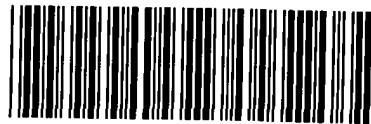


Registered number: 09384953

Hey Habito Ltd

**Annual Report and Consolidated Financial Statements
for the period ended 31 December 2021**

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Hey Habito Ltd

Company Information

Directors	D Pressburg
Registered number	09384953
Registered office	Throgmorton UK Ltd 4 th Floor Reading Bridge House George Street Reading Berkshire RG1 8LS
Independent auditors	BDO LLP 55 Baker Street Marylebone London W1U 7EU
Secretary	Eriska Secretaries Limited Fourth Floor 115 George Street Edinburgh Scotland EH2 4JN

Hey Habito Ltd

Strategic Report for the period ended 31 December 2021

The Directors present their strategic report and consolidated financial statements of Hey Habito Ltd (the "Company") and Habito Plus Ltd (together "the Group" and "Habito") for the period ended 31 December 2021.

Principal activities and business review

Our purpose

The principal activities of the Group are mortgage brokerage, lending and home buying services.

Our business model

Habito is primarily an online mortgage brokerage that provides unbiased, independent advice free to the customer. In addition, 'Habito Plus' offers customers a complete homebuying service. During the period, Habito launched 'Habito Conveyancing' to provide conveyancing services directly to Plus customers. Furthermore, Habito offers its own range of mortgages to allow customers greater speed and certainty in the mortgage process.

Habito's revenues arise principally from procuration fees paid by lenders following recommendation of their product, customer fees for the Plus service and origination and servicing fees relating to the Company's own mortgage lending products.

Habito continues to seek solutions in the mortgage journey for customers with its direct lending platform, further efficiencies in the conveyancing journey, and consolidating its brokerage journey to ensure it remains best in class.

Technology sits at the core of the Company's business model which has a continued focus on driving down the cost to serve its customers through technological efficiencies and solutions to maximise the margin

Key events during the financial period

There were several key events and milestones during the period:

- March 2021: Habito launches its own residential mortgage product named 'Habito One', which allows the customer to fix their interest rate for up to 40 years. Habito also achieves the milestone of brokering £6 billion of mortgages
- May 2021: Habito Plus passes 1,000 submissions
- June 2021: Habito Conveyancing launches
- July 2021: Habito brokers over £7 billion of mortgages
- October 2021: Habito Lending completes £30 million of mortgages
- December 2021: Habito secures £3.9m from existing investors in the first part of its Series D funding round

Results and Performance

Habito's results for the period show that revenue grew to £8.1m (year ended January 2021: £6.6m), as a result of serving more customers with more products. Total operating loss decreased to £12.7m (year ended January 2021: £13.3m).

As at 31 December 2021, the Group had net liabilities of £15.5m (31 January 2021: £5.6m). The net liability position is driven by a £13.6m convertible loan note, including £5m from the government's Future

Strategic Report for the period ended 31 December 2021 (continued)

Fund, as part of the Series C fundraising completed in 2020. The terms of the Future Fund were structured such that the total £13.6m loan note would convert into equity at an eligible conversion date and incentivise against redemption. The Directors therefore consider that, whilst the loan note is recognised as a debt instrument to comply with the requirements of FRS 102, the intention of the investors and economic substance of the transaction was to invest in Habito as equity, and this accounting treatment does not affect the Company's ability to meet its obligations as they fall due.

In September 2022 the convertible loan note was terminated in conjunction with the Series E funding round, such that £0.8m was converted into equity and the remaining outstanding principal balance, together with the accrued interest, was cancelled.

The Group's cash position at year-end was lower than the prior year at £5.5m (31 January 2021: £11.4m) due to the timing of the Series D fundraising round and continued investment in R&D during the period in order to continue to improve our brokerage technology, improve and expand our lending platform and continued scaling activities.

The key performance indicators used by the Directors for an understanding of the development and performance of the business include investment performance, turnover, expense variance, cash utilisation and Trustpilot rating. The Directors monitor the KPIs using management accounts, flash reports, expense reports, regulatory capital reports and cash flow projections. The average Trust Pilot rating for the period was 4.77/5.

Risks and uncertainties

Habito is exposed to and monitors the following risks:

Operational Risk

The risk that financial loss or reputational damage arises from inadequate or failed processes, people or systems. The Company maintains robust operational systems and controls and through its investment in technology, has invested heavily in building up capabilities for the next stage of growth. The Company has an established Risk Committee and a strong, experienced risk and compliance function.

Liquidity and Cash Flow Risk

The risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position.

