

HALO TECHNOLOGIES HOLDINGS LTD
ACN 645 531 219
SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 28 February 2022 (**Prospectus**) issued by Halo Technologies Holdings Ltd (ACN 645 531 219) (**Company**) and the Selling Shareholders. This Supplementary Prospectus is dated 14 March 2022 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus in hard copy or as an electronic copy and may be accessed on the Company's website at www.halotechnologies.com.au. This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

1. BACKGROUND

The Supplementary Prospectus has been prepared to provide additional information to investors in relation to matters including:

- (a) the rationale for conducting the Sell Down;
- (b) the differentiation between the businesses of AAIG and HALO, including further information in relation to how HALO is developing its infrastructure and marketing services to become more self-sufficient; and
- (c) the status of HALO's intellectual property.

2. AMENDMENTS TO THE PROSPECTUS

2.1 Macrovue Revenue

The Prospectus is amended by deleting the final two paragraphs of Section 5.3 and replacing them with the following:

Management Fees

This revenue stream is sourced from the fee charged on the Macrovue vues, the thematic investment portfolios held by clients. HALO's management fees are priced competitively relative to other international funds at 0.8% per annum of funds under management, calculated daily and charged monthly.

The portion of revenue generated by the Macrovue vues is quite small with \$0.18 million in revenue recorded for the financial year ended 31 December 2021. During this period, HALO recorded total revenue of \$10.54m. Further details are set out in Section 6.7.1.

Although the Macrovue vues generate a low percentage of HALO's total revenue, the Company considers that this is a growing revenue stream with approximately 11% of funds invested as of 31 December 2021.

HALO Subscribers

As of 31 December 2021, HALO had:

- (a) 3,811 subscribers to HALO subscription products;
- (b) 3,843 clients who don't subscribe to a HALO subscription product but utilise the trading interfaces (either via Macrovue or ASCOT Securities); and
- (c) total funds on the Macrovue Omnibus Account Management System were AUD\$245 million. This has steadily grown from total funds of AUD\$140 million on 31 December 2020.

2.2 Macrovue Themed Investment Vues

The Prospectus is amended by inserting the following paragraphs at the end of Section 5.4.3:

A summary of the historical performance of the thematic portfolios is set out in the table below. The data provided includes the start date (many of the portfolios started in 2014), annualised returns and shorter frequency returns. This return data is compiled by a third-party, ShareSight, which Macrovue has used for many years.

| Vue Name | Start Date | As At | Inception (Annualised) | 1yr | Ytd |
|-------------------------|-------------------|--------------|-----------------------------------|------------|------------|
| Feed the World | 1/07/2014 | 9/03/2022 | 6.82 | 17.22 | -3.22 |
| Warren Buffet Top 10 | 1/07/2014 | 9/03/2022 | 13.45 | 15.71 | -8.81 |
| Silver Haried Economy | 1/07/2014 | 9/03/2022 | 12.88 | 13.24 | -4.42 |
| Tech Stars | 1/07/2014 | 9/03/2022 | 33.11 | 9.48 | -12.73 |
| Water - Liquid Gold | 1/07/2014 | 9/03/2022 | 17.86 | 7.6 | -12.88 |
| Aussie Large Cap | 1/07/2014 | 9/03/2022 | 8.96 | 7.38 | -3.24 |
| Internet of Things | 1/07/2014 | 9/03/2022 | 22.79 | -0.49 | -18.61 |
| Clean Tech | 1/07/2014 | 9/03/2022 | 7.47 | -14.81 | -21.82 |
| Entertainment | 1/07/2014 | 9/03/2022 | 10.72 | -25.56 | -24.9 |
| Asian Healthcare | 1/07/2014 | 9/03/2022 | 0.07 | -29.38 | -29.33 |
| Gaming | 1/07/2014 | 9/03/2022 | 11.39 | -29.96 | -19.28 |
| Social Media | 1/07/2014 | 9/03/2022 | 10.06 | -30.89 | -22.95 |
| Luxury Goods | 2/07/2014 | 9/03/2022 | 14.11 | 7.08 | -21.12 |
| India | 7/04/2016 | 9/03/2022 | 15.84 | 10.39 | -8.67 |
| High Quality | 23/06/2016 | 9/03/2022 | 14.97 | 20.73 | -14.05 |
| Disruptive Technologies | 29/07/2016 | 9/03/2022 | 36.74 | -10.94 | -26.03 |
| Car of the Future | 4/11/2016 | 9/03/2022 | 32.88 | 1.08 | -23.27 |
| Big Oil | 14/12/2016 | 9/03/2022 | 2.88 | 44.38 | 23.16 |
| Bank on It | 15/09/2017 | 9/03/2022 | 4.74 | -3.45 | -18.49 |
| 5G Wireless Technology | 19/10/2017 | 9/03/2022 | 26.28 | 23.38 | -19.97 |
| Artificial Intelligence | 10/04/2018 | 9/03/2022 | 19.49 | 7 | -20.02 |
| Genomics Revolution | 8/04/2019 | 9/03/2022 | 16.7 | -19.53 | -36.59 |

