



ASX Announcement
28 February 2023

HALO poised for growth off the back of substantial business investment in FY22

- Strong operational progress during the period, with new products launched and agreements signed to expand addressable market and increased customer and subscription revenue base.
- Fully-funded acquisition post-year end of 100% of a UK-based financial services entity, subject to FCA approval, fast-tracks the Company's launch into Europe, supporting its international expansion.
- Positive signs of long-awaited market recovery heading into FY23, with February 2023 brokerage revenue representing a significant improvement on recent trading and being the second highest brokerage revenue month in the last 14 months.
- The Company continues to pursue its well-funded strategy of growing direct and third-party distribution channels, with progress already made across a range of initiatives which strongly position HALO as it moves into FY23.
- Strong pipeline of overseas acquisitions, with acquisition team in place.

HALO Technologies Holdings Limited (ASX: HAL) ('HALO' or 'the Company') is pleased to release its results for the financial year ended 31 December 2022. The report is HALO's first since listing on the Australian Securities Exchange on 26 April 2022 following a successful IPO.

Significant investment positions HALO for strong growth in FY23

As foreshadowed in the Company's prospectus, HALO made significant investment during FY22 to increase headcount in Operations, M&A, Marketing, Product, Client Services and Compliance areas in support of HALO's strategic and aggressive growth plans, leaving the Company well positioned for strong growth in FY23.

Significant operational progress was made during the period, which included initiatives to expand the Company's footprint both in Australia and offshore.

HALO successfully launched its new property product in December, expanding HALO's addressable market by tapping into the huge level of investor interest in the Australian property, with sales and product development to be led by high-profile former ANZ Chief Economist, Warren Hogan.

The management team continued to focus on growing its footprint domestically, signing agreements in September with a Sydney-based dealer group and an individual corporate authorised representative – which is expected to result in the majority of these group's clients transition over to the HALO platform over a 12-month period, deliver up to an additional ~\$300m in client FUM and supporting growth in both subscription and transaction-based revenues.

Post-year end, HALO has agreed to acquire 100% of Resilient Fund Managers, subject to FCA approval, a fully-licensed financial services entity based in the UK, funded through capital raised during the Company's IPO. The acquisition fast-tracks HALO's launch into the UK and European markets, from which to further build its international presence, and look for further opportunities to expand its presence offshore through opportunistic acquisitions and strategic partnerships.

Financial Results

Revenue was impacted by weak share market conditions during the period, resulting in significantly reduced transaction volumes and brokerage revenue from customers. Total revenue for the period was \$11.4m, down 3.7% on FY21 (pro-forma), with net revenue from contracts with customers of \$9.6m, down 8.7% due to this market downturn. In spite of this, FY23 is already showing strong signs of a market turnaround, with transaction-based revenues for the month of February 2023 being the second highest brokerage revenue month in the last 14 months.

Subscription based revenues grew 1.4%, despite challenging market conditions and providing a larger base from which transaction volumes will grow, with the pick-up of market conditions.

Gross profit was \$4.9m, up significantly at 18.3% on FY21 (pro-forma), due to more favourable gross margins on earned subscription revenue products.

HALO delivered EBITDA of (\$0.2m) compared to proforma underlying EBITDA of \$1.9m in FY21, primarily due to the aforementioned investment in headcount across the business during the period of \$1.6m.

Valuation and outlook

In line with the global sell off in technology stocks we have experienced significant falls in our share price since listing. As at 31 December 2022, the Market Capitalisation of the company was \$23.3m, with Net Tangible Assets of \$21.2m inclusive of cash on the balance sheet of \$15.4m, valuing the Equity of the business at \$2.1m. It is management's view that this price currently undervalues the value of the Company given the extent of its current operations and the strength of its offering and funding position.

Already management is seeing strong operational signs as it heads into FY23, and believes it is well placed to capitalise on the investment already made to continue to expand its product offering and market reach into FY23 and beyond and is on-track to return to profitability in the first half of FY23, providing market conditions remain the same as they are currently, or improve during the period.

The Company continues to pursue its well-funded strategy of growing direct and third-party distribution channels, with progress already made across a range of initiatives which strongly position HALO as it moves into FY23.

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This announcement has been authorised by the Board of Halo Technologies Holdings Ltd

For further information contact:

Investors

HALO Technologies Holdings Ltd
E: investors@HALO-technologies.com.au

Media

Melissa Hamilton
Media and Capital Partners
P: 0417 750 274
E: melissa.hamilton@mcpartners.com.au

About HALO Technologies

HALO is an online global equities research and trade execution software solution that brings sophisticated institutional-grade analytical frameworks and market insights to everyday investors. HALO includes two distinct and integrated offerings in HALO Global, designed for hands on investors who want professional grade tools without the cost, and HALO Trading which offers global trade execution capability and readymade themed investment portfolios that are ideal for 'low-touch' and 'values based' investors and SMSFs.

For further information, please visit: www.halo-technologies.com