Regulatory Risk

The Company is regulated by the Financial Conduct Authority for regulated activity in relation to mortgages and home financing. Together with a strong governance process, using a three lines of defence organisation and group risk and compliance committees, the Board receives regular information in respect of the regulatory landscape at the Company. Information received includes measures of the regulatory risk profile as well as the identification of new and emerging risks. The compliance function participates in the identification of applicable laws, rules and regulations and oversees the implementation and maintenance of relevant prevention, detection and management procedures. The compliance team has a key role in helping the Company achieve the right conduct outcomes. During the period the Company, with oversight from the Risk Committee, undertook several thematic reviews to enhance the compliance posture, including a third-party regulatory review which demonstrated effective controls. The Risk Committee reviews the risk register on a regular basis seeking to ensure that the business is taking appropriate steps to mitigate key risks and issues.

Strategic Report for the period ended 31 December 2021 (continued)

It is the opinion of the Directors that, other than the aforementioned examples, the systematic risk that exists in the financial sector is the only other risk to consider.

Section 172(1) Statement

The Directors of the company, as those of all UK companies, confirm they must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows:

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with clients, suppliers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Company.

The Directors confirm, the implementation of the corporate strategy is considered within the context of the long-term success of the business. Strategic management decisions are assessed and reviewed, as necessary, to ensure they continue to align themselves with the evolving long-term direction of the business. On this basis, the Directors believe both the Company and other stakeholders, including employees, clients and others, benefit from the best results and outcomes.

The Company's employees are its greatest asset, and the Directors recognise the importance of the contribution they make to the success of the business. Retention and recruitment of the highest calibre of employees is therefore a key focus for the business. The positive wellbeing in the working environment and the health of the staff are key focuses of the Company. All employees have access to a range of benefits, such as private health care, income protection insurance and the cycle to work scheme. The executive management team endeavours to provide a positive and productive working environment for all, one that best facilitates the highest standard of working practices.

Maintaining positive client relationships is at the core of the business, with it comes trust in our people and faith in our services, and therefore it is critical to the success of the Company. As an FCA-regulated business, treating the customer fairly and maintaining high standards of business conduct are core values of the Company. The business ensures that it continues to offer services which suit the needs of its clients. There are processes in place for customer complaint handling and dispute resolution. Furthermore, staff are given regular training on business conduct.

As a successful business, we feel a responsibility to act in a socially and environmentally positive manner. In June 2020 Habito became a certified B Corp and thereby entered into a legally binding commitment to put people, planet and profit on the same level footing. The business has supported a number of charitable causes within the period and has ongoing philanthropic relationships. Additionally, the Company has made a commitment to support employees with their charitable endeavours.

This report was approved by the board on 20 December 2022 and signed on its behalf by:


Daniel Pressburg (Doc 20, 2022 1:15:3 GMT)

D Pressburg
Director

Directors' Report for the period ended 31 December 2021

The Directors present their Annual Report and the audited Financial Statements for Hey Habito Ltd (the "Company") for the period ended 31 December 2021.

Future Outlook

The Company has created a number of financial forecasts that incorporate scenarios such as further interest rate rises and fluctuations in housing market transactional volumes. The Company is comfortable with its planned growth projections but continues to monitor the UK economy closely in order to mitigate any further material changes.

Financial risk management

The Company reviews its approach to the management of credit, liquidity and other related risks in the Strategic Report.

Going Concern

The Directors have prepared the financial statements on the going concern basis. The Directors have considered a number of factors including financial forecasts for the Group and Company and its capital and funding position, as well as the macro environment, and the Group and Company's ability to meet its financial obligations in a timely manner. Based on these assessments and having regard to the resources available to the Group and Company, the Directors have identified the need for further planned capital injections, primarily the final tranche of the Series E funding and/or other fundraising activity, and there is no current certainty that this will be provided. The Directors acknowledge that these events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern, and therefore that the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have taken the following steps to ensure that their concerns are sufficiently mitigated to enable them to prepare the financial statements on a going concern basis. Cash flow projections and financial forecasts have been prepared for consideration by the Directors for a period of 12 months from the date of signing these financial statements. The Directors note that the Group and Company expects to receive the financing required for these plans, primarily as a result of the final tranche of the Series E funding and/or other fundraising activity. As with any company placing reliance on its investors for financial support, the Directors acknowledge that there can be no certainty that this support will continue. These financial statements do not include any adjustments should the going concern basis of preparation be inappropriate.

Results and dividends

The loss for the financial period, after taxation, amounted to £14,168,029 (financial year ended 31 January 2021: loss £11,376,225). The Group and Company made no political donations and paid no dividends in the current financial period and previous financial year.

Events after reporting date

In Spring 2022 the Company completed the second tranche of its Series D equity funding round, with £1.2m received in February 2022 and a further £1.1m in March 2022.

