

12 August 2022

## **HALO delivers solid operational half-year performance**

- Half-year results cap a transformative period for the company, including successful IPO and subsequent ASX listing in April.
- Significant investment in business operations on the back of ASX listing to cement future growth across a range of key areas in line with aggressive growth strategy.
- Reported gross profit increase of 20.2% on HY21, with gross revenue up 4.6%, despite challenging market conditions.
- Signs suggest improved conditions and operating performance in the second half of FY22.

**HALO Technologies Holdings Ltd** ('HALO', 'HAL' or 'the Company'), an online global equities research and trade execution software solution that brings sophisticated institutional-grade analytical frameworks and market insights to everyday investors, is pleased to provide an operational update on what has been a transformative period for the company.

Since listing on April 26 following an IPO which raised \$36.1 million (see ASX ann. April 26, 2022), HALO Technologies Holdings has made significant strides in establishing a business poised for growth via the development of new products to expand the capability of its software solutions for B2B and B2C clients.

HALO continues to pursue its well-funded strategy of growing direct and third-party distribution channels, with progress made across a range of initiatives which strongly position HALO moving forward.

This includes the announcement in June (see ASX ann. June 7, 2022) of a term sheet outlining a strategic investment in Success Publishing Pty Ltd, which would see HALO directly marketed in the business focussed publishing and events run by Success Publishing assets under referral and collaboration agreements.

Management is pursuing a range of other business development initiatives, acquisitions and partnerships, with a pipeline of potential opportunities in line with the company's growth strategy.

Investments in staff and technology have been made to support the Operations, M&A, Marketing, Product, Client Services and Compliance areas as HALO looks to scale up and expand into new markets.

The company sees strong operational signs as it heads into the second half of FY22, having positioned itself in the months post listing to expand its product offerings and market reach going forward.

## **Financial Results**

For the sake of consistency, HAL's financial results compare the company's audited statutory results for the half-year ended June 30, 2022, with pro-forma results prepared as if the company had traded as HALO Technologies Holdings Limited for the entire comparative period.

The Group generated operating revenue (net revenue from contracts with customers) of \$4.6 million, down 1.5% on HY21, due to a reduction in client transactions (both volume and count) attributable to the uncertainty around global equity markets triggered by weakening financial market indicators such as higher interest rates, inflation and recessionary fears.

However, total revenue and other income (gross revenue) increased 4.6% over HY21 to \$5.5 million, due to increased R&D incentives.

Gross profit was \$2.3 million, significantly up 20.2% on HY21, due to more favourable gross margins on earned subscription revenue products.

Total operating expenses came in at \$6.4 million, up 35% on HY21, partly attributable to the forecast investment in the growth of the headcount of the business of \$0.5 million – representing 10 additional full-time equivalent positions across Operations, M&A, Marketing, Product, Client services and the Compliance areas – and non-recurring IPO related expenses of \$1 million.

The Group reported an underlying EBITDA of \$0.6 million compared to proforma underlying EBITDA of \$1 million in HY21, primarily due to the investment in additional growth headcount across the business during the current period.

The Group reported an operating net loss after tax of (\$0.6 million) compared to a proforma profit of \$0.5 million in HY21, primarily due to non-recurring IPO expenses of \$1 million during the current period.

The current period financial performance when compared to the prior comparative period (pcp) was impacted by the downturn in equity markets driving significantly reduced transaction volumes as well as by the forecast investment in additional headcount to cement the future growth of the business, and substantial IPO related one-off expenses along with ongoing costs incurred in the transition to a public listed company.

## Corporate update

HALO Technologies was admitted to the official list of the Australian Securities Exchange on April 22, 2022, a significant event in the company's evolution.

The company raised \$36.1 million at an issue price of \$1.20 per share via its Initial Public Offering, above the targeted \$35 million, to fund its global expansion ambitions in the B2B and B2C markets.

The raise was strongly supported by retail and high net worth investors, including many existing HALO users showing their support in the product through their investment.

Post-listing, HALO has invested in the development of new products which will expand the capability of its software solution, while also progressing a series of technology updates designed to improve usability across web and mobile offerings and integrate HALO with Xplan – a software program widely used by financial advisor groups.

HALO has also worked towards certification with our auditors BDO to review its GS007 capabilities over the coming year, with a view to achieving GS007 Type 2 compliance for its customer data management in the second half of FY23. This move is expected to further increase the scope and size of its potential B2B client reach by assuring best practice processes and controls over customer data.



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**HALO CEO George Paxton comments:**

*"HALO Technologies Holdings is pleased to mark this chapter in what has been a transformational period for the company on the back of an IPO and ASX listing in April, which was strongly supported by existing HALO users.*

*"The company has made great strides to set itself up for growth and expansion, with significant investments made in additional headcount and one-off costs associated with the listing process.*

*"Though operating revenue was down marginally over the reported period attributable to external factors such as higher interest rates, inflation and recessionary fears, HAL has seen a positive bounce in transaction volumes and renewed market interest following the end of HY22 and has positioned itself to grow moving forward."*

Ends.

*This announcement has been approved by the Board of Halo Technologies Holdings Ltd.*

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**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 ready-made themed investment portfolios that are ideal for 'low-touch' and 'values based' investors and SMSFs.

For further information, please visit: [www.halo-technologies.com](http://www.halo-technologies.com)