Registered number: 08430008

WHAT3WORDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

WHAT3WORDS LIMITED

COMPANY INFORMATION

Directors	T L Doree Dr. J W Lazar A Guefor C J R Sheldrick J D Waley-Cohen C T Brambach
Registered number	08430008
Registered office	What3words Studio 301 Great Western Studios 65 Alfred Road London England W2 5EU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square EC2A 1AG

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic report and accompanying financial statements for the year ended 31 December 2022.

Business review

During the year, what3words Limited and its wholly-owned subsidiaries (the "Group") continued to recognise revenue from the sale of its core product, an enterprise software system for the bi-directional conversion of GPS coordinates to 3-word addresses. The Group also continued to target specific local markets around the world to drive consumer awareness and usage of the product on a free-to-use basis principally through its app and webmap site, as well as working with businesses across a range of industries to generate commercial returns. The business also has an API interface, enabling partners to integrate what3words into their own systems via a self-serve web-based platform. In addition, the Group also provides free-to-use licences to a range of emergency service providers, NGOs and charities in a number of countries including the UK, USA, Australia, Canada and Germany.

The shortage of semiconductors which impacted production volumes across a range of manufacturing industries, including automotive, in 2021 eased during the first half of the year. As a result, and in conjunction with the continued growth in customers, revenue increased 89% compared to the prior year.

Having significantly ramped up its spending on consumer acquisition and brand awareness in the prior year, during 2022 the Group focused on deploying resources in key markets where ongoing consumer testing shows returns are high. As in the prior year, the Group continued to run broadcast television campaigns across both Channel 4 and ITV in the UK, and in Germany and India. These campaigns were complemented via increased activity across multi-media channels including digital, print, out-of-home and radio.

The Group continued with hybrid working once Covid restrictions were eased again in early 2022.

The Group remains a member of Tech Zero. Further details about the scheme can be found at https://techzero.technation.io/ with details of the Group's pledges and progress at https://what3words.com/tech-zero.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The principal risks and uncertainties affecting the Group are considered to include:

Global economic outlook
During the year, the global economy has taken a broad-based and sharper-than-expected downturn, with rates of inflation higher than have been seen for several decades and the cost of living crisis ongoing. Global growth has slowed during the year, and is forecast to retract further in 2023.

As is the case for many businesses, the cost of living crisis and ongoing slow global growth represents a degree of revenue risk to the Group. A reduction to production volumes in the automotive sector, resulting from decreased consumer demand in a challenging economy, may reduce revenue opportunities for the Group in the short-medium term.

Commercial risk
The success of the business is dependent on the development, conversion and retention of a pipeline of commercial contracts to take the business cash flow positive and profitable.

Behavioural change risk
The Group has created a new addressing format, with the aim of becoming a universal standard for location referencing. A key aspect of this is acquiring and retaining a high volume of newly engaged consumers, creating wide-scale network effects and consumer behaviour change to ultimately deliver commercial contracts.

Financial key performance indicators

The Group's loss for the year was £31,529,171 *(2021: loss £43,293,057)*. The reduction in loss during the year was primarily due to the fair value adjustment relating to the convertible loan notes. Investment continues to be made in driving awareness in less mature markets around the globe, along with business development initiatives to grow the client-base and associated revenue.

The Group has net assets of £23,756,435 *(2021: £6,969,602)*. Assets are predominantly comprised of cash and cash equivalents totaling £19,905,637 *(2021: £50,682,650)* and term deposits of £22,284,714 *(2021: £19,978,082)*, whilst the largest liabilities relate to convertible loan notes with a total fair value at 31 December 2022 calculated as £17,084,750 *(2021: £63,951,357)*.

The Group has continued to successfully raise investment finance during the year, with £10.4m new finance raised via convertible instruments across a combination of cash and media for equity deals. Media commitments under these instruments, and those from the prior year, will continue to be drawn upon and provided over 2023.

This report was approved by the board on 12/5/2023 and signed on its behalf.

J D Waley-Cohen
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Results and dividends

The loss for the year, after taxation, amounted to £31,529,171 *(2021: loss £43,293,057)*.

The directors do not recommend payment of a dividend *(2021: £Nil)*.

Future developments

The Group plans to continue building a strong international user base, initially focused in a small number of key countries as determined by the presence of significant commercial and consumer growth opportunities. The Group then will seek to convert this consumer awareness into revenue-generating deals across a range of global industries.

Subsidiaries and branches outside the UK

There are two wholly-owned subsidiaries in USA and Germany. The Group also has a branch in South Africa.

Directors

The directors who served during the year were:

T L Doree
Dr. J W Lazar
A Guefor
J D Trescher (resigned 20 October 2022)
C J R Sheldrick
J D Waley-Cohen
C T Brambach (appointed 20 October 2022)

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Qualifying third party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Research and development

The Company continues to invest in research and development activities, including the development of new product concepts and integrations for commercial partners and consumer users. Areas of focus in the year have included voice recognition systems and research into further expanding the languages in which what3words is available, with 4 new languages launched during the year and others under development.

Going concern

The directors have assessed the Group and Company's ability to continue as a going concern by preparing a cash flow forecast of all expected cash flows for twelve months from the date of signing these financial statements, taking into account the following principal factors:

- the Group's cash and cash equivalents balance at year end of £19.9m;
- the Group's term deposit balance at year end of £22.3;
- the current and forecasted cash burn rate; and
- the highly variable nature of spend meaning the Group could reduce cash burn quickly if runway needed to be extended.

The Company and the Group has run a downside scenario whereby revenue immediately reduces to nil but the current level of expenditure is maintained. This is done to identify risks to liquidity and seeks to factor in potential macroeconomic impact on the Group and Company's commercial pipeline from the ongoing challenging global economic conditions. After applying the downside sensitivity, the directors have not identified any material uncertainties to the Company or the Group's ability to continue to operate over a period of at least twelve months from the date of approval of the financial statements as they believe cash reserves are sufficient to sustain the business, and the nature of spend is sufficiently dynamic to enable runway to be extended if needed. The directors do not have an intention to liquidate the Group or Company, nor to cease trading.