| Vue Name | Start Date | As At | Inception (Annualised) | 1yr | Ytd |
|--------------------------|------------|-----------|------------------------|--------|--------|
| Int High Dividend | 5/07/2019 | 9/03/2022 | 4.28 | 12.99 | -8.7 |
| Video Games & E-Sports | 14/09/2020 | 9/03/2022 | 1.02 | -2.39 | -9.34 |
| Perennial Millennials | 1/06/2021 | 9/03/2022 | -13.42 | -13.42 | -22.05 |
| Founder Led: High Growth | 31/08/2021 | 9/03/2022 | -47.39 | -47.39 | -39.17 |

2.3 Intellectual Property

The Prospectus is amended by inserting a new Section 5.4.4 as follows:

5.4.4 HALO's Intellectual Property

HALO is the owner of the intellectual property rights in relation to its various software platforms (other than third party or open source software).

The architecture, functionality and design of HALO's software platforms is unique from its competitors. Its code base and algorithms, documentation and process flow, form part of its proprietary trade secret. However, at this current stage, HALO has not identified any component of its software platforms that is patentable. Rather, HALO's intellectual property is protected through contractual obligations imposed on those persons who have been involved (and have the know-how) in the development of the software.

In addition, HALO has registered or applied for the following trade marks:

| Trade Mark | Type | Class | Application # | Status | Renewal |
|-------------------|--------|-------|---------------|------------|--------------|
| HALO | Word | 9,36 | 2186608 | Pending | - |
| HALO | Device | 9,36 | 2186613 | Pending | - |
| HALO TECHNOLOGIES | Word | 9,36 | 2186612 | Pending | - |
| HALO TECHNOLOGIES | Device | 9,36 | 2186610 | Pending | - |
| FAKEY SHAKEY | Word | 9,36 | 2186614 | Registered | 16 June 2031 |
| VUES | Word | 9,36 | 2190878 | Pending | - |
| IPATS | Word | 9,36 | 2190879 | Accepted | - |
| DEFYING GRAVITY | Word | 9,36 | 2190881 | Pending | - |
| SPROUT | Word | 9,36 | 2228238 | Pending | - |

2.4 Historical and Continued Development of HALO

The Prospectus is amended by deleting the row entitled "What related party arrangements exist" within Section 3.8 of the Prospectus and replacing it with the following:

| Topic | Summary | More Information |
|---|--|------------------|
| What related party arrangements exist? | <p>As at the date of this Prospectus, in addition to the agreements with Directors in respect of their appointment and roles, the following related party arrangements exist:</p> <p>(a) Redeemable Convertible Notes</p> <p>Halo Investment has issued convertible notes to AAIG. The Company, Halo Investment and AAIG have agreed to extinguish the Redeemable Convertible</p> | Section 12 |

