

Registered number: 07103079

**carwow Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**CARWOW LIMITED**

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**COMPANY INFORMATION**

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**Directors**

J Hind  
D Santoro  
R W Moffat  
T Studd  
S T Murdoch  
G E C Andrews  
A G Robb  
M Gibson (appointed 8 April 2022)  
S L Pierrepont (resigned 16 March 2022)

**Registered number**

07103079

**Registered office**

2nd Floor Verde Building  
10 Bressenden Place  
London  
SW1E 5DH

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
30 Finsbury Square  
London  
EC2A 1AG

**Bankers**

HSBC Bank Plc  
47 Eastgate Street  
Chester  
Cheshire  
CH1 1XW

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**CARWOW LIMITED**

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**CONTENTS**

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	Page
<b>Group strategic report</b>	<b>1 - 6</b>
<b>Directors' report</b>	<b>7 - 9</b>
<b>Independent auditor's report</b>	<b>10 - 14</b>
<b>Consolidated statement of comprehensive income</b>	<b>15</b>
<b>Consolidated statement of financial position</b>	<b>16</b>
<b>Company statement of financial position</b>	<b>17 - 18</b>
<b>Consolidated statement of changes in equity</b>	<b>19 - 20</b>
<b>Company statement of changes in equity</b>	<b>21 - 22</b>
<b>Consolidated statement of cash flows</b>	<b>23 - 24</b>
<b>Notes to the financial statements</b>	<b>25 - 49</b>

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**CARWOW LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their report and the financial statements for the year ended 31 December 2022.

**Business review**

The principal activities of the Company, and Group are that of a marketplace for consumers to purchase and lease new and nearly new cars, and help consumers sell their cars directly to dealers.

The Group continued to expand its operations in the UK, Germany and Spain during the year. After a strong first quarter for the business, the economic landscape changed significantly. The fallout of the Ukraine war combined with increases in energy prices led to rising inflation, central bank interest rate hikes and a severe drop in consumer confidence. Despite this, revenues grew in all markets and the 2022 results reflect higher group revenues of £39.9m (2021: £36.6m).

The Group continued to scale its Sell My Car business throughout the year, with increased product investment, a brand campaign launch in Q1 (largely funded by media-for-equity, so not impacting cash-flow but with the costs reflected in the profit and loss account) and further expansion of the operational headcount. This resulted in the Sell My Car business accounting for a significant proportion of the group's revenue in 2022.

The Group also continued to invest into the core business ahead of the return of new car supply. The return of new car supply is starting to show fruition in all of our markets and is reflected in our 2023 Q1 trading results which are well ahead of forecasts and prior years.

However, given the uncertain economic outlook towards the end of 2022 the group took the decision to make structural changes to the global workforce. Despite these changes the increased investment in the New Car and Sell My Car business resulted in higher group losses after tax of £29.4m (2021: £13.4m) with cash and cash equivalents at the end of 2022 of £17.4m (2021: £26.2m).

**Key performance indicators**

The financial performance of the business is assessed using revenue and gross profit metrics. Actual results are regularly compared to forecasts and material variances are investigated with appropriate actions taken to ensure that targets are met. For the year ending 31 December 2022, Group gross profit was £39.6m, up £3.5m from 2021 (£36.1m). Revenue increased 9% to £39.9m (2021: £36.6m). The UK company's revenue increased to £25.3m (2021: £23.3m), Germany revenues increased to £11.9m (2021: £10.8m) and Spain revenue grew to £2.7m revenue (2021: £2.4m).

The UK YouTube channel continued to grow in popularity, maintaining its status of the most watched car channel in the world, with 7.8m total subscribers as of 31 December 2022 an 20% increase from prior year (2021: 6.5m). We continued to invest in our content overseas with our Spanish YouTube channel growing from 623k to 731k subscribers and Germany from 38k to 58k subscribers, over the same period. The German channel was relaunched in Q3.

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**CARWOW LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Streamlined Energy and Carbon Reporting (SECR)****Energy efficiency**

The Group is committed to reducing our impact on the environment and to understand this further, commissioned our first greenhouse gas (CHG) inventory this year with an external third party. These results will help monitor and reduce energy consumption and emissions, as well as supporting our wider climate strategy.

During the year the Group has supported the transition of the London office to a fully renewable electricity tariff, which was our largest source of Scope 2 emissions. Transition of our fleet from fossil fuels to electric vehicles has begun with the purchase of our first electric car. Support is also given to our consumers in making the switch to more environmentally friendly vehicles by increasing our coverage of these vehicles on our YouTube channel and promotion on our website.

A taskforce has also been formed to explore our future roadmap to net-zero and begin the process of target setting to achieve our longer term goals of reducing our global carbon footprint.

**Methodology**

The Greenhouse Gas emissions have been assessed using the methodology described in the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition) 2022. The analysis takes the market-based and location-based approach for assessing the Scope 2 emissions from electricity usage. Responsibility for emissions sources was determined using the operational control approach.

Activity data was collected to cover all global operations including, financial statements, invoices, landlord recharges, expenses data and an employee survey. Where activity specific data was not available, emissions were calculated via a spend-based approach and using emission factors from the UK Government's Department for Business, Energy & Industrial Strategy.

Whilst the Group is only required to disclose energy usage and Scope 1 and 2 for the UK, we have voluntarily disclosed our global results for all, including scope 3 for full transparency. This is our first year of reporting and the full results can be found below.