The directors believe that based on the Company's and the Group's cash balance at year end and the current and forecasted cash burn rate, the Company and the Group has sufficient liquidity headroom to enable changes in the business plan should they be required to ensure the business can meet its liabilities as they fall due over a period of at least twelve months from the date of approval of these financial statements.

The Company and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Post balance sheet events

There are no post balance sheet events to note.

Directors' confirmations

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.

Independent auditors

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 on 12/5/2023 and signed on its behalf.

J D Waley-Cohen
Director

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHAT3WORDS LIMITED

Opinion

We have audited the financial statements of What3words 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 such as Brexit and Covid-19, 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.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHAT3WORDS LIMITED (CONTINUED)

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 or a material misstatement of the other information. 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.

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.

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks being UK GAAP, the Companies Act 2006 and the relevant UK tax compliance regulations.
- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue 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; and
  - the applicable statutory provisions.
- 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;
- Our audit procedures for significant components included in the scope of our audit involved: journal entry testing, with a focus on year end journals and journals indicating large or unusual transactions based on our understanding of the business; challenging assumptions and judgements made by management in its significant accounting estimates. In addition, we completed audit procedures to conclude on the compliance of disclosures in the accounts with applicable financial reporting requirements.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity including:
    - the provisions of the applicable legislation;
    - the applicable statutory provisions.
- No matters about non-compliance were communicated to the engagement team.

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. This description forms part of our Auditor's report.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHAT3WORDS LIMITED (CONTINUED)

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.

Grant Thornton UK LLP

Aimee Griffiths BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London Finsbury
Date: 12/5/2023

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

	Note	2022 £	*2021 £*
Turnover	4	**838,726**	*444,382*
Gross profit		**838,726**	*444,382*
Administrative expenses		**(47,216,935)**	*(38,878,416)*
Other operating income	5	**20,323**	*2,490*
Operating loss	6	**(46,357,886)**	*(38,431,544)*
Interest receivable and similar income	10	**302,265**	*132,906*
Interest payable and similar expenses	11	**14,501,353**	*(5,523,019)*
Loss before taxation		**(31,554,268)**	*(43,821,657)*
Tax on loss on ordinary activities	12	**25,097**	*528,600*
Loss for the financial year		**(31,529,171)**	*(43,293,057)*
Foreign exchange reserve		**7,815**	*1,952*
Other comprehensive income for the year		**7,815**	*1,952*
Total comprehensive income for the year		**(31,521,356)**	*(43,291,105)*

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

All amounts relate to continuing operations.

The notes on pages 21 to 47 form part of these financial statements.

WHAT3WORDS LIMITED
REGISTERED NUMBER:08430008

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	13		**1,195,483**		*1,216,126*
Tangible assets	14		**255,778**		*223,829*
			1,451,261		*1,439,955*
Current assets					
Debtors: amounts falling due within one year	16	**2,619,974**		*2,285,104*	
Bank and cash balances	17	**19,905,637**		*50,682,650*	
Term deposits	18	**22,284,714**		*19,978,082*	
		44,810,325		*72,945,836*	
Creditors: amounts falling due within one year	19	**(14,033,029)**		*(66,251,499)*	
Net current assets			**30,777,296**		*6,694,337*
Total assets less current liabilities			**32,228,557**		*8,134,292*
Creditors: amounts falling due after more than one year	20		**(8,472,122)**		*(1,164,690)*
Net assets			**23,756,435**		*6,969,602*
Capital and reserves					
Called up share capital	22		**656,122**		*488,237*
Share premium account	23		**144,397,466**		*97,819,064*
Foreign exchange reserve	23		**(9,964)**		*(17,779)*
Other reserves	23		**6,504,622**		*4,942,720*
Profit and loss account	23		**(127,791,811)**		*(96,262,640)*
			23,756,435		*6,969,602*

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

J D Waley-Cohen
Director
Date: 12/5/2023

The notes on pages 21 to 47 form part of these financial statements.

WHAT3WORDS LIMITED
REGISTERED NUMBER:08430008

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	13		**1,195,483**		*1,216,126*
Tangible assets	14		**255,778**		*223,829*
Investments	15		**22,280**		*22,280*
			1,473,541		*1,462,235*
Current assets					
Debtors: amounts falling due within one year	16	**2,703,906**		*2,362,092*	
Bank and cash balances	17	**19,821,893**		*50,610,132*	
Term deposits	18	**22,284,714**		*19,978,082*	
		44,810,513		*72,950,306*	
Creditors: amounts falling due within one year	19	**(14,021,202)**		*(66,240,228)*	
Net current assets			**30,789,311**		*6,710,078*
Total assets less current liabilities			**32,262,852**		*8,172,313*
Creditors: amounts falling due after more than one year	20		**(8,472,122)**		*(1,164,690)*
Net assets			**23,790,730**		*7,007,623*
Capital and reserves					
Called up share capital	22		**656,122**		*488,237*
Share premium account	23		**144,397,466**		*97,819,064*
Other reserves	23		**6,504,622**		*4,942,720*
Profit and loss account	23		**(127,767,480)**		*(96,242,398)*
			23,790,730		*7,007,623*

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

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 loss after tax for the year was £31,525,082 *(2021: loss £43,262,401)*.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12/5/2023

J D Waley-Cohen
Director

The notes on pages 21 to 47 form part of these financial statements.

