



Halo Technologies Holdings Limited
ACN 645 531 219
Level 12, 225 George Street
Sydney NSW 2000

ASX Announcement

Wednesday, 28 February 2024

Strategic investment in growth drives doubling of FUM and higher revenue

- Strong growth in operating revenue, driven by growth in Funds Under Management (FUM), up 126.2% to \$435.2 million during the reporting period.
- Strong growth in brokerage revenue of 80.7% to \$8.05 million, accompanied by a small drop in subscription revenue of 6.5% to \$4.83 million.
- Strong start to calendar/financial 2024 with record-breaking YTD brokerage revenue of \$2.5 million, which is 178.8% higher than the prior corresponding period.
- Strategic investment in offshore expansion on track, with formal launch of HALO Invest as UK distribution hub for HALO Technologies' products.

HALO Technologies Holdings Ltd (ASX: HAL) ('HALO' or 'The Company') today released its results for the full year ended 31 December 2023.

Strong growth in Funds Under Management

Over the past year, HALO has pursued its growth strategy in a disciplined and proactive manner. We have continued to invest in the areas designed to accelerate client acquisition, generate growth in FUM and foster innovation.

The Company has maintained its focus on growing direct and third-party distribution channels, with progress already made across a range of initiatives including the successful launch of a new Automated Order Management System and User Experience upgrades.

This approach has delivered strong growth in funds under management (FUM), which grew by 126.2% over the reporting period to \$435.2 million.

Financial Results

Organic growth in FUM and client numbers along with an upturn in equity markets has driven significant growth in operating revenue, which was up 33.9% to \$12.9 million over the 12-month period to 31 December 2023.

Brokerage revenue in the period was up 80.7% to \$8.05 million, accompanied by a small drop in subscription revenue of 6.5% to \$4.83 million. Total revenue and other income (gross revenue) increased by 25.4% to \$14.2 million over the prior corresponding period.

Over the period, brokerage revenue increased as a proportion of total revenue from contracts with customers. Brokerage revenue involves a higher cost of sales relative to subscription revenue, meaning that total margins are significantly impacted by period-to-period variations in the relative proportions between these two components of revenue.

The Group reported a net loss after tax of \$7.2 million compared to a loss of \$2.0 million in FY22. This reflects HALO's continued strategic investment in growing distribution channels both in Australia and overseas and is significantly impacted by a fall in the value of HALO's strategic holding in ASX listed DomaCom of \$2.91 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 loss of (\$3.21 million) compared to (\$0.25 million) in the prior corresponding period, primarily due to the additional annualised growth in headcount across the business during the current period (\$0.7 million), increased management fees (\$1.3 million) and increased IT expenses of (\$0.6 million).

Overseas growth strategy on track

The launch of HALO Invest in the United Kingdom follows approval from the UK Financial Conduct Authority for change of control over Resilient Funds Managers, which was acquired by HALO Technologies in February of last year. Completion of the acquisition occurred in October 2023, clearing the path for the launch of HALO Invest, as the business will be known in the UK.

HALO Invest has appointed experienced finance executive Douglas Boyce as Chief Executive to lead the business' expansion into the UK market. Douglas will focus on the development of new third-party distribution channels across the UK.

"The launch of HALO Invest in the United Kingdom in January of this year represents a key strategic milestone in HALO Technologies' offshore expansion strategy. With a solid platform of ongoing success in the Australian market on which to build, HALO is now taking unique product offerings to the United Kingdom as part of our international expansion strategy," said George Paxton, CEO of HALO Technologies.

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 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 with minimal touch points.

"We are currently progressing partnering discussions with several nationwide dealer groups, international groups and a handful of boutique dealer groups. A new distribution partnership with any one of these external parties would represent a step change in our market reach. I look forward to updating shareholders as events unfold," said Mr Paxton.

Outlook

Our growth strategy is bearing fruit with strong growth in funds under management over the reporting period. We have also had a strong start to 2024, giving us confidence that FUM growth will continue over calendar 2024 as we progress our planned marketing initiatives in Australia and through HALO Invest in the United Kingdom.

We have made significant investments in establishing HALO Invest in the UK, recruiting skilled staff across the business and improving our software and client interfaces. These are all critical areas for HALO's expansion into the UK market through HALO Invest, and elsewhere.

As the year progresses, we will continue to focus on developing third-party distribution channels and enhancing the user experience of our platform. We will also redouble our efforts to streamlining the cost base through improved systems and capturing benefits from economies of scale.

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

For further information please contact:

Mario Falchoni

Investor Relations

P: 0418 401 415

E: m.falchoni@halo-technologies.com

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/