

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attached statement](#)

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [See attached statement](#)

Blank lines for providing information on resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [The reportable tax year is 2023.](#)

Blank lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ Paul Woolf Date ▶ 12 January 2024

Paid Preparer Use Only	Print your name ▶ Paul Woolf	Preparer's signature	Title ▶ CFO	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶	
	Firm's address ▶				Phone no.	

IRS Form 8937

Part I

8. & 9. Date of Action; Classification and Description

Date of Action	Classification and Description
December 5, 2023	Consolidation of the Company's issued and unissued share capital on 1-for-100 ratio
December 6, 2023	Exchange of 2.00% Convertible Senior Notes due 2027 for (i) 4.00%/2.00% Cash/Payment-in-Kind Toggle Senior Secured Notes due 2027 and (ii) newly issued, consolidated Class A ordinary shares of a par value of US\$0.20.
December 6, 2023	Issuance of Tranche 1 Warrants, Tranche 2 Warrants and Tranche 3 Warrants to holders of Class A ordinary shares.

10. CUSIP Numbers

Securities	CUSIP Numbers
2.00% Convertible Senior Notes due 2027	14986T AA3
4.00%/2.00% Cash/Payment-in-Kind Toggle Senior Secured Notes due 2027	14986T AC9 14986T AD7 G2007L AA3
Class A ordinary shares of a par value of US\$0.002	G2007L 204
Class A ordinary shares of a par value of US\$0.20	G2007L 121
Tranche 1 Warrants	G2007L 139
Tranche 2 Warrants	G2007L 147
Tranche 3 Warrants	G2007L 154

Part II

14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On September 20, 2023, Cazoo Group Ltd. (the "**Company**"), certain holders of the Company's 2.00% Convertible Senior Notes due 2027 (the "**Convertible Notes**") and certain holders of the Company's Class

A ordinary shares executed a transaction support agreement, as amended on November 3, 2023, in furtherance of undertaking certain transactions, including (i) the consolidation of the Company's shares on 1-for-100 ratio (the "**Reverse Stock Split**"), (ii) the exchange of the Company's US\$630 million aggregate principal amount of its Convertible Notes (plus any accrued and unpaid interest up to but not including the settlement date, December 6, 2023) for (a) US\$200 million aggregate principal amount of 4.00%/2.00% Cash/Payment-in-Kind Toggle Senior Secured Notes due 2027 (the "**New Notes**") and (b) the Company's newly consolidated Class A ordinary shares (the "**Exchange Offer**") and (iii) the distribution to holders of its Class A ordinary shares immediately prior to completion of the Exchange Offer of (a) Tranche 1 Warrants, (b) Tranche 2 Warrants and (c) Tranche 3 Warrants (collectively, the "**New Warrants**" and the distribution of the New Warrants, the "**Warrant Distribution**"), all as described in further detail below.

The Reverse Stock Split

In executing the Reverse Stock Split, the Company consolidated its issued and unissued share capital such that every 100 shares in the capital of the Company with a par value of \$0.002 each were consolidated into one share with a par value of \$0.20 on December 5, 2023.

After giving effect to the Reverse Stock Split (but prior to a subsequent increase in the Company's authorized share capital to US\$22,105,000), the Company's authorized share capital was US\$435,500, divided into 1,650,000 Class A ordinary shares of a par value of US\$0.20 each (the "**Consolidated Class A Shares**"), 25,000 Class B ordinary shares of a par value of US\$0.20 each (the "**Consolidated Class B Shares**"), 500,000 Class C ordinary shares of a par value of US\$0.20 each (the "**Consolidated Class C Shares**") and 2,500 preference shares of a par value of US\$0.20 each the "**Consolidated Preference Shares**" and together with the Consolidated Class A Shares, the Consolidated Class B Shares and the Consolidated Class C Shares, the "**Consolidated Shares**"). Immediately prior to the effective time of the Reverse Stock Split, the only class of shares that the Company had outstanding were its Class A ordinary shares.