## CARWOW LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Energy Consumption (kWh)	
	UK	Non-UK
Electricity	297,585	96,187
Purchased Heat	442,561	51,485
Travel - Fuel used in fleet vehicles	-	159,495
Travel - Business travel in hired or employee owned vehicles	4,698	12,808
<b>Total energy use</b>	<b>744,844</b>	<b>319,975</b>

	GHG Inventory (Tonnes CO <sub>2</sub> e)			
	Location-based		Market-based	
	UK	Non-UK	UK	Non-UK
<b>Scope 1</b>	-	40	-	40
<b>Scope 2</b>	138	29	87	53
Purchased good and services	1,892	1,206	1,892	1,206
Capital goods	1	26	1	26
Fuel and energy-related emissions	34	20	16	19
Business travel	202	132	202	132
Employee commuting	120	96	123	102
<b>Scope 3</b>	2,249	1,480	2,234	1,485
<b>Total emissions</b>	<b>2,387</b>	<b>1,549</b>	<b>2,321</b>	<b>1,578</b>
<b>Tonnes of CO<sub>2</sub>e per employee</b>	-	10.5	-	10.4
<b>Tonnes of CO<sub>2</sub>e per £m turnover</b>	-	98.5	-	97.6

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**CARWOW LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Principal risks and uncertainties**

The operations of the Group expose it to various financial risks, including liquidity risk, credit risk, foreign exchange risk and the recent industry specific risk tied to the global supply chain challenges.

**Industry Risk**

The largest risk to our new car revenue since the pandemic has been the lack of new car supply, leading to significantly longer lead times, which went on to impact consumer demand for new vehicles. While this risk is reducing it still poses a threat for the motor industry as manufacturers struggle to meet demand.

Whilst the impact of reduced supply on private registrations has eased in 2022, remaining broadly flat compared to 2021, this is still just under 20% down versus pre pandemic levels of 2019.

Despite these headwinds, the growth and investment in the Sell My Car proposition (allowing consumers to sell their current car directly to dealers) has allowed the group to diversify its business and reduce its reliance on the new car market.

The Motor Industry is forecast to change significantly over the next few years as many manufacturers adopt an agency model approach to car distribution. There are various paths that manufacturers could look to adopt that will have an impact on how many of our dealer partners distribute cars. As a marketplace with strong consumer demand, carwow is well positioned to benefit from any such changes by supporting our manufacturer and dealership partners with their route to market.

**Economic risk**

Whilst the current economic climate is challenging and unpredictable, the group has a natural hedge to the new car market with its Sell My Car proposition. Additionally, the improving new car supply situation, combined with consumer uncertainty, drives an increase in the need for our marketplace lead generation business for our manufacturer and dealer partners.

**Liquidity risk**

The Group has sufficient cash balances and access to finance to cover foreseeable needs, and seeks to mitigate liquidity risk through management of these.

**Credit risk**

The Group's trade debtors represent a significant financial asset. The credit risk associated with trade debtors is managed with robust receivables processes.

**Foreign exchange risk**

The Group is exposed to forex risk through its operations in Germany and Spain, and transactions in currencies other than the functional currency. Exchange gains/losses arise on consolidation of the German, French and Spanish accounts to sterling.

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**CARWOW LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Section 172(1) Statement**

The board of directors, individually and collectively, continue to act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. The information which follows on pages 5 to 6 describes how, in performing their duties during the year, the directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Act, and constitutes the Board's Section 172 Statement for 2022.

The Board delegates the operational management and decision making to its appointed executive committee, which consists of key management personnel from across the network. However, the Board maintains oversight of the Group's performance and ensures the executive committee is acting in accordance with the agreed strategy of promoting the success of the Group through business updates on the financial performance, submission of approvals where appropriate and other ad-hoc communications. These processes are in place to ensure that the Board receives all relevant information to enable it to make well-informed decisions to support the Group's long-term success.

The Group has identified its key stakeholders as its customers, shareholders, employees, suppliers, and the communities in which the business operates. These relationships are important in allowing the Group to achieve its business aims. Much of the engagement with our stakeholders takes place at an operational level through the executive committee, particularly in respect of our customers and employees whom we deal with in the ordinary course of business on a day-to-day basis. The following sections below describe how the Board and the executive committee engages with its key stakeholders and how it considers their interests when making its decisions.

**Business relationships**

Since inception carwow has developed many long standing relationships with a number of key dealerships across all markets. The pandemic highlighted the importance of online leads during a period that was collectively a very tough time for the motor industry. Carwow regularly holds dealer council meetings to collectively discuss the challenges facing our customers and the motor industry as a whole.

We also have strong links with many manufacturers in all markets both on the commercial and investment side of the business (Mercedes-Benz and Volvo are strategic investors in carwow). The growth in engagement with car manufacturers continues in all markets and we see these as key relationships crucial to our long term strategy.

**Employee engagement**

We make every effort to engage with our staff to ensure that their working environment is of a high standard along with prioritising their physical and mental wellbeing. Our staff have been key to the success of the group to date and will continue to be pivotal to the success of the group in the future.

We engage with our employees across a wide range of platforms along with direct feedback via managers and peers. The results and feedback are reviewed and actioned at executive and board level. The Group has weekly company meetings where employees are encouraged to submit questions and views along with posting updates on the company internal social media platform.

The group also promotes carwow specific core values that employees are encouraged to associate with across all areas of their working practices. The DE&I strategy is imbedded across the whole organisation creating initiatives covering LBGTQIA+ awareness panels, women in the workplace and mental health awareness.



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**CARWOW LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Our shareholders**

The group believes in openly engaging with our shareholders in order to maintain good relationships. Our largest shareholders have representation on the board with board meetings held every 2-3 months.

The board also engages regularly with members outwith the board meeting cycle where there are matters of importance such as future fundraising and operates separate remuneration and audit committees.

**Community and environment**

The group believes in being socially responsible and conscious to reduce our impact on the environment. During the year the group has developed an ESG strategy and engages with third parties to review and reduce our carbon footprint. The group also makes regular charitable donations and often matches and supports employee led charitable activities.

This report was approved by the Board and signed on its behalf.

*James Hind*

**J Hind**  
Director

Date: 2/5/2023

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**CARWOW LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their report and the financial statements for the year ended 31 December 2022.

