – Executive Directors	SAYE
Valuation method	N/A ¹	Monte-Carlo	Black-Scholes
Exercise price	£nil	£nil	£3.60
Expected volatility	N/A	98%	53%
Dividend yield	Nil	Nil	Nil
Risk free interest rate	N/A	4.2%	1.2%
Fair value per share	£0.40 - £4.46	£0.31	£0.98

¹ Considering that the Incentive Equity Plan awards vest over time without any further restrictions, the fair value is equal to the Company's closing stock price as of the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

26. Share-based payments (continued)

Employee share option fair value assessment (continued)

The following information is relevant in the determination of fair value of the employee share options granted during 2021:

	<u>Unapproved</u>	<u>Incentive Equity Plan</u>	<u>Incentive Equity Plan – Executive Directors</u>
Valuation method	Monte-Carlo	N/A	Monte-Carlo
Exercise price	£nil	£nil	£nil
Expected volatility	50%	N/A	53%
Dividend yield	Nil	Nil	Nil
Risk free interest rate	0.0%	N/A	1.2%
Fair value per share	£8.27 - £23.74	£5.33	£2.93

27. Cash and cash equivalents

	<u>At December 31 2022 £'000</u>	<u>At December 31 2021 £'000</u>
Cash at bank available on demand	179,817	181,818
Cash held in short-term deposit accounts	66,062	10,811
Cash and cash equivalents in the statement of financial position	245,879	192,629
Cash at bank and short-term deposits within assets held for sale	12,442	-
Cash and cash equivalents in the statement of cash flows	258,321	192,629

28. Events after the reporting date

28.1 Delisting of public warrants of Cazoo Group Ltd

On January 3, 2023, the New York Stock Exchange (“NYSE”, the “Exchange”) announced that the staff of NYSE Regulation determined to commence proceedings to delist the public warrants of Cazoo, each whole warrant exercisable for one Class A ordinary share — ticker symbol CZOO WS — from the NYSE. Trading in the Company’s warrants was suspended immediately. NYSE Regulation determined that the Company’s warrants were no longer suitable for listing based on “abnormally low” price levels, pursuant to Section 802.01D of the Listed Company Manual.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

28. Events after the reporting date (continued)

28.2 Revised 2023 Plan

On January 18, 2023, the Group announced its revised FY 2023 plan which aims to improve the unit economics of the business. To enable these improvements, the Group reset its 2023 top line ambitions to 40,000-50,000 UK retail units, allowing the Group to focus on higher margin and faster moving inventory and to rationalize its operational footprint.

28.3 Reverse stock split

On February 7, 2023, the Group announced the consolidation of the Company's issued and unissued share capital, par value \$0.0001 per share, at a ratio of 1-for-20 (the "reverse stock split"), as well as an increase in share capital (the "share increase"). After giving effect to the reverse stock split and the share increase the Company's authorized share capital was US\$435,500, divided into 165,000,000 Class A ordinary shares of a par value of US\$0.002 each (the "Class A Shares"), 2,500,000 Class B ordinary shares of a par value of US\$0.002 each, 50,000,000 Class C ordinary shares of a par value of US\$0.002 each and 250,000 preference shares of a par value of US\$0.002 each. The reverse stock split and the share increase were approved by Cazoo's shareholders at the extraordinary general meeting of shareholders held on February 7, 2023 with over 95% of those voting giving approval for all proposals. The reverse stock split became effective at 4:05 p.m. (ET) on February 8, 2023.

As a result of the reverse stock split, the number of Class A Shares issuable upon exercise of the Company's (i) private warrants and (ii) public warrants was reduced at a ratio of 1-for-20, so that each warrant entitles a holder to purchase one twentieth (1/20th) of a Class A Share. The exercise price of each warrant was increased to \$230.00 per share.

In addition, as a result of the reverse stock split, the number of Class A Shares issuable upon conversion of the Convertible Notes was reduced at a ratio of 1-for-20. Pursuant to and in accordance with the terms of the indenture governing the Convertible Notes, the conversion rate of the Convertible notes was reduced from 200 Class A Shares per \$1,000 principal amount of Convertible Notes to 10 Class A Shares per \$1,000 principal amount of convertible notes.

28.4 Sale of German subscription business

On February 17, 2023, the Group agreed to sell its German subscription business, Cluno GmbH, to ViveLaCar GmbH and The Platform Group GmbH & Co. KG. The agreement includes 100% of the capital and voting rights of the company Cluno GmbH and the Cluno brand along with the associated assets. All employees of Cluno will transfer to ViveLaCar GmbH as part of the agreement. As of the date of this report, it is too early to determine the financial effect.

28.5 Sale of Cazana data platform

On February 22, 2023, the Group sold its third-party data platform, Cazana. The agreement includes the sale of the Cazana brand, platform and commercial contracts. As of the date of this report, it is too early to determine the financial effect.

29. Related party transactions

29.1 Key management personnel

The Directors are considered to be key management personnel of the Group. The amounts disclosed in the table are the amounts recognized as an expense during the year related to key management personnel.

	Year ended December 31 2022 £'000	Year ended December 31 2021 £'000	Year ended December 31 2020 £'000
Short-term employee benefits	1,484	826	631
Post-employment pension benefits	114	50	23
Share-based payment transactions	23,104	14,926	-
Total compensation paid to key management personnel	24,702	15,802	654

29.2 Other related party transactions

No other reportable related party transactions occurred during the year ended December 31, 2022 (2021: nil, 2020: nil).

Registrar of Companies
 Government Administration Building
 133 Elgin Avenue
 George Town
 Grand Cayman

Cazoo Group Ltd (ROC #373409) (the “Company”)

TAKE NOTICE that at an Extraordinary General Meeting of the Shareholders held on 7 February 2023 and subsequent approval by the Board of Directors of the Company on 7 February 2023, the following resolutions were passed:

- (a) Approve, as an ordinary resolution, that every 20 shares with a par value of US\$0.0001 each in the Company’s issued and unissued share capital be consolidated into one (1) share (each, a “**Consolidated Share**”) with a par value of US\$0.002 (the “**Reverse Stock Split**”), so that immediately following the Reverse Stock Split, the authorized share capital of the Company shall be US\$325,500 divided into 110,000,000 Class A ordinary shares of a par value of US\$0.002 each, 2,500,000 Class B ordinary shares of a par value of US\$0.002 each, 50,000,000 Class C ordinary shares of a par value of US\$0.002 each and 250,000 preference shares of a par value of US\$0.002 each, effective upon further approval by the board of directors of the Company (the “**Board**”) to implement the Reverse Stock Split at its discretion (the “**Reverse Stock Split Proposal**”); and
- (b) Approve, as an ordinary resolution that, immediately following the Reverse Stock Split becoming effective, the authorized share capital of the Company be increased:
- (i) FROM: US\$325,500 divided into 110,000,000 Class A ordinary shares of a par value of US\$0.002 each, 2,500,000 Class B ordinary shares of a par value of US\$0.002 each, 50,000,000 Class C ordinary shares of a par value of US\$0.002 each and 250,000 preference shares of a par value of US\$0.002 each,
- (ii) TO: US\$435,500 divided into 165,000,000 Class A ordinary shares of a par value of US\$0.002 each, 2,500,000 Class B ordinary shares of a par value of US\$0.002 each, 50,000,000 Class C ordinary shares of a par value of US\$0.002 each and 250,000 preference shares of a par value of US\$0.002 each (the “**Share Increase**”),

effective upon approval by the Board to implement the Share Increase at its discretion (the “**Share Increase Proposal**”).

/s/ Kesrene Estrella

Kesrene Estrella

Corporate Administrator

for and on behalf of

Maples Corporate Services Limited

Dated this 8th day of February 2023



Filed: 08-Feb-2023 09:53 EST

Auth Code: F65286664109

www.verify.gov.ky File#: 373409

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Government Administration Building
133 Elgin Avenue
George Town
Grand Cayman

Cazoo Group Ltd (ROC #373409) (the “Company”)

TAKE NOTICE that at a general meeting of the shareholders of the Company dated 29th June 2022, the following resolution was passed:

To resolve as an ordinary resolution that the authorised share capital of the Company be increased:

- a. FROM: US\$215,500 divided into 1,100,000,000 Class A ordinary shares of a par value of US\$0.0001 each, 50,000,000 Class B ordinary shares of a par value of US\$0.0001 each, 1,000,000,000 Class C ordinary shares of a par value of US\$0.0001 each and 5,000,000 preference shares of a par value of US\$0.0001 each,
- b. TO: US\$325,500 divided into 2,200,000,000 Class A ordinary shares of a par value of US\$0.0001 each, 50,000,000 Class B ordinary shares of a par value of US\$0.0001 each, 1,000,000,000 Class C ordinary shares of a par value of US\$0.0001 each and 5,000,000 preference shares of a par value of US\$0.0001 each.

/s/ Ruth Grizzel

Ruth Grizzel

Corporate Administrator

for and on behalf of

Maples Corporate Services Limited

Dated this 5th day of July 2022



www.verify.gov.ky File#: 373409

Filed: 05-Jul-2022 14:22 EST
Auth Code: B79392148690

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Government Administration Building
133 Elgin Avenue
George Town
Grand Cayman

Capri Listco (ROC #373409) (the “Company”)

TAKE NOTICE that by written resolutions of the sole shareholder of the Company dated 23 August 2021 and effective on 26 August 2021, the following special resolutions were passed:

It is resolved as a special resolution that, with effect from 26 August 2021:

- 1 That the name of the Company is changed from Capri Listco to Cazoo Group Ltd
- 2 That the Amended and Restated Memorandum and Articles of Association of the Company currently in effect be amended and restated by their deletion in their entirety and the substitution in their place of the Amended and Restated Memorandum and Articles of Association annexed hereto.

/s/ Satina Whittaker

Satina Whittaker
Corporate Administrator
for and on behalf of
Maples Corporate Services Limited

Dated this 26th day of August 2021



www.verify.gov.ky File#: 373409

Filed: 26-Aug-2021 11:19 EST
Auth Code: K60610235330

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION**

OF

CAZOO GROUP LTD

**(ADOPTED BY SPECIAL RESOLUTION
DATED 23 AUGUST 2021 AND EFFECTIVE ON 26 AUGUST 2021)**

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION**

OF

CAZOO GROUP LTD

**(ADOPTED BY SPECIAL RESOLUTION
DATED 23 AUGUST 2021 AND EFFECTIVE ON 26 AUGUST 2021)**

1. The name of the Company is **Cazoo Group Ltd**
 2. The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the Board may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Board may from time to time determine.
 3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.
 4. The liability of each Member is limited to the amount unpaid on such Member's shares.
 5. The authorised share capital of the Company at the date of adoption of this Memorandum is US\$215,500 divided into 1,100,000,000 Class A ordinary shares of a par value of US\$0.0001 each, 50,000,000 Class B ordinary shares of a par value of US\$0.0001 each, 1,000,000,000 Class C ordinary shares of a par value of US\$0.0001 each and 5,000,000 preference shares of a par value of US\$0.0001 each.
 6. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
 7. Capitalised terms that are not defined in this Amended and Restated Memorandum of Association bear the respective meanings given to them in the Amended and Restated Articles of Association of the Company.
-

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
AMENDED AND RESTATED
ARTICLES OF ASSOCIATION**

OF

CAZOO GROUP LTD

**(ADOPTED BY SPECIAL RESOLUTION
DATED 23 AUGUST 2021 AND EFFECTIVE ON 26 AUGUST 2021)**

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1. Interpretation

1.1 The regulations in Table A in the First Schedule to the Statute do not apply to the Company and, unless there is something in the subject or context inconsistent therewith, in these Articles the following defined terms will have the meanings ascribed to them:

“**Affiliate**” of any person means any other person which (i) directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person, and (ii) as to any individual, in addition to any person in clause (i), (a) any member of the Immediate Family of an individual Member, including parents, siblings, spouse and children (including those by adoption), the parents, siblings, spouse, or children (including those by adoption) of such Immediate Family member, and, in any such case, any trust whose primary beneficiary is such individual Member or one or more members of such Immediate Family and/or such Member’s lineal descendants, and (b) the legal representative or guardian of such individual Member or of any such Immediate Family member in the event such individual Member or any such Immediate Family member becomes mentally incompetent; provided, however, that in no event shall the Company or any of its subsidiaries be deemed an Affiliate of any Member. The term “control” (including the terms “controlling”, “controlled” and “under common control with”) as used with respect to any person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise. For the purpose of this definition, each Director and Member of the Company will be deemed not to control the Company.

“**Ajax**” means Ajax I, a Cayman Islands exempted company.

“**Applicable Law**” means, with respect to any person, all provisions of laws, statutes, ordinances, rules, regulations, permits, certificates, judgments, decisions, decrees or orders of any governmental authority applicable to such person.

“**Articles**” means these amended and restated articles of association of the Company.

“**Audit Committee**” means the audit committee of the Board established pursuant to the Articles, or any successor committee.

“**Auditor**” means the person for the time being performing the duties of auditor of the Company (if any).