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

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2022	**488,237**	**97,819,064**	**(17,779)**	**4,942,720**	**(96,262,640)**	**6,969,602**
Comprehensive income for the year						
Loss for the year	-	-	-	-	(31,529,171)	(31,529,171)
Foreign exchange reserve	-	-	7,815	-	-	7,815
Total comprehensive income for the year	-	-	7,815	-	(31,529,171)	(31,521,356)
Contributions by and distributions to owners						
Costs relating to share issue	-	(10,350)	-	-	-	(10,350)
Issue of ordinary share capital	300	-	-	-	-	300
Issue of preference share capital	167,585	46,588,752	-	-	-	46,756,337
Equity settled share-based payment transactions	-	-	-	1,561,902	-	1,561,902
Total transactions with owners	167,885	46,578,402	-	1,561,902	-	48,308,189
At 31 December 2022	656,122	144,397,466	(9,964)	6,504,622	(127,791,811)	23,756,435

The notes on pages 21 to 47 form part of these financial statements.

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

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2020	404,425	69,270,544	(19,731)	3,688,915	(52,969,583)	20,374,570
Comprehensive income for the year						
Loss for the year	-	-	-	-	(43,293,057)	(43,293,057)
Foreign exchange reserve	-	-	1,952	-	-	1,952
Total comprehensive income for the year	-	-	1,952	-	(43,293,057)	(43,291,105)
Contributions by and distributions to owners						
Costs relating to share issue	-	(407,783)	-	-	-	(407,783)
Issue of ordinary share capital	225	-	-	-	-	225
Issue of preference share capital	83,587	28,956,303	-	-	-	29,039,890
Equity settled share-based payment transactions	-	-	-	1,253,805	-	1,253,805
Total transactions with owners	83,812	28,548,520	-	1,253,805	-	29,886,137
At 31 December 2021	488,237	97,819,064	(17,779)	4,942,720	(96,262,640)	6,969,602

The notes on pages 21 to 47 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	488,237	97,819,064	4,942,720	(96,242,398)	7,007,623
Comprehensive income for the year					
Loss for the year	-	-	-	(31,525,082)	(31,525,082)
Total comprehensive income for the year	-	-	-	(31,525,082)	(31,525,082)
Contributions by and distributions to owners					
Costs relating to share issue	-	(10,350)	-	-	(10,350)
Issue of ordinary share capital	300	-	-	-	300
Issue of preference share capital	167,585	46,588,752	-	-	46,756,337
Equity settled share-based payment transactions	-	-	1,561,902	-	1,561,902
Total transactions with owners	167,885	46,578,402	1,561,902	-	48,308,189
At 31 December 2022	656,122	144,397,466	6,504,622	(127,767,480)	23,790,730

The notes on pages 21 to 47 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	**404,425**	**69,270,544**	**3,688,915**	**(52,979,997)**	**20,383,887**
Comprehensive income for the year					
Loss for the year	-	-	-	**(43,262,401)**	**(43,262,401)**
Total comprehensive income for the year	-	-	-	**(43,262,401)**	**(43,262,401)**
Contributions by and distributions to owners					
Costs relating to share issue	-	**(407,783)**	-	-	**(407,783)**
Issue of ordinary share capital	**225**	-	-	-	**225**
Issue of preference share capital	**83,587**	**28,956,303**	-	-	**29,039,890**
Equity settled share-based payment transactions	-	-	**1,253,805**	-	**1,253,805**
Total transactions with owners	**83,812**	**28,548,520**	**1,253,805**	-	**29,886,137**
At 31 December 2021	**488,237**	**97,819,064**	**4,942,720**	**(96,242,398)**	**7,007,623**

The notes on pages 21 to 47 form part of these financial statements.

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

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss for the financial year		**(31,529,171)**	*(43,293,057)*
Adjustments for:			
Amortisation of intangible assets	13	**153,638**	*140,608*
Depreciation of tangible assets	14	**163,311**	*105,111*
Gain on disposal of tangible assets	6	**(673)**	*(334)*
Interest paid	11	**119,073**	*12,902*
Fair value movement on convertible loan notes	11	**(14,620,426)**	*5,510,117*
Interest received	10	**(302,265)**	*(132,906)*
Taxation charge	12	**(25,097)**	*(528,600)*
Increase in debtors	16	**(334,869)**	*(1,287,399)*
(Decrease)/increase in creditors	19	**(931,845)**	*2,064,023*
Corporation tax received	12	**-**	*528,036*
Difference on foreign exchange		**8,099**	*(7,355)*
Equity settled share-based payment expense	24	**1,561,903**	*1,253,805*
Media for equity expense	24	**8,882,458**	*4,916,822*
Net cash generated from operating activities		**(36,855,864)**	*(30,718,227)*
Cash flows from investing activities			
Purchase of intangible fixed assets	13	**(132,995)**	*(123,310)*
Purchase of tangible fixed assets	14	**(199,620)**	*(141,717)*
Proceeds from disposal of tangible fixed assets		**5,033**	*1,831*
Interest received	10	**302,265**	*132,906*
Funds placed on term deposit	18	**(2,306,632)**	*(19,978,082)*
Net cash from investing activities		**(2,331,949)**	*(20,108,372)*

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

	Note	2022 £	*2021* *£*
Cash flows from financing activities			
Proceeds from issue of convertible loan notes	19,20	**8,420,850**	*56,700,000*
Interest paid	11	**-**	*-*
Proceeds from issue of shares	22	**300**	*25,865,097*
Cost of issue of share capital		**(10,350)**	*(407,783)*
Net cash generated in financing activities		**8,410,800**	*82,157,314*
Net (decrease)/increase in cash and cash equivalents		**(30,777,013)**	*31,330,715*
Cash and cash equivalents at beginning of year		**50,682,650**	*19,351,935*
Cash and cash equivalents at the end of year		**19,905,637**	*50,682,650*
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		**19,905,637**	*41,621,309*
Short term treasury deposits		**-**	*9,061,341*
		19,905,637	*50,682,650*

The notes on pages 21 to 47 form part of these financial statements.