| Topic | Summary | More Information |
|-------|--|------------------|
| | <p>Notes in consideration for the payment by the Company of \$5,100,000.</p> <p>Refer to Section 12.1.5 for further details.</p> <p>(b) Marketing Services Agreement</p> <p>Halo Technologies has entered into the Marketing Services Agreement with AAIG under which AAIG will continue to provide marketing services to Halo Technologies.</p> <p>Refer to Section 12.1.2 for a summary of the material terms and conditions of the Marketing Services Agreement.</p> <p>(c) Infrastructure Services Agreement</p> <p>Halo Technologies has entered into the Infrastructure Services Agreement with AAIG under which AAIG will provide infrastructure services to Halo Technologies.</p> <p>Refer to Section 12.1.1 for a summary of the material terms and conditions of the Infrastructure Services Agreement.</p> <p>(d) Referral Agreements</p> <p>Halo Technologies has entered into referral agreements with Australian Stock Report and APSEC under which Halo Technologies has agreed to make payments for referral services provided by each of these two companies.</p> <p>Refer to Sections 12.1.3 and 12.1.4 for a summary of these agreements.</p> <p>(e) Retainer Agreement</p> <p>The Company has entered into a retainer agreement with Oshry Lawyers an entity controlled by Ivan Oshry, which has earned legal fees of \$165,000 in relation to the Offers. Ivan Oshry has also personally received 208,333 Performance Rights for services provided in connection with the Offers.</p> <p>(f) Sell Down and Voluntary Escrow Deeds</p> <p>The Company has entered into Sell Down Deeds with George Paxton, Nicholas Bryon and Matthew Roberts (or associated entities) under which these parties have agreed to sell Shares as part of the Sell Down Offer.</p> <p>Refer to Section 8.3.3 for further details of the Sell Down and Section 12.3.7 for details of the Sell Down Deeds.</p> <p>(g) Voluntary Escrow Deeds</p> <p>The Company has entered into voluntary escrow deeds with each of Matthew Roberts, Nicolas Byron and George Paxton (or entities controlled by them) under which these parties have agreed to voluntarily escrow their Shares for specified periods of time.</p> <p>Refer to Section 12.3.6 for further details of the voluntary escrow deeds.</p> <p>(h) Sale Nominee Agreement</p> <p>The Company is proposing to appoint Ascot Securities as the sale nominee for shareholders of AAIG on the record date of the In-specie Distribution with an address outside an eligible country or who will hold a parcel of Shares worth less than \$500 at listing.</p> <p>Refer to Section 12.1.6 for further details of the sale nominee agreement.</p> <p>AAIG is a related party of the Company because it is has a shareholding of 29% in HALO which makes it a significant</p> | |

| Topic | Summary | More Information |
|-------|--|------------------|
| | <p>Shareholder (the second largest). HALO and AAIG also have common directors in Ivan Oshry, Matthew Roberts and George Paxton. Further information in respect of the relationship between HALO and AAIG is set out in Section 5.10.</p> <p>ASR is wholly owned by AAIG. In addition, Matthew Roberts and George Paxton are directors of both the Company and ASR.</p> <p>The issued capital of APSEC is held by AAIG (432,600 shares or 43.3%) and Matthew Roberts (567,400 shares or 56.7%). Matthew Roberts is the sole director of APSEC.</p> <p>Ascot Securities is wholly owned by AAIG. In addition, Matthew Roberts and George Paxton are directors of both the Company and Ascot Securities.</p> <p>Each of the agreements listed above have been negotiated in accordance with relevant Corporations Act requirements. Where applicable, the independent Directors believe that the terms offered to each of the parties listed above are consistent with or favourable to prevailing market rates for each of the transactions above.</p> | |

The Prospectus is amended by inserting a new Section 5.10 as follows:

5.10 Historical and Continued Development of HALO

As noted in Section 5.1, HALO was initially partially financed by the AAIG Group, who also deployed the strength and reach of its other subsidiary businesses, Australian Stock Report Pty Ltd and APSEC trading as ASR Wealth Advisers, to provide the momentum which has enabled the growth in HALO's client base and ongoing product expansion.

AAIG has a shareholding of 29% in HALO which makes it a significant shareholder (the second largest). HALO and AAIG also have common directors in Ivan Oshry, Matthew Roberts and George Paxton.

AAIG's business model is to exit (via a sale or initial public offering) the businesses it has established or acquired for the benefit of its shareholders. The spinning out of HALO via the proposed IPO is an example of this.

There are several key differences between the businesses of HALO and AAIG. AAIG is not a trading entity. Rather, its core business is to establish or invest in companies that operate within the financial services sector. HALO on the other hand is a trading entity. It is an Australian fintech business that develops multi-functional integrated global equities research and investment software solutions for self-directed investors, self-funded retirees, and financial professionals.

Infrastructure and Marketing

As a relatively new company (being only 4 years old), HALO has in the past relied (and to some extent still does rely) on AAIG for infrastructure and marketing support (refer to the agreements summarised in Sections 12.1.1 and 12.1.2).

In terms of infrastructure, HALO has been seeking to build up its internal capabilities in anticipation of the IPO. The total complement of development and operational staff who work on the HALO business is over 40 FTEs of which only three are directly employed by the AAIG Group. Further, three of these resources work full time on HALO related projects and will be directly engaged by HALO in the future.

HALO has also been building up its risk and compliance resources (previously provided by AAIG) in anticipation of the IPO to become entirely self-sufficient as soon as possible after

the IPO. Similarly, HALO has been building up its marketing services recently and intends to apply funds raised under the IPO to continue these efforts. There are numerous marketing channels domestically or abroad which will be pursued by HALO, including small and medium sized research house, shadow brokers, financial planning organisations and individual B2C clients.