**Principal activity**

The principal activities of the Company and Group are that of a marketplace for consumers to purchase and lease new and nearly-new cars, and help sell their cars directly to dealers.

**Results and dividends**

The loss for the year, after taxation, amounted to £29,413,908 (2021: loss £13,369,859).

**Directors**

The Directors who served during the year were:

J Hind  
D Santoro  
R W Moffat  
T Studd  
S T Murdoch  
G E C Andrews  
A G Robb  
M Gibson (appointed 8 April 2022)  
S L Pierrepont (resigned 16 March 2022)

**Disabled employees**

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

**Engagement with employees and fostering business relationships**

For details on our engagement with employees and fostering business relationships, please more detail within the Strategic Report.

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**CARWOW LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Going concern**

The Directors have reviewed the Group's budget and forecasts for the 12 months from the date of this report and are confident in its liquid resources and medium term plans in the context of the continued challenging economic environment.

The growth in the Sell My Car business has diversified the commercial product offering and allows the group to hedge against potential slow unwind of new car supply in the UK.

The directors have also performed a downside scenario analysis which, while considered highly unlikely, demonstrates that the Group will have sufficient cash resources to operate as a going concern for a period of at least one year. The repayment date of the venture debt is noted in Note 20 and management are confident that there are a number of options available to them to source additional funding, if needed, ahead of the debt becoming due.

The above statement does not protect the business from events that are out of its control and could potentially change the outcome of future trading performance. Nonetheless, the Board has, at the date of signing of the accounts, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

**Directors' responsibilities statement**

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Qualifying third party indemnity provisions**

Every director or other officer of the company shall be indemnified out of the assets of the company against all costs, charges, expenses, losses or liabilities which may be sustained or incurred during the execution of the duties of their office.

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**CARWOW LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Disclosure of information to auditor**

The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

*James Hind*

**J Hind**  
Director

Date: 2/5/2023



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARWOW LIMITED

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### Opinion

We have audited the financial statements of carwow Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARWOW LIMITED (CONTINUED)**

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In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARWOW LIMITED (CONTINUED)

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### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARWOW LIMITED (CONTINUED)

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how the parent company and group are complying with legal and regulatory frameworks by making enquiries of management, those charged with governance and those responsible for legal and compliance procedures. We identified the following laws and regulations as the most likely to have a material effect if noncompliance were to occur; financial reporting legislation, as well as the Companies Act 2006. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - understanding how the Board considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular any journal entries posted with large values or those posted at the year end; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement leader assessed whether the engagement team collectively had the appropriate competence and capabilities, including consideration of the engagement team's understanding of and practical experience with audit engagements of a similar nature and complexity, knowledge of the industry in which the client operates, and understanding of the legal and regulatory requirements specific to the group.





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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARWOW LIMITED (CONTINUED)

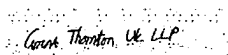
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- In assessing the potential risks of material misstatement, we obtained an understanding of the parent company and group's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads "Grant Thornton UK LLP".

Matthew Flowers  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
Date: 2/5/2023

## CARWOW LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	39,896,423	36,568,556
Cost of sales		(307,852)	(424,457)
<b>Gross profit</b>		<b>39,588,571</b>	<b>36,144,099</b>
Administrative expenses		(66,388,813)	(48,408,169)
Other operating income	5	-	2,333
<b>Operating loss</b>	6	<b>(26,800,242)</b>	<b>(12,261,737)</b>
Interest receivable and similar income	10	33,577	2,307
Interest payable and expenses	11	(2,816,822)	(1,260,788)
<b>Loss before tax</b>		<b>(29,583,487)</b>	<b>(13,520,218)</b>
Tax on loss	12	169,579	150,359
<b>Loss for the financial year</b>		<b>(29,413,908)</b>	<b>(13,369,859)</b>
Currency translation on foreign subsidiaries		(355,820)	378,026
<b>Total comprehensive income for the year</b>		<b>(29,769,728)</b>	<b>(12,991,833)</b>
<b>Loss for the year attributable to:</b>			
Owners of the parent company		(29,413,908)	(13,369,859)
		<b>(29,413,908)</b>	<b>(13,369,859)</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 25 to 49 form part of these financial statements.

**CARWOW LIMITED**  
**REGISTERED NUMBER:07103079**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	6,497,798	5,933,071
Tangible assets	14	547,834	618,230
		<u>7,045,632</u>	<u>6,551,301</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	8,003,461	6,133,985
Debtors: amounts falling due after more than one year	16	900,326	925,541
Cash at bank and in hand	17	17,425,134	26,210,323
		<u>26,328,921</u>	<u>33,269,849</u>
Creditors: amounts falling due within one year	18	(7,906,238)	(7,863,336)
<b>Net current assets</b>		<u>18,422,683</u>	<u>25,406,513</u>
<b>Total assets less current liabilities</b>		<u>25,468,315</u>	<u>31,957,814</u>
Creditors: amounts falling due after more than one year	19	(25,035,646)	(25,043,788)
<b>Net assets</b>		<u><u>432,669</u></u>	<u><u>6,914,026</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	615	560
Share premium account	23	92,628,550	70,432,473
Share options reserve	23	1,980,543	888,304
Foreign exchange reserve	23	73,820	429,640
Merger reserve	23	873,828	873,828
Profit and loss account	23	(95,124,687)	(65,710,779)
		<u><u>432,669</u></u>	<u><u>6,914,026</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

**J Hind**  
Director

*James Hind*

Date: 2/5/2023

The notes on pages 25 to 49 form part of these financial statements.

