

Halo Technologies Holdings Ltd and controlled entities
ABN 73 645 531 219

**Consolidated Financial Report – for the 15 months period
ended 31 December 2021**

Halo Technologies Holdings Ltd and controlled entities

Directors' report

31 December 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Halo Technologies Holdings Ltd (referred to as the 'Group' or 'parent entity') and the entities it controlled at the end of, or during, the 15 months period ended 31 December 2021.

Directors

The following persons were directors of Halo Technologies Holdings Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Matthew Roberts – Executive Managing Director	(Appointed 30 October 2020)
George Paxton - Executive Director and CEO	(Appointed 30 October 2020)
Nicolas Bryon - Executive Director and CPO	(Appointed 30 October 2020)
Ivan Oshry – Non-Executive Chairman	(Appointed 21 May 2021)
Philippa Lewis - Non-Executive Director	(Appointed 21 May 2021)
Louise McElvogue - Non-Executive Director	(Appointed 21 May 2021)
Natalie Climo - Company Secretary	(Appointed 21 May 2021)

Principal activities

Halo Technologies Holdings Ltd was incorporated on 30 October 2020. On 1 July 2021, Halo Technologies Pty Ltd became a wholly owned subsidiary of Halo Technologies Holdings Ltd. During the financial period, the principal continuing activities of the Group consisted of providing equities research and analysis capability, portfolio management tools, international trade execution capability and themed investments through the Halo Technologies Pty Ltd and Macrovue Pty Ltd investment platforms.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$2,776,754 for the financial year.

Significant changes in the state of affairs

On 1 July 2021, Halo Technologies Pty Ltd became a wholly owned subsidiary of Halo Technologies Holdings Ltd.

Except for the above, no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

At 31 December 2021, Halo Technologies Holdings Ltd is preparing for its imminent IPO and anticipated future trading as a publicly listed company on the ASX, expected during March 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of the Halo Technologies Holdings Ltd under option outstanding at the date of this report.

Information on directors

Matthew Roberts Experience	Executive Managing Director Mr Roberts is the co-founder and managing director of Halo. He has over 20 years' experience in financial services specialising in unique business structures, mergers, acquisitions and the development and growth of companies in Australia, Europe and the USA. He is a Responsible Manager to the Australian Stock Exchange and is a former member of the Australian Digital Commerce Association's (ADCA) Advisory Board. He specialises in corporate advisory and capital raisings in the mining, finance and service industries. Mr Roberts is on the board of numerous financial services businesses as well as mining.
George Paxton Qualifications Experience	Executive Director and CEO BA (Hons) Law & Economics (Queen Mary, University of London) Mr Paxton is the co-founder and CEO of Halo. He has extensive experience in a number of areas of financial services, including Mergers and Acquisitions, Funds Management, Equity and Credit Research, valuation techniques and global accounting standards gained from time working across UK, Asia, USA and Australia. Mr Paxton is a CFA charterholder.
Nicolas Bryon Qualifications Experience	Executive Director and CPO BEC (Hons) from Macquarie University, Sydney Mr Bryon is the creator of the Halo Global software solution as it stands today. He has been involved in creating management information systems since early in his career when he was first employed at QANTAS in 1995. He brings substantial experience in managing development teams to deliver world-class product and infrastructure as well as providing the financial market and trading system knowledge to deliver world class applications that Retail, HNWs and Advisors alike require to manage their day-to-day investing activities. Mr Bryon has been involved in analysing companies and managing portfolios in financial markets for more than 20 years in various capacities. With all this experience, he is able to provides unique insights in content and design to deliver continued product development opportunities that will be applicable across the globe.
Ivan Oshry Qualifications Experience	Non-Executive Chairman BA LLB (Natal), H Dip Company Law (Wits), H Dip Tax Law (Wits), Fellow Securities Institute (Aust) Mr Oshry is an experienced corporate lawyer having practised law both in Australia and overseas for more than 30 years, specialising in Mergers and Acquisitions, Private Equity and Capital Raisings and as such brings a wealth of experience to the company. Mr Oshry has also spent time working as a corporate adviser and in business and as such is in the unique position of having practical experience at the coal face. Having led and been involved in many large transactions, both local and international. Mr Oshry is able to add value to the Company at all levels.
Louise McElvogue Experience	Non-Executive Director Ms McElvogue is an experienced executive and director with more than 20 years' experience with boards, corporates and start-ups. She has been involved in more than 30+ consumer technology projects across the UK, USA, Europe and Asia. She currently serves on several boards including Cluey Learning (ASX.CLU), a digital education platform and Healthdirect, the Federal & State Government consumer digital health platform. Louise also sits on the NSW Council of the Australian Institute of Company Directors and previously served on cybersecurity company WhiteHawk (ASX.WHK). Her executive and advisory experience includes more than 20 years in media, strategy and technology and leading over 30 digital projects in Australia, the UK and the US.