Referral Agreements

HALO Technologies has also entered into arms' length services and referral agreements with entities within the AAIG Group (refer to the agreement summarised in Sections 12.1.3 and 12.1.4).

As noted in Section 7.2, presently, HALO relies on a small number of clients for a significant portion of its revenue (predominantly Australian Stock Report Pty Ltd and Atlantic Pacific Securities Pty Ltd t/a ASR Wealth Advisers though the referral agreements noted above). Although the HALO Group's client base has started to diversify and expand and as a result of its marketing efforts, the HALO Group's client base will continue to diversify after HALO is admitted to the Official List, the HALO Group will for some time, be substantially reliant on a select number of clients.

As noted in the use of funds table set out in Section 9.7, HALO intends to apply a significant portion of the funds raised under the Prospectus to marketing activities in order to reduce its reliance on AAIG.

Funding

As noted above, HALO is a profitable entity, recording NPAT of approximately \$1 million in the financial year ended 31 December 2021. As noted in the use of funds table set out in Section 9.7, HALO intends to apply a significant portion of the funds raised under the Prospectus, together with existing funds, to marketing and technology development which will allow HALO to continue to become more self-sufficient and less reliant on the services provided by AAIG.

2.5 Sell Down

The Prospectus is amended by inserting the following wording at the end of Section 8.3.3:

Background to the Sell Down

In February 2018, HALO Technologies was incorporated with the initial shareholders being Matthew Roberts (51%), AAIG (29%), George Paxton (10%) and Nicolas Bryon (10%). The shares were issued for nil cash consideration in recognition of the fact that the founders applied considerable time and effort to the establishment of the business and operations of HALO Technologies and did not receiving a salary from HALO Technologies (although Nicolas has received a salary from HALO Technologies from May 2018, at a level which was below market rate). There have been no changes to the issued capital of HALO Technologies between incorporation and the restructuring (as described below).

In late 2020, HALO Technologies made the decision to proceed with an IPO in order to seek official quotation on the ASX. To achieve a structure which was appropriate for a listed entity, the decision was made to establish a new public company (being HALO) rather than convert HALO Technologies into a public company.

In October 2020, HALO was established for these purposes. On 1 July 2021, the existing shareholders exchanged their shares in HALO Technologies for fully paid ordinary shares in HALO. This exchange occurred for no value and in the same ratio (i.e., a 1 for 1 exchange of shares).

Founding Shareholders Matthew Roberts, George Paxton and Nicolas Bryon have invested considerable time and effort into the development of the business and technology of HALO.

As part of discussions with numerous financial advisers in the lead up to the IPO, it was determined that the best mechanism to enable these founding Shareholders to realise some liquidity from their ownership of HALO and increase the free float and secondary market liquidity of the stock would be an orderly sell down during the IPO process (rather than via after-market sales which could impact the Share price).

The proportion of Shares which are being sold-down represents a small proportion of the relative holdings of the founding shareholders – 8.0% pre-IPO and 6.3% post-IPO. The number of Shares currently held by each of these founding shareholders, together with the number of Share that will be held following completion of the Sell Down is set out in Section 8.3.

Additionally, the founding Shareholders have agreed to voluntarily escrow the remainder of their Shares for a period of up to 2 years from completion of the IPO in order to reflect their ongoing commitment and belief in the prospects of HALO. Further information in relation to these voluntary escrow arrangements is set out in Section 12.3.6.

2.6 Referral Agreements

The Prospectus is amended by replacing the phrase “1 October 2021” as it appears in Sections 12.1.3 and 12.1.4 of the Prospectus with “31 December 2022.”

2.7 Factset Data Agreement

The Prospectus is amended by inserting the following paragraph at the end of Section 12.2:

HALO intends to enter into a new standalone agreement with Factset shortly after completion of the IPO Offer.

2.8 Sale Nominee Agreement

The Prospectus is amended by moving the paragraphs included at Section 12.5 of the Prospectus to a new Section 12.1.6 of the Prospectus entitled “Sale Nominee Agreement”.

3. CONSENTS

The Company confirms that the advisors that gave their written consent to being named in the Prospectus (refer to Section 11.10) have not withdrawn that consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

4. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

Ivan Oshry

Ivan Oshry
Non-Executive Chair
For and on behalf of
HALO TECHNOLOGIES HOLDINGS LTD