



Halo Technologies Holdings Limited
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ASX Announcement

Thursday, 31 August 2023

Strong growth in FUM and client numbers drives revenue

- Strong growth in funds under management, up 16.1%, and client numbers, up 6.0%, during the reporting period, with growth expected to continue into the second half of calendar year 2023.
- Operating revenue of \$5.84 million, up 25.9% on the prior corresponding period.
- Strong growth in brokerage revenue of 65.1% to \$3.4 million, driven mostly by organic growth and a slight recovery in equity markets (ASX 200 rose 2.3%) during the reporting period, offset by a slight fall in subscription revenue of 5.2% to \$2.5 million.
- Offshore expansion is on track with preparations well advanced to establish Resilient Funds Management as the UK distribution hub for HALO products.
- The Company continues to pursue its well-funded strategy of growing direct and third-party distribution channels, with progress already made across a range of initiatives including the imminent launch of a new Automated Order Management System and UX upgrades.

HALO Technologies Holdings Ltd (ASX: HAL) ('HALO' or 'The Company') today released its results for the half year ended 30 June 2023.

Growth in FUM and client numbers

During the reporting period, FUM grew by 16.1% to \$223.4 million while client numbers have grown by 6.0% to 3,205. This organic growth in both FUM and client numbers along with the slight upturn in equity markets since February 2023 which has continued to date, has driven significant growth in operational revenue. Current brokerage revenue for August 2023 has already surpassed the previous monthly record set back in November 2021 (pre-bear market conditions of the 2022 calendar year). As previously announced to the market, HALO is also experiencing significant growth in funds under management (FUM) due to the transfer of client accounts from an external broker onto the HALO platform. FUM has increased by 59.1% from \$192.4 million on 31 December 2022 to \$306.2 million on 29 August 2023.

Financial Results

HALO generated operating revenue (net revenue from contracts with customers) of \$5.84 million, up 25.9% on the prior corresponding period. Brokerage revenue in the period was up 65.1. % to \$3.4 million, offset by a slight fall in subscription revenue of 5.2% to \$2.5 million.

Total revenue and other income (gross revenue) increased by 22.5% to \$6.8 million over the prior corresponding period due to the spike in brokerage revenue, as well as increased interest revenue due to higher interest rates since July 2022.

The Group reported a net loss after tax of \$3.5 million compared to a loss of \$0.6 million in FY22, primarily due to a fall in the fair value of HALO's holding in ASX-listed DomaCom of \$1.94 million. As DomaCom is a publicly listed company, its value will fluctuate from period to period, and has no impact on cashflows.

The reported underlying EBITDA of (\$1.5) million compared to \$0.6 million in the prior corresponding period, is primarily due to the additional annualised growth in headcount across the business during the current period (\$407k), increased legal & professional fees (\$422k), management fees (\$561k) and increased IT expenses of (\$192k).

Overseas growth strategy on track

In February 2023, we announced our agreement to acquire 100% of Resilient Fund Managers Ltd, a London-based financial services entity licensed to provide financial services including securities and managed investment services. The acquisition will be completed once approval is obtained from the Financial Conduct Authority (FCA) in the UK. It is anticipated the application for approval will be submitted within the coming days.

This acquisition represents a key strategic milestone in HALO's stated offshore expansion policy in that the acquired company possesses the necessary regulatory permissions to enable Halo to commence operations in the UK.

In anticipation of approval being received from the FCA, Halo has over the past few months, been putting in place the necessary business infrastructure, management team, policies and procedures to launch its business in the UK and commence distributing HALO products in the UK.

Building distribution channels

A key element of HALO's growth strategy is the development of third-party distribution channels. This involves partnering with external financial advisers, brokers and asset allocation consultants, with whom HALO enters into distribution, reselling or co-branding arrangements to distribute HALO products to their own clients. This leverages existing client networks and is a highly effective way to increase market penetration quickly and efficiently.

HALO has developed a new Order Management System that will remove friction points and greatly improve the process flow associated with model portfolios for advisers using the HALO platform. Currently in the testing phase, the new system is expected to be a key value feature for the adviser market, by allowing them to easily execute individual trades, bulk trades and portfolio rebalances on behalf of their clients.

Along with our ongoing work on user experience enhancements to our platform, the launch of the new Order Management System are critical elements in appealing to this client segment.

Outlook

We have seen an acceleration in the growth of funds under management towards the end of the reporting period. This is expected to continue into the second half of calendar 2023 as we complete the transfer of client accounts from an external broker and progress our planned marketing initiatives.

The growth we have achieved in the first half of 2023 in client numbers and funds under management is encouraging and affirms the validity of our growth strategy. As the year progresses, we will continue to focus on developing third-party distribution channels and enhancing the user experience of our platform.

The Company has effectively set itself up for growth and expansion, with significant investments made in improving our software and client interfaces and recruiting critical skills.

We will continue to make appropriate investments in staff and technology to support key parts of the business, such as Operations, M&A, Marketing, Product, Client Services and Compliance with a core focus on staffing and software development projects that are likely to drive near-term revenue growth. These are all critical areas and central to HALO's expansion into the UK market through Resilient as a distributor.

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

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About HALO

HALO Technologies is an online global equities research and trade execution software solution provider that brings sophisticated institutional-grade analytical frameworks and market insights to everyday investors. HALO includes two 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' investors, 'values based' investors and Self-Managed Superannuation Funds.

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