Information on directors (cont.)

Philippa Lewis

Experience

Non-Executive Director

Ms Lewis is a professional company director with over 30 years of global, commercial experience. She has been a director and CEO in the digital, medtech, healthcare and life sciences sectors. As a strategic futurist she has founded multiple companies, led local and North American IPOs, reverse mergers, complex M&A transactions, raised and managed strategic capital for private and listed entities and has been engaged in multilateral joint ventures within North America, Europe and China. She was until recently, the Non-Executive Chair of EZZ Life Science (ASX:EZZ), a company that develops and manufactures healthcare products and currently serves on several boards, including Immunexus Therapeutics Ltd; a public unlisted company in the oncology therapeutics sector and Aquitas Pty Ltd, a privately owned residential aged care M&A consolidation.

Ms Lewis has acted as a director of ASX and TSV listed MedTech company Simavita Ltd (ASX: SVA) between 2008 and 2016. She also chaired the board of Lifespot Health Ltd (ASX: LSH) between May and December 2017 and was chair and founder of Karista from 2016-2018, a private company servicing the aged, disability and community care sectors through a bespoke digital consumer choice platform. She has also served as a non-executive director of the Medical Technology Association of Australia. Ms Lewis is a member of the Australian Institute of Company Directors and the Institute of Arbitration and Mediation and has completed Public Company Directors and Chair course as well as the Public Company Directors certificate from Simon Fraser University. She has been nominated as Zurich Business Leader of the Year and Telstra Business Woman of the Year.

Meetings of directors

The number of Directors' meetings and the number of meetings attended by each of the Directors of the company held during the time the Director held office during the year are:

Director	Meetings Held	Meetings Attended
Matthew Roberts	1	1
George Paxton	1	1
Nicolas Bryon	1	1
Ivan Oshry	1	1

Indemnity and insurance of officers

The Group has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Halo Technologies Holdings Ltd and controlled entities
Directors' report
31 December 2021

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

George Paxton

George Paxton (Feb 21, 2022 20:33 GMT+11)

George Paxton
Executive Director and CEO

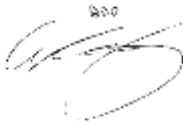
21 February 2022
Sydney

DECLARATION OF INDEPENDENCE BY GEOFF ROONEY TO THE DIRECTORS OF HALO TECHNOLOGIES HOLDINGS LTD (THE CONSOLIDATED ENTITY OR GROUP)

As lead auditor of Halo Technologies Holdings Ltd (the consolidated entity or Group) for the period ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Halo Technologies Holdings Ltd and the entities it controlled during the period.



Geoff Rooney
Director

BDO Audit Pty Ltd

Sydney, 21 February 2022

Halo Technologies Holdings Ltd and controlled entities

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General information

The financial statements include Halo Technologies Holdings Ltd as a consolidated entity consisting of Halo Technologies Holdings Ltd and the entities it controlled at the end of, or during the year. The financial statements are presented in Australian dollars, which is Halo Technologies Holdings Ltd.'s functional and presentation currency.