In September 2022, the Company completed a Series E equity funding round, with the first tranche of £2.5m received in September 2022 and a further £1.3m received in November 2022. In September 2022 the convertible loan note was terminated in conjunction with the Series E funding round, such that £0.8m was converted into equity and the remaining outstanding principal balance, together with the accrued interest, was cancelled.

Hey Habito Ltd

Directors' Report for the period ended 31 December 2021 (continued)

Directors

The Directors who served during the period were:

D Pressburg
T R Coppel (resigned 19 October 2022)
M Malka (resigned 01 September 2022)
N F Wass (resigned 01 September 2022)

Auditor

The auditors, BDO 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 by:

Daniel Pressburg
Daniel Pressburg (Dir. 76, 2022, 1155 641)

D Pressburg
Director

Date: 20 December 2022

Statement of Directors' Responsibilities for the period ended 31 December 2021

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

The Companies Act 2006 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 ("UK GAAP") (United Kingdom Accounting Standards and applicable law). 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 of the Company and of the profit or loss of the Company 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;
- state whether applicable UK GAAP have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare a Directors' report and Strategic report which comply with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's and the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hey Habito Ltd ("the Company") and its subsidiary ("the Group") for the year ended 31 December 2021 which comprise the consolidated and Company statement of comprehensive income, the consolidated and Company statement of financial position, the consolidated and Company statement of changes in equity, the consolidated cash flow statement 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and 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.

Material uncertainty related to going concern

We draw attention to Note 2.2 of the financial statements, which indicates that the ability of the Group to continue as a going concern is dependent on further capital injections from investors, and there is no current certainty that this will be provided. As stated in Note 2.2, these events and conditions, along with other matters set out in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of the matter.

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.

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 directors are responsible for the other information. The other information comprises the information included in the Annual report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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.

Other Companies Act 2006 reporting

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

- the information given in the 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 Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

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 and the 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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, Financial Conduct Authority ("FCA") regulations and tax legislation.

We focused on laws and regulations that could give rise to a material misstatement in the Group's financial statements and the susceptibility of the Group's financial statements to material misstatements including fraud. Our tests included, but were not limited to:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- enquiries of management and those charged with governance;
- review of legal and regulatory correspondence;
- review of minutes or Board meeting minutes throughout the period;
- in addressing the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; and

-
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Use of our report

This report is made solely to the Group's shareholders, 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 Group's shareholders 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 Group and the Group's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

December 2022
20 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income for period ended 31 December 2021

		11 month period ended 31 December 2021	Year ended 31 January 2021
	Note	£	£
Turnover	4	8,142,721	6,556,549
Cost of Sales		(2,224,332)	(1,400,856)
Administrative expense		(18,610,328)	(18,442,556)
Operating loss	5	(12,691,939)	(13,286,863)
Other income	8	3,973	469,500
Interest receivable and similar income	9	11,287	1,720
Interest payable and similar expense	10	(1,491,350)	(627,522)
Loss before tax		(14,168,029)	(13,443,165)
Tax on loss	11	-	2,066,940
Loss and total comprehensive expense for the financial period		(14,168,029)	(11,376,225)

There were no other items and comprehensive income for the current period (2021: £nil) other than included in the Statement of Comprehensive Income shown above.

All amounts relate to continuing activities.

The notes on pages 21 to 40 form part of these financial statements.

Hey Habito Ltd

Company Statement of Comprehensive Income for period ended 31 December 2021

		11 month period ended 31 December 2021	Year ended 31 January 2021
	Note	£	£
Turnover	4	8,142,721	6,556,549
Cost of Sales		(2,219,186)	(1,400,856)
Administrative expense		(18,577,157)	(18,442,556)
Operating loss	5	(12,653,622)	(13,286,863)
Other income	8	3,973	469,500
Interest receivable and similar income	9	30,023	1,720
Interest payable and similar expense	10	(1,491,350)	(627,522)
Loss before tax		(14,110,976)	(13,443,165)
Tax on loss	11	-	2,066,940
Loss and total comprehensive expense for the financial period		(14,110,976)	(11,376,225)

There were no other items and comprehensive income for the current period (2021: £nil) other than included in the Statement of Comprehensive Income shown above.

All amounts relate to continuing activities.

The notes on pages 21 to 40 form part of these financial statements.

Hey Habito Ltd

Consolidated Statement of Financial Position at 31 December 2021

		31 December 2021	31 January 2021
	Note	£	£
Fixed assets			
Intangible assets	12	512	25,453
Tangible assets	13	203,924	296,796
		<u>204,436</u>	<u>322,249</u>
Current assets			
Debtors	15	2,262,534	2,731,505
Cash at bank and in hand		5,539,842	11,403,745
		<u>7,802,376</u>	<u>14,135,250</u>
Creditors: amounts falling due within one year	16	(2,387,197)	(2,906,060)
Net current assets		<u>5,415,179</u>	<u>11,229,190</u>
Total assets less current liabilities		<u>5,619,615</u>	<u>11,551,439</u>
Creditors: amounts falling due after more than one year	17	(21,112,086)	(17,149,008)
Net liabilities		<u>(15,492,471)</u>	<u>(5,597,569)</u>
Capital and reserves			
Called up share capital	19	4	2
Share premium account	20	53,154,833	49,229,833
Other reserves	20	1,445,932	1,097,806
Profit and loss account	20	(70,093,240)	(55,925,210)
		<u>(15,492,471)</u>	<u>(5,597,569)</u>

The notes on pages 21 to 40 form part of these financial statements.