1. General information

What3words Limited ("Company") is a private company limited by shares and incorporated in England and Wales. The registered office is located at What3words, Studio 301 Great Western Studios, 65 Alfred Road, London, England, W2 5EU.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Company has taken advantage of the following exemptions in its individual financial statements:

a. from preparing a statement of cash flows on the basis that it is a qualifying entity and the Consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;

b. from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12,27, 12,29(1), 12,29(b) and 12.29A as the information is provided in the consolidated financial statement disclosures;

c. from disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and

d. from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

2. Accounting policies

2.1 Basis of preparation of financial statements

These consolidated and separate 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 financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

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 following principal accounting policies have been applied:

2.2 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.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

2. Accounting policies (continued)

2.3 Going concern

The directors have assessed the Group and Company's ability to continue as a going concern by preparing a cash flow forecast of all expected cash flows for 12 months from the date of signing these financial statements, taking into account the following principal factors:

- the Group's cash and cash equivalents balance at year end of £19.9m;
- the Group's term deposit balance at year end of £22.3m;
- the current and forecasted cash burn rate; and
- the highly variable nature of spend meaning the Group could reduce cash burn quickly if runway needed to be extended.

The Company and the Group has run a downside scenario whereby revenue immediately reduces to Nil but the current level of expenditure is maintained. This is done to identify risks to liquidity and seeks to factor in potential macroeconomic impact on the Group and Company's commercial pipeline from the ongoing challenging global economic conditions. After applying the downside sensitivity, the directors have not identified any material uncertainties to the Company or the Group's ability to continue to operate over a period of at least 12 months from the date of approval of the financial statements as they believe cash reserves are sufficient to sustain the business and the nature of spend is sufficiently dynamic to enable runway to be extended if required. The directors do not have an intention to liquidate the Group or Company, nor to cease trading.

The directors believe that based on the Company's and the Group's cash balance at year end and the current and forecasted cash burn rate, the Company and the Group has sufficient liquidity headroom to enable changes in the business plan should they be required to ensure the business can meet its liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements.

The Company and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.4 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Consolidated statement of comprehensive income for the period.

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are transacted at the exchange rates ruling at the year end. Exchange adjustments arising from the re-translation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account any trade discounts, settlement discounts and volume rebates.

Software licenses:
Software licenses provide customers, via an application programming interface (API) or software development kit (SDK), access to the Group's proprietary technology which converts 3 word addresses to GPS coordinates and vice versa. License fees are stated in the license contracts, typically paid in advance and initially recognised as deferred income, being released to revenue evenly over the license period as the performance obligations under the license are satisfied, namely provision of access to the what3words geocoding technology for a specific period.

Software license royalties:
The Group earns software license royalty revenue from the integration of the Group's proprietary geocoding technology into customer's products, with a set fee payable per unit produced. Royalty revenue is recognised when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the Group. Revenue is recognised on an accrual basis in line with the number of units produced by the customer with what3words technology incorporated.

Marketing services:
Revenue from marketing services is recognised upon completion of relevant services to the customer.

2.6 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2.7 Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

2.8 Interest income

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

2.9 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.

2. Accounting policies (continued)

2.10 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2.13 Share-based payments

Employee share option scheme:

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

See note 24 for information on the valuation method and key assumptions applicable in the year.

Media for equity transactions:

Media for equity transactions are those where the Company has issued either equity or financial instruments such as convertible loan notes 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 which should be recognised in the financial reporting period during which the equity or debt was exchanged for services received. The cost of the media services is recognised when the services are provided at the fair value of the equity issued or settlement amount of the debt issued, which is equal to the face value of the note. The fair value of the equity or debt is considered equal to the fair value of the media services provided and duly invoiced by the media provider, subject to VAT where applicable. The cost of the media is included within the Consolidated statement of comprehensive income at the point services are received with a corresponding entry to equity (with any premium recognised in share premium reserve), or debt as appropriate depending on the nature of the settlement.

2. Accounting policies (continued)

2.13 Share-based payments (continued)

Where advertising services are received across multiple reporting periods, Section 22.7c of FRS 102 requires that the transaction should be recognised to the extent of the value of the services received within that reporting period.

Where a cash settlement alternative exists on maturity of convertible loan notes issued in exchange for media services provided, notes are issued at the point services are provided and therefore the cash-settled share-based payment vests immediately. The share-based payment expense is initially recognised in the Consolidated statement of comprehensive income when the services are provided, with a corresponding credit to the convertible loan note liability. The value of the liability at initial recognition reflects the fair value of the cash settlement (i.e. the cash payment potentially due).

Where convertible loan notes are issued under instruments that have no cash-settlement alternative, they are treated as equity-settled share-based payment arrangements as the Company would be receiving services as consideration for its own equity instruments.

2.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2. Accounting policies (continued)

2.15 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	- 5% straight line
Word list	- 10% straight line
Development costs	- 33.33% straight line
Trademarks	- 10% straight line

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- over the term of the lease
Fixtures and fittings	- 25% reducing balance
Computer equipment	- 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.17 Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised immediately in the Consolidated statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Accounting policies (continued)

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 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.

2.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have original maturities of 90 days or less.

2.21 Term deposits

Term deposits comprise cash held on deposit with banks with original maturities of over 90 days up to 12 months held to generate returns through interest rather than any capital appreciation.

2.22 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.

2.23 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group and Company's Statement of financial position when the Group or Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets
Basic financial assets, which include trade debtors, cash and cash equivalent balances and other debtors are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Consolidated statement of comprehensive income.

2. Accounting policies (continued)

2.23 Financial instruments (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Consolidated statement of comprehensive income.