Halo Technologies Holdings Ltd is a Group limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Boardroom Pty Ltd
Level 12
225 George Street
Sydney NSW 2000

Principal place of business

Level 4
10 Barrack Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 21 February 2022.

Halo Technologies Holdings Ltd and controlled entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 15 months period ended 31 December 2021

	Note	Consolidated 2021 \$
Revenue		
Trading fees	3	5,832,737
Other income	3	666,790
Interest income	3	2,854
Bargain on business combination	14	2,690,243
Expenses		
Trading costs		(3,588,272)
Legal and professional expenses		(477,956)
IT and system expenses		(395,401)
Depreciation expense and amortisation of development costs	4	(329,422)
Decrease in fair value of financial asset	10	(315,077)
Marketing and brand expenses		(294,697)
Employee expenses		(268,282)
Accounting fees		(199,827)
Finance costs		(264,075)
Other expenses		<u>(130,106)</u>
Profit before income tax expense		2,929,509
Income tax expense	15	<u>(152,755)</u>
Profit after income tax expense for the year attributable to members of the group		2,776,754
Other comprehensive income for the year, net of tax		<u>-</u>
Total comprehensive income for the year attributable to members of the group		<u><u>2,776,754</u></u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Halo Technologies Holdings Ltd and controlled entities
Consolidated Statement of financial position
As at 31 December 2021

	Note	Consolidated 2021 \$
Assets		
Current assets		
Cash and cash equivalents	5	2,537,355
Client trust accounts		246,364,043
Trade receivables	6	2,237,389
Contract asset	3	1,089,181
Investments	10	4,005,708
Other current assets	7	25,796
Deferred tax assets		1,559,891
Total current assets		257,819,363
Non-current assets		
Contract asset	3	3,344,872
Property and equipment	8	4,169
Security deposit		54,300
Development costs	9	2,621,038
Total non-current assets		6,024,379
Total assets		263,843,742
Liabilities		
Current liabilities		
Amounts owed to clients		246,355,327
Trade payables	12	207,386
Contract liability	3	1,941,786
Employee benefits	11	142,185
Due to related parties	20	4,917,460
Deferred tax liability		1,510,254
Other payables		28,367
Total current liabilities		255,102,765
Non-current liabilities		
Contract liability	3	5,963,223
		5,963,223
Total Liabilities		261,065,988
Net assets		2,777,754
Equity		
Issued capital	13	1,000
Retained earnings	14	2,776,754
Total equity		2,777,754

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Halo Technologies Holdings Ltd and controlled entities
Consolidated Statement of Changes in Equity
For the 15 months period ended 31 December 2021

Consolidated

	Issued capital \$	Retained earnings \$	Total equity \$
Shares issued (Note 13)	1,000	-	1,000
Profit for the year after income tax expense (Note 14)	-	2,776,754	2,776,754
Total comprehensive income	<u>1,000</u>	<u>2,776,754</u>	<u>2,777,754</u>
Balance at 31 December 2021	<u><u>1,000</u></u>	<u><u>2,776,754</u></u>	<u><u>2,777,754</u></u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Halo Technologies Holdings Ltd and controlled entities
Consolidated Statement of cash flows
For the 15 months period ended 31 December 2021

	Note	Consolidated 2021 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		9,205,367
Payments to suppliers and employees (inclusive of GST)		(6,254,099)
Receipts from R&D incentive		666,790
Interest received		2,854
Payment for income tax		(355,782)
Interest paid		<u>(264,075)</u>
Net cash generated from operating activities	19	<u>3,001,055</u>
Cash flows from investing activities		
Payment for development costs		<u>(463,700)</u>
Net cash used in investing activities		<u>(463,700)</u>
Cash flows from financing activities		
Other cash items from financing activities		<u>-</u>
Net cash from financing activities		<u>-</u>
Net decrease in cash and cash equivalents		2,537,355
Cash and cash equivalents at the beginning of the financial year		<u>-</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>2,537,355</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements
31 December 2021