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf by:

Daniel Pressburg
Daniel Pressburg (Ums. 20, 2022 1:51 GM1)

D Pressburg
Director
Date: 20 December 2022

Hey Habito Ltd

Company Statement of Financial Position at 31 December 2021

		31 December 2021	31 January 2021
	Note	£	£
Fixed assets			
Intangible assets	12	512	25,453
Tangible assets	13	203,924	296,796
Subsidiary undertakings	14	1	-
		<u>204,437</u>	<u>322,249</u>
Current assets			
Debtors	15	2,546,531	2,731,505
Cash at bank and in hand		5,323,146	11,403,745
		<u>7,869,677</u>	<u>14,135,250</u>
Creditors: amounts falling due within one year	16	(2,397,446)	(2,906,060)
Net current assets		<u>5,472,231</u>	<u>11,229,190</u>
Total assets less current liabilities		<u>5,676,668</u>	<u>11,551,439</u>
Creditors: amounts falling due after more than one year	17	(21,112,086)	(17,149,008)
Net liabilities		<u>(15,435,418)</u>	<u>(5,597,570)</u>
Capital and reserves			
Called up share capital	19	4	2
Share premium account	20	53,154,833	49,229,833
Other reserves	20	1,445,932	1,097,806
Profit and loss account	20	(70,036,187)	(55,925,211)
		<u>(15,435,418)</u>	<u>(5,597,570)</u>

The notes on pages 21 to 40 form part of these financial statements.

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf by:

Daniel Pressburg
Daniel Pressburg (Dec 20, 2022, 11:55 GMT)

D Pressburg
Director
Date: 20 December 2022

Hey Habito Ltd

Consolidated Statement of Changes in Equity for the period ended 31 December 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2020	1	48,213,918	711,609	(44,548,986)	4,376,543
Loss for the year	-	-	-	(11,376,225)	(11,376,225)
Share based compensation (note 21)	-	-	386,197	-	386,197
Shares issued during the year	1	1,015,915	-	-	1,015,916
At 31 January 2021	2	49,229,833	1,097,806	(55,925,211)	(5,597,570)
At 1 February 2021	2	49,229,833	1,097,806	(55,925,211)	(5,597,570)
Loss for the period	-	-	-	(14,168,029)	(14,168,029)
Share based compensation (note 21)	-	-	348,126	-	348,126
Shares issued during the year	2	3,925,000	-	-	3,925,002
At 31 December 2021	4	53,154,833	1,445,932	(70,093,240)	(15,492,471)

The notes on pages 21 to 40 form part of these financial statements.

Hey Habito Ltd

Company Statement of Changes in Equity for the period ended 31 December 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2020	1	48,213,918	711,609	(44,548,986)	4,376,543
Loss for the year	-	-	-	(11,376,225)	(11,376,225)
Share based compensation (note 21)	-	-	386,197	-	386,197
Shares issued during the year	1	1,015,915	-	-	1,015,916
At 31 January 2021	2	49,229,833	1,097,806	(55,925,211)	(5,597,570)
At 1 February 2021	2	49,229,833	1,097,806	(55,925,211)	(5,597,570)
Loss for the period	-	-	-	(14,110,976)	(14,110,976)
Share based compensation (note 21)	-	-	348,126	-	348,126
Shares issued during the period	2	3,925,000	-	-	3,925,002
At 31 December 2021	4	53,154,833	1,445,932	(70,036,187)	(15,435,418)

The notes on pages 21 to 40 form part of these financial statements.