The Reverse Stock Split was effective on December 5, 2023 at 4:05pm (ET) and the Consolidated Class A Shares began trading on a split-adjusted basis when the New York Stock Exchange (the "**NYSE**") opened for trading on December 6, 2023.

The Consolidated Class A Shares continue to trade on the NYSE under the trading symbol CZOO, but trade under a new CUSIP number, G2007L 121, from December 6, 2023. No fractional Consolidated Shares were issued to Company shareholders. Instead, the Company's transfer agent aggregated all fractional Consolidated Class A Shares and sold them on the open market on behalf of those Company shareholders who would otherwise have been entitled to receive a fractional Consolidated Class A Shares as a result of the Reverse Stock Split, and the Company's transfer agent paid to each such Company shareholder an amount equal to their respective pro rata portion of the net proceeds.

The Exchange Offer

Under the Exchange Offer, the holders of the Convertible Notes exchanged \$630 million aggregate principal amount of Convertible Notes (plus any accrued and unpaid interest up to but not including the settlement date) for a pro rata portion of (i) \$200 million aggregate principal amount of New Notes and (ii) 4,499,721 Consolidated Class A Shares (the "**New Shares**"), which represented approximately 92% of the Company's outstanding Consolidated Class A Shares. The Exchange Offer settled on December 6, 2023.

The Warrant Distribution

Under the Warrant Distribution, holders of Consolidated Class A Shares (other than New Shares) (*i.e.*, holders of Class A ordinary shares immediately prior to the Exchange Offer but after giving effect to the Reverse Stock Split) received New Warrants which will give such holders the right to purchase further Consolidated Class A Shares upon the Company achieving certain specified equity values.

The Tranche 1 Warrants will give their collective holders the right to purchase approximately 8% of the sum of the Company's outstanding Consolidated Class A Shares (after giving effect to the Exchange Offer) plus any such shares issued or issuable upon the exercise of the Tranche 1 Warrants. The Tranche 1 Warrants become exercisable when the Company's equity value reaches or exceeds \$525 million.

The Tranche 2 Warrants will give their collective holders the right to purchase approximately 8% of the sum of the Company's outstanding Consolidated Class A Shares (after giving effect to the Exchange Offer) plus any such shares issued or issuable upon the exercise of the Tranche 1 Warrants and Tranche 2 Warrants. The Tranche 2 Warrants become exercisable when the Company's equity value reaches or exceeds \$1.025 billion.

The Tranche 3 Warrants will give their collective holders the right to purchase approximately 8% of the sum of the Company's outstanding Consolidated Class A Shares (after giving effect to the Exchange Offer) plus any such shares issued or issuable upon the exercise of the Tranche 1 Warrants, Tranche 2 Warrants and Tranche 3 Warrants. The Tranche 3 Warrants become exercisable when the Company's equity value reaches or exceeds \$1.5 billion.

The New Warrants are issued pursuant to certain warrant agreements, each dated as of December 6, 2023, by and between the Company and Equiniti Trust Company, LLC, as warrant agent. Distribution of the New Warrants was completed on or around December 27, 2023.

The New Warrants have a five year term and will expire at the close of business on December 6, 2028.

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The Reverse Stock Split

A Company shareholder's aggregate tax basis in his or her Consolidated Class A Shares received in the Reverse Stock Split generally will be equal to the aggregate tax basis of such shareholder in the Company's shares held immediately prior to the Reverse Stock Split (the "**Original Shares**") and surrendered in exchange therefor (excluding any portion of such tax basis allocable to a fractional Consolidated Class A Share). In general, a Company shareholder's aggregate tax basis in his or her Original Shares should be allocated in proportion to the reduced number of Consolidated Class A Shares under Section 358 of the Internal Revenue Code of 1986, as amended (the "**Code**") and Regulations thereunder. Company shareholders who acquired their Original Shares on different dates and at different prices should consult their tax adviser regarding the allocation of the tax basis of such shares. Company shareholders that received cash in lieu of a fractional Consolidated Class A Share generally will be treated as having received the fractional Consolidated Class A Share pursuant to the Reverse Stock Split and then as having sold such

fractional Consolidated Class A Share for cash. Accordingly, Company shareholders that received cash in lieu of a fractional Consolidated Class A Share should recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received and the portion of such Company shareholder's aggregate adjusted tax basis in the surrendered Original Shares that is allocated to such fractional Consolidated Class A Share.