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Halo Technologies Holdings Ltd ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Halo Technologies Holdings Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Going concern

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements

31 December 2021

Note 1. Significant accounting policies (continued)

Revenue

Rendering of services

Brokerage revenue is recognised at a point in time upon execution of a trade contract resulting in the delivery of the service to the client and all the performance obligations having been met.

Subscription revenue is recognised over time, i.e., over the subscription contract term when the related services are performed, and the performance obligations are satisfied. Contract assets and contract liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They arise from subscriptions with clients that have a term over a few years, since payments received from clients at each balance sheet date do not necessarily equal the amount of revenue recognised over the contract term.

Interest income

Interest income is recognised using the effective interest rate method.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Leases

At the end of the reporting period the Group had no significant lease agreements. The rent for use of office space is included in the management fee expense per terms of arrangement with the related party.

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements

31 December 2021

Note 1. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Client funds

Client funds are held in segregated bank accounts as part of the Group's safeguarding policy and are excluded from the amount of cash and cash equivalents held by the entity, as they are not available for use by the group.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The Group does not hold any collateral as security. The Group applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Other receivables are recognised at amortised cost, less any provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

31 December 2021

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property and equipment (excluding land) over their expected useful lives as follows:

Computer and office equipment	3 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements

31 December 2021

Note 1. Significant accounting policies (continued)

Capitalised Development costs

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Amortisation is calculated on a straight-line basis to write off the net cost of each item of capitalised development costs over their expected useful lives as follows:

Development costs	5 years
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Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital

Ordinary and Preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Halo Technologies Holdings Ltd and controlled entities

Notes to the Consolidated financial statements

31 December 2021

Note 1. Significant accounting policies (continued)

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Adoption of new and amended Accounting Standards

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Standards Board ("AASB") that are mandatory for the current accounting period.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its capitalised development costs, property and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Revenue from contracts with customers

As per the Referral Agreement entered between the Group and its B2B referral partners (selling agents), effective 1 July 2020, the Group now collects (and earns accordingly) the entire 100% subscription sale value upfront and rebates 50% to its referral partners in the form of a cost of sale (with a corresponding amortisation of the cost of sale according to the subscription revenue's earning pattern).

As a result, the Group elected to adopt the modified approach to the adoption of AASB15 - Revenue from contracts with customers, and its related minimal disclosure note requirements, effective from 1 July 2020 onwards, as outlined below:

	Consolidated 2021 \$
Brokerage revenue	3,399,474
Subscription revenue	<u>2,433,263</u>
Trading fees	<u>5,832,737</u>
<i>Other Income</i>	
Other Income	666,790
Interest Income	<u>2,854</u>
Total revenue for the year	<u><u>6,502,381</u></u>
<i>Subscription Contract Balances</i>	
<i>Contract Assets (Current)</i>	
Subscription rebates paid in advance of performance and not recognised as cost of sales during the period:	1,089,181
<i>Contract Assets (Non-current)</i>	
Subscription rebates paid in advance of performance and not recognised as cost of sales during the period:	<u>3,344,872</u>
Total Contract Assets	<u>4,434,053</u>
<i>Contract Liabilities (Current)</i>	
Cash received in advance of performance and not recognised as revenue during the period:	1,941,786
<i>Contract Liabilities (Non-current)</i>	
Cash received in advance of performance and not recognised as revenue during the period:	<u>5,963,223</u>
Total Contract Liabilities	<u>7,905,009</u>