Other financial assets
Other financial assets, including term deposits, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Consolidated statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.
Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into rather than the financial instruments legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade creditors, bank loans, loans from fellow Group companies, other creditors, accruals and interest payable are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised

Debt instruments that qualify as basic financial liabilities are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Other financial liabilities are initially recognised at fair value, which is normally the transaction price. Subsequently, these are measured at fair value, with the change in fair value recognised in the Consolidated statement of comprehensive income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. Accounting policies (continued)

2.23 Financial instruments (continued)

Non-basic financial instruments

Non-basic financial instruments include convertible loan notes issued for cash. These are initially recognised at the point of issue of the note and measured at fair value, which is equal to the face value of the note. Subsequently, these are measured at fair value at each reporting date and at maturity, with any change in fair value recognised through the Consolidated statement of comprehensive income.

Preference shares

Preference shares have been classified as equity within the financial statements. The preferred rights associated with the preference shares in issue relate only to the order of recoupment in the event of a Liquidation, Business sale or Share sale (as defined in the Company's Articles of Association). There are no preferred rights relating to dividends or voting rights, with preference shares ranking pari passu to ordinary shares in all other respects.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Impairment of intangible assets

Management assesses whether there are indicators of impairment on an annual basis. Where there are indicators of impairment of individual assets (or an asset's cash generating unit), management estimates the recoverable amount of each asset (or each asset's cash generating unit) based on expected future discounted cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate that represents the current market risk-free rate and the risks inherent in the asset (or the asset's cash generating unit). See note 13 for further details of the assets under consideration.

Useful economic lives

Management is required to determine a reliable estimate of the useful life of intangible and tangible assets. This estimate is based on a variety of factors such as the expected use of the assets and assumptions that market participants would consider in respect of similar businesses. Management reviews the estimate of the useful lives of these assets at each reporting date, based on the expected utility of the assets. The estimated useful economic lives applied are detailed in notes 2.15 and 2.16.

3. Judgements in applying accounting policies (continued)

Share-based payments

Employee share option scheme:

Share options are measured at their fair value using the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate. Further details on the key estimates inputted into the model can be found in note 24.

Media for equity transactions - convertible loan notes issued:

Management is required to apply judgement in determining the appropriate classification of media for equity transactions settled by the issue of convertible loan notes. One accounting treatment would apply if the notes met the classification of financial liabilities under Sections 11 or 12 of FRS 102, with the notes measured at fair value as non-basic instruments, at an initial fair value equal to the value of the media services provided. An alternative approach would apply if these notes were judged to fall within the definition of share-based payments under Sections 25 or 26 of FRS 102, with further consideration required to determine whether the notes are cash-settled or equity-settled.

Whilst both approaches could be considered appropriate given the complexity of the instruments being evaluated, management has concluded that all such transactions arising in the year meet the definition of a share-based payment arrangement as they represent an agreement between the Company and a media supplier that entitles the media supplier to ultimately receive shares in the Company in exchange for services.

Media for equity transactions - equity issued:

Where the Company has issued equity in consideration for media services provided, management must estimate whether it is necessary to value the transaction based on the fair value of the equity issued or the fair value of the media services received. For equity settled transactions in the prior 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 were 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 on the same terms. No equity was issued in consideration for media services provided in the current year.

Preference shares

Management has applied judgement in the classification of preference shares as equity versus debt. The preference shares are not mandatorily redeemable at the option of the holder, nor is there a fixed obligation to pay a dividend. The preference shares rank pari passu with ordinary shares in all aspects including voting rights except in the event of a Liquidation, Business sale or Share sale (as such terms are defined in the Company's Articles of Association, a copy of which is publicly available through Companies House) whereby preference shareholders receive distributions on a preferred basis. Management has therefore concluded the appropriate treatment is for the preference shares to be wholly treated as equity and measured at the fair value of the consideration received, net of direct costs of issuing the shares. Further details can be found in note 22.

3. Judgements in applying accounting policies (continued)

Cash-settled convertible loan notes

During 2022, the Company issued convertible loan notes with a face value of £8,420,850 for cash consideration. Management has to judge whether these should be classified as a financial liability or equity.

Under the convertible note instrument, the Company has a contractual obligation to deliver a variable amount of its own equity to settle the notes either at maturity or upon a conversion event. Management has therefore concluded the applicable guidance is per Section 22 of FRS 102, which states that a non-derivative instrument where the issuer is or may be obliged to deliver a variable number of the issuer's own equity instruments is classified as a financial liability. Such instruments do not meet the definition of equity because the issuer is merely using its own shares as currency to extinguish its obligation. The contract therefore does not evidence a residual interest in the entity's assets after deducting all of its liabilities and shall not meet the definition of equity.

Management has also applied judgement in considering whether the notes are basic or non-basic financial instruments. As the notes do not meet all of the conditions specified in Section 11.9 of FRS 102, management has judged the notes to be non-basic financial instruments within the scope of Section 12 of FRS 102. As such, the financial liability is initially recognised on the date the notes are issued, when the Company becomes party to the contractual provisions of the instrument. Initial measurement is at fair value, deemed to be equal to the transaction price, being face value of the notes issued. At each reporting date and at maturity, the financial liability is subsequently remeasured to fair value through the Consolidated statement of comprehensive income.

Management has to apply judgement and estimation techniques in order to determine the fair value of these financial instruments at the reporting date. Uncertainty and complexity in the fair value assessment arises due to variability in timing of conversion, form of conversion and the share price of the Company at the reporting date, and at maturity, and point of conversion. Management has considered the following factors, applicable as at 31 December 2022, when calculating the fair value of the notes:

- an assessment of weighted average probability of each of the possible conversion or maturity scenarios for each note;
- consideration of the implied present value of the conversion shares, as determined by the Black-Scholes valuation model with the same inputs as outlined in note 24;
- the impact of any applicable share price discounts, caps or floor; and
- the interest payable over the life of the instrument.

The probability assessment of each conversion or maturity scenario is highly subjective, will vary over time and is considered to have the most significant impact on the fair value calculated at 31 December 2022. Management has applied probabilities based on its assessment of the information it had available relating to potential investment outcomes and timelines at the year end. If alternative probability weightings were considered appropriate, the fair value of the notes could vary between £7.1m and £11.0m.

4. Turnover

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	192,395	71,340
Rest of Europe	488,906	310,098
Rest of the world	157,425	62,944
	838,726	444,382

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sale of goods	-	246
Rendering of services	838,726	444,136
	838,726	444,382

5. Other operating income

	2022 £	2021 £
Other operating income	20,323	2,490

6. Operating loss

The operating loss is stated after charging/(crediting):

	2022 £	2021 £
Foreign exchange losses	(214,835)	38,232
Depreciation of tangible fixed assets	(163,311)	105,111
Gain on disposal of tangible fixed assets	(673)	(334)
Amortisation of intangible assets	153,638	140,608
Operating lease rentals	807,849	785,686
Equity-settled share-based payments	1,561,903	1,253,805

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	**59,000**	*55,990*

Fees payable to the Group's auditor and its associates in respect of:

Non-audit - accounts preparation	**4,000**	*3,090*
Taxation compliance services	**8,250**	*7,725*

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	**10,666,626**	*8,274,397*	**10,553,394**	*8,103,952*
Social security costs	**1,311,817**	*952,253*	**1,296,941**	*934,779*
Cost of defined contribution scheme	**281,645**	*207,293*	**280,316**	*204,591*
	12,260,088	*9,433,943*	**12,130,651**	*9,243,322*

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Administration	**141**	*106*	*140*	*103*
Management	**11**	*13*	*11*	*13*
	152	*119*	*151*	*116*

9. Directors' remuneration

	2022	*2021*
	£	*£*
Directors' emoluments	**335,266**	*294,699*
Directors' national insurance	**43,801**	*35,978*
Company contributions to defined contribution pension schemes	**26,023**	*22,790*
	405,090	*353,467*

Highest paid director

The highest paid director's emoluments were as follows:

	2022	*2021*
	£	*£*
Directors' emoluments	**240,450**	*208,239*

The highest paid director did not exercise any share options in 2022 *(2021: £Nil).*

There have been the following transactions with non executive board members during the year:

T L Doree - director, received fees totaling £19,200 *(2021: £6,400)* of which £1,600 remained outstanding for payment at 31 December 2022.

Options exercised by directors in 2022:

Dr. J W Lazar exercised 30,000 options on 1 April 2022.

Options exercised by directors in 2021:

Dr. J W Lazar exercised 22,500 options on 13 May 2021.

10. Interest receivable and similar income

	2022	*2021*
	£	*£*
Interest receivable on cash and deposits	**302,265**	*132,906*

11. Interest payable and similar expenses

	2022 £	2021 £
Interest expense on convertible loan notes classed as share-based payments	**119,073**	*12,902*
Fair value (gains)/losses on convertible loan note financial instruments measured at fair value through profit or loss	**(14,620,426)**	*5,510,117*
	(14,501,353)	*5,523,019*

See note 19 for further information on the convertible loan notes.

12. Taxation

	2022 £	2021 £
Corporation tax		
Adjustments in respect of previous periods	**(26,198)**	*(529,137)*
Foreign tax on income for the year	**1,101**	*537*
Total current tax	**(25,097)**	*(528,600)*
Deferred tax		
Total deferred tax	**-**	*-*
Taxation on loss on ordinary activities	**(25,097)**	*(528,600)*

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2022	*2021*
	£	*£*
Loss on ordinary activities before tax	**(31,554,268)**	*(43,821,657)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2021: 19%)*	**(5,995,311)**	*(8,326,115)*
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	**319,750**	*1,301,674*
Fixed asset differences	**(7,733)**	*7,141*
Foreign tax credits	**1,101**	*537*
Adjustment to tax charge in respect of previous periods	**(26,198)**	*(529,137)*
Deferred tax not recognised	**5,703,042**	*7,032,193*
Other permanent differences	**(19,748)**	*(14,893)*
Total tax credit for the year	**(25,097)**	*(528,600)*

The Company has estimated losses of £112,835,245 *(2021: £79,906,266)* available for carry forward against future profits.

A net deferred tax asset of £28,248,761 *(2021: £20,055,233)* has not been recognised as there is uncertainty in the timing of future profits against which to offset such asset.

13. Intangible assets

Group and Company

	Patents and trademarks £	Word list £	Development costs £	Total £
Cost				
At 1 January 2022	**632,170**	**1,066,705**	**670,975**	**2,369,850**
Additions	**13,625**	**119,370**	**-**	**132,995**
At 31 December 2022	**645,795**	**1,186,075**	**670,975**	**2,502,845**
Amortisation				
At 1 January 2022	**140,849**	**341,900**	**670,975**	**1,153,724**
Charge for the year	**40,945**	**112,693**	**-**	**153,638**
At 31 December 2022	**181,794**	**454,593**	**670,975**	**1,307,362**
Net book value				
At 31 December 2022	**464,001**	**731,482**	**-**	**1,195,483**
At 31 December 2021	*491,321*	*724,805*	*-*	*1,216,126*

The Group and Company conducted an impairment review as at 31 December 2022 and concluded there was no impairment loss to recognise *(2021: no impairment loss)*.

14. Tangible fixed assets

Group and Company

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	**574,684**	**172,257**	**367,808**	**1,114,749**
Additions	**76,080**	**5,499**	**118,041**	**199,620**
Disposals	**-**	**-**	**(23,613)**	**(23,613)**
At 31 December 2022	**650,764**	**177,756**	**462,236**	**1,290,756**
Depreciation				
At 1 January 2022	**524,908**	**108,247**	**257,765**	**890,920**
Charge for the year on owned assets	**64,958**	**16,690**	**81,663**	**163,311**
Disposals	**-**	**-**	**(19,253)**	**(19,253)**
At 31 December 2022	**589,866**	**124,937**	**320,175**	**1,034,978**
Net book value				
At 31 December 2022	**60,898**	**52,819**	**142,061**	**255,778**
At 31 December 2021	*49,776*	*64,010*	*110,043*	*223,829*

The Group and Company conducted an impairment review as at 31 December 2022 and concluded there was no impairment loss to recognise *(2021: no impairment loss)*.

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	**22,280**
At 31 December 2022	**22,280**
Net book value	
At 31 December 2022	**22,280**
At 31 December 2021	*22,280*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Date of incorporation	Class of shares	Holding
what3words GmbH	Gontardstraße 11, 4. Etage, 10178 Berlin, Germany	22 August 2018	Ordinary	100%
what3words Inc	1209 ORANGE ST, WILMINGTON, NEWCASTLE, DELAWARE, 19801, USA	31 May 2018	Ordinary	100%

All the above subsidiaries are included in the consolidated financial statements.

16. Debtors: amounts falling due within one year

	Group 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Trade debtors	**185,952**	*60,137*	**185,315**	*59,566*
Amounts owed by group undertakings	**-**	*-*	**82,066**	*77,559*
Other debtors	**689,384**	*623,361*	**691,889**	*623,361*
Prepayments and accrued income	**1,744,638**	*1,601,606*	**1,744,636**	*1,601,606*
	2,619,974	*2,285,104*	**2,703,906**	*2,362,092*

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17. Cash and cash equivalents

	Group 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Cash at bank and in hand	**19,905,637**	*41,621,309*	**19,821,893**	*41,548,791*
Short term treasury deposits	**-**	*9,061,341*	**-**	*9,061,341*
	19,905,637	*50,682,650*	**19,821,893**	*50,610,132*

18. Term deposits

	Group 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Term deposits	**22,284,714**	*19,978,082*	**22,284,714**	*19,978,082*

Term deposits had an original maturity of more than 90 days up to 12 months. All funds on deposit at the Statement of financial position date matured during 2022. The average interest rate earned on these deposits was 0.64%.

19. Creditors: amounts falling due within one year

	Group 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Convertible loan notes classed as financial instruments	**862,392**	*61,045,427*	**862,392**	*61,045,427*
Convertible loan notes classed as share-based payments	**7,752,887**	*1,741,240*	**7,752,887**	*1,741,240*
Interest on convertible loan notes classed as share-based payments	**45,631**	*12,902*	**45,631**	*12,902*
Trade creditors	**777,551**	*1,639,760*	**777,551**	*1,639,760*
Corporation tax	**7,203**	*32,910*	**-**	*26,198*
Other taxation and social security	**335,790**	*366,813*	**335,770**	*366,813*
Other creditors	**2,941,119**	*52,972*	**2,941,119**	*52,532*
Accruals and deferred income	**1,310,456**	*1,359,475*	**1,305,852**	*1,355,356*
	14,033,029	*66,251,499*	**14,021,202**	*66,240,228*

All convertible loan note instruments, irrespective of whether accounted for as financial instruments or share-based payments, are unsecured and have maturity periods of 18 months from the date the instrument was signed. Except as noted below, interest accrues on the principal amount at 3% per annum on an annually compounding basis. The notes are convertible into the most senior class of shares in issue upon a conversion event (such as a fundraise, business sale or a listing), or upon maturity.

Convertible loan notes with recognized fair value of £862,392 *(2021: £61,045,427)* are accounted for as financial liabilities and measured at fair value through profit and loss. These notes were issued for cash and are mandatorily convertible into equity, including interest thereon. These notes have a face value of £1,000,000 *(2021: £56,700,000)*.

Convertible loan notes carried at a fair value of £7,752,887 *(2021: £1,741,240)* are accounted for as share based payments and were issued under media for equity transactions. In the prior year, all such notes (including interest thereon) were redeemable for cash at the option of the noteholder upon maturity, upon a business sale or listing, or in the event of a default by the Company, and as such were accounted for a cash-settled share based payments. Those notes matured on 31 December 2022 with the option to redeem having been exercised, and are therefore included in Other Creditors at the Statement of financial position date. The balance in Other Creditors represents the redemption balance of £2,877,733 *(2021: £Nil)*. For the notes outstanding at 31 December 2022, no cash redemption option exists and therefore all convertible loan notes above with a fair value of £7,752,887 *(2021: £Nil)* have been accounted for as equity settled share based payments. Convertible loan notes accounted for as share based payments have a face value of £7,752,887 *(2021: £1,741,240)*. Convertible loan notes with a face value of £5,752,887 *(2021: £Nil)* are non interest bearing.

All notes disclosed above have a maturity date of less than 12 months from the reporting date.

20. Creditors: Amounts falling due after more than one year

	Group 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Convertible loan note classed as financial instruments	**8,392,971**	*1,164,690*	**8,392,971**	*1,164,690*
Convertible loan notes classed as financial instruments	**76,500**	-	**76,500**	-
Interest on convertible loan notes classed as share-based payments	**2,651**	-	**2,651**	-
	8,472,122	*1,164,690*	**8,472,122**	*1,164,690*

All convertible loan note instruments, irrespective of whether accounted for as financial instruments or share-based payments, are unsecured and have maturity periods of 18 months from the date the instrument was signed. Interest accrues on the principal amount at 3% per annum on an annually compounding basis. Except as noted below, the notes are convertible into the most senior class of shares in issue upon a conversion event (such as a fundraise, business sale or a listing), or upon maturity.

Convertible loan notes above with recognised fair value of £8,392,971 *(2021: £1,164,690)* are accounted for as financial instruments. Of this notes with a recognised fair value of £6,099,559 *(2021: £1,164,690)* were issued under the same key terms as those described in Note 19. These have a face value of £6,119,820 *(2021: £1,000,000)*. Notes with a fair value of £2,293,412 *(2021: £Nil)* are convertible into Ordinary Shares upon a conversion event or upon maturity, are also classed as financial instruments. The conversion price is subject to a valuation cap and share price floor, with a discount rate applied to the relative share price which ratchets upwards over the life of the note. These notes have face value £2,301,030 *(2021: £Nil)*.

Notes carried at a fair value of £76,500 *(2021: £Nil)* are accounted for as equity-settled share based payments and were issued under media for equity transactions. The face value of these notes is £76,500 *(2021: £Nil)*.

All notes disclosed above have a maturity date of more than 12 months from the reporting date.

21. Financial instruments

	Group 2022 £	*Group 2021 £*	Company 2022 £	*Company 2021 £*
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**23,160,050**	*20,661,580*	**23,161,928**	*20,661,010*
Financial liabilities				
Financial liabilities measured at amortised cost	**(4,929,694)**	*(2,985,287)*	**(4,925,090)**	*(2,980,728)*
Financial liabilities measured at fair value through profit or loss	**(9,255,363)**	*(62,799,569)*	**(9,255,363)**	*(62,799,569)*
	(14,185,057)	*(65,784,856)*	**(14,180,453)**	*(65,780,297)*

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and term deposits.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

22. Share capital

Group and Company:

	2022 £	*2021 £*
Allotted, called up and fully paid		
19,157,810 *(2021: 19,127,810)* Ordinary shares of £0.01 each	**191,578**	*191,278*
3,396,000 *(2021: 3,396,000)* A1 Preferred shares of £0.01 each	**33,960**	*33,960*
5,828,000 *(2021: 5,828,000)* A2 Preferred shares of £0.01 each	**58,280**	*58,280*
37,230,400 *(2021: 20,471,857)* C1 Preferred shares of £0.01 each	**372,304**	*204,719*
	656,122	*488,237*

22. Share capital (continued)

During 2022, the Company issued 16,758,543 C1 Preferred shares *(2021: 8,358,670)* and 30,000 Ordinary shares *(2021: 22,500)*.

The C1 preferred shares were issued upon maturity of the Convertible Loan note agreement entered into by the Company in 2021.

As further described in note 9, the 30,000 Ordinary shares issued in the year arose from an exercise of share options.

All classes of transactions rank pari passu in all respects except for dividends or other distributions made pursuant to Article 8 (Liquidation event) and anti-dilution rights pursuant to Article 7 (Anti-dilution protection) of the Articles of Association. The funds raised shown in equity are net of transaction costs.

23. Reserves

Share premium account

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

Foreign exchange reserve

The foreign exchange reserve contains the translation differences that arise upon translating the results of subsidiaries with a functional currency other than Sterling.

Other reserves - Share-based payments

Each option granted converts to one ordinary share on exercise. During the year the Company recognised total share-based payment expenses of £1,561,903 *(2021: £1,253,805)*.

Profit and loss account

Includes all current and prior periods' retained profits & losses.

24. Share-based payments

Employee share option scheme:

The number of employee and non-employee share options and weighted average exercise prices of share options are as follows:

	Weighted average exercise price (pence) 2022	**Number 2022**	*Weighted average exercise price (pence) 2021*	*Number 2021*
Outstanding at the beginning of the year	**0.01**	**3,914,520**	*0.01*	*3,716,988*
Granted during the year	**0.01**	**1,302,287**	*0.01*	*336,797*
Forfeited during the year	**0.01**	**(289,529)**	*0.01*	*(116,765)*
Exercised during the year	**0.01**	**(30,000)**	*0.01*	*(22,500)*
Expired during the year	**0.01**	**-**	*0.01*	*-*
Outstanding at the end of the year	**0.01**	**4,897,278**	*0.01*	*3,914,520*

	2022	*2021*
Option pricing model used	**Black Scholes**	*Black Scholes*
Exercise price (pence)	**.01**	*.01*
Weighted average contractual life (years)	**3.0-6.0**	*2.3-3.0*
Expected volatility	**52.5%**	*52.5%*
Expected dividend growth rate	**0%**	*0%*
Risk-free interest rate	**3.70%**	*(0.1)%*

The total charge for the year was £1,561,903 *(2021: £1,253,805)*.

Media for equity transactions:

During 2022, the Group completed media for equity transactions totalling £8,882,458 *(2021: £4,916,822)*, all of which were settled through the issue of convertible loan notes *(2021: £1,741,240)*.

25. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions totaling £63,855 *(2021: £51,834)* were payable to the fund at the reporting date and are included in creditors.

26. 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:

	Group 2022 £	*Group 2021 £*	**Company 2022 £**	*Company 2021 £*
Not later than 1 year	**180,333**	*705,042*	**180,333**	*705,042*
Later than 5 years	**-**	*178,262*	**-**	*178,262*
	180,333	*883,304*	**180,333**	*883,304*

27. Related party transactions

The Company has taken advantage of the exemptions conferred by FRS 102 allowing it not to disclose any transactions with other members of the Group that are 100% owned.

The key management personnel of the Group are considered to be the executive directors. Directors' remuneration is disclosed in note 9.

28. Post balance sheet events

There are no post balance sheet events to note.

29. Analysis of Group net debt

	At 1 January 2022 £	**Cash flows £**	**New convertible loan notes £**	**Other non-cash changes £**	**At 31 December 2022 £**
Cash and cash equivalents	**50,682,650**	**(30,777,013)**	**-**	**-**	**19,905,637**
Term deposits	**19,978,082**	**2,306,632**	**-**	**-**	**22,284,714**
Debt due within 1 year	**(62,786,667)**	**-**	**-**	**54,125,757**	**(8,660,910)**
Debt due after 1 year	**(1,164,690)**	**-**	**(7,307,432)**	**-**	**(8,472,122)**
	6,709,375	**(28,470,381)**	**(7,307,432)**	**54,125,757**	**25,057,319**

30. Ultimate controlling party

There is no individual shareholder with over 25% ownership of the Company, therefore there is no ultimate beneficial owner. This is the largest and smallest Group for which consolidated accounts are prepared.