Hey Habito Ltd

Consolidated Statement of Cash Flows for period ended 31 December 2021

		11 month period ended 31 December 2021	Year ended 31 January 2021
	Note	£	£
Cash flows from operating activities			
Loss for the financial period		(14,168,029)	(11,376,225)
Adjustments for:			
Amortisation of intangible assets	12	24,940	34,904
Depreciation of tangible assets	13	166,524	347,487
Share based compensation	21	348,126	386,197
Interest accrued	10	1,491,351	627,522
Interest received	9	(11,287)	(1,720)
Taxation charge	11	-	(2,066,940)
Tax received		-	1,891,154
Decrease/(Increase) in debtors	15	468,971	(244,497)
Decrease in creditors	16	(518,862)	(422,082)
Net cash used in operating activities		(12,198,267)	(10,824,201)
Cash flows from investing activities			
Purchase of tangible fixed assets	13	(73,651)	(24,941)
Interest received	9	11,287	1,720
Net cash generated used in investing activities		(62,364)	(23,221)
Cash flows from financing activities			
Issue of ordinary shares	19	3,925,000	1,015,916
Increase in borrowings	17	2,969,078	17,149,008
Interest paid	10	(497,350)	(627,522)
Cash generated from financing activities		6,396,728	17,537,402
Net (decrease)/increase in cash and cash equivalents		(5,863,903)	6,689,980
Cash and cash equivalents at beginning of year		11,403,745	4,713,765
Cash and cash equivalents at the end of year		5,539,842	11,403,745

The notes on pages 21 to 40 form part of these financial statements.

Hey Habito Ltd

Company Statement of Cash Flows for period ended 31 December 2021

		11 month period ended 31 December 2021	Year ended 31 January 2021
	Note	£	£
Cash flows from operating activities			
Loss for the financial period		(14,110,976)	(11,376,225)
Adjustments for:			
Amortisation of intangible assets	12	24,940	34,904
Depreciation of tangible assets	13	166,524	347,487
Share based compensation	21	348,126	386,197
Interest accrued	10	1,491,351	627,522
Interest received	9	(30,023)	(1,720)
Taxation charge	11	-	(2,066,940)
Tax received		-	1,891,154
Decrease/(Increase) in debtors	15	184,974	(244,497)
Decrease in creditors	16	(508,615)	(422,082)
Net cash used in operating activities		(12,433,698)	(10,824,201)
Cash flows from investing activities			
Purchase of tangible fixed assets	13	(73,651)	(24,941)
Interest received	9	30,023	1,720
Net cash used in investing activities		(43,628)	(23,221)
Cash flows from financing activities			
Issue of ordinary shares	19	3,925,000	1,015,916
Increase in borrowings	17	2,969,077	17,149,008
Interest paid	10	(497,350)	(627,522)
Cash generated from financing activities		6,396,727	17,537,402
Net (decrease)/increase in cash and cash equivalents		(6,080,599)	6,689,980
Cash and cash equivalents at beginning of year		11,403,745	4,713,765
Cash and cash equivalents at the end of year		5,323,146	11,403,745

The notes on pages 21 to 40 form part of these financial statements.

1. General information

Hey Habito Ltd is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Throgmorton UK Ltd, 4th Floor, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS.

On 30 September 2021 the Company shortened its accounting period from 31 January 2022 to 31 December 2021.

The Company's principal activities are detailed in the Directors' Report.

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

The Financial Statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and 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 management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Going Concern

The Directors have prepared the financial statements on the going concern basis. The Directors have considered a number of factors including financial forecasts for the Group and Company and its capital and funding position, as well as the macro environment, and the Group and Company's ability to meet its financial obligations in a timely manner. Based on these assessments and having regard to the resources available to the Group and Company, the Directors have identified the need for further planned capital injections, primarily the final tranche of the Series E funding and/or other fundraising activity, and there is no current certainty that this will be provided. The Directors acknowledge that these events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern, and therefore that the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have taken the following steps to ensure that their concerns are sufficiently mitigated to enable them to prepare the financial statements on a going concern basis. Cash flow projections and financial forecasts have been prepared for consideration by the Directors for a period of 12 months from the date of signing these financial statements. The Directors note that the Group and Company expects to receive the financing required for these plans, primarily as a result of the final tranche of the Series E funding and/or other fundraising activity. As with any company placing reliance on its investors for financial support, the Directors acknowledge that there can be no certainty that this support will continue. These financial statements do not include any adjustments should the going concern basis of preparation be inappropriate.

2.3 Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 31 December 2021. 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.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.4 Turnover

Turnover for Brokerage and Lending represents fees and commission receivable for services provided, recognised on completed transactions in the period that a transaction completes, together with invoiced values to external customers for goods and services provided.

Habito Plus is a product which offers a complete home buying service for its customers including organising legal costs and surveys. Habito charges a fixed fee for this service where revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, and the costs incurred or to be incurred for the transaction can be measured reliably.

All revenue arose from activities within the UK.

2.5 Intangible assets

Intangible assets are initially recognised at cost, and subsequently 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:

Software	- 33% straight line
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2.6 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.

2.6 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Long-term leasehold property	- 50% straight line
Fixtures and fittings	- 25% reducing balance
Computer equipment	- 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 Statement of Comprehensive Income.

2.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 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 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 Company's cash management.

2.10 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.

2.11 Financial instruments

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

2.11 Financial instruments (continued)

Financial assets that are measured at 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 Statement of Comprehensive Income.

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.

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.