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements

31 December 2021

Note 4. Expenses

	Consolidated 2021 \$
Profit before income tax includes the following specific expenses:	
<i>Amortisation</i>	
Development costs	<u>328,324</u>
<i>Depreciation</i>	
Computer equipment	1,098
Office equipment	<u>-</u>
Total depreciation	<u>1,098</u>
Total amortisation and depreciation	<u><u>329,422</u></u>
<i>Superannuation expense</i>	
Defined contribution superannuation expense	<u><u>12,106</u></u>

Note 5. Current assets - Cash and cash equivalents

	Consolidated 2021 \$
Total cash and other cash equivalents	<u><u>2,537,355</u></u>

Note 6. Current assets - Trade and other receivables

	Consolidated 2021 \$
Trade receivables	1,056,844
Trade receivables from related parties (Note 20)	<u>1,180,545</u>
	<u><u>2,237,389</u></u>

Note 7. Current assets – Other

	Consolidated 2021 \$
Prepayments	15,796
Other	<u>10,000</u>
	<u><u>25,796</u></u>

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements
31 December 2021

Note 8. Non-current assets - Property and equipment

	Consolidated 2021 \$
<i>Computer equipment - at cost</i>	28,829
Asset written off	-
	<u>28,829</u>
Less:	
Opening Accumulated depreciation	(24,242)
Depreciation for the year	(2,267)
Closing Accumulated depreciation	<u>(26,509)</u>
	<u>2,320</u>
 <i>Office equipment - at cost</i>	 6,964
Assets written off	-
	<u>6,964</u>
Less:	
Opening Accumulated depreciation	(5,186)
Depreciation for the year	71
Closing Accumulated depreciation	<u>(5,115)</u>
	<u><u>1,849</u></u>

Note 9. Non-current assets - Development costs

	Consolidated 2021 \$
Platform Build - at cost	3,815,637
Less : Accumulated amortisation	<u>(1,194,599)</u>
	<u><u>2,621,038</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Platform build \$	Total \$
Balance as at 31 December 2020	1,465,294	1,465,294
Additions	1,667,621	1,667,621
Amortisation expense	(511,877)	(511,877)
Balance as at 31 December 2021	<u>2,621,038</u>	<u>2,621,038</u>

Platform build consists of the cost of development of the firm's International equities trading platform. The platform has come into use at the year-end and, as such, amortisation has commenced over the useful life of 5 years.

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements
31 December 2021

Note 10. Non-current assets - Investments

	Consolidated 2021 \$
Listed ordinary shares - designated at fair value through profit or loss	<u>4,005,708</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Consolidated 2021 \$
Opening fair value	4,120,785
Additions	200,000
(Decline)/increase in fair value	<u>(315,077)</u>
	<u>4,005,708</u>

Note 11. Current Liabilities - Employee Benefits

	Consolidated 2021 \$
Annual leave provision	78,198
PAYG withholding payable	43,290
Other payable	<u>20,697</u>
	<u>142,185</u>

Note 12. Current Liabilities – Trade and other payables

	Consolidated 2021 \$
Trade Payables	171,991
Trade Payables to related parties (Note 20)	<u>35,395</u>
	<u>207,386</u>

Note 13. Equity - Issued capital

	Consolidated 2021 Shares	2021 \$
Ordinary shares - fully paid	100,000	1,000
Total	<u>100,000</u>	<u>1,000</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group does not have a limited amount of authorised capital. On 1 July 2021, Halo Technologies Holdings Limited acquired 100% of the ownership interest in Halo Technologies Pty Ltd as per the Share Purchase agreement executed 1 July 2021.

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements
31 December 2021

Note 14. Equity – Retained Earnings

	Consolidated 2021 \$
*Profit after income tax expense for the year	2,776,754
Retained Earnings at the end of the financial year	<u>2,776,754</u>

On 1 July 2021, Halo Technologies Holdings Limited acquired 100% of the ownership interest in Halo Technologies Pty Ltd as per the Share Purchase agreement executed 1 July 2021.