**CARWOW LIMITED**  
**REGISTERED NUMBER:07103079**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	3,676,446	2,301,772
Tangible assets	14	277,293	434,455
Investments	15	4,255	4,020,724
		<u>3,957,994</u>	<u>6,756,951</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	6,371,702	4,329,553
Debtors: amounts falling due after more than one year	16	5,393,870	4,970,186
Cash at bank and in hand	17	16,285,181	25,351,975
		<u>28,050,753</u>	<u>34,651,714</u>
Creditors: amounts falling due within one year	18	(6,563,538)	(6,504,950)
<b>Net current assets</b>		<u>21,487,215</u>	<u>28,146,764</u>
<b>Total assets less current liabilities</b>		<u>25,445,209</u>	<u>34,903,715</u>
Creditors: amounts falling due after more than one year	19	(25,000,000)	(25,000,000)
<b>Net assets</b>		<u><u>445,209</u></u>	<u><u>9,903,715</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	615	560
Share premium account	23	92,628,550	70,432,473
Share options reserve	23	1,980,543	888,304
Merger reserve	23	873,828	873,828
Profit and loss account brought forward		(62,291,450)	(49,001,421)
Loss for the year		(32,746,877)	(13,290,029)
Profit and loss account carried forward		<u>(95,038,327)</u>	<u>(62,291,450)</u>
		<u><u>445,209</u></u>	<u><u>9,903,715</u></u>

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**CARWOW LIMITED**  
**REGISTERED NUMBER:07103079**

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**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

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The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

**J Hind**  
Director

*James Hind*

Date: 2/5/2023

The notes on pages 25 to 49 form part of these financial statements.

## CARWOW LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Share options reserve	Foreign exchange reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2022	560	70,432,473	888,304	429,640	873,828	(65,710,779)	6,914,026
<b>Comprehensive income for the year</b>							
Loss for the year	-	-	-	-	-	(29,413,908)	(29,413,908)
Net exchange differences of foreign subsidiaries	-	-	-	(355,820)	-	-	(355,820)
<b>Total comprehensive income for the year</b>	-	-	-	(355,820)	-	(29,413,908)	(29,769,728)
Share options issued	-	-	1,092,239	-	-	-	1,092,239
Shares issued during the year	55	22,196,077	-	-	-	-	22,196,132
<b>Total transactions with owners</b>	55	22,196,077	1,092,239	-	-	-	23,288,371
<b>At 31 December 2022</b>	<b>615</b>	<b>92,628,550</b>	<b>1,980,543</b>	<b>73,820</b>	<b>873,828</b>	<b>(95,124,687)</b>	<b>432,669</b>

The notes on pages 25 to 49 form part of these financial statements.

## CARWOW LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Share options reserve	Foreign exchange reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2021	533	61,303,356	-	51,614	-	(52,340,920)	9,014,583
<b>Comprehensive income for the year</b>							
Loss for the year	-	-	-	-	-	(13,369,859)	(13,369,859)
Share for share exchange on acquisition	5	-	-	-	873,828	-	873,833
Net exchanges of foreign subsidiaries	-	-	-	378,026	-	-	378,026
<b>Total comprehensive income for the year</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>378,026</b>	<b>873,828</b>	<b>(13,369,859)</b>	<b>(12,118,000)</b>
Share options issued	-	-	888,304	-	-	-	888,304
Shares issued during the year	22	9,129,117	-	-	-	-	9,129,139
<b>Total transactions with owners</b>	<b>22</b>	<b>9,129,117</b>	<b>888,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,017,443</b>
<b>At 31 December 2021</b>	<b>560</b>	<b>70,432,473</b>	<b>888,304</b>	<b>429,640</b>	<b>873,828</b>	<b>(65,710,779)</b>	<b>6,914,026</b>

The notes on pages 25 to 49 form part of these financial statements.

## CARWOW LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Share options reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2022	560	70,432,473	888,304	873,828	(62,291,450)	9,903,715
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(32,746,877)	(32,746,877)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,746,877)</u>	<u>(32,746,877)</u>
<b>Contributions by and distributions to owners</b>						
Share options issued	-	-	1,092,239	-	-	1,092,239
Shares issued during the year	55	22,196,077	-	-	-	22,196,132
<b>At 31 December 2022</b>	<u>615</u>	<u>92,628,550</u>	<u>1,980,543</u>	<u>873,828</u>	<u>(95,038,327)</u>	<u>445,209</u>

The notes on pages 25 to 49 form part of these financial statements.



## CARWOW LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Share options reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	533	61,303,356	-	-	(49,001,421)	12,302,468
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(13,290,029)	(13,290,029)
Share for share exchange on acquisition	5	-	-	873,828	-	873,833
<b>Total comprehensive income for the year</b>	<u>5</u>	<u>-</u>	<u>-</u>	<u>873,828</u>	<u>(13,290,029)</u>	<u>(12,416,196)</u>
<b>Contributions by and distributions to owners</b>						
Share options issued	-	-	888,304	-	-	888,304
Shares issued during the year	22	9,129,117	-	-	-	9,129,139
<b>At 31 December 2021</b>	<u><u>560</u></u>	<u><u>70,432,473</u></u>	<u><u>888,304</u></u>	<u><u>873,828</u></u>	<u><u>(62,291,450)</u></u>	<u><u>9,903,715</u></u>

The notes on pages 25 to 49 form part of these financial statements.