2.12 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 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 and all other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.13 Finance costs

Finance costs are charged to the 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.

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Taxation

Tax is recognised in the 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.16 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 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.

2.17 Share based payments

Equity-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restriction, and behavioural considerations.

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

The preparation of the financial statements requires the use of accounting estimates and assumptions. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The judgements and estimates involved in the Company's accounting policies that are considered to be most important to the portrayal of the Company's financial condition are disclosed below.

Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The key assumptions to this model are a weighted average share price of £0.59 (year ended January 2021: £0.55), an exercise price of £0.000000001 (year ended January 2021: £0.000000001) and a weighted average contractual life of 3.9 years (year ended January 2021: 2.1 years). The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restriction and behavioural considerations.

During the period, the Company performed an exercise to cancel all outstanding share option grants and replace them with equivalent options under updated Company Share Option Plan rules. It is the Director's judgement that the new grants should be accounted for as a beneficial modification of the cancelled awards as the changes are designed to work in favour of employees and do not harm an employee's existing rights. Furthermore, there were no changes to the exercise price, number of options granted; or vesting schedules, such that the changes to the plan rules are considered to be a non-market condition modification.

Going concern

The Directors have used judgement when assessing the going concern assumption. The Directors have prepared the financial statements on a going concern basis as, in their opinion, the Company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels.

Notes to the Financial Statements for period ended 31 December 2021 (continued)

4. Turnover

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

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Procurations fees	6,314,452	5,402,052
Services	1,612,761	1,092,020
Lending fees	196,128	23,652
Other	19,380	38,825
	<hr/>	<hr/>
	8,142,721	6,556,549

All turnover arose in the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Depreciation of tangible fixed assets	166,524	347,487
Amortisation of intangible assets	24,940	34,904
Exchange differences	2,518	3,280
Other operating lease rentals	516,682	827,611
Defined contribution pension cost	237,742	175,602
Fees payable to the Company's auditor for the audit of the Company and the Group's consolidated financial statements	66,000	46,000
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	10,000	-
	<hr/>	<hr/>

Notes to the Financial Statements for period ended 31 December 2021 (continued)

6. Employees

Staff costs of the Group and Company, including Directors' remuneration, were as follows:

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Wages and salaries	9,235,480	9,455,749
Social security costs	1,048,078	1,027,904
Pension costs	237,742	175,602
	<u>10,521,300</u>	<u>10,659,255</u>

The average monthly number of employees, including Directors, of the Group and Company during the period was 158 (Year ended 31 January 2021 - 156).

7. Directors' remuneration

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Directors' emoluments	165,000	152,500
Company contributions to defined contribution pension schemes	4,914	4,528
	<u>169,914</u>	<u>157,028</u>

The highest paid Director received remuneration of £165,000 (Year ended 31 January 2021 - £152,500).

Hey Habito Ltd

Notes to the Financial Statements for period ended 31 December 2021 (continued)

8. Other incomeGroup and Company

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Coronavirus Job Retention Scheme (CJRS) income	3,973	469,500
	<hr/>	<hr/>
	3,973	469,500
	<hr/>	<hr/>

9. Interest receivable and similar incomeGroup

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Other interest receivable	11,287	1,720
	<hr/>	<hr/>
	11,287	1,720
	<hr/>	<hr/>

Company

Other interest receivable	30,023	1,720
	<hr/>	<hr/>
	30,023	1,720
	<hr/>	<hr/>

Notes to the Financial Statements for period ended 31 December 2021 (continued)

10. Interest payable and similar expensesGroup and Company

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Interest on loans	497,350	56,999
Interest accrued on convertible loan notes	994,000	570,523
	<u>1,491,350</u>	<u>627,522</u>

11. Taxation

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Corporation tax		
Adjustment in respect of prior period	-	(1,202,512)
R&D tax credit	-	(864,428)
Total current tax	-	(2,066,940)
Taxation on loss on ordinary activities	-	(2,066,940)

Notes to the Financial Statements for period ended 31 December 2021 (continued)

Factors affecting tax charge for the period/year

The credit for the year can be reconciled to the loss per the Consolidated Statement of Comprehensive Income as follows:

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Loss on ordinary activities before tax	(14,168,029)	(13,443,165)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(2,691,926)	(2,554,201)
Effects of:		
Expenses not deductible	172,423	90,298
Capital allowances and other timing differences	6,403	46,012
Adjustment in respect of prior period	-	(1,202,512)
Additional deduction for R&D costs	-	(640,221)
Surrender of tax losses for R&D credit	-	268,271
Deferred tax losses not provided and other costs	2,513,100	1,925,413
Total tax credit for the year	-	(2,066,940)

The total deferred tax asset not recognised in the financial statements at 31 December 2021 is £15,425,635 (31 January 2021: £9,134,570).