The Exchange Offer

The U.S. federal income tax treatment of the exchange of Convertible Notes for New Notes and New Shares pursuant to the Exchange Offer is uncertain and will depend upon whether such exchange will be treated as occurring pursuant to a recapitalization of the Company under Section 368 of the Code and whether the New Notes are considered "securities" for such purposes. Whether the exchange of Convertible Notes for New Notes and Consolidated Class A Shares in the Exchange Offer will be treated as occurring pursuant to a recapitalization of the Company will generally depend on whether the Convertible Notes are considered "securities" for U.S. federal income tax purposes.

However, to the extent that New Notes and New Shares are allocable to unpaid accrued interest on the Convertible Notes, such accrued interest will be recognized as interest (if not previously recognized in accordance with the Holders method of accounting for interest) and the New Notes and New Shares allocable to such unpaid accrued interest will have a basis equal to the amount of such interest.

Basis in New Notes and New Shares if the Exchange Offer is Treated as a Recapitalization

If the exchange of Convertible Notes for New Notes and New Shares is treated as a recapitalization of the Company under Section 368 of the Code, then the tax consequences to a holder of a Convertible Note will depend on whether the New Notes are considered "securities" for purposes of Section 368 of the Code. If the New Notes are considered "securities" for these purposes, holders of Convertible Notes generally would not recognize any gain or loss on the exchange of the Convertible Notes for New Notes and New Shares pursuant to the Exchange Offer unless the Convertible Notes are treated as equity instruments for U.S. federal income tax purposes. If the New Notes are considered securities but the Convertible Notes are treated as equity instruments for U.S. federal income tax purposes, then holders of Convertible Notes generally will be required to recognize any gain (but not loss) on their Convertible Notes realized on the exchange of those Convertible Notes for New Notes and New Shares in an amount not to exceed the fair market value of the New Notes. If the New Notes are not considered securities for purposes of Section 368 of the Code, then holders of Convertible Notes generally will be required to recognize any gain (but not loss) on their Convertible Notes realized on the exchange of those Convertible Notes for New Notes and New Shares in an amount not to exceed the fair market value of the New Notes.

If the New Notes are securities for purposes of Section 368 of the Code and the Convertible Notes are not treated as equity for U.S. federal income tax purposes, holders of Convertible Notes generally would have an aggregate adjusted tax basis in the New Notes and New Shares received in the Exchange Offer equal to the adjusted tax basis of the Convertible Notes surrendered by such holder under the Exchange Offer, except that any New Notes and New Shares treated as received in consideration for accrued unpaid interest on the Convertible Notes will have a tax basis equal to the amount of such interest.

However, if the New Notes are not securities for purposes of Section 368 of the Code, or the Convertible Notes are treated as equity for U.S. federal income tax purposes, then U.S. Holders will generally have the

following adjusted tax basis in their New Shares and New Notes received: (i) for New Shares and New Notes treated as received in consideration for accrued unpaid interest on the Convertible Notes, a basis equal to the amount of such interest, (ii) for any New Notes not described in (i), a basis equal to their fair market value, and (iii) for any New Shares not described in (i), a basis equal to such holder's adjusted tax basis of the Convertible Notes surrendered, reduced by the fair market value of the New Notes described in (ii) and increased by any gain recognized.

If a holder exchanged different blocks of Convertible Notes (generally, Convertible Notes acquired on different dates or at different prices), such holder should consult its tax advisor with respect to the determination of the tax bases and/or holding periods of the New Notes and New Shares received in the Exchange Offer.