## CARWOW LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(29,413,908)	(13,369,859)
<b>Adjustments for:</b>		
Amortisation of intangible assets	3,504,442	2,362,099
Depreciation of tangible assets	480,514	317,882
Interest paid	2,816,822	1,260,788
Interest received	(33,577)	(2,307)
Taxation charge	(169,579)	(150,359)
Increase in debtors	(1,559,273)	(1,448,471)
Increase in creditors	2,052,155	1,746,259
Share based payment charge	1,092,239	888,304
Media for equity expense (non-cash)	3,980,874	-
<b>Net cash generated from operating activities</b>	<b>(17,249,291)</b>	<b>(8,395,664)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(4,065,731)	(2,575,399)
Purchase of tangible fixed assets	(407,694)	(490,104)
Interest received	33,577	2,307
Interest paid	(2,816,822)	(1,260,788)
Cash acquired on acquisition	-	77,660
Payment for consideration of a previously acquired subsidiary	(2,000,000)	(1,146,896)
<b>Net cash from investing activities</b>	<b>(9,256,670)</b>	<b>(5,393,220)</b>

## CARWOW LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
<b>Cash flows from financing activities</b>		
Issue of preference shares	17,696,132	9,129,139
New secured loans	-	25,000,000
Repayment of loans	(8,142)	(10,005,325)
<b>Net cash used in financing activities</b>	<u>17,687,990</u>	<u>24,123,814</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(8,817,971)</u>	<u>10,334,930</u>
Cash and cash equivalents at beginning of year	26,210,323	15,843,310
Foreign exchange gains and losses	32,782	32,083
<b>Cash and cash equivalents at the end of year</b>	<u><u>17,425,134</u></u>	<u><u>26,210,323</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	17,425,134	26,210,323
	<u><u>17,425,134</u></u>	<u><u>26,210,323</u></u>

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. General information**

carwow Limited is a private company limited by shares, registered and incorporated in England. Its registered office is located at 2nd Floor, Verde Building, 10 Bressenden Place, London, SW1E 5DH.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The following principal accounting policies have been applied:

**2.2 Going concern**

The Directors have reviewed the Group's budget and forecasts for the 12 months from the date of this report and are confident in its liquid resources and medium term plans in the context of the continued challenging economic environment.

The growth in the Sell My Car business has diversified the commercial product offering and allows the group to hedge against potential slow unwind of new car supply in the UK.

The directors have also performed a downside scenario analysis which, while considered highly unlikely, demonstrates that the Group will have sufficient cash resources to operate as a going concern for a period of at least one year. The repayment date of the venture debt is noted in Note 20 and management are confident that there are a number of options available to them to source additional funding, if needed, ahead of the debt becoming due.

The above statement does not protect the business from events that are out of its control and could potentially change the outcome of future trading performance. Nonetheless, the Board has, at the date of signing of the accounts, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.3 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group Companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**2.4 Turnover**

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for the services supplied, stated net of discounts, rebates, value added tax and other sales taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and once contracted service has been provided when the customer (the dealer) receives the benefits from the service (i.e. upon successful enquiry of user to the dealer using the Group's websites or on confirmed collection of the car sale).

Manufacturer and agency revenue is generated from manufacturers and their advertising agencies for a range of onsite, CRM and content creation activity. Control is obtained by customers across the life of the contract as their advertising is displayed on the different platforms. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

**2.5 Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Long-term leasehold property	- Lifetime of lease
Office equipment	- 2 - 3 years
Fixture, fittings and equipment	- 25% straight line

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.6 Intangible fixed assets****Software costs**

Software costs are initially recognised at cost. After recognition, under the cost model, software costs are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three to five years.

**Development costs**

Development expenditure is capitalised as an intangible asset when the Group demonstrates the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future expenditure during development.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of 2 years.

**Acquired brand**

Acquired brand initially recognised at cost. After recognition, under the cost model, acquired brand is measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of ten years.

**Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is deemed to be 5 years. Provision is made for any impairment.

If the consideration given is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is allocated to non-monetary assets first and released to the Consolidated statement of comprehensive income account in the periods in which the non-monetary assets are recovered. Any negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised in the periods expected to be benefitted.

**2.7 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.9 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.11 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.11 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at an income-generating unit level. Goodwill is allocated to those income-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the cash-generating unit and the application of a suitable discount rate in order to calculate the present value. A nominal growth rate, based on the expected future performance of each unit, is used to calculate a terminal growth multiple. The discount rates used are based on prevailing interest rates applicable to the Group at the year end.

An impairment loss is recognised for the amount by which the assets' or income-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation initially to the carrying amount of goodwill and related intangible fixed assets. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

**2.12 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.13 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and Cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.14 Finance costs**

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.15 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated statement of comprehensive income is charged with fair value of goods and services received.

**Media for equity transactions**

Media for equity transactions are those where the Company has issued equity instruments in exchange for media advertising services. These are non-cash transactions.

In accordance with Section 26 of FRS 102, such transactions are classified as share-based payments. The cost of the media services is recognised at the fair value of the equity issued and are recognised within the profit and loss as services are received. The fair value of the equity is considered equal to the fair value of the media services provided which are invoiced by the media provider, subject to VAT where applicable. The equity is recognised in the year it is issued with the fair value being recognised in share premium.

**2.16 Warrants**

The Group issues warrants in association with debt and equity issuances and as compensation to suppliers or vendors in exchange for services. These are determined to be equity instruments. When warrants are issued with debt or as compensation to suppliers or vendors, the value of the warrants are included within the share-based payments reserve, that sits within the other reserve. When warrants are issued together with equity issuances any fair value associated with these are recognised when the warrants are exercised within share premium. On exercise of the warrants, the value of the warrants will be transferred from other reserves to share premium as applicable.

**2.17 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.18 Pensions****Defined contribution pension plan**

The Group operates a defined contribution plan for its UK employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**2.19 Interest income**

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

**2.20 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.21 Taxation**

Tax is recognised in the Consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

**2.22 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty****Revenue Recognition and Provisions**

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and once contracted service has been provided when the customer (the dealer) receives the benefits from the service (i.e. upon successful enquiry of user to the dealer using the Group's websites or on confirmed collection of the car sale).

Manufacturer and agency revenue is generated from manufacturers and their advertising agencies for a range of onsite, CRM and content creation activity. Control is obtained by customers across the life of the contract as their advertising is displayed on the different platforms. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

Trade receivables have been provided for based on both the historical occurrence of bad debt amongst customers, the receivables balance currently outstanding and the ageing of that debt. Again there is the possibility that worsening or favourable industry conditions affect the ability of dealers to pay and as such the provision being above or below the actual occurrence of bad debt.