*The Company paid nil consideration for the fair value of net identifiable assets acquired. Accordingly, the Company disclosed the Bargain on business acquisition of \$2,690,243 in the Consolidated Statement of Profit or Loss and Other Comprehensive income.

Note 15. Income tax expense

(a) The components of income tax expense comprise:

	Consolidated 2021 \$
Income tax (expense)	
- Current	(223,366)
- Deferred	70,611
	<u>(152,755)</u>

(b) The prima facie tax on profit from ordinary activities before income tax expense is reconciled to the income tax as follows:

	2021 \$
Profit before income tax	2,929,509
Less:	
Bargain on business combination	<u>(2,690,243)</u>
Taxable income before losses recouped	<u>239,266</u>
	2021 \$
Prima facie tax expense on profit from ordinary activities before income tax at 25%	(59,817)
Income tax benefit not recognised	-
Reversal of prior year tax benefit not recognised	-
Other permanent differences	(163,549)
Other timing differences	70,611
Income tax expense	<u>(152,755)</u>

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements
31 December 2021

Note 16. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or Indirectly.

Level 3: Unobservable inputs for the asset or liability.

Consolidated – 31 December 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Investment in Financial Asset	4,005,708	-	-	4,005,708
Total Assets	<u>4,005,708</u>	<u>-</u>	<u>-</u>	<u>4,005,708</u>

Note 17. Equity - dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the Group:

	Consolidated 2021 \$
<i>Audit services - BDO</i>	
Audit of the financial statements	119,827
Other Services – RSM	<u>80,000</u>
	<u><u>199,827</u></u>

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements
31 December 2021

Note 19. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2021 \$
Profit before income tax expense for the period	2,929,509
Adjustments for:	
Depreciation and amortisation	329,422
Decrease in fair value of investment	315,076
Bargain on business combination	(2,690,243)
Change in operating assets and liabilities:	
(Increase)/decrease in trade and other receivables	(1,010,375)
(Increase)/decrease in trade deferred fulfilment costs	(2,808,495)
(Increase)/decrease in financial asset held on behalf of client	-
Increase in trade and other payables	113,984
Increase in trade deferred subscription revenue	6,096,075
Increase/(decrease) in Employee Benefits	81,884
Income tax paid	(355,782)
Net cash generated from operating activities	<u><u>3,001,055</u></u>

Note 20. Related party disclosures

(a)	Key management personnel	Position
	Matthew Roberts	Executive Managing Director
	George Paxton	Executive Director and CEO
	Nicolas Bryon	Executive Director and CPO
	Ivan Oshry	Non-Executive Chairman
	Philippa Lewis	Non-Executive Director
	Louise McElvogue	Non-Executive Director

No directors' fees were paid for the year ended 31 December 2021.

(b) Related party transactions

(i) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %
Halo Technologies Pty Ltd	Australia	100.00%
Macrovue Pty Ltd	Australia	100.00%
Halo Investment Co Pty Ltd	Australia	100.00%
Macro Accounts Pty Ltd	Australia	100.00%
Push Notifications Pty Ltd	Australia	100.00%
Halo Technologies Invest Co	USA	100.00%

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements
31 December 2021

Note 20. Related party disclosures (continued)

(ii) *Transaction with related parties*

The following table provide the total amounts of the transactions that were entered into with Halo Technologies Holdings Ltd and its related parties for the relevant financial year.

Receivables from related parties

	Consolidated 2021 \$
Atlantic Pacific Securities Pty Limited (APS)	860,346
Australian Stock Report (ASR)	231,339
Australian Stock Report (ASR) (Note 12)	88,860
Receivable from related parties (Note 6)	<u>1,180,545</u>

Payables to related parties

	Consolidated 2021 \$
Amalgamated Australian Investment Group Limited (AAIG) – other payable (Note 12)	31,597
Amalgamated Australian Investment Group Limited (AAIG) – loan payable (Note 12)	<u>3,798</u>
Payable to related parties (Note 12)	<u>35,395</u>

	Consolidated 2021 \$
Due to related parties – convertible notes	<u>4,917,460</u>

(iii) *Management fees*

The Group pays management fees to Amalgamated Australian Investment Group Limited (AAIG) of \$129,000 per annum for the facilities and corporate services it provides.