Basis in New Notes and New Shares if the Exchange Offer is Not Treated as a Recapitalization

If the exchange of Convertible Notes for New Notes and New Shares pursuant to the Exchange Offer is not treated as a recapitalization under Section 368 of the Code, then the Exchange Offer should be a taxable exchange for U.S. federal income tax purposes and a holder of a Convertible Note generally would be required to recognize gain or loss on the exchange of Convertible Notes for New Notes and New Shares in amount equal to the difference between the amount realized (less any accrued but unpaid interest, which will be taxable as ordinary interest income to the extent not previously included in income) and the holder of a Convertible Note's adjusted tax basis in the Convertible Notes. The amount realized will be the sum of the fair market value of the New Shares and the "issue price" of the New Notes.

The "issue price" of the New Notes will be determined according to the original issue discount provisions of the Code and implementing Treasury Regulations. Under these provisions, the New Notes will be treated as debt instruments issued for property (i.e., the Convertible Notes). If the New Notes are treated as "publicly traded," then the issue price of the New Notes will be their fair market value on the December 6, 2023. Although it is not free from doubt, the fair market value of the New Notes is expected to be the first sale price of an Existing Note or the first firm or indicative price quote for the New Notes in the 31-day period ending 15 days after December 6, 2023. If the New Notes are not treated as "publicly traded," but the Convertible Notes are treated as "publicly traded," then the issue price of the New Notes will be the fair market value of the Convertible Notes, on December 6, 2023. Although it is not free from doubt, the fair market value of the Convertible Notes is expected to be the most recent sale price of an Existing Note or the most recent firm or indicative price quote for the Convertible Notes in the 31-day period ending 15 days after December 6, 2023. If no sale price or firm or indicative price quotes for the Convertible Notes or the New Notes are available such that neither the Convertible Notes nor the New Notes are properly treated as publicly traded, the issue price of the New Notes will be their stated principal amount.

The Warrant Distribution

Although the tax consequences of the receipt of New Warrants by a Company shareholder are not free from doubt, the Company believes that a Company shareholder should be entitled to treat the receipt of New Warrants as a non-taxable distribution with respect to its Consolidated Class A Shares outstanding immediately prior to consummation of the Exchange Offer for U.S. federal income tax purposes. However, it is possible that the Internal Revenue Service may take a contrary view and require Company shareholders to recognize dividend income equal to the fair market value of New Warrants on the date

of their distribution (likely determined by the price at which they initially trade) in which case Company shareholder would take the Warrants with a basis equal to their fair market value on the date of their distribution. The remainder of this Form 8937 assumes that the receipt of New Warrants will not be taxable for U.S. federal income tax purposes.

If the fair market value of the New Warrants on the date they are distributed equals or exceeds 15% of the fair market value of the Consolidated Class A Shares with respect to which the New Warrants are distributed on such date, Company shareholders would be required to allocate their adjusted tax basis in their Consolidated Class A Shares between the Consolidated Class A Shares and the New Warrants received with respect to such shares, in proportion to the relative fair market values on the date of distribution.

Alternatively, if the fair market value of the New Warrants on the distribution date was less than 15% of the fair market value of the Consolidated Class A Shares with respect to which the New Warrants were distributed, a Company shareholder's tax basis in the New Warrants generally will be zero and such holder's tax basis in its Consolidated Class A Shares generally will remain unchanged as a result of the distribution of New Warrants. However, in that case, a Company shareholder may elect to allocate a portion of the tax basis in such holder's Consolidated Class A Shares to the New Warrants received in proportion to the relative fair market values of the Consolidated Class A Shares and the New Warrants on the date the New Warrants are distributed.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

The Reverse Stock Split

See Item 15 for a discussion on the change in basis that results from the Reverse Stock Split. The aggregate tax basis of Consolidated Class A Shares received in the Reverse Stock Split (including any fractional Consolidated Class A Share that has been sold on behalf of a Company Shareholder) generally will be equal to the aggregate tax basis of the Original Shares surrendered in exchange therefor. Because no fractional Consolidated Class A Shares were issued the aggregate tax basis of Consolidated Class A Shares held by Company shareholders immediately after the Reverse Stock Split could be less than the pre-split aggregate tax basis in the Original Shares by an amount equal to the aggregate tax basis allocated to the fractional Consolidated Class A Share, if any.