**Capitalisation of development costs and useful lives**

Distinguishing the research and development phases of the carwow platform and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. In addition, management reviews its estimate of the useful lives of internally developed software at each reporting date, based on the expected use of the asset. Uncertainties in these estimates relate to technological obsolescence that may change the use of the platform.

**Valuation of intangible assets and fair value adjustments on acquisition**

The Group is required to make a judgment as to what intangible assets exist within the acquired business at the time of acquisition and what fair value adjustments are required. When reviewing the existence of intangible assets, consideration has been given to potential intangible assets such as customer relationships and brand. There were no intangible assets identified on acquisition.

**Employee Share options**

Share options are measured at their fair value using an option based methodology. This method considers various inputs such as the weighted average share price, exercise price, expected volatility, option life and risk free interest rate. The expected life in the model is adjusted based on management's best estimates. Further details of the key estimates inputted into the model can be found in Note 27.

**Media for equity transactions**

Management have estimated whether it is necessary to value the transaction based on fair value of the equity issued or the fair value of the media services received. For equity settled transactions in the current year, the media and equity was valued based on the fair value of the equity issued on the basis that the same class of shares was also issued to other independent investors on comparable terms within close proximity. This fair value was therefore based on the price other third party investors were willing to pay for the same share class. Further details can be found in Note 22.

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**CARWOW LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**4. Turnover**

The total turnover of the Company for the year has been derived from its principal activity.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	25,267,443	23,305,509
Rest of Europe	14,628,980	13,263,047
	<u>39,896,423</u>	<u>36,568,556</u>

**5. Other operating income**

In the prior year Government grant and support schemes were utilised in the UK to subsidise wage and salary costs due to the economic impact of COVID-19.

	2022 £	2021 £
UK	-	2,333
	<u>-</u>	<u>2,333</u>

**6. Operating loss**

The operating loss is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	480,514	317,882
Amortisation of intangible fixed assets	3,504,442	2,362,099
Exchange differences	(532,389)	565,331
Share based payment charge	1,092,239	888,304
	<u>1,092,239</u>	<u>888,304</u>

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**7. Auditor's remuneration**

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>65,723</u>	<u>50,700</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Other services - accounts preparation	2,900	1,500
Other services - transaction advisory services	-	120,000
	<u>2,900</u>	<u>121,500</u>

**8. Employees**

	2022 £	2021 £
Wages and salaries	24,176,642	15,026,007
Social security costs	2,892,945	1,988,558
Pension costs	1,375,981	740,163
	<u>28,445,568</u>	<u>17,754,728</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Product account management	56	43
Development	66	45
Sales	252	183
	<u>374</u>	<u>271</u>

The Company has no employees other than the Directors, who did not receive any remuneration (2021: £Nil).

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**9. Directors' remuneration**

	2022 £	2021 £
Directors' emoluments	<u>429,041</u>	<u>348,272</u>

The Group paid £18,200 (2021: £13,752) into defined contribution pension schemes.

The highest paid director received remuneration of £189,404 (2021: £158,618).

Key management personnel of the Company are the Directors.

**10. Interest receivable**

	2022 £	2021 £
Other interest receivable	<u>33,577</u>	<u>2,307</u>

**11. Interest payable and similar expenses**

	2022 £	2021 £
Other loan interest payable	<u>2,816,822</u>	<u>1,260,788</u>

**12. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on losses for the year	<u>(169,579)</u>	<u>(150,359)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(169,579)</u>	<u>(150,359)</u>

## CARWOW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**12. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<b>(29,583,487)</b>	<b>(13,520,218)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>(5,620,863)</b>	<b>(2,568,841)</b>
<b>Effects of:</b>		
Fixed asset differences	<b>4,897</b>	<b>(1,724)</b>
Expenses not deductible for tax purposes	<b>284,601</b>	<b>281,909</b>
Adjustments to tax charge in respect of prior periods	<b>29,874</b>	<b>2,218</b>
Remeasurement of deferred tax for changes in tax rates	<b>(7,170)</b>	<b>(3,319,314)</b>
Other differences	<b>7,477</b>	<b>232</b>
Deduction and losses surrendered for R&D expenditure	<b>96,611</b>	<b>-</b>
Group relief surrendered	<b>-</b>	<b>76,579</b>
Deferred tax not recognised	<b>5,034,994</b>	<b>5,378,582</b>
<b>Total tax charge for the year</b>	<b>(169,579)</b>	<b>(150,359)</b>

**Factors that may affect future tax charges**

The Company has an unrecognised deferred tax assets of £19,589,751 (2021: £14,084,847).

The Finance Bill 2021 was substantively enacted on 10 June 2021, as a result the main rate of corporation tax will rise from 19% to 25% from 1 April 2023. On this basis deferred tax has been calculated at the future rate of 25%.



## CARWOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 13. Intangible fixed assets

## Group

	Development Costs £	Software Costs £	Brand £	Goodwill £	Total £
<b>Cost</b>					
At 1 January 2022	9,369,444	53,395	79,383	4,027,786	13,530,008
Additions	4,050,643	15,088	-	-	4,065,731
FX on translation	-	-	4,574	-	4,574
At 31 December 2022	13,420,087	68,483	83,957	4,027,786	17,600,313
<b>Amortisation</b>					
At 1 January 2022	7,067,672	49,500	9,857	469,908	7,596,937
Charge for the year on owned assets	2,688,123	2,934	7,828	805,557	3,504,442
FX on translation	-	-	1,136	-	1,136
At 31 December 2022	9,755,795	52,434	18,821	1,275,465	11,102,515
<b>Net book value</b>					
At 31 December 2022	3,664,292	16,049	65,136	2,752,321	6,497,798
At 31 December 2021	2,301,772	3,895	69,526	3,557,878	5,933,071