(iv) *Trading transactions*

	Consolidated 2021 \$
Brokerage Revenue	<u>2,429,962</u>
Brokerage Cost of sales	<u>(2,145,395)</u>
Intercompany rebates	<u>(441,018)</u>

Atlantic Pacific Securities Pty Limited (APS) and Australian Stock Report (ASR) are sales agents which sell products to third party clients for a fee (rebate).

(v) *Interest expense*

The Group incurs interest expense on a convertible note to Amalgamated Australian Investment Group Limited (AAIG) amounting to \$264,075. Convertible notes are unsecured, carry interest of 11% per annum and repayable once the Group becomes a public listed company.

Halo Technologies Holdings Ltd and controlled entities
Notes to the Consolidated financial statements
31 December 2021

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2021 \$
Loss after income tax and total comprehensive income	(350,731)

Statement of financial position

	2021 \$
Total current assets	15,529
Total fixed assets	-
Total non-current assets	-
Total assets	15,529
Total current liabilities	365,260
Total non-current liabilities	-
Total liabilities	365,260
Equity	
Issued capital	1,000
Accumulated losses	(350,731)
Total equity	(349,731)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2021.

Capital commitments - Property and equipment

The parent entity had no capital commitments for property and equipment as at 31 December 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 22: Financial instruments - Risk Management

The Group activities expose it to a variety of financial risks: credit risk, interest rate risk, liquidity risk and capital disclosures risk.

The Group financial instruments consist mainly of loan receivables, financial assets at fair value through profit and loss, receivables and loan payables.

i. Credit Risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. This exposure arises from cash and cash equivalents and other receivables.

Note 22: Financial instruments - Risk Management (continued)

All transactions in listed and quoted securities are settled/paid for upon delivery. The risk of default is low.

ii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure the ability to meet financial obligations as and when they fall due. The Group manages liquidity risk by maintaining a cash reserve and continuously monitoring forecast and actual cash flows. The Group does not have any borrowings as at 31 December 2021.

iii. Interest rate risk

Interest rate risk is the risk that the Group will experience deterioration in its financial position as interest rates change over time. The Group is exposed to interest rate risk due to repricing and mismatches between assets and liabilities (Borrowing at a floating interest rate and lending at a fixed rate).

iv. Capital disclosures

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to adjusted capital ratio.

Note 23. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021.

Note 24. Commitments

The Group had no commitments for expenditure as at 31 December 2021.

Note 25. Events after the reporting period

At 31 December 2021, Halo Technologies Holdings Ltd is preparing for its imminent IPO and anticipated future trading as a publicly listed company on the ASX, expected during March 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years. Furthermore, there has been no change to the entity's objectives, policies, and processes for managing capital from the previous period.

Since 31 December 2021, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Halo Technologies Holdings Ltd and controlled entities
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

George Paxton

George Paxton (Feb 21, 2022 20:33 GMT+11)

George Paxton
Executive Director and CEO

21 February 2022
Sydney

INDEPENDENT AUDITOR'S REPORT

To the members of Halo Technologies Holdings Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Halo Technologies Holdings Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Halo Technologies Holdings Ltd, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the period ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Geoff Rooney', is written over a faint, circular BDO logo watermark.

Geoff Rooney
Director

Sydney, 21 February 2022






Final FS Conso 31 Dec 2021 Halo Technologies Holdings Ltd

Final Audit Report

2022-02-21

Created:	2022-02-21
By:	Reuben Goodsell (r.goodsell@aaigl.com.au)
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