Deferred tax provisions have been calculated at the rate of 25% (31 January 2021: 19%), which is consistent with the substantively enacted tax rate at the balance sheet date which the Directors believe will be incurred by the Company in the future.

12. Intangible assetsGroup and Company

	Software £
Cost	
At 1 February 2021	130,346
Additions	-
At 31 December 2021	<u>130,346</u>
Amortisation	
At 1 February 2021	104,894
Charge for the period	24,940
At 31 December 2021	<u>129,834</u>
Net book value	
At 31 January 2021	<u>25,452</u>
At 31 December 2021	<u>512</u>

Notes to the Financial Statements for period ended 31 December 2021 (continued)

13. Tangible fixed assets

Group and Company

	Long-term leasehold property	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 February 2021	424,113	283,548	558,908	1,266,569
Additions	-	-	73,651	73,651
Disposals	-	-	-	-
At 31 December 2021	<u>424,113</u>	<u>283,548</u>	<u>632,559</u>	<u>1,340,220</u>
Depreciation				
At 1 February 2021	414,375	138,829	416,569	969,773
Charge for the year	9,738	43,059	113,727	166,524
At 31 January 2021	<u>424,113</u>	<u>181,888</u>	<u>530,296</u>	<u>1,136,297</u>
Net book value				
At 31 January 2021	<u>9,738</u>	<u>144,719</u>	<u>142,339</u>	<u>296,796</u>
At 31 December 2021	<u>-</u>	<u>101,660</u>	<u>102,264</u>	<u>203,924</u>

Hey Habito Ltd

Notes to the Financial Statements for period ended 31 December 2021 (continued)

14. Subsidiary undertakings

Name of Entity	Registered office	Nature of business	Interest Class of Shares
Habito Go Funding No.1 Limited	Throgmorton UK Ltd, 4 th Floor, Reading, Bridge House, George Street, Reading, Berkshire, RG1 8LS	Dormant company	100% ordinary shares
Habito Plus Limited	Throgmorton UK Ltd, 4 th Floor, Reading, Bridge House, George Street, Reading, Berkshire, RG1 8LS	Conveyancing	100% ordinary shares

15. Debtors

	Group		Company	
	31 December 2021	31 January 2021	31 December 2021	31 January 2021
	£	£	£	£
Prepayments and accrued income	907,030	1,264,296	848,515	1,264,296
Tax receivable	864,428	864,428	864,428	864,428
Amounts owed by group undertakings	-	-	345,516	-
Other debtors	491,076	602,781	488,072	602,781
	<u>2,262,534</u>	<u>2,731,505</u>	<u>2,546,531</u>	<u>2,731,505</u>

Included within other debtors are rent deposits for £313,016 (31 January 2021: £490,351), of which £313,016 (31 January 2021: £313,016) is due after more than one year.

Notes to the Financial Statements for period ended 31 December 2021 (continued)

16. Creditors: amounts falling due within one year

	Group		Company	
	31 December 2021	31 January 2021	31 December 2021	31 January 2021
	£	£	£	£
Trade creditors	120,614	706,370	113,385	706,370
Other taxation and social security	324,360	315,990	324,360	315,990
Other creditors	1,141,929	960,508	1,141,929	960,508
Accruals and deferred income	800,294	923,192	817,772	923,192
	<u>2,387,917</u>	<u>2,906,060</u>	<u>2,397,446</u>	<u>2,906,060</u>

17. Creditors: amounts falling due after more than one year

	Group		Company	
	31 December 2021	31 January 2021	31 December 2021	31 January 2021
	£	£	£	£
Loans	5,969,077	3,000,000	5,969,077	3,000,000
Convertible loan notes	15,143,009	14,149,008	15,143,009	14,149,008
	<u>21,112,086</u>	<u>17,149,008</u>	<u>21,112,086</u>	<u>17,149,008</u>

In November 2020, the Company entered into a loan facility of up to £7m, of which £3m was immediately drawn down. A further £4m was drawn down in April 2021. Repayment of the loan in monthly instalments commenced in April 2021 and carries an interest rate of 9.5%, with a maturity date of 30 April 2024.

In July 2020, the Company received a convertible loan note of £13.6m, including £5m from the government's Future Fund, as part of the Series C fundraising round. The loan note bears an interest rate of 8.0% which is capitalised on to the loan note.

18. Financial instruments

	Group		Company	
	31 December 2021	31 January 2021	31 December 2021	31 January 2021
			£	£
Financial assets				
Financial assets that are debt instruments measured at amortised cost	815,014	1,280,939	818,056	1,280,939
	<u>815,014</u>	<u>1,280,939</u>	<u>818,056</u>	<u>1,280,939</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(22,039,611)	(18,833,011)	(22,049,860)	(18,833,011)
	<u>(22,039,611)</u>	<u>(18,833,011)</u>	<u>(22,049,860)</u>	<u>(18,833,011)</u>

Financial assets measured at amortised cost comprise debtors excluding prepayments.