## CARWOW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**13. Intangible fixed assets (continued)****Company**

	Development Costs £	Software Costs £	Total £
<b>Cost</b>			
At 1 January 2022	9,369,444	49,500	9,418,944
Additions	4,050,643	15,088	4,065,731
At 31 December 2022	<u>13,420,087</u>	<u>64,588</u>	<u>13,484,675</u>
<b>Amortisation</b>			
At 1 January 2022	7,067,672	49,500	7,117,172
Charge for the year on owned assets	2,688,123	2,934	2,691,057
At 31 December 2022	<u>9,755,795</u>	<u>52,434</u>	<u>9,808,229</u>
<b>Net book value</b>			
At 31 December 2022	<u>3,664,292</u>	<u>12,154</u>	<u>3,676,446</u>
At 31 December 2021	<u>2,301,772</u>	<u>-</u>	<u>2,301,772</u>

## CARWOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 14. Tangible fixed assets

## Group

	Long-term leasehold property £	Office equipment £	Fixture, fittings and equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2022	724,371	520,572	941,869	2,186,812
Additions	14,697	37,626	355,371	407,694
FX on translation	-	7,135	6,478	13,613
At 31 December 2022	739,068	565,333	1,303,718	2,608,119
<b>Depreciation</b>				
At 1 January 2022	521,029	402,316	645,237	1,568,582
Charge for the year on owned assets	147,132	38,645	294,737	480,514
FX on translation	173	4,414	6,602	11,189
At 31 December 2022	668,334	445,375	946,576	2,060,285
<b>Net book value</b>				
At 31 December 2022	70,734	119,958	357,142	547,834
At 31 December 2021	203,342	118,256	296,632	618,230

## CARWOW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**14. Tangible fixed assets (continued)****Company**

	Long-term leasehold property £	Office equipment £	Fixture, fittings and equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2022	686,706	308,577	822,850	1,818,133
Additions	-	19,164	205,683	224,847
At 31 December 2022	686,706	327,741	1,028,533	2,042,980
<b>Depreciation</b>				
At 1 January 2022	518,965	295,204	569,509	1,383,678
Charge for the year on owned assets	137,034	14,739	230,236	382,009
At 31 December 2022	655,999	309,943	799,745	1,765,687
<b>Net book value</b>				
At 31 December 2022	30,707	17,798	228,788	277,293
At 31 December 2021	167,741	13,373	253,341	434,455

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**CARWOW LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**15. Fixed asset investments****Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2022	5,420,831
Additions	4,255
At 31 December 2022	<u>5,425,086</u>
<b>Impairment</b>	
At 1 January 2022	1,400,107
Charge for the year	4,020,724
At 31 December 2022	<u>5,420,831</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>4,255</u></u>
<i>At 31 December 2021</i>	<u><u>4,020,724</u></u>

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**CARWOW LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**15. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
carwow GmbH	Ordinary	100%	Marketplace for cars
carwow France SAS	Ordinary	100%	Dormant entity
carwow Spanish S.L.	Ordinary	100%	Marketplace for cars
AutoD2 Limited	Ordinary	100%	Sale of used cars
carwow Portugal Lda	Ordinary	100%	Shared services centre

<b>Name</b>	<b>Registered office</b>
carwow GmbH	Auenstr. 100 80469 Munich
carwow France SAS	38 Rue de Berri 75008 Paris 8
carwow Spanish S.L.	Calle de Hermosilla, 48, Madrid
AutoD2 Limited	2nd Floor, Verde Building, 10 Bressenden Place, London, England, SW1E 5DH
carwow Portugal Lda	Rua Antonio Fernandes Araujo N 28, 4715-566 Braga, Portugal

The Company's UK subsidiary, AutoD2 Limited (company registration number 07968013) is exempt from the requirements to audit their financial statements under section 479A of the Companies Act 2006. Under section 479C of the Companies Act 2006, the Company, being the parent undertaking of the above entity, has given a statutory guarantee of all the outstanding liabilities to which the entity is subject to at 31 December 2022.

The impairment charge recognised in the year is against the full investment value the Company holds in AutoD2 Limited. This has arisen as a result of the transfer of all trade and contracts to the Company for operational efficiencies and synergies. There is no risk of impairment to the goodwill recognised on the acquisition.

## CARWOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 16. Debtors

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	<b>4,493,544</b>	4,044,645
Prepayments	<b>900,326</b>	925,541	<b>900,326</b>	925,541
	<b>900,326</b>	925,541	<b>5,393,870</b>	4,970,186
	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
<b>Due within one year</b>				
Trade debtors	<b>5,691,774</b>	4,266,613	<b>3,105,808</b>	1,693,505
Amounts owed by group undertakings	-	-	<b>1,136,893</b>	1,224,083
Other debtors	<b>688,726</b>	150,354	<b>688,706</b>	150,342
Prepayments and accrued income	<b>1,622,961</b>	1,717,018	<b>1,440,295</b>	1,261,623
	<b>8,003,461</b>	6,133,985	<b>6,371,702</b>	4,329,553

Amounts owed by group undertakings are unsecured at an interest of 5% per annum. The loan is repayable by 31 December 2027.

An impairment loss of £250,331 (2021: £136,358) was recognised against trade debtors.