“**beneficially own**”, “**beneficial owner**” and “**beneficial ownership**” have the meaning assigned to such terms in Rule 13d-3 under the Exchange Act, and a person’s beneficial ownership of securities shall be calculated in accordance with the provisions of such Rule (in each case, irrespective of whether or not such rule is actually applicable in such circumstance).

“**Board**” means the board of Directors of the Company.

“**Class**” or “**Classes**” means any class or classes of Shares as may from time to time be issued by the Company.

“**Class A Share**” means the Company’s Class A ordinary shares with a per share par value of US\$0.0001 each having the rights set out in the Memorandum and these Articles.

“**Class B Share**” means the Company’s Class B ordinary shares with a per share par value of US\$0.0001 each having the rights set out in the Memorandum and these Articles.

“**Class C Share**” means the Company’s Class C ordinary shares with a per share par value of US\$0.0001 each having the rights set out in the Memorandum and these Articles.

“**Clearing House**” means a clearing house recognised by the laws of the jurisdiction in which the Shares (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such jurisdiction.

“**Closing Date**” means the closing date of the Share Purchase.

“**Common Shares**” means the Class A Shares, the Class B Shares and the Class C Shares.

“**Company**” means Cazoo Group Ltd

“**Company’s Website**” means the website of the Company or its applicable subsidiary and/or the corresponding web-address or domain name (if any).

“**Compensation Committee**” means the compensation committee of the Board established pursuant to the Articles, or any successor committee.

“**Designated Stock Exchange**” means any United States national securities exchange on which the securities of the Company are listed for trading, including the New York Stock Exchange.

“**Directors**” means the directors for the time being of the Company, including any alternate Directors appointed pursuant to Article 33 only in respect of such times as such alternate acts as a Director.

“**Dividend**” means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.

“**Electronic Communication**” means a communication sent by electronic means, including electronic posting to the Company’s Website, transmission to any number, address or internet website (including the website of the U.S. Securities and Exchange Commission) or other electronic delivery methods as otherwise decided and approved by the Board.

“**Electronic Facility**” means, without limitation, website addresses, virtual meeting facilities and conference call systems, and any device, system, procedure, method or other facility whatsoever providing an electronic means of place for the conduct of the general meeting of the Company, and any reference to “place” in the context of a general meeting of the Company shall be construed accordingly.

“**Electronic Record**” has the same meaning as in the Electronic Transactions Act.

“**Electronic Transactions Act**” means the Electronic Transactions Act (As Revised) of the Cayman Islands.

“**Exchange Act**” shall mean the United States Securities Exchange Act of 1934, as it may be amended from time to time.

“**Immediate Family**” means any relationship by blood, marriage, domestic partnership or adoption, not more remote than first cousin.

“**Independent Director**” has the same meaning as in the rules and regulations of the Designated Stock Exchange or in Rule 10A-3 under the Exchange Act, as the case may be.

“**Lockup Period**” means the period commencing on the Closing Date and ending on the earlier of (a) the date that is six (6) months following the Closing Date and (b) the date on which the last reported sale price of the Class A Shares on the Designated Stock Exchange equals or exceeds US\$12.00 per share (as adjusted for share subdivisions, share dividends, rights issuances, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any consecutive thirty (30) trading day period commencing at least one-hundred fifty (150) days after the Closing Date.

“**Member**” has the same meaning as in the Statute.

“**Memorandum**” means the amended and restated memorandum of association of the Company.

“**Nominating and Corporate Governance Committee**” means the nominating and corporate governance committee of the Board established pursuant to the Articles, or any successor committee.

“**Officer**” means a person appointed to hold an office in the Company.

“**Ordinary Resolution**” means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.

“**person**” means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, incorporated organization, association, corporation, institution, public benefit corporation, governmental authority or any other entity.

“**Preference Share**” means a preference share of a par value of US\$0.0001 in the share capital of the Company.

“**Register of Members**” means the register of Members maintained in accordance with the Statute and includes (except where otherwise stated) any branch or duplicate register of Members.

“**Registered Office**” means the registered office for the time being of the Company.

“**Seal**” means the common seal of the Company and includes every duplicate seal.

“**Secretary**” includes an assistant secretary and any person appointed to perform the duties of secretary of the Company.

“**Share**” means a Class A Share, a Class B Share, a Class C Share or a Preference Share and includes a fraction of a share in the Company.

“**Share Premium Account**” means the share premium account established in accordance with these Articles and the Statute.

“**Share Purchase**” means the Company’s acquisition of all outstanding capital shares of Cazoo Holdings Limited, a private limited company organized under the law of England and Wales.

“**Special Resolution**” has the same meaning as in the Statute, and includes a unanimous written resolution.

“**Sponsor**” means AJAX I Holdings, LLC, a Delaware limited liability company.

“**Statute**” means the Companies Act (As Revised) of the Cayman Islands.

“**Treasury Share**” means a Share held in the name of the Company as a treasury share in accordance with the Statute.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as it may be amended from time to time.

“**U.S. Securities and Exchange Commission**” means the United States Securities and Exchange Commission.

1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing persons include corporations as well as any other legal or natural person;
- (c) “written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (d) “shall” shall be construed as imperative and “may” shall be construed as permissive;
- (e) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced;
- (f) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

- (g) the term “and/or” is used herein to mean both “and” as well as “or.” The use of “and/or” in certain contexts in no respects qualifies or modifies the use of the terms “and” or “or” in others. The term “or” shall not be interpreted to be exclusive and the term “and” shall not be interpreted to require the conjunctive (in each case, unless the context otherwise requires);
- (h) headings are inserted for reference only and shall be ignored in construing the Articles;
- (i) any requirements as to delivery under the Articles include delivery in the form of an Electronic Record;
- (j) any requirements as to execution or signature under the Articles including the execution of the Articles themselves can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Act;
- (k) sections 8 and 19(3) of the Electronic Transactions Act shall not apply;
- (l) the term “clear days” in relation to the period of a notice means that period excluding the day when the notice is received or deemed to be received and the day for which it is given or on which it is to take effect; and
- (m) the term “holder” in relation to a Share means a person whose name is entered in the Register of Members as the holder of such Share.

2. Preliminary

- 2.1 The business of the Company may be conducted as the Board sees fit.
- 2.2 The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the Board may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Board may from time to time determine.
- 2.3 The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company. Such expenses may be amortized over such period as the Board may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Board shall determine.
- 2.4 The Board shall keep, or cause to be kept, the Register of Members at such place as the Board may from time to time determine and, in the absence of any such determination, the Register of Members shall be kept at the Registered Office, provided that the Board shall not keep (or cause or permit any other person to keep) the Register of Members in the United Kingdom.

3. Issue of Shares and other Securities

3.1 The authorised share capital of the Company at the date of the adoption of these Articles is US\$215,500 divided into 1,100,000,000 Class A Shares, 50,000,000 Class B Shares, 1,000,000,000 Class C Shares and 5,000,000 Preference Shares.

3.2 Subject to the Statute, the Memorandum and these Articles (and to any direction that may be given by the Company in general meeting) and, where applicable, the rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law, and without prejudice to any rights attached to any existing Shares, the Board may:

- (a) allot, issue, grant options, rights or warrants over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred, qualified or other rights or restrictions, whether in regard to Dividends or other distributions, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper;
- (b) vary such rights, save that the Board shall not allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) to the extent that it may affect the ability of the Company to carry out the conversion of either Class B Shares or Class C Shares to Class A Shares as set out in these Articles; and
- (c) issue rights, options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any Class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Notwithstanding and without prejudice to the generality of the foregoing, the Board is expressly authorised and empowered to implement or effect at its sole discretion the issuance of a Preference Share purchase right to be issued on a pro rata basis (determined based on relative ownership of Common Shares, excluding any options, warrants or other similar equity-linked or derivative securities) to each holder of a Common Share with such terms and for such purposes, including the influencing of takeovers, as may be described in a rights agreement between the Company and a rights agent.

3.3 Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option over or disposal of shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of Members for any purpose whatsoever. Subject to the Memorandum and these Articles, and except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series of shares, no vote of the holders of any class or series of shares shall be a prerequisite to the issuance of any shares of any class or series of shares authorised by and complying with the conditions of the Memorandum and these Articles.

3.4 The Company may issue units of securities in the Company, which may be comprised of whole or fractional Shares, rights, options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any Class of Shares or other securities in the Company, upon such terms as the Board may from time to time determine. All Shares shall be issued fully paid as to their nominal value and any premium determined by the Board at the time of issue and shall be non-assessable.

3.5 The Company shall not issue Shares to bearer.

4. Common Shares

4.1 Other than with regard to the Class A Shares, Class B Shares and Class C Shares, the rights, preferences and privileges thereof are as established and divided as set forth in the Memorandum and these Articles, the Board may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Board or by a Special Resolution (subject to Article 14). Holders of Class A Shares, Class B Shares and Class C Shares shall be entitled to one (1) vote for each Common Share registered in the Member's name in the Register of Members.

4.2 The rights attaching to the Class A Shares, Class B Shares and Class C Shares shall rank *pari passu* in all respects, and the Class A Shares, Class B Shares and Class C Shares shall vote together as a single class on all matters (subject to Article 14 and Article 31), except as otherwise set forth in these Articles.

4.3 Upon the effectiveness of these Articles, each issued and outstanding Class B Share shall automatically be converted into one (1) Class A Share on a one-for-one basis in accordance with Article 4.5. The Class B Shares shall be converted automatically without any further action by the holder of such Shares. The foregoing conversion ratio shall also be adjusted to account for any subdivision (by share subdivision, exchange, capitalisation, rights issue, reclassification, recapitalisation or otherwise) or combination (by share consolidation, exchange, reclassification, recapitalisation or otherwise) or similar reclassification or recapitalisation of the Class A Shares in issue into a greater or lesser number of shares occurring after the initial issuance of securities by Ajax without a proportionate and corresponding subdivision, combination or similar reclassification or recapitalisation of the Class B Shares in issue.

4.4 At the conclusion of the Lockup Period, each issued and outstanding Class C Share shall automatically be converted into one (1) Class A Share on a one-for-one basis in accordance with Article 4.5. The Class C Shares shall be converted automatically without any further action by the holder of such Shares.

4.5 Any conversion of Class B Shares or Class C Shares into Class A Shares pursuant to these Articles shall be effected by means of the re-designation of each relevant Class B Share or Class C Share as a Class A Share. Such conversion shall become effective forthwith upon entries being made in the Register of Members to record the re-designation of the relevant Class B Shares or Class C Shares as Class A Shares.

4.6 In no event shall Class A Shares be convertible into Class B Shares or Class C Shares. In no event shall Class B Shares be convertible into Class C Shares or Class C Shares be convertible into Class B Shares.

5. Preference Shares

5.1 Preference Shares may be issued from time to time in one or more series, each of such series to have such voting powers (full or limited or without voting powers), designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as are stated and expressed, or in any resolution or resolutions providing for the issue of such series adopted by the Board as hereinafter provided.

5.2 Authority is hereby granted to the Board, subject to the provisions of the Memorandum, these Articles and Applicable Law, to create one or more series of Preference Shares and, with respect to each such series, to fix by resolution or resolutions, without any further vote or action by the Members of the Company providing for the issue of such series:

- (a) the number of Preference Shares to constitute such series and the distinctive designation thereof;
- (b) the dividend rate on the Preference Shares of such series, the dividend payment dates, the periods in respect of which dividends are payable, whether such dividends shall be cumulative and, if cumulative, the date or dates from which dividends shall accumulate;
- (c) whether the Preference Shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;
- (d) whether the Preference Shares of such series shall be convertible into, or exchangeable for, Shares of any other Class or Classes or any other series of the same or any other Class or Classes of Shares and the conversion price or prices or rate or rates, or the rate or rates at which such exchange may be made, with such adjustments, if any, as shall be stated and expressed or provided in such resolution or resolutions;
- (e) the preferences, if any, and the amounts thereof, which the Preference Shares of such series shall be entitled to receive upon the winding up of the Company;
- (f) the voting power, if any, of the Preference Shares of such series transfer restrictions and rights of first refusal with respect to the Preference Shares of such series; and such other terms, conditions, special rights and provisions as may seem advisable to the Board; and

(g) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof.

5.3 Notwithstanding the fixing of the number of Preference Shares constituting a particular series upon the issuance thereof, the Board at any time thereafter may authorise the issuance of additional Preference Shares of the same series subject always to the Statute and the Memorandum.

5.4 If, upon the winding up of the Company, the assets of the Company distributable among the holders of any one or more series of Preference Shares which (i) are entitled to a preference over the holders of the Common Shares upon such winding up, and (ii) rank equally in connection with any such distribution, shall be insufficient to pay in full the preferential amount to which the holders of such Preference Shares shall be entitled, then such assets, or the proceeds thereof, shall be distributed among the holders of each such series of the Preference Shares ratably in accordance with the sums which would be payable on such distribution if all sums payable were discharged in full.

6. Issue of Warrants and Options

6.1 The Board may issue warrants or options to subscribe for any Class of Shares or other securities of the Company on such terms as it may from time to time determine. No warrants or options shall be issued to bearer.