The Exchange Offer

As discussed above in Item 15, the U.S. federal income tax treatment of the exchange of Convertible Notes for New Notes and New Shares pursuant to the Exchange Offer is uncertain and will depend upon whether such exchange will be treated as occurring pursuant to a recapitalization of the Company under Section 368 of the Code.

Please see Item 15 above for a discussion on the in basis that results from the Exchange Offer.

The Warrant Distribution

As discussed in Item 15, above, if the fair market value of the New Warrants on the date they are distributed equals or exceeds 15% of the fair market value of the Consolidated Class A Shares with respect

to which the New Warrants are distributed on such date, Company shareholders would be required to allocate their adjusted tax basis in their Consolidated Class A Shares between the Consolidated Class A Shares and the New Warrants received with respect to such shares, in proportion to the relative fair market values on the date of distribution.

Alternatively, if the fair market value of the New Warrants on the distribution date was less than 15% of the fair market value of the Consolidated Class A Shares with respect to which the New Warrants were distributed, a Company shareholder's tax basis in the New Warrants generally will be zero and such holder's tax basis in its Consolidated Class A Shares generally will remain unchanged as a result of the distribution of New Warrants. However, in that case, a Company shareholder may elect to allocate a portion of the tax basis in such holder's Consolidated Class A Shares to the New Warrants received in proportion to the relative fair market values of the Consolidated Class A Shares and the New Warrants on the date the New Warrants are distributed.

17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The Reverse Stock Split

Internal Revenue Code sections: 354(a)(1), 358(b), 368(a)(1)(E) and 1001.

The Exchange Offer

Internal Revenue Code sections: 354, 356, 358, 368(a)(1)(E), 1001 and 1012.

The Warrant Distribution

Internal Revenue Code sections 305 and 307.

18. Can any resulting loss be recognized?

The Reverse Stock Split

The Reverse Stock Split is intended to be treated as a "recapitalization" under Section 368(a)(1)(E). In general, the federal income tax consequences of the Reverse Stock Split will vary depending upon whether a stockholder receives cash for fractional Consolidated Class A Shares or solely Consolidated Class A Shares in exchange for their Original Shares. A Company shareholder that exchanges their Original Shares solely for Consolidated Class A Shares should recognize no gain or loss for federal income tax purposes. However, Shareholders receiving cash in lieu of a fractional Consolidated Class A Share generally will be treated as having received the fractional Consolidated Class A Share pursuant to the Reverse Stock Split and then as having sold such fractional Consolidated Class A Share for cash. Accordingly, Company shareholders that received cash in lieu of a fractional Consolidated Class A Share should recognize loss in an amount equal to the difference, if any, between the amount of cash received and the portion of such Company shareholder's aggregate adjusted tax basis in the surrendered Original Shares that is allocated to such fractional Consolidated Class A Share. Each Company shareholder that has participated in the Reverse Stock Split should consult with their tax advisor with respect to the computation of gain or loss and basis in transaction based on their specific facts.

The Exchange Offer

If the Exchange Offer qualifies as a recapitalization for U.S. federal income tax purposes, holders of Convertible Notes will not be able to recognize a loss on the Exchange Offer. However, if the Exchange Offer does not qualify as a recapitalization for U.S. federal income tax purposes, holders of Convertible Notes will be able to recognize a loss equal to the difference between their adjusted basis in their Convertible Notes and their amount realized on the Exchange Offer. Each holder of Convertible Notes that has participated in the Exchange Offer should consult with their tax advisor with respect to the computation of any gain or loss and basis in transaction based on their specific facts.

The Warrant Distribution

Company shareholders will not recognize a loss on the Warrant Distribution.