## 17. Cash and cash equivalents

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Cash at bank and in hand	<b>17,425,134</b>	26,210,323	<b>16,285,181</b>	25,351,975

## CARWOW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**18. Creditors: Amounts falling due within one year**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Trade creditors	2,795,867	2,608,891	2,688,093	2,399,417
Other taxation and social security	1,843,893	1,707,833	1,133,420	924,518
Other creditors	330,386	2,376,483	328,392	2,367,255
Accruals and deferred income	2,936,092	1,170,129	2,413,633	813,760
	<u>7,906,238</u>	<u>7,863,336</u>	<u>6,563,538</u>	<u>6,504,950</u>

**19. Creditors: Amounts falling due after more than one year**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Borrowings (Note 20)	25,035,646	25,043,788	25,000,000	25,000,000

**20. Loans**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
<b>Amounts falling due 2-5 years</b>				
Borrowings	25,035,646	25,043,788	25,000,000	25,000,000

On 29 November 2021, the Group signed terms on a venture debt facility comprising of £25m with a repayment date of 1 December 2024. As part of this agreement the Group granted 204,898 warrants. The loan details are as follows:

Loan term: 36 months

Interest Rate: aggregate of Cash Interest Rate and PIK Interest Rate

(i) Cash Interest Rate: greater of most recently published Wall Street Prime Rate plus 4.70%, and 7.95%

(ii) PIK Interest Rate: 1.45%

Payment amount: months 1-36 - interest only

End of term payment: £1,237,500



## CARWOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 21. Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	17,425,134	26,210,323	16,285,181	25,351,975
Financial assets that are debt instruments measured at amortised cost	6,380,500	4,416,967	9,424,951	7,112,575
	<u>23,805,634</u>	<u>30,627,290</u>	<u>25,710,132</u>	<u>32,464,550</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(31,097,991)	(31,199,291)	(30,430,118)	(30,580,432)

## 22. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
16,882,391 (2021: 16,668,929) Ordinary shares of £0.00001 each	169	166
4,230,637 (2021: 4,230,637) Preference A shares of £0.00001 each	42	42
6,818,990 (2021: 6,818,990) Preference B shares of £0.00001 each	68	68
9,255,750 (2021: 9,255,750) Preference C shares of £0.00001 each	93	93
8,867,828 (2021: 8,867,828) Preference D1 shares of £0.00001 each	89	89
2,719,355 (2021: 2,719,355) Preference D2 shares of £0.00001 each	27	27
5,262,071 (2021: 5,262,071) Preference D3 shares of £0.00001 each	53	53
7,461,000 (2021: 2,170,201) Preference D4 shares of £0.00001 each	74	22
	<u>615</u>	<u>560</u>

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**CARWOW LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**22. Share capital (continued)**

During the year 213,462 Ordinary shares with a nominal value of £0.00001 per share - see Note 27 for further details.

During the year 4,233,344 D4 Preference shares with a nominal value of £0.0001 per share were issued for £18m.

During the year 1,057,455 D4 Preference shares with a nominal value of £0.0001 per share were issued for £4.5m Media for Equity.

**All classes of shares have the following rights:**

Voting - Each share has one vote.

Dividends - Each share is entitled to pari passu dividend payments.

Redemption - The shares are not redeemable.

**23. Reserves****Share capital**

Represents the nominal value of shares that have been issued.

**Share premium**

Includes only premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium.

**Profit and loss account**

Includes all current and prior period retained profit and losses.

**Foreign exchange reserve**

Includes cumulative gain or loss of translation of net assets of foreign subsidiaries.

**Share options reserve**

Includes the recognition of employee share options that have been issued but not yet exercised.

**Merger Reserve**

The reserve relates to merger relief that has been recognised on the acquisition of a subsidiary undertaking, which resulted in the issuance of equity shares as part of the consideration.

## CARWOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**24. Commitments under operating leases**

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2022 £</b>	<i>Group 2021 £</i>	<b>Company 2022 £</b>	<i>Company 2021 £</i>
Not later than 1 year	<b>1,021,174</b>	1,102,746	<b>995,693</b>	995,693
Later than 1 year and not later than 5 years	<b>3,997,711</b>	100,402	<b>3,982,770</b>	85,938
Later than 5 years	<b>165,949</b>	-	<b>165,949</b>	-
	<b><u>5,184,834</u></b>	<u>1,203,148</u>	<b><u>5,144,412</u></b>	<u>1,081,631</u>

**25. Controlling party**

The Directors do not consider the Group to have an ultimate controlling party.

**26. Related party transactions**

In accordance with the exemption under FRS 102, the Group does not disclose transactions with companies which are wholly owned within the Group.

**27. Share options and Share warrants****Share options**

The carwow Limited Share Option Scheme was introduced on 29 February 2016. Under the scheme the Board can grant options over shares in the company to employees of the Company.

During the 2022 financial year, options were granted over a total of 983,970 ordinary shares of £0.00001 each to 316 employees. These options were issued at a fixed exercise price of £0.01 per share.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	<b>2022</b>	<b>2022</b>	<i>2021</i>	<i>2021</i>
	<b>Number</b>	<b>WAEP</b>	<i>Number</i>	<i>WAEP</i>
Balance brought forward	<b>3,938,328</b>	<b>0.01</b>	1,947,105	0.01
Share options granted	<b>983,970</b>	<b>0.01</b>	2,109,841	0.01
Share options exercised	<b>(213,462)</b>	<b>0.01</b>	(84,991)	0.01
Share options cancelled	<b>(411,747)</b>	<b>0.01</b>	(33,627)	0.01
<b>Balance carried forward</b>	<b><u>4,297,089</u></b>	<b><u>0.01</u></b>	<u>3,938,328</u>	<u>0.01</u>

There is a charge of £1,092,238 recognised in the year (2021: £888,304).

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**CARWOW LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**28. Pension commitments**

The Group operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension costs charge represents contributions payable by the Company to the fund and amounted to £1,375,981 (2021: £740,163). The balance owing in relation to pension costs at 31 December 2022 was £121,327 (2021: £93,795).

**29. Contingent liabilities**

There were no contingent liabilities at 31 December 2022 or 31 December 2021.

**30. Capital commitments**

The Group had no capital commitments at 31 December 2022 or 31 December 2021.

**31. Analysis of net debt**

	At 1 January 2022 £	Cash flows £	Payment for consideration of a previously acquired subsidiary £	At 31 December 2022 £
Cash at bank and in hand	26,210,323	(10,785,189)	2,000,000	17,425,134