7. Register of Members

7.1 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute, provided that the Company may not maintain (or cause or permit any other person to maintain) the Register of Members in the United Kingdom.

7.2 The Board may determine that the Company shall maintain one or more branch registers of Members in accordance with the Statute at such location or locations within or outside the Cayman Islands as the Board thinks fit, provided that the Company may not maintain (or cause or permit any other person to maintain) a branch register of Members in the United Kingdom. The Board may also determine which register of Members shall constitute the principal register and which shall constitute the duplicate or branch register or registers, and to vary such determination from time to time.

7.3 The Company, or any agent(s) appointed by it to maintain the duplicate or branch Register of Members in accordance with these Articles, shall as soon as practicable and on a regular basis record or procure the recording in the original Register of Members all transfers of Shares effected on any duplicate or branch Register of Members and shall at all times maintain the original Register of Members in such manner as to show at all times the Members for the time being and the Shares respectively held by them, in all respects in accordance with the Statute.

7.4 The Company shall not be bound to register more than four (4) persons as joint holders of any Share. If any Share shall stand in the names of two (2) or more persons, the person first named in the Register of Members shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company.

8. Closing Register of Members or Fixing Record Date

8.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Board may, after notice has been given by advertisement in an appointed newspaper or any other newspaper or by any other means in accordance with the rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law, provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed forty (40) days. If the Register of Members shall be so closed for the purpose of determining Members entitled to notice of or to attend or vote at a meeting of Members such Register of Members shall be so closed for at least ten (10) days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.

8.2 In lieu of, or apart from, closing the Register of Members, the Board may fix in advance or arrears a date as the record date (a) for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, (b) for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, which record date shall not be more than ninety (90) days prior to the date of payment of such Dividend, or (c) in order to make a determination of Members for any other purpose.

8.3 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Board resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article 8.3, such determination shall apply to any adjournment thereof; provided, however, that the Board may fix a new record date of the adjourned meeting, if they think fit.

9. Certificates for Shares

9.1 A Member shall only be entitled to a share certificate if the Board resolves that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Board may determine. No certificate shall be issued representing Shares of more than one class. Share certificates shall be signed by one (1) or more Directors or other person authorised by the Board. The Board may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. Every share certificate shall specify the number of Shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as shall be determined by the Board. Such certificates may be under Seal. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. The name and address of the person to whom the Shares represented thereby are issued, with the number of Shares and date of issue, shall be entered in the Register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and, subject to these Articles, no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled. The Board may authorise certificates to be issued with the Seal and/or to be signed by such person(s) as may be authorised by the Board and may authorise certificates to be issued with the authorised signature(s) affixed by some method or system of mechanical or automated process.

- 9.2 Every share certificate of the Company shall bear legends required under the Applicable Law, including the U.S. Securities Act.
- 9.3 Any two (2) or more certificates representing Shares of any one (1) Class held by any Member may at the Member's request be cancelled and a single new certificate for such Shares issued in exchange for payment (if the Board shall so require) of US\$1.00 or such smaller sum as the Board shall determine.
- 9.4 The Company shall not be bound to issue more than one (1) certificate for Shares held jointly by more than one (1) person and delivery of a certificate to one (1) joint holder shall be a sufficient delivery to all of them.
- 9.5 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Board may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.
- 9.6 Every share certificate sent in accordance with these Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 9.7 Share certificates shall be issued within the relevant time limit as prescribed by the Statute, if applicable, or as the rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law may from time to time determine, whichever is shorter, after the allotment or, except in the case of a Share transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgement of a Share transfer with the Company.

10. Transfer of Shares

- 10.1 Subject to the terms of these Articles including the restrictions on transfer for Class C Shares set forth in Article 11, any Member may transfer all or any of such Member's Shares by an instrument of transfer provided that such transfer complies with the rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law. If the Shares in question were issued in conjunction with rights, options or warrants issued pursuant to these Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to them of the like transfer of such option or warrant.
- 10.2 The instrument of transfer of any Share shall be in writing in the usual or common form or in a form prescribed by the rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law or in any other form approved by the Board and shall be executed by or on behalf of the transferor (and if the Board so requires, signed by or on behalf of the transferee) and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members in respect of the relevant Shares.
- 10.3 (a) The Board may in its absolute discretion and without giving any reason therefor, decline to register any transfer of Shares which are:
- (i) not fully paid up or on which the Company has a lien; or
 - (ii) issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists.
- (b) The Board may also, but is not required to, decline to register any transfer of any Share unless:
- (i) the instrument of transfer is lodged with the Company, accompanied by the certificate (if any) for the Share(s) to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (ii) the instrument of transfer is in respect of only one (1) Class of Shares;
 - (iii) the instrument of transfer is properly stamped, if required by Applicable Law;
 - (iv) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four (4);

- (v) the Shares transferred are fully paid and free of any lien in favour of the Company; and
 - (vi) any applicable fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board may from time to time require, related to the transfer is paid to the Company.
- (c) Unless the Board has an express ability to decline to register any transfer of Shares pursuant to this Article 10.3, or such transfer otherwise in violation of the Transfer restriction in Article 11, the Board shall register a transfer of Shares.
- 10.4 The registration of transfers may, on fourteen (14) days' notice being given by advertisement in such one (1) or more newspapers or by electronic means, be suspended and the Register of Members closed at such times and for such periods as the Board may, in its absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the Register of Members closed for more than thirty (30) days in any year.
- 10.5 All instruments of transfer that are registered shall be retained by the Company. If the Board refuses to register a transfer of any Shares, they shall within three (3) months after the date on which the instrument of transfer was lodged with the Company send to each of the transferor and the transferee notice of the refusal.
- 11. Lockup**
- 11.1 Subject to Article 11.2 and Article 11.4, during the Lockup Period the holders of Class C Shares shall not Transfer any Class C Shares, without limiting Article 11.3, neither the Board nor the Company shall permit, recognize, register or otherwise record any Transfer of Class C Shares during the Lockup Period and any such transfer shall be null and void and will not be given effect.
- 11.2 Notwithstanding Article 11.1, Transfers of Class C Shares are permitted:
- (a) if such Transfer has been approved by the Board and is solely for the purpose of satisfying, and is limited only to the amount of Class C Shares necessary to satisfy, any tax obligations incurred directly in connection with the receipt of Class C Shares in the Share Purchase;
 - (b) (i) to any Director or Officer, or (ii) to any Affiliates or members of the Immediate Family of any Director or Officer;
 - (c) in the case of an individual, by a gift to a member of the Member's Immediate Family, or to a trust, the beneficiary of which is the Member or a member of the Member's Immediate Family;
 - (d) to a charitable organization;

- (e) in the case of an individual, by virtue of laws of descent and distribution upon death of the individual;
 - (f) in the case of an individual, pursuant to a qualified domestic relations order;
 - (g) in the event of the Company's completion of a liquidation, merger, share exchange, reorganization or other similar transaction which results in all of the Members having the right to exchange their Common Shares for cash, securities or other property subsequent to the Closing Date;
 - (h) by any Member to any of its Affiliates; or
 - (i) with the unanimous approval of a committee of the Board comprised of one Director that has been designated in writing by the Sponsor and one executive director.
- 11.3 Any Transfer or attempted Transfer of any Class C Shares in violation of this Article 11 shall be null and void. No such Transfer shall be recorded on the Company's books, including the Register of Members, and the purported transferee in any such Transfer shall not be treated (and the Member proposing to make any such Transfer shall continue to be treated) as the owner of such Class C Shares for all purposes.
- 11.4 Any person to whom Class C Shares are Transferred during the Lockup Period will be, and the Shares Transferred to such person shall be, subject to the Lockup Period, the restrictions on Transfers and permitted Transfer provisions in accordance with this Article 11.
- 11.5 For purposes of this Article 11, "**Transfer**" means the (a) sale of, contract or agreement to sell, hypothecate, pledge, grant of any option to purchase or otherwise dispose of or agreement to dispose of, directly or indirectly, or establishment or increase of a put equivalent position or liquidation with respect to or decrease of a call equivalent position within the meaning of Section 16, (b) entry into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any security, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or (c) public announcement during the Lockup Period of any intention to consummate any transaction specified in clause (a) or (b) during the Lockup Period.
- 12. Redemption, Repurchase and Surrender of Shares**
- 12.1 Subject to the provisions of the Statute, and, where applicable, the rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company.
- 12.2 Subject to the provisions of the Statute, and, where applicable, the rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law, any power of the Company to repurchase or otherwise acquire its own Shares (including any redeemable Shares) shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit.

- 12.3 In addition to the above, the Company is authorised, subject to Applicable Law, to repurchase any Common Share listed on a Designated Stock Exchange in accordance with the following manner of repurchase: the maximum number of Common Shares that may be repurchased shall be equal to the number of issued and outstanding Common Shares less one (1) Common Share; at such time; at such price and on such other terms as determined and agreed by the Board in their sole discretion, provided, however, that (i) such repurchase transactions shall be in accordance with the relevant code, rules and regulations applicable to the listing of the Shares on the Designated Stock Exchange (including any requirements for Member approval, as applicable); and (ii) at the time of, and after giving effect to, any such repurchase the Company is able to pay its debts as they fall due in the ordinary course of its business.
- 12.4 The repurchase of any Share shall not oblige the Company to repurchase any other Share other than as may be required pursuant to Applicable Law, or any rules and regulations applicable to the listing of the Shares on the Designated Stock Exchange, or any contractual obligations of the Company.
- 12.5 The Company may make a payment in respect of the redemption or repurchase of its own Shares in any manner permitted by the Statute, including out of capital.
- 12.6 The holder of the Shares being repurchased shall be bound to deliver up to the Company at its Registered Office or such other place as the Board shall specify, the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to such holder the repurchase or redemption monies or consideration in respect thereof.
- 12.7 For the avoidance of doubt, redemptions, repurchases and surrenders of Shares in the circumstances described in this Article 12 shall not require further approval of the Members.

13. Treasury Shares

- 13.1 The Board may, prior to the repurchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
- 13.2 The Board may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

14. Variation of Rights of Shares

- 14.1 Subject to Article 3.2, if at any time the share capital of the Company is divided into different Classes of Shares, all or any of the rights attached to any Class (unless otherwise provided by the terms of issue of the Shares of that Class) may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued Shares of that Class where such variation is considered by the Board not to have a material and adverse effect upon such rights; otherwise, any such variation shall be made only with the consent in writing of the holders of not less than two thirds (2/3) of the issued Shares of that Class, or with the approval of a resolution passed by a majority of not less than two thirds (2/3) of the votes cast at a separate meeting of the holders of the Shares of that Class. The Board may not vary any rights of the Class C Shares without such two thirds (2/3) consent of the holders of Class C Shares. For the avoidance of doubt, the Board reserves the right, notwithstanding that any such variation may not have a material and adverse effect, to obtain consent from the holders of Shares of the relevant Class. To any such meeting all the provisions of these Articles relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be at least one (1) person holding or representing by proxy at least one third (1/3) of the issued Shares of the Class and that any holder of Shares of the Class present in person or by proxy may demand a poll.

- 14.2 For the purposes of a separate class meeting, the Board may treat two (2) or more or all the Classes of Shares as forming one (1) Class of Shares if the Board considers that such class of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes of Shares. Such a determination shall not affect the number of votes required, including with respect to any Class.
- 14.3 The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one (1) Class of Shares except, to the extent that a Class may vote separately from other Classes, the necessary quorum shall be at least one (1) person holding or representing by proxy at least one third (1/3) of the Class A Shares, Class B Shares and Class C Shares, respectively.
- 14.4 The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith or Shares issued with preferred or other rights. The rights of holders of Common Shares shall not be deemed to be varied by the creation or issue of Shares with preference or other rights which may be effected by the Board as provided in these Articles without any vote or consent of the holders of Common Shares.
- 14.5 The rights attaching to the Class B Shares and Class C Shares, respectively, shall be deemed to be varied by any subdivision (by share subdivision, exchange, capitalisation, rights issue, reclassification, recapitalisation or otherwise) or combination (by share consolidation, exchange, reclassification, recapitalisation or otherwise) or similar reclassification or recapitalisation (each, a “**Reclassification**”) of the Class A Shares in issue into a greater or lesser number of shares occurring after the Closing Date unless there is, at the same time, a corresponding Reclassification with respect the Class B Shares or Class C Shares, as applicable.
- 15. Commission on Sale of Shares**
- 15.1 The Company may, insofar as the Statute permits, pay a commission to any person in consideration of his or her subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

16. Non-Recognition of Trusts

16.1 The Company shall not be obligated to recognize any person as holding any Share upon any trust and the Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

17. Lien on Shares

17.1 The Company shall have a first and paramount lien on all Shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or such Member's estate, either alone or jointly with any other person, whether a Member or not, but the Board may at any time declare any Share to be wholly or in part exempt from the provisions of this Article 17. The registration of a transfer of any such Share shall operate as a waiver of the Company's lien thereon. The Company's lien on a Share shall also extend to any amount payable in respect of that Share.

17.2 The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen (14) clear days after notice has been received or deemed to have been received by the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.

17.3 To give effect to any such sale the Board may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or the purchaser's nominee shall be registered as the holder of the Shares comprised in any such transfer, and the purchaser shall not be bound to see to the application of the purchase money, nor shall the purchaser's title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.

17.4 The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any balance shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

18. Call on Shares

18.1 Subject to the terms of the allotment and issue of any Shares, the Board may make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen (14) calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed, in whole or in part, as the Board may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

- 18.2 A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.
- 18.3 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 18.4 If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Board may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Board may waive payment of the interest or expenses wholly or in part.
- 18.5 An amount payable in respect of a Share on issue or allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
- 18.6 The Board may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
- 18.7 The Board may, if it thinks fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Board and the Member paying such amount in advance.
- 18.8 No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a Dividend or other distribution payable in respect of any period prior to the date upon which such amount would, but for such payment, become payable.
- 19. Forfeiture of Shares**
- 19.1 If a call or instalment of a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 19.2 If the notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all Dividends, other distributions or other monies payable in respect of the forfeited Share and not paid before the forfeiture.

- 19.3 A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board thinks fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Board thinks fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person, the Board may authorise some person to execute an instrument of transfer of the Share in favour of that person.
- 19.4 A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest at such rate as the Board may determine, but his or her liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.
- 19.5 A declaration by a Director or the Secretary that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the Share and the person to whom the Share is sold or otherwise disposed of shall not be bound to see to the application of the consideration, if any, nor shall his or her title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
- 19.6 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

20. Transmission of Shares

- 20.1 If a Member dies, the survivor or survivors (where the deceased was a joint holder), or the legal personal representatives of the deceased (where such Member was a sole holder), shall be the only persons recognised by the Company as having any title to the Member's interest in the Shares, but nothing herein contained shall release the estate of any such deceased Member from any liability in respect of any Share, for which the Member was a joint or sole holder.
- 20.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may be required by the Board, elect, by a notice in writing sent by such person to the Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If such person elects to have another person registered as the holder of such Share such person shall sign an instrument of transfer of that Share to that person. The Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his or her death or bankruptcy or liquidation or dissolution, as the case may be.

20.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends, other distributions and other advantages to which such person would be entitled if such person were the registered holder of such Share. However, such person shall not, before becoming registered as a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Board may at any time give notice requiring any such person to elect either to be registered themselves or to have some person nominated by such person to be registered as the holder of the Share (but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before their death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety (90) days of being received or deemed to be received (as determined pursuant to these Articles), the Board may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

21. Untraceable Members

21.1 Without prejudice to the rights of the Company under Article 21.2, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

21.2 The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

- (a) all cheques or warrants payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by these Articles have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers to be made in accordance with the requirements of, the Designated Stock Exchange of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article 21.2 and ending at the expiry of the period referred to in that paragraph.

21.3 To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his or her title to the shares be affected by any irregularity.

22. Amendments of Memorandum and Articles of Association and Alteration of Capital

22.1 The Company may by Ordinary Resolution:

- (a) increase its share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination;
- (d) sub-divide its existing Shares or divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and
- (e) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

22.2 All new Shares created in accordance with the provisions of the preceding Article 22.1 shall be subject to the same provisions of these Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.

22.3 Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:

- (a) change its name;
- (b) alter or add to these Articles;

- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
- (d) reduce its share capital or any capital redemption reserve fund.

23. Offices and Places of Business

23.1 Subject to the provisions of the Statute, the Company may by resolution of the Board change the location of its Registered Office. The Company may, in addition to its Registered Office, establish and maintain such other offices and places of business and agencies in such places as the Board may from time to time determine.

24. General Meetings

24.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.

24.2 The Company may, but shall not (unless required by the Statute) be obliged to, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. Any annual general meeting shall be held at such time and place as the Board shall appoint provided that the period between the date of one annual general meeting of the Company and that of the next shall not be longer than such period as Applicable Law or the relevant code, rules and regulations applicable to the listing of the Shares on the Designated Stock Exchange permits. At these meetings the report of the Board (if any) shall be presented.

24.3 The Board or the chairperson of the Board may call general meetings, and, for the avoidance of doubt, Members shall not have the ability to call general meetings.

24.4 General meetings of the Company (other than the annual general meeting) may be held at such place, either within or without the Cayman Islands, as determined by the Board.

25. Notice of General Meetings

25.1 Subject to any requirements of the Designated Stock Exchange with respect to required notice timing, at least five (5) calendar days' notice shall be given of any general meeting in accordance with the requirements of the Designated Stock Exchange. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given. Every notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at the general meeting and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article 25 has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if Applicable Law so permits and it is so agreed:

- (a) in the case of an annual general meeting, by all of the Members entitled to attend and vote thereat or their proxies; and

- (b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote at the meeting, together holding not less than sixty-six and two-thirds per cent (66 2/3%) in par value of the Shares giving a right to vote or their proxies.
- 25.2 The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.
- 25.3 The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a Special Resolution shall specify the intention to propose the resolution as a Special Resolution. Notice of every general meeting shall be given to all Members other than such as, under the provisions of these Articles or the terms of issue of the Shares they hold, are not entitled to receive such notice from the Company.
- 25.4 There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member.
- 25.5 In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.
- 26. Proceedings at General Meetings**
- 26.1 No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The quorum required for a general meeting of Members consists of at least one (1) Member, present in person or by proxy or if a corporation or other non-natural person by its duly authorised representative or proxy, and entitled to vote, holding in aggregate not less than one-third (1/3) of the voting power of the Shares in issue carrying a right to vote at such meeting. Only business set out in the applicable notice may be transacted at such general meeting.
- 26.2 A person may participate at a general meeting by conference telephone, other communications equipment or any other Electronic Facility. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.
- 26.3 A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all of the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations or other non-natural persons, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.
- 26.4 If a quorum is not present within half an hour from the time appointed for the meeting to commence, the meeting shall stand adjourned to the same day in the next week at the same time and/or place or to such other day, time and/or place as the Board may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting to commence, the Members present shall be a quorum.

- 26.5 The Board may, at any time prior to the time appointed for the meeting to commence, appoint any person to act as chairperson of a general meeting of the Company or, if the Board does not make any such appointment, the chairperson, if any, of the Board shall preside as chairperson at such general meeting. If there is no such chairperson, or if he or she shall not be present within fifteen (15) minutes after the time appointed for the meeting to commence, or is unwilling to act, the Directors present shall elect one (1) of their number to be chairperson of the meeting.
- 26.6 If no Director is willing to act as chairperson or if no Director is present within fifteen (15) minutes after the time appointed for the meeting to commence, the Members present shall choose one (1) of their number to be chairperson of the meeting.
- 26.7 The chairperson may, with or without the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 26.8 When a general meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice of an adjourned meeting or of the business to be transacted at an adjourned general meeting. If a notice is issued in respect of a general meeting and the Board, in its absolute discretion, consider that it is impractical or undesirable for any reason to hold that general meeting at the place, the day and the hour specified in the notice calling such general meeting, the Board may postpone the general meeting to another place, day and/or hour provided that notice of the place, the day and the hour of the rearranged general meeting is promptly given to all Members. No business shall be transacted at any postponed meeting other than the business specified in the notice of the original meeting.
- 26.9 When a general meeting is postponed for thirty (30) days or more, notice of the postponed meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice of a postponed meeting. All proxy forms submitted for the original general meeting shall remain valid for the postponed meeting. The Board may postpone a general meeting which has already been postponed.
- 26.10 A resolution put to the vote of the meeting shall be decided on a poll.
- 26.11 A poll shall be taken as the chairperson directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.
- 26.12 A poll demanded on the election of a chairperson or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such date, in such manner and at such time and place, not being more than ten (10) calendar days from the date of the meeting or adjourned meeting at which the vote was taken, as the chairperson directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. Any other business other than that upon which a poll is to be taken or is contingent thereon may be proceeded with pending the taking of the poll.

27. Votes of Members

- 27.1 Subject to any rights or restrictions attached to any Class or Classes of Shares, every Member of record present in person or by proxy, or, if a corporation or other non-natural person, by its duly authorised representative or by proxy, shall have the voting power as set forth in Article 4.1.
- 27.2 In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or, in the case of a corporation or other non-natural person, by its duly authorised representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names of the holders stand in the Register of Members.
- 27.3 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote by such Member's committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.
- 27.4 No person shall be entitled to vote at any general meeting unless such person is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by such person in respect of Shares have been paid.
- 27.5 No objection shall be raised as to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid for all purposes. Any objection made in due time in accordance with this Article 27 shall be referred to the chairperson whose decision shall be final and conclusive.
- 27.6 Votes may be cast either personally or by proxy (or in the case of a corporation or other non-natural person by its duly authorised representative or proxy). A Member may appoint more than one (1) proxy or the same proxy under one (1) or more instruments to attend and vote at a meeting. Where a Member appoints more than one (1) proxy the instrument of proxy shall specify the number of Shares in respect of which each proxy is entitled to exercise the related votes.
- 27.7 A Member holding more than one (1) Share need not cast the votes in respect of his or her Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one (1) or more instruments may vote a Share or some or all of the Shares in respect of which he or she is appointed either for or against a resolution and/or abstain from voting a Share or some or all of the Shares in respect of which he or she is appointed.

28. Proxies

- 28.1 The rules and procedures relating to the form or a proxy, the depositing or filing of proxies and voting pursuant to a proxy and any other matter incidental thereto shall be approved by the Board, subject to such rules and procedures as required by Applicable Law or the relevant code, rules and regulations applicable to the listing of the Shares on the Designated Stock Exchange and as provided in the following Articles under this Article 28.
- 28.2 The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of such person's attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of an officer or attorney duly authorised in that behalf provided however, that a Member may also authorise the casting of a vote by proxy pursuant to telephonic or electronically transmitted instructions (including, without limitation, instructions transmitted over the internet) obtained pursuant to procedures approved by the Board which are reasonably designed to verify that such instructions have been authorised by such Member. A proxy need not be a Member of the Company.
- 28.3 No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date.
- 28.4 The Board may, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited. In the absence of any such direction from the Board in the notice convening any meeting or adjourned meeting or in an instrument of proxy sent out by the Company, the instrument appointing a proxy shall be deposited physically at the Registered Office not less than forty-eight (48) hours before the time appointed for the meeting or adjourned meeting to commence at which the person named in the instrument proposes to vote.
- 28.5 The chairperson may in any event at his or her discretion declare that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted, or which has not been declared to have been duly deposited by the chairperson, shall be invalid.
- 28.6 The instrument appointing a proxy may be in any usual or common form (or such other form as the Board may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.
- 28.7 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

28.8 If both a Member who has appointed a proxy pursuant to a voting agreement and the proxy appointed by that Member attend a general meeting and the proxy casts a vote, the vote cast by the proxy, rather than any vote cast by the Member personally, shall be counted to the exclusion of any vote purportedly cast by the Member.

29. Corporate Members

29.1 Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any Class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as the corporation could exercise if it were an individual Member.

29.2 If a Clearing House (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it sees fit to act as its representative at any meeting of the Company or at any meeting of any Class of Members provided that the authorisation shall specify the number and Class of Shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article 29 shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) as if such person was the registered holder of such Shares held by the Clearing House (or its nominee(s)).

30. Shares that May Not be Voted

30.1 Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

31. Directors

31.1 There shall be a Board consisting of not less than five (5) nor more than nine (9) persons; provided, however, that the Company may by Ordinary Resolution increase or reduce the upper and lower limits on the number of Directors and provided that so long as Shares of the Company are listed on a Designated Stock Exchange, the Board shall include such number of Independent Directors as the relevant code, rules or regulations applicable to the listing of any Shares on the Designated Stock Exchange require.

- 31.2 The Board shall be and is divided into three (3) classes, designated as Class I, Class II and Class III. Each class will consist, as nearly as possible, of a number of Directors equal to one-third (1/3) of the total number of members of the Board authorised as provided in Article 31.1. The Board is authorised to assign members of the Board already in office to such classes at the time the classification of the Board becomes effective pursuant to this Article 31.2. At the 2022 annual general meeting, all Class I Director terms shall expire and the Class I Directors shall be eligible for re-election. At 2023 annual general meeting after the adoption of these Articles, all Class II Director terms shall expire and the Class II Directors shall be eligible for re-election. At 2024 general meeting after the adoption of these Articles, all Class III Director terms shall expire, and the Class III Directors shall be eligible for re-election. At each annual general meeting, the successors of that class of Directors whose term expires at that meeting will be elected to hold office in accordance with this Article 31.2 for a term expiring at the annual general meeting held in the third (3rd) year following the year of their election. The Directors of each class will hold office until the expiration of the term of such class and until their respective successors are elected and qualified or until such Director's earlier death, resignation or removal.
- 31.3 Except as the Statute or other Applicable Law may otherwise require, and subject to the rights of any Preference Shares or other contractual rights with Members that provide for the appointment of Directors, in the interim between annual general meetings or extraordinary general meetings called for the appointment of Directors and/or the removal of one (1) or more Directors and the filling of any vacancy in connection therewith, or any vacancies in the Board, or appointment of any additional Directors may be filled by the vote of a majority of the remaining Directors then in office, although less than a quorum (as defined in these Articles), or by the sole remaining Director. All Directors shall hold office until the expiration of their respective terms of office and until their successors shall have been appointed and qualified. A Director appointed to fill a vacancy resulting from the death, resignation or removal of a Director shall serve for the remainder of the full term of the Director whose death, resignation or removal shall have created such vacancy and until his or her successor shall have been appointed and qualified. No decrease in the number of Directors constituting the Board shall shorten the terms of any incumbent Director.
- 31.4 In any vote of Members to appoint Directors, each person nominated for appointment as a Director in an uncontested election shall be appointed if the number of votes cast for the person's appointment exceeds the number of votes cast against the person's appointment. In all votes to appoint Directors other than uncontested elections, the persons receiving the largest number of votes cast for appointment, up to the number of Directors to be appointed in such vote, shall be deemed appointed.
- 31.5 A Director may be removed from office only for cause by Special Resolution of the Company.
- 32. Powers and Duties of Directors**
- 32.1 Subject to the provisions of the Statute, the Memorandum and these Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

- 32.2 All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Board shall determine by resolution.
- 32.3 The Board on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to such Director's widow, widower or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
- 32.4 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- 32.5 The Board may, from time to time, and except as required by Applicable Law or the Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company, which shall be intended to set forth the guiding principles and policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.

33. Alternate Directors

- 33.1 Any Director may in writing appoint another person to be such Director's alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing Director, and to act in such Director's place at any meeting of the Board at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Board as a Director when the Director appointing such alternate Director is not personally present. If a Director appoints another Director as an alternate, the alternate Director shall have one vote on behalf of the appointing Director in addition to his or her own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by such Director. Such alternate shall be deemed for all purposes to be a Director of the Company in respect of such times as the alternate acts as a Director, and shall not be deemed to be the agent of the appointing Director. Such alternate shall be entitled to all privileges and protections afforded Directors under these Articles, including Article 50, at all times he or she is acting as a Director. The remuneration of such alternate shall be payable out of the remuneration of the appointing Director and the proportion thereof shall be agreed between them.

34. Vacation of Office of Director

The office of a Director shall be vacated if:

- (a) the Director gives notice in writing to the Company that such Director resigns the office of Director;
- (b) the Director absents himself or herself (for the avoidance of doubt, without being represented by proxy) from three (3) consecutive meetings of the Board without special leave of absence from the Board or appointment of an alternate Director in accordance with Article 33, and the Board passes a resolution that the Director has by reason of such absence vacated office;
- (c) the Director dies, becomes bankrupt or makes any arrangement or composition with such Director's creditors generally;
- (d) the Director is found to be or becomes of unsound mind; or
- (e) the Director is prohibited by any Applicable Law or relevant code applicable to the listing of the Shares on the Designated Stock Exchange, from being a Director.

35. Proceedings of Directors

- 35.1 The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed shall be a majority of the Directors then in office. In no event shall the Board fix a quorum that is less than one-third (1/3) of the total number of Directors, provided always that if there shall at any time be only a sole Director the quorum shall be one (1).
- 35.2 Subject to the provisions of these Articles, the Board shall meet together for the dispatch of business, convening, adjourning and otherwise regulating their meetings and procedures as they think fit. Questions arising at any meeting shall be decided by a majority of votes of the Directors present at a meeting at which there is a quorum. In the case of an equality of votes, the chairperson shall not have a second or casting vote.
- 35.3 A person may participate in a meeting of the Board or any committee of the Board by conference telephone, other communications equipment or any other Electronic Facility. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Board, the meeting shall be deemed to be held at the place where the chairperson is located at the start of the meeting.
- 35.4 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of the Board or, in the case of a resolution in writing relating to the removal of any Director or the vacation of office by any Director, all of the Directors other than the Director who is the subject of such resolution shall be as valid and effectual as if it had been passed at a meeting of the Board, or committee of the Board as the case may be, duly convened and held.

- 35.5 Regular meetings of the Board may be held at such times and places as may be provided for in resolutions adopted by the Board. No additional notice of a regularly scheduled meeting of the Board shall be required.
- 35.6 A Director may, or other Officer on the direction of a Director shall, call a meeting of the Board by at least two (2) days' notice in writing to every Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors either at, before or after the meeting is held and provided further if notice is given in person, by telephone, cable, telex, telecopy or email the same shall be deemed to have been given on the day it is delivered to the Board or transmitting organisation as the case may be. If the Director attends the meeting, the Director's attendance constitutes a waiver of notice of the meeting, unless the Director attends for the sole purpose of objecting to the notice. To any such notice of a meeting of the Board all the provisions of these Articles relating to the giving of notices by the Company to the Members shall apply *mutatis mutandis*. The accidental omission to give notice of a meeting of the Board to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.
- 35.7 The continuing Directors (or a sole continuing Director, as the case may be) may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose.
- 35.8 The Directors may elect a chairperson of their board and determine the period for which the chairperson so elected is to hold office; but if no such chairperson is elected, or if at any meeting the chairperson is not present within five (5) minutes after the time appointed for the meeting to commence, the Directors present may choose one of their number to be chairperson of the meeting.
- 35.9 All acts done by any meeting of the Board or of a committee of the Board shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director, and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.
- 35.10 A Director may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.
- 36. Presumption of Assent**
- 36.1 A Director who is present at a meeting of the Board at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent from such action with the person acting as the chairperson or Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

37. Directors' Interests

- 37.1 A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his or her office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine.
- 37.2 A Director may act by himself or herself or by, through or on behalf of his or her firm in a professional capacity for the Company and he or she or his or her firm shall be entitled to remuneration for professional services as if he or she were not a Director.
- 37.3 A Director may be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company or otherwise interested in any company promoted by the Company or in which the Company may be interested as a Member, a contracting party or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him or her as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of, or from his or her interest in, such other company.
- 37.4 No person shall be disqualified from the office of Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested be or be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director holding office or of the fiduciary relationship thereby established. A Director shall be at liberty to vote in respect of any contract or transaction in which such Director is interested provided that the nature of the interest of any Director in any such contract or transaction shall be disclosed by him or her at or prior to its consideration and any vote thereon.
- 37.5 A general notice that a Director is a Member, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he or she has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

38. Minutes

- 38.1 The Board shall cause minutes to be made in books kept for the purpose of recording all appointments of Officers made by the Board, all proceedings at meetings of the Company or the holders of any Class of Shares and of the Board, and of committees of the Board, including the names of the Directors present at each meeting.

39. Delegation of Directors' Powers

- 39.1 The Board may delegate any of its powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors. The Board may designate an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The Board may also delegate to any Director such of their powers, authorities and discretions as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Board may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Board. Subject to any such conditions, the proceedings of a committee of the Board shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 39.2 The Board may establish any committees, local boards or agencies or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees, local boards or agencies. Any such appointment may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such appointment may be revoked or altered by the Board. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 39.3 The Board may adopt formal written charters for any committee. Each of these committees shall be empowered to do all things necessary to exercise the rights of such committee set forth in these Articles and shall have such powers as the Board may delegate pursuant to these Articles and as required by the applicable rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall consist of such number of Directors as the Board shall from time to time determine (or such minimum number as may be required from time to time by the applicable rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or otherwise under Applicable Law).
- 39.4 The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Board at any time.
- 39.5 The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

39.6 The Board may appoint such Officers as they consider necessary in the management of the business of the Company and as it may decide for such period as the Board thinks fit and on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Board may think fit. Such Officers need not also be a Director. Unless otherwise specified in the terms of appointment, an Officer may be removed by resolution of the Board or Members. An Officer may vacate his or her office at any time if he or she gives notice in writing to the Company that he or she resigns his office.

39.7 Every Director appointed to an office under the above Article 39.6 shall, without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company, be liable to be dismissed or removed from such executive office by the Board. A Director appointed to an office under the above Article 39.6 shall *ipso facto* and immediately cease to hold such executive office if such Director shall cease to hold the office of Director for any cause.

40. No Minimum Shareholding

40.1 The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed a Director is not required to hold Shares.

41. Remuneration of Directors

41.1 The remuneration to be paid to the Directors, if any, shall be such remuneration as the Board shall determine, provided that no cash remuneration shall be paid to any Director by the Company prior to Closing Date. The Directors shall also, whether prior to or after the Closing Date, be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, or general meetings of the Company, or separate meetings of the holders of any Class of Shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Board, or a combination partly of one such method and partly the other.

41.2 The Board may by resolution approve additional remuneration to any Director for any services which in the opinion of the Board goes beyond such Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to remuneration as a Director.

42. Seal

- 42.1 The Company may, if the Board so determines, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board. Every instrument to which the Seal has been affixed shall be signed by at least one (1) person who shall be either a Director or some Officer or other person appointed by the Board for the purpose.
- 42.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Board so determines, with the addition on its face of the name of every place where it is to be used.
- 42.3 A Director or Officer, representative or attorney of the Company may without further authority of the Board affix the Seal over his or her signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

43. Dividends, Distributions and Reserve

- 43.1 Subject to the Statute and this Article 43 and except as otherwise provided by the rights attached to any Shares, the Board may from time to time declare or resolve to pay Dividends (including interim dividends) or other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. A Dividend shall be deemed to be an interim Dividend unless the terms of the resolution pursuant to which the Board resolves to pay such Dividend specifically state that such Dividend shall be a final Dividend. No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the Share Premium Account or as otherwise permitted by Applicable Law.
- 43.2 Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.
- 43.3 The Board may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- 43.4 The Board may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient and in particular may issue fractional Shares and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Board.

- 43.5 Except as otherwise provided by the rights attached to any Shares, Dividends and other distributions may be paid in any currency. The Board may determine the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.
- 43.6 The Board may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Board, be employed in the business of the Company.
- 43.7 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant or electronic or other payment shall be made payable to the order of the person to whom it is sent. Any one of two (2) or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 43.8 No Dividend or other distribution shall bear interest against the Company.
- 43.9 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six (6) months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Board, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six (6) years from the date of declaration of such Dividend or other distribution shall be forfeited and shall revert to the Company.
- 44. Capitalisation**
- 44.1 The Board may at any time capitalise any sum standing to the credit of any of the Company's reserve accounts or funds (including the Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distribution; and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Board shall do all acts and things required to give effect to such capitalisation, with full power given to the Board to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Board may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

45. Share Premium Account

- 45.1 The Board shall in accordance with the Statute establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.
- 45.2 There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Board such sum may be paid out of the profits of the Company or, if permitted by the Statute, out of capital.

46. Books of Account

- 46.1 The Board shall cause proper books of account (including, where applicable, material underlying documentation including contracts and invoices) to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five (5) years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 46.2 The Board shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Board or by the Company in general meeting.
- 46.3 The Board may cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by Applicable Law.

47. Audit

- 47.1 Notwithstanding any other provision in Article 39, for so long as any Class of Shares is listed on a Designated Stock Exchange, the Board shall establish and maintain an Audit Committee as a committee of the Board, the composition and responsibilities of which shall comply with the applicable rules and regulations of the Designated Stock Exchange and the U.S. Securities and Exchange Commission.
- 47.2 The appointment of and provisions relating to Auditors shall be in accordance with Applicable Law and the relevant code, rules and regulations applicable to the listing of the Shares on the Designated Stock Exchange.

- 47.3 In the event that no such code, rules and regulations referred to in Article 47.1, apply, the appointment of and provisions relating to Auditors shall be in accordance with the following provisions:
- (a) The Audit Committee may appoint an Auditor who shall hold office until removed from office by the Audit Committee, on such terms as the Audit Committee determines and the Audit Committee may fix their remuneration.
 - (b) Every Auditor shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.
 - (c) Auditors shall make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Board or Audit Committee.

48. Notices

48.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to such Member or to such Member's address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent airmail. Notice may also be served by Electronic Communication in accordance with the rules and regulations of the Designated Stock Exchange, the U.S. Securities and Exchange Commission and/or any other competent regulatory authority or by placing it on the Company's Website.

48.2 Where a notice is sent by:

- (a) courier; service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third (3rd) day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier;
- (b) post; service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and shall be deemed to have been received on the fifth (5th) day (not including Saturdays or Sundays or public holidays in the Cayman Islands) following the day on which the notice was posted;
- (c) cable, telex or fax; service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted;
- (d) e-mail or other Electronic Communication; service of the notice shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient; and

- (e) placing it on the Company's Website; service of the notice shall be deemed to have been effected one hour after the notice or document was placed on the Company's Website.
- 48.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 48.4 Notice of every general meeting shall be given in any manner authorised by these Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for such Member's death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.
- 49. Winding Up**
- 49.1 If the Company shall be wound up, the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as such liquidator thinks fit. Subject to the rights attaching to any Shares, in a winding up:
- (a) if the assets available for distribution amongst the Members shall be insufficient to repay the whole of the Company's issued share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them; or
 - (b) if the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise.
- 49.2 If the Company shall be wound up the liquidator may, subject to the rights attaching to any Shares and with the approval of a Special Resolution of the Company and any other approval required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different Classes of Members. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like approval, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

49.3 This Article 49 is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

50. Indemnity and Insurance

- 50.1 To the fullest extent permitted by law, no Director, Officer or trustee acting in relation to any of the affairs of the Company shall be personally liable to the Company or its Members for any loss arising or liability attaching to such Director, Officer or trustee by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which such Director, Officer or trustee may be guilty in relation to the Company; provided, however, that this provision shall not apply to liability arising from any actual fraud, wilful default or wilful neglect of such Director, Officer or trustee. No person shall be found to have committed actual fraud, wilful default or wilful neglect under this Article 50.1 unless or until a court of competent jurisdiction shall have made a final non-appealable finding to that effect. This Article 50.1 shall not extend to any matter that would render it void pursuant to the Statute or Applicable Law or to any person holding the office of Auditor in relation to the Company.
- 50.2 To the fullest extent permitted by law, the Company shall indemnify any current or former Director or Officer or any person who is serving or has served at the request of the Company as a Director or Officer and any trustee acting in relation to any of the affairs of the Company and their respective heirs, executors, administrators and personal representatives (each individually, a “**Covered Person**”), against any expenses, including attorneys’ fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending, or completed action, suit, demand or proceeding, whether civil, criminal, administrative or investigative (other than a proceeding by, or in the name or on behalf of, the Company, addressed in Article 50.3), to which he or she was, is, or is threatened to be made, a party or in which he or she is otherwise involved, (a “proceeding”) by reason of the fact that he or she is or was a Covered Person; provided, however, that this provision shall not indemnify any Covered Person against any liability arising out of any actual fraud, wilful default or wilful neglect of such Covered Person. No Person shall be found to have committed actual fraud, wilful default or wilful neglect under this Article 50.2 unless or until a court of competent jurisdiction shall have made a final non-appealable finding to that effect. This Article 50.2 shall not extend to any matter which would render it void pursuant to the Statute, Applicable Law or to any person holding the office of Auditor in relation to the Company.
- 50.3 In the case of any threatened, pending or completed proceeding by, or in the name or on behalf of, the Company, to the fullest extent permitted by law, the Company shall indemnify each Covered Person against reasonable and documented expenses, including attorneys’ fees actually and reasonably incurred by him or her in connection with the defence or settlement thereof, except that no indemnification for expenses shall be made in respect of any claim, issue or matter as to which such Covered Person shall have been finally adjudged to be liable for actual fraud, wilful default or wilful neglect in the performance of his or her duty to the Company, unless and only to the extent that the Grand Court in the Cayman Islands or the court in which such proceeding was brought shall determine upon application that such Covered Person is entitled to indemnity for such expenses as the court shall deem proper. Notwithstanding the preceding sentence, this Article 50.3 shall not extend to any matter that would render it void pursuant to the Statute or to any person holding the office of Auditor in relation to the Company.

- 50.4 To the fullest extent permitted by law, reasonable and documented expenses, including attorneys' fees, incurred by a Covered Person in defending any proceeding for which indemnification is permitted pursuant to these Articles shall be paid by the Company in advance of the final disposition of such proceeding upon receipt by the Board of an undertaking by or on behalf of such Covered Person to repay such amount (without interest) if it shall be determined in a final non-appealable order of a court of competent jurisdiction that he or she is not entitled to be indemnified by the Company pursuant to these Articles.
- 50.5 It being the policy of the Company that indemnification of the persons specified in these Articles shall be made to the fullest extent permitted by law, the indemnification and advancement of expenses provided for by these Articles shall not be deemed exclusive (a) of any other rights to which those seeking indemnification or advancement of expenses may be entitled under these Articles, any agreement, any insurance purchased by the Company, vote of Members or disinterested Directors, or pursuant to the direction (however embodied) of any court of competent jurisdiction, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, or (b) of the power of the Company to indemnify any person who is or was an employee or agent of the Company or of another corporation, joint venture, trust or other enterprise which he or she is serving or has served at the request of the Company, to the same extent and in the same situations and subject to the same determinations as are hereinabove set forth with respect to a Covered Person.
- 50.6 The Board may, notwithstanding any interest of the Board in such action, authorise the Company to purchase and maintain insurance for the benefit of any Director or Officer against any liability asserted against him and incurred by him in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of these Articles. As used in this Article 50, references to the "**Company**" include all constituent corporations in an amalgamation, consolidation or merger or similar arrangement in which the Company or a predecessor to the Company by amalgamation, consolidation or merger or similar arrangement was involved.

51. Financial Year

- 51.1 Unless the Board otherwise prescribes, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

52. Transfer by Way of Continuation

- 52.1 If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the Applicable Laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

53. Mergers and Consolidations

- 53.1 The Company shall have the power to merge or consolidate with one (1) or more other constituent companies (as defined in the Statute) upon such terms as the Board may determine and (to the extent required by the Statute) with the approval of a Special Resolution.

54. Business Opportunities

- 54.1 To the fullest extent permitted by Applicable Law, (i) no individual serving as a Director, nor any Member of the Company, or any Affiliate of such Member, in each case, other than, an Officer (including any Officer that is also a Director, or a Member or an affiliate of such Member, as the case may be) (collectively, the “**Relevant Persons**”) shall have any fiduciary duty to refrain from engaging directly or indirectly in other business ventures of every type and description, including those engaged in the same or similar business activities or lines of business as the Company or its subsidiaries or deemed to be competing with the Company or any of its subsidiaries, on its own account, or in partnership with, or as an employee, officer, director or Member of any other person, with no obligation to offer to the Company or any of its subsidiaries the right to participate therein and (ii) any Relevant Person may invest in, or provide services to, any person that directly or indirectly competes with the Company or any of its subsidiaries. To the fullest extent permitted by Applicable Law, the Company renounces any interest or expectancy of the Company in, or in being offered an opportunity to participate in, any potential transaction or matter which may be a corporate opportunity for any Relevant Person, on the one hand, and the Company or any of its subsidiaries, on the other. To the fullest extent permitted by Applicable Law, the Relevant Persons shall have no fiduciary duty to communicate or offer any such corporate opportunity to the Company or any of its subsidiaries and shall not be liable to the Company or any of its subsidiaries or Members for breach of any fiduciary duty as a Member, Director or Officer, as applicable, solely by reason of the fact that such Relevant Person, directly or indirectly, pursues or acquires such corporate opportunity for itself, himself or herself, directs such corporate opportunity to another person, or does not communicate information regarding such corporate opportunity to the Company or any of its subsidiaries.

- 54.2 The Company hereby renounces any interest or expectancy of the Company or any of its subsidiaries in, or in being offered an opportunity to participate in, any potential transaction or matter which may be a corporate opportunity of any Relevant Person.
- 54.3 To the extent a court might hold that the conduct of any activity related to a corporate opportunity that is renounced in this Article 54 to be a breach of fiduciary duty to the Company (including any of its subsidiaries) or its Members, the Company, on behalf of itself and each of its subsidiaries, hereby waives, to the fullest extent permitted by Applicable Law, any and all claims and causes of action that the Company or any of its subsidiaries may have for such activities. To the fullest extent permitted by Applicable Law, the provisions of this Article 54 apply equally to activities conducted in the future and that have been conducted in the past.
- 54.4
- (a) Notwithstanding that the provisions of Article 54.1-54.3 (including any waivers, grant of authority, or renouncement or other similar action set forth therein) do not apply in any respect to any Officer (including any Officer that is also serving as a Director (or *vice versa*), or is a Member or an Affiliate of such Member, as the case may be), nothing contained in these Articles will restrict any Officer (including any Officer that is also serving as a Director (or *vice versa*), or is a Member or an Affiliate of such Member, as the case may be), from engaging, directly or indirectly, in other business ventures of every type and description (other than any Competing Business, except to the extent set forth in Article 54.4(b)).
 - (b) No Officer (including any Officer that is also serving as a Director (or *vice versa*), or is a Member or an Affiliate of such Member, as the case may be) shall engage, directly or indirectly, in a Competing Business; provided, however, that no such Officer shall be deemed to be engaging in a Competing Business if such activity is: (i) approved by a majority of disinterested Directors, subject to Applicable Law, or (ii) with respect to any investment such Officer has as of the date of effectiveness of these Articles, an investment in the greater of (A) up to an additional two and one half per cent (2.5%) or (B) seven and one half per cent (7.5%) in the aggregate of the capital stock of a Competing Business (in each case, so long as such Officer does not participate in management activities or otherwise have the ability to influence or control such Competing Business). For the avoidance of doubt, notwithstanding the permissions afforded to the applicable Officers under this Article 54.4(b), the Company in no respects denounces its interest or expectancy in, or in being offered an opportunity to participate in, any potential transaction or matter which may be a corporate opportunity of the Company (i.e., if such applicable Officer obtains information relating to any permissive investment pursuant to clause (A) or (B) above as a result of such Officer serving in such capacity with the Company or pursuant to such other circumstances that would result in such permissive investment being deemed a corporate opportunity of the Company or any of its subsidiaries).
 - (c) For purposes of this Article 54.4, a “**Competing Business**” shall mean a business (other than the Company and its subsidiaries) that is engaged in the same or similar business activities or lines of business as the Company or its subsidiaries or deemed to be competing with the Company or any of its subsidiaries, in each case, on its own account, or in partnership with, any other person.

55. Disclosure

- 55.1 The Board, or any service providers (including the Officers, the Secretary and the registered office agent of the Company) specifically authorised by the Board, shall be entitled to disclose to any regulatory or judicial authority any information regarding the affairs of the Company including without limitation information contained in the Register of Members and books of the Company.

NUMBER

SHARES
CUSIP G2007L 204
SEE REVERSE FOR CERTAIN DEFINITIONS

**CAZOO GROUP LTD
INCORPORATED UNDER THE LAWS OF THE CAYMAN ISLANDS
CLASS A ORDINARY SHARES**

This Certifies that _____

is the owner of _____

**FULLY PAID AND NON-ASSESSABLE CLASS A ORDINARY SHARES
OF THE PAR VALUE OF U.S. \$0.002 EACH OF CAZOO GROUP LTD
(THE "COMPANY")**

transferable on the register of members of the Company in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar of the Company. Witness the facsimile signatures of its duly authorized officers.

[TITLE]

[TITLE]

CAZOO GROUP LTD

The Company will furnish without charge to each shareholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of shares or series thereof of the Company and the qualifications, limitations, or restrictions of such preferences and/or rights. This certificate and the shares represented thereby are issued and shall be held subject to all the provisions of the amended and restated memorandum and articles of association and all amendments thereto and resolutions of the Board of Directors providing for the issue of securities (copies of which may be obtained from the secretary of the Company), to all of which the holder of this certificate by acceptance hereof assents.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	— as tenants in common	UNIF GIFT MIN ACT —	_____ Custodian
TEN ENT	— as tenants by the entireties		_____
JT TEN	— as joint tenants with right of survivorship and not as tenants in common		(Cust)
			(Minor)
			under Uniform Gifts to Minors
			Act _____
			(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER(S) OF ASSIGNEE(S))

(PLEASE PRINT OR TYPEWRITE NAME(S) AND ADDRESS(ES), INCLUDING ZIP CODE, OF ASSIGNEE(S))

Shares represented by the within Certificate, and does hereby irrevocably constitute and appoint

Attorney to transfer the said shares on the register of members of the within named Company with full power of substitution in the premises.

Dated: _____

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed:

By

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15 UNDER THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED).

DESCRIPTION OF SECURITIES

Cazoo Group Ltd (the “Company,” “we,” “our,” or “us”) has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our Class A ordinary shares, par value \$0.002 per share (the “Class A Shares”) and warrants to acquire Class A Shares. The following description of the material terms of our share capital includes a summary of certain provisions of our amended and restated memorandum and articles of association (the “Articles”) and the Companies Act (As Revised) of the Cayman Islands as the same may be amended from time to time (the “Companies Act”). This description is qualified by reference to our Articles which are incorporated by reference as an exhibit to this annual report on Form 20-F (the “Report”). We encourage you to read our Articles and applicable provisions of the Companies Act carefully. Terms used herein but not defined have the meanings set forth in the Report.

We are a Cayman Islands exempted company and our affairs are governed by the Articles, the Companies Act and the common law of the Cayman Islands.

Reverse Stock Split and Share Increase

On February 7, 2023 the Board approved a consolidation of the Company’s issued and unissued share capital, par value \$0.0001 per share, at a ratio of 20-for-1 (the “reverse stock split”), as well as an increase in share capital (the “share increase”). The reverse stock split and share increase became effective at 4:05 p.m. (ET) on February 8, 2023 and the Class A Shares began trading on a split-adjusted basis on the NYSE on February 9, 2023. The reverse stock split and the share increase were approved by Cazoo’s shareholders at the extraordinary general meeting of shareholders held on February 7, 2023.

After giving effect to the reverse stock split and the share increase the Company’s authorized share capital is US\$435,500, divided into 165,000,000 Class A Ordinary Shares, par value of US\$0.002 each, 2,500,000 Class B Ordinary Shares, par value of US\$0.002 each, 50,000,000 Class C Ordinary Shares, par value of US\$0.002 each and 250,000 preference shares, par value of US\$0.002 each.

Ordinary Shares

Holders of Ordinary Shares are entitled to one vote for each share held of record on all matters to be voted on by members.

There is no cumulative voting with respect to the election of directors.

Preference Shares

The Board is authorized to issue preference shares from time to time in one or more series without member approval. The Board has the discretion under the Articles to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of our authorized but unissued undesignated shares, and the Board may issue those shares in series of preference shares, without any further member approval. The rights with respect to a series of preference shares may be greater than the rights attached to the Ordinary Shares. It is not possible to state the actual effect of the issuance of any preference shares on the rights of holders of Ordinary Shares until the Board determines the specific rights attached to any preference shares so issued. The effect of issuing preference shares could include, among other things, one or more of the following:

- Restricting dividends in respect of the Ordinary Shares;
- Diluting the voting power of the Ordinary Shares or providing that holders of preference shares have the right to vote on matters as a class;
- Impairing the liquidation rights of the Ordinary Shares; or
- Delaying or preventing a change of control of Cazoo.

As of December 31, 2022, there were no preference shares outstanding, and we have no present plans to designate the rights of or to issue any preference shares.

Dividend Rights

Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of the Board.

Variation of Rights

Under the Articles, if the share capital is divided into more than one class of shares, the rights attached to any such class may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued shares of that class where such variation is considered by the directors not to have a material and adverse effect upon such rights; otherwise, any such variation shall be made only with the consent in writing of the holders of not less than two thirds of the issued shares of that class or with the approval of a resolution passed by a majority of not less than two thirds of the votes cast at a separate meeting of the holders of the shares of that class.

Transfer of Shares

Members may transfer all or any of the member's Ordinary Shares in compliance with the rules and regulations of the NYSE, the SEC and any other competent regulatory authority or as permitted by applicable law.

The Board may in its absolute discretion decline to register a transfer of Ordinary Shares which are not fully paid up or on which the Company has a lien or issued under any share incentive scheme for employees upon which a transfer restriction imposed still exists. The Board may, but is not required to, decline to register a transfer of any Ordinary Shares unless certain requirements are met.

Any attempted transfer that is not a permitted transfer as described above will be null and void.

Liquidation

On a winding-up or other return of capital, subject to any special rights attaching to any other class of shares, holders of Ordinary Shares will be entitled to participate in any assets available for distribution in proportion to their shareholdings.

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. The Articles permit indemnification of officers and directors for any liability, action, proceeding, claim, demand, costs damages or expenses, including legal expenses, incurred in their capacities as such unless such liability (if any) arises from actual fraud, willful neglect or willful default, as determined by a court of competent jurisdiction in a final non-appealable order. In addition, we have entered into indemnification agreements with our directors and senior executive officers that provide such persons with additional indemnification beyond that provided in the Articles.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Certain Anti-Takeover Provisions in the Articles

Certain provisions in the Articles may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a member might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the Ordinary Shares. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to first negotiate with the Board.

Ordinary Shares

The authorized but unissued Ordinary Shares will be available for future issuance by the Board on such terms as the Board may determine, subject to any limitations in the Articles. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued Ordinary Shares could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger, amalgamation, scheme of arrangement or otherwise.

Preference Shares

Preference shares could be issued quickly with terms calculated to delay or prevent a change in control of the Company or make removal of management more difficult. If the Board decides to issue these preference shares, the price of Ordinary Shares may fall and the voting and other rights of the holders of Ordinary Shares may be materially adversely affected. Pursuant to the Articles, preference shares may be issued by us from time to time, and the Board is authorized (without any requirement for further member action) to determine the rights, preferences, powers, qualifications, limitations and restrictions attaching to those shares (and any further undesignated shares which may be authorized by our members).

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under the Articles for a proper purpose and for what they believe in good faith to be in the best interests of the Company.

Classified Board

Our board of directors is comprised of eight directors. The Articles provide that, subject to the right of holders of any series of preference shares, our Board is divided into three classes of directors, as nearly equal in number as possible, and with the directors serving staggered three-year terms, with only one class of directors being elected at each annual general meeting. As a result, approximately one-third of the Board will be elected each year.

The classification of directors has the effect of making it more difficult for members to change the composition of the Board. The Articles provide for a board comprised of between five and nine directors, but in accordance with the Articles, the directors may increase or reduce the upper and lower limits of the number of directors.

Unanimous Action by Written Consent

The Articles provide that members may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each member who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Amendment of Governing Documents

As permitted by Cayman Islands law, the Articles may only be amended by a special resolution of the members.

Member Proposals and Director Nominations

A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act does not provide shareholders with rights to requisition a general meeting and does not provide shareholders with any right to put any proposal before a general meeting.

The Articles do not provide for the ability of members to nominate candidates for election as directors or to bring business before a meeting of members.

General Meetings

The Companies Act does not provide members with rights to requisition a general meeting and does not provide member with any right to put any proposal before a general meeting. The Articles permit the Board or the chairperson of the Board to call general meetings. The Articles do not allow members to requisition a general meeting.

Cumulative Voting

Cumulative voting potentially facilitates the representation of minority members on a board of directors since it permits the minority member to cast all the votes to which the member is entitled on a single director, which increases the member's voting power with respect to electing such director. As permitted under Cayman Islands law, the Articles do not provide for cumulative voting.

Transactions with Interested Members

Cayman Islands law has no statute that prohibits certain business combinations with an interested member. However, although Cayman Islands law does not regulate transactions between a company and its significant members, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority members. Any merger or consolidation of the Company with one (1) or more constituent companies shall require the approval of a special resolution (66⅔% of members at a general meeting where there is a quorum).

Dissolution; Winding Up

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an Ordinary Resolution (simple majority standard) of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Articles, if the Company is wound up, the liquidator may distribute the assets available for distribution amongst the members in proportion to the par value of the Ordinary Shares held by them at the commencement of the winding up subject to a deduction from those Ordinary Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise.

Rights of Non-Resident or Foreign Members

There are no limitations imposed by the Articles on the rights of non-resident or foreign members to hold or exercise voting rights on the Company's shares. In addition, there are no provisions in the Articles governing the ownership threshold above which member ownership must be disclosed.

Directors' Power to Issue Shares

Subject to applicable law, the Board is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, or other rights or restrictions.

Inspection of Books and Records

Holders of shares have no general right under Cayman Islands law to inspect or obtain copies of the Company's register of members or the Company's corporate records.

Waiver of Certain Corporate Opportunities

The Articles provide for a waiver of the obligation to provide business opportunities to the Company for directors, members and affiliates of members, in each case, other than an officer (including any officer that is also a director, or a member or an affiliate of such member, as the case may be) (as more particularly described in the Articles). Notwithstanding that the waiver does not apply to any officer, officers are not restricted from engaging, directly or indirectly, in other business ventures of every type and description (other than any competing business, except to the extent permitted under the Articles). No officer shall be deemed to be engaging in a competing business if such activity is: (i) approved by a majority of disinterested directors, subject to applicable law, or (ii) with respect to any investment such officer has as of the date of effectiveness of the Articles, an investment in the greater of (A) up to an additional two and one half per cent (2.5%) or (B) seven and one half per cent (7.5%) in the aggregate of the capital stock of a competing business (in each case, so long as such officer does not participate in management activities or otherwise have the ability to influence or control such competing business). This is subject to applicable law.

Directors

Appointment of Directors

The Board is divided into three (3) classes designated as Class I, Class II and Class III, respectively with directors divided as nearly as possible into thirds among the classes. Subject to the Business Combination Agreement and the Investor Rights Agreement, directors are assigned to each class by the Board. At our 2023 annual general meeting, the term of office of the Class II directors shall expire and the Class II directors shall be elected for a full term of three (3) years. At our 2024 annual general meeting, the term of office of the Class III directors shall expire and the Class III directors shall be elected for a full term of three (3) years. At our 2025 annual general meeting, the term of office of the Class I directors shall expire and the Class I directors shall be elected for a full term of three (3) years. At each succeeding annual general meeting, directors shall be elected for a full term of three (3) years to succeed the directors of the class whose terms expire at such annual general meeting. Directors hold office until the expiration of the director's term, until a director's successor has been duly elected and qualified or until such director's earlier death, resignation or removal.

Directors are elected by a majority standard, which requires the number of votes cast for the person's appointment to exceed the number of votes cast against the person's appointment.

Any director may in writing appoint another person to be such director's alternate, with the alternate having the authority to act in the director's place at any meeting at which the appointing director is unable to be present. A director may, but is not required to, appoint another director to be an alternate.

Removal of Directors

Under the Articles, a director may be removed from office only for cause by special resolution of the Company. A director will also cease to be a director if he or she (i) becomes bankrupt or makes any arrangement or composition with such director's creditors; (ii) is found to be or becomes of unsound mind; (iii) resigns the office of director by notice in writing to the company; (iv) absents himself or herself (for the avoidance of doubt, without being represented by an alternate) from three (3) consecutive meetings of the Board without special leave of absence from the Board, and the Board passes a resolution that he or she has by reason of such absence vacated office; or (v) is prohibited, by any applicable law or relevant code applicable to the listing of shares on the NYSE, from being a director.

Filling Vacancies on the Board

Vacancies on the Board may be filled by the majority of the directors then in office, even if less than a quorum, or by a sole remaining director (subject to the Companies Act, applicable law, or any rights of any preference shares).

A director appointed to fill a vacancy resulting from the death, resignation or removal of a director serves the remainder of the full term of the director whose death, resignation or removal created the vacancy and until his or her successor shall have been appointed and qualified.

During the period that the Sponsor has the ability to designate directors, the Sponsor has re-appointment rights if the director it appointed fails to be elected or their seat is otherwise vacated.

Directors' Fiduciary Duties

Under Cayman Islands law, directors and officers owe the following fiduciary duties:

- duty to act in good faith in what the director or officer believes to be in the best interests of the company as a whole;
- duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose;
- directors should not improperly fetter the exercise of future discretion;
- duty to exercise powers fairly as between different sections of members;
- duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and
- duty to exercise independent judgment.

In addition to the above, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience of that director.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, in some instances what would otherwise be a breach of this duty can be forgiven and/or authorized in advance by the members provided that there is full disclosure by the directors. This can be done by way of permission granted in the amended and restated memorandum and articles of association or alternatively by member approval at general meetings.

Meetings of Members

As a Cayman Islands exempted company, we are not obliged by law to call annual general meetings, however, pursuant to the Articles, directors are elected at annual general meetings and the NYSE requires an annual meeting.

Transfer Agent and Registrar

The transfer agent and registrar for the Ordinary Shares is Equiniti Trust Company.

Listing

Our Class A Shares are currently listed on the New York Stock Exchange under the symbol "CZOO."

Warrants

Public Warrants

The following description of the Warrants contains only material information concerning such warrants and does not purport to be complete and is qualified in its entirety by reference to the Warrant Agreement filed as an exhibit to this Report.

The terms of the Warrants are set forth in the Warrant Agreement, dated as October 27, 2020, between Ajax and Continental (the "Warrant Agreement"), as amended by the Amendment to and Assignment of Warrant Agreement, dated August 23, 2021, among Ajax, the Company, Continental and Equiniti, pursuant to which Equiniti succeeded Continental as warrant agent for the Warrants. Each Warrant currently entitles the holder thereof to purchase one-twentieth (1/20) of a Class A Share at a price of \$230.00 per share, subject to adjustment as discussed below. As of December 31, 2022, there were 41,254,566 Warrants outstanding, including 20,124,748 public warrants and 21,129,818 private warrants.

Exercisability

Each Warrant became exercisable commencing on October 30, 2021. Pursuant to the Warrant Agreement, a warrant holder may exercise its Warrants only for a whole number of Class A Shares. The public warrants will expire five years after the completion of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption.

We will not be obligated to deliver any Class A Shares pursuant to the exercise of a Warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the Class A Shares issuable upon exercise of the warrants is then effective and a current prospectus relating thereto is current, subject to us satisfying our obligations described below with respect to registration, or a valid exemption from registration is available, including in connection with a cashless exercise permitted as a result of a notice of redemption. No warrant will be exercisable for cash or on a cashless basis, and we will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption is available. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless.

Under the terms of the Warrant Agreement, we were obligated, as soon as practicable, but in no event later than 15 business days after the closing of the Business Combination, to use commercially reasonable efforts to file with the SEC a registration statement covering the issuance, under the Securities Act, of the Class A Shares issuable upon exercise of the Warrants. We are obligated to use commercially reasonable efforts to cause the same to become effective within 60 business days after the closing of the Business Combination and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Warrants in accordance with the provisions of the Warrant Agreement. Notwithstanding the above, if the Class A Shares are, at the time of any exercise of a Warrant, not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act we may, at our option, require holders of public warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement, but will use our commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Redemption of Warrants when the price per Class A Share equals or exceeds \$360.00

We may redeem the outstanding warrants (except as described herein with respect to the private warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days’ prior written notice of redemption to each warrant holder; and
- if, and only if, the last reported sale price of our Class A Shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders (the “Reference Value”) equals or exceeds \$360.00 per share (subject to adjustment).

We will not redeem the Warrants as described above unless a registration statement under the Securities Act covering the issuance of the Class A Shares issuable upon exercise of the Warrants is then effective and a current prospectus relating to those Class A Shares is available throughout the 30-day redemption period. If and when the Warrants become redeemable, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the foregoing conditions are satisfied and the Company issues a notice of redemption of the Warrants, each warrant holder will be entitled to exercise his, her or its Warrant prior to the scheduled redemption date.

Redemption of Warrants when the price per Class A Share equals or exceeds \$200.00

We may redeem the outstanding warrants (except as described herein with respect to the private warrants):

- in whole and not in part;
- at \$0.10 per Warrant upon a minimum of 30 days’ prior written notice of redemption; provided that holders will be able to exercise their warrants on a cashless basis prior to redemption, based on the redemption date and the “fair market value” of the Class A Shares, pursuant to the terms of the Warrant Agreement; and
- if, and only if, the Reference Value equals or exceeds \$200.00 per share (subject to adjustment).

During the period beginning on the date the notice of redemption is given, holders may elect to exercise their Warrants on a cashless basis in accordance with the terms of the Warrant Agreement.

No fractional Class A Shares will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of Class A Shares to be issued to the holder.

Redemption Procedures

A holder of a Warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the Class A Shares issued and outstanding immediately after giving effect to such exercise.

Anti-dilution Adjustments

If the number of issued and outstanding Class A Shares is increased by a capitalization or share dividend payable in Class A Shares, or by a sub-division of Class A Shares or other similar event, then, on the effective date of such share capitalization, sub-division or similar event, the number of Class A Shares issuable on exercise of each Warrant will be increased in proportion to such increase in the issued and outstanding Class A Shares. A rights offering made to all or substantially all holders of Class A Shares entitling holders to purchase Class A Shares at a price less than the "historical fair market value" (as defined below) will be deemed a capitalization of a number of Class A Shares equal to the product of (1) the number of Class A Shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Class A Shares) multiplied by (2) one minus the quotient of (x) the price per Class A Share paid in such rights offering divided by (y) the historical fair market value. For these purposes, (1) if the rights offering is for securities convertible into or exercisable for Class A Shares, in determining the price payable for Class A Shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (2) "historical fair market value" means the volume weighted average price of Class A Shares during the 10 trading day period ending on the trading day prior to the first date on which the Class A Shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the Warrants are outstanding and unexpired, pay to all or substantially all of the holders of Class A Shares a dividend or make a distribution in cash, securities or other assets to the holders of Class A Shares on account of such Class A Shares (or other securities into which the Warrants are convertible), other than (a) as described above, or (b) any cash dividends or cash distributions which, when combined on a per share basis, with all other cash dividends and cash distributions paid on the Class A Shares during the 365-day period ending on the date of declaration of such dividend or distribution does not exceed \$0.50 (as adjusted for share sub-divisions, share dividends, rights issuances, consolidations, reorganizations, recapitalizations and other similar transactions) but only with respect to the amount of the aggregate cash dividends or cash distributions equal to or less than \$0.50 per share, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each Class A Share in respect of such event.

If the number of issued and outstanding Class A Shares is decreased by a consolidation, combination, or reclassification of Class A Shares or other similar event, then, on the effective date of such consolidation, combination, reverse share split, reclassification or similar event, the number of Class A Shares issuable on exercise of each Warrant will be decreased in proportion to such decrease in issued and outstanding Class A Shares.

Whenever the number of Class A Shares purchasable upon the exercise of the Warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of Class A Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment and (y) the denominator of which will be the number of Class A Shares so purchasable immediately thereafter.

In case of any reclassification or reorganization of the issued and outstanding Class A Shares (other than those described above or that solely affects the par value of such Class A Shares), or in the case of any merger or consolidation of the Company with or into another corporation (other than a merger or consolidation in which we are the continuing corporation and that does not result in any reclassification or reorganization of our issued and outstanding Class A Shares), or in the case of any sale or conveyance to another corporation or entity of the assets or other of other property of the Company as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the Warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the Class A Shares immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares, stock or other equity securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their Warrants immediately prior to such event. However, if such holders were entitled to exercise a right of election as to the kind or amount of securities, cash or other assets receivable upon such merger or consolidation, then the kind and amount of securities, cash or other assets for which each Warrant will become exercisable will be deemed to be the weighted average of the kind and amount received per share by such holders in such merger or consolidation that affirmatively make such election, and if a tender, exchange or redemption offer has been made to and accepted by such holders, the holder of a Warrant will be entitled to receive the highest amount of cash, securities or other property to which such holder would actually have been entitled as a shareholder if such warrant holder had exercised the warrant prior to the expiration of such tender or exchange offer, accepted such offer and all of the Class A Shares held by such holder had been purchased pursuant to such tender or exchange offer, subject to adjustment (from and after the consummation of such tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in the Warrant Agreement. Additionally, if less than 70% of the consideration receivable by the holders of Class A Shares in such a transaction is payable in the form of ordinary shares in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the Warrant properly exercises the warrant within 30 days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the Warrant Agreement based on the per share consideration minus Black-Scholes Warrant Value (as defined in the Warrant Agreement) of the warrant.

The terms of the Warrants are governed by the Warrant Agreement. The Warrant Agreement provides that (a) the terms of the Warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or correcting any mistake, including conforming the provisions of the Warrant Agreement to the description of the terms of the warrants and the Warrant Agreement set forth in the prospectus for the initial public offering of Ajax I, or defective provision or (ii) adding or changing any provisions with respect to matters or questions arising under the Warrant Agreement as the parties to the Warrant Agreement may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the Warrants and (b) all other modifications or amendments require the vote or written consent of at least 65% of the then outstanding public warrants and, solely with respect to any amendment to the terms of the private warrants or any provision of the Warrant Agreement with respect to the private warrants, at least 65% of the then outstanding private warrants. The Warrant Agreement is filed as an exhibit to this Report.

The warrant holders do not have the rights or privileges of holders of Ordinary Shares and any voting rights until they exercise their warrants and receive Class A Shares. After the issuance of Class A Shares upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

Private Warrants

The private warrants are identical to the public warrants except that, so long as they are held by the Sponsor or its permitted transferees: (1) they will not be redeemable by the Company; (2) they (including the Class A Shares issuable upon exercise of these warrants) may not, subject to certain limited exceptions, be transferred, assigned or sold by the Sponsor until 30 days after the completion of the Business Combination; (3) they may be exercised by the holders on a cashless basis; (4) they (including the Class A Shares issuable upon exercise of these warrants) are entitled to registration rights and (5) they will not be exercisable more than seven years after the completion of the Business Combination so long as they are held by the Sponsor or any of its permitted transferees. If the private warrants are held by holders other than the Sponsor or its permitted transferees, the private warrants will be redeemable by the Company in all redemption scenarios and exercisable by the holders on the same basis as the public warrants.

Enforceability of Civil Liability under Cayman Islands Law

We have been advised by Maples and Calder, our Cayman Islands legal counsel, that the courts of the Cayman Islands are unlikely (i) to recognize, or enforce against us, judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Anti-Money Laundering — Cayman Islands

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Act (As Revised) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Data Protection — Cayman Islands

We have certain duties under the Data Protection Act, As Revised of the Cayman Islands (the “Data Protection Act”) based on internationally accepted principles of data privacy.

Privacy Notice

Introduction

This privacy notice puts our members on notice that through your investment in us you will provide us with certain personal information which constitutes personal data within the meaning of the Data Protection Act (“personal data”). In the following discussion, the “company,” “us,” “our” and “we” refers to Cazoo Group Ltd and its affiliates and/or delegates, except where the context requires otherwise.

Investor Data

We will collect, use, disclose, retain and secure personal data to the extent reasonably required only and within the parameters that could be reasonably expected during the normal course of business. We will only process, disclose, transfer or retain personal data to the extent legitimately required to conduct our activities on an ongoing basis or to comply with legal and regulatory obligations to which we are subject. We will only transfer personal data in accordance with the requirements of the Data Protection Act and will apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of the personal data and against the accidental loss, destruction or damage to the personal data.

In our use of this personal data, we will be characterized as a “data controller” for the purposes of the Data Protection Act, while our affiliates and service providers who may receive this personal data from us in the conduct of our activities may either act as our “data processors” for the purposes of the Data Protection Act or may process personal information for their own lawful purposes in connection with services provided to us.

We may also obtain personal data from other public sources. Personal data includes, without limitation, the following information relating to a member and/or any individuals connected with a member as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the member’s investment activity.

Who this Affects

If you are a natural person, this will affect you directly. If you are a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides us with personal data on individuals connected to you for any reason in relation your investment in the company, this will be relevant for those individuals and you should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How We May Use a Member’s Personal Data

We, as the data controller, may collect, store and use personal data for lawful purposes, including, in particular:

1. where this is necessary for the performance of our rights and obligations under any purchase agreements;
2. where this is necessary for compliance with a legal and regulatory obligation to which we are subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or
3. where this is necessary for the purposes of our legitimate interests and such interests are not overridden by your interests, fundamental rights or freedoms.

Should we wish to use personal data for other specific purposes (including, if applicable, any purpose that requires your consent), we will contact you.

Why We May Transfer Your Personal Data

In certain circumstances we may be legally obliged to share personal data and other information with respect to your shareholding with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

We anticipate disclosing personal data to persons who provide services to the company and their respective affiliates (which may include certain entities located outside the United States, the Cayman Islands or the European Economic Area), who will process your personal data on our behalf.

The Data Protection Measures We Take

Any transfer of personal data by us or our duly authorized affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the Data Protection Act.

We and our duly authorized affiliates and/or delegates shall apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of personal data, and against accidental loss or destruction of, or damage to, personal data.

We shall notify you of any personal data breach that is reasonably likely to result in a risk to your interests, fundamental rights or freedoms or those data subjects to whom the relevant personal data relates.

SUBSIDIARIES OF CAZOO GROUP LTD

Legal Name	Country of incorporation
Cazoo Group Ltd (UK Establishment)	United Kingdom
Cazoo Holdings Limited	United Kingdom
Cazoo Ltd	United Kingdom
Cazoo Properties Limited	United Kingdom
Imperial Car Supermarkets Limited	United Kingdom
Imperial Cars of Swanwick Limited	United Kingdom
Carsaz Limited	United Kingdom
Cazoo Subscription Services Limited (previously Drover Limited)	United Kingdom
Fantastic Cars Limited	United Kingdom
CZO Data Services Unipessoal, Lda (previously Drover Technologies Lda and CDS Unipessoal, Lda)	Portugal
CSS Mobility France SaS (previously Drover France SaS)	France
Cazoo Trading France SaS	France
Cazoo Properties France SaS	France
Cazoo Wholesale Services Limited (previously Smart Fleet Solutions Limited)	United Kingdom
Cluno GmbH	Germany
Cluno Fintech 1 GmbH	Germany
Cluno Fintech 2 GmbH	Germany
Cazoo Trading Germany GmbH	Germany
Cazoo Properties Germany GmbH	Germany
CSS Mobility Germany GmbH & Co. KG	Germany
CSS Fintech GmbH	Germany
Project Chicago Newco Limited	United Kingdom
Arctos Holdings Limited	United Kingdom
Moorgate House (Newco) Limited	United Kingdom
GBJ Developments Limited	United Kingdom
CD Auction Group Limited	United Kingdom
Cazoo Support Services Limited (previously Hudson Kapel Limited)	United Kingdom
Ensco 1109 Limited	United Kingdom
SMH Fleet Solutions Limited	United Kingdom
Cazoo Trading Italy SRL	Italy
Vans 365 Limited	United Kingdom

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE
ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alex Chesterman, certify that:

1. I have reviewed this Annual Report on Form 20-F of Cazoo Group Ltd;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - C. Evaluated the effectiveness of the registrant's disclosure controls and procedures within 90 days of this report and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - D. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2023

/s/ Alex Chesterman
Alex Chesterman
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE
ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul Woolf, certify that:

1. I have reviewed this Annual Report on Form 20-F of Cazoo Group Ltd;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - C. Evaluated the effectiveness of the registrant's disclosure controls and procedures within 90 days of this report and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - D. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2023

/s/ Paul Woolf

Paul Woolf

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the annual report on Form 20-F of Cazoo Group Ltd (the “Company”) for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 30, 2023

/s/ Alex Chesterman

Alex Chesterman
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the annual report on Form 20-F of Cazoo Group Ltd (the “Company”) for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 30, 2023

/s/ Paul Woolf

Paul Woolf

Chief Financial Officer

(Principal Financial Officer)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333-267724) of Cazoo Group Ltd and the Registration Statement (Form S-8 No. 333-260711) pertaining to the Cazoo Group Ltd Incentive Equity Plan of our reports dated March 30, 2023, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting of Cazoo Group Ltd included in this Annual Report (Form 20-F) for the year ended December 31, 2022.

/s/ Ernst & Young LLP

London, United Kingdom

March 30, 2023