

1. Company details

Name of entity:	Halo Technologies Holdings Ltd
ABN:	73 645 531 219
Reporting period:	For the half-year ended 30 June 2022
Previous period:	For the half-year ended 30 June 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	- to	4,647,745
Loss from ordinary activities after tax attributable to the owners of Halo Technologies Holdings Ltd	up	328.3% to	(559,624)
Loss for the half-year attributable to the owners of Halo Technologies Holdings Ltd	up	328.3% to	(559,624)
Underlying earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	up	- to	557,734

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$559,624 (30 June 2021: \$130,661).

Refer to the Chief Executive Officer's report for detailed commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	18.11	0.15

The net tangible assets per ordinary security as at 30 June 2022 is calculated based on 129,276,464 ordinary shares. The net tangible assets per ordinary security as at 31 December 2021 is calculated based on 104,166,667 ordinary shares that would have been in existence had the share split occurred at the end of the previous reporting period.

Refer to note 10 of the notes to the financial statements for further details.

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

Details of attachments (if any):

The Interim Report of Halo Technologies Holdings Ltd for the half-year ended 30 June 2022 is attached.

6. Signed

As authorised by the Board of Directors



Signed _____

George Paxton
Executive Director and CEO

Date: 12 August 2022

For personal use only

Halo Technologies Holdings Ltd

ABN 73 645 531 219

Interim Report - 30 June 2022

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Dear Shareholder,

It gives me pleasure to report on HALO Technologies Holdings Limited's maiden financial performance for the half-year period ended 30 June 2022 ('HY 22'). The attached financial statements consist of Halo Technologies Holdings Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2022 (collectively referred to as the 'Group').

My report compares our statutory results (which have been reviewed by the auditors) for the half-year ended 30 June 2022 with the pro-forma results that have been prepared as if we had traded as HALO Technologies Holdings Limited for the entire comparative period, so that I am consistent with the results contained in our Initial Public Offering ('IPO') Prospectus of Halo Technologies Pty Ltd and its controlled entities. You will find both statutory and pro-forma results summarised in Table 1, along with its related commentary outlined under Group result below.

Group result

We are pleased to have been admitted to the official list of the Australian Securities Exchange on 22 April 2022, a very significant event in our evolution.

The Group's current period financial performance when compared to the prior comparative period (pcp) was impacted by the forecast investment in additional headcount to cement the future growth of the business within the Operations, M&A, Marketing, Product, Client Services and Compliance areas, as well as by substantial IPO related (non-recurring) one-off expenses along with ongoing costs incurred in the transition to a public listed company.

The Group generated operating revenue (net revenue from contracts with customers) of \$4.6 million, down 1.5% on HY21, impacted by the downturn in equity markets driving significantly reduced transaction volumes. However, following the end of HY22, there has been a positive bounce in transaction volumes and renewed market interest.

Total revenue and other income (gross revenue) of \$5.5 million, however, increased 4.6% over HY21 due to increased Research and Development 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 of \$6.4 million, up 35% on HY21, primarily attributable to the forecast investment in the growth of the business of \$0.5 million (representing 10 additional full time equivalent (FTE) 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 \$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 in the current period.

Table 1 below sets out the comparison of the statutory results for the half-year ended 30 June 2022 of Halo Technologies Holdings Limited with the pro forma results of Halo Technologies Pty Ltd and its controlled entities (results as disclosed in the Prospectus) for the prior comparative period (pcp) of the half-year ended 30 June 2021. This table provides a meaningful comparison of the results of the operating entities over the comparative period.

Outlook

The Group 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.

The HALO Group 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 the Group as it moves into the latter half of FY22.

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

Pro forma results

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2022
(Comparative period is for the half-year ended 30 June 2021)

Pro forma adjustment (comparison) to the statutory income statement of Halo Technologies Holdings Limited

Table 1

	Consolidated Statutory revenue 30-Jun-22 \$	Consolidated Pro forma revenue 30 Jun 2021 \$
Revenue from contracts with customers	4,639,316	4,707,445
Other income	881,343	571,345
Interest revenue	8,429	5,652
Total revenue and other income	5,529,088	5,284,442
Expenses		
Trading costs	(2,331,896)	(2,787,140)
Legal and professional expenses	(1,088,510)	(340,962)
Employee benefits expense	(903,515)	(397,666)
Information technology and system expenses	(464,048)	(538,202)
Depreciation and amortisation expense	(352,028)	(184,650)
Marketing and brand expenses	(713,220)	(81,451)
ASX Listing fees	(208,486)	-
Other expenses	(216,194)	(180,057)
Finance costs	(151,405)	(252,328)
Total expenses	(6,429,302)	(4,762,456)
(Loss)/Profit before income tax expense	(900,214)	521,986
Income tax benefit	340,590	-
(Loss)/Profit after income tax expense for the half-year attributable to the owners of Halo Technologies Holdings Ltd	(559,624)	521,986
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year attributable to the owners of Halo Technologies Holdings Ltd	(