Financial liabilities measured at amortised cost comprise creditors excluding other taxation and social security costs.

Hey Habito Ltd

Notes to the Financial Statements for period ended 31 December 2021 (continued)

19. Share capital

	31 December 2021	31 January 2021
	£	£
Allotted, called up and fully paid		
9,212,000 (2021: 9,212,000) Series A Preferred shares of £0.000000001 (2020: £0.000000001) each	-	-
12,244,521 (2021: 12,095,630) Ordinary shares of £0.000000001 (2020: £0.000000001) each	-	-
4,553,000 (2021: 4,553,000) Seed Preferred shares of £0.000000001 (2020: £0.000000001) each	-	-
8,800,000 (2021: 8,800,000) Series B Preferred shares of £0.000000001 (2020: £0.000000001) each	-	-
9,523,838 (2021: 9,523,838) Series C Preferred shares of £0.000000001 (2020: £0.000000001) each	-	-
1,572,871 (2021: none) Series D Preferred shares of £0.000000001 each	-	-
	<u>-</u>	<u>-</u>

	Nominal	Number of Ordinary shares	Number of Series seed preferred shares	Number of Series A preferred shares	Number of Series B Preferred shares	Number of Series C Preferred Shares	Number of Series D Preferred Shares	Share Capital
	£	No.	No.	No.	No.	No.		£
As at 31 January 2021	0.000000001	12,095,630	4,553,000	9,212,000	8,800,000	9,523,838	-	2
Options exercised	0.000000001	148,896	-	-	-	-	-	1
Shares issued	0.000000001	-	-	-	-	-	1,572,871	1
As at 31 December 2021	0.000000001	12,244,526	4,553,000	9,212,000	8,800,000	9,523,838	1,572,871	4

All shares in issue have equal voting rights.

20. Reserves

Share premium account

Share premium reserve records the amount above nominal value received for shares issued by the Company. Share premium may only be utilised to write-off any expenses incurred, or commissions paid on the issue of those shares, or to pay up new shares to be allotted to members as fully paid bonus shares.

Other reserves

Other reserves comprise share-based compensation.

Profit and loss account

The Profit and loss account consists of all current and prior period retained profits and losses after deducting any distributions made to the Company's shareholders.

21. Share based payments

The Company operates a share option scheme which is compliant with HMRC's Enterprise Management Incentives scheme rules. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restriction and behavioural considerations.

	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
	Period ended December 2021	Period ended December 2021	Year ended 31 January 2021	Year ended 31 January 2021
Outstanding at the beginning of the year	0.000000001	2,800,174	0.000000001	2,311,930
Granted during the year	0.000000001	3,238,179	0.000000001	828,122
Cancelled during the year	0.000000001	(2,788,009)	0.000000001	(212,355)
Exercised during the year	0.000000001	(148,896)	0.000000001	(127,523)
Outstanding at the end of the year	0.000000001	3,101,448	0.000000001	2,800,174

Notes to the Financial Statements for period ended 31 December 2021 (continued)

21. Share based payments (continued)

The main inputs to the model are a weighted average share price of £0.59 (January 2021: £0.55), an exercise price of £0.000000001 (January 2021: £0.000000001) and a weighted average contractual life of 3.9 years (2021: 1 year).

	Period ended 31 December 2021	Year ended 31 January 2021
	£	£
Charge for the period	348,126	386,197
	<u>348,126</u>	<u>386,197</u>

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £237,742 (year ended 31 January 2021: £175,602). Contributions totalling £1,151 (year ended 31 January 2021: £51,548) were payable to the fund at the reporting date.

23. Commitments under operating leases

At 31 December 2021 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2021	31 January 2021
	£	£
No later than 1 year	524,393	597,608
Later than 1 year and not later than 5 years	218,497	699,191
	<u>742,890</u>	<u>1,296,799</u>

25. Related party transactions

The Company has taken advantage of the exemptions available in Section 33 Related Party Transactions of FRS 102 to not disclose transactions with entities that form part of the Hey Habito Ltd group.

There were no other related party transactions during the year.

26. Controlling party

In the opinion of the Directors there is no ultimate controlling party of the Company or Group.

27. Subsequent events

In Spring 2022 Habito completed the second tranche of its Series D equity funding round, with £1.2m received in February 2022 and a further £1.1m in March 2022.

In September 2022, the Company completed a Series E equity funding round, with the first tranche of £2.5m received in September 2022 and a further £1.3m received in November 2022. In September 2022 the convertible loan note was terminated in conjunction with the Series E funding round, such that £0.8m was converted into equity and the remaining outstanding principal balance, together with the accrued interest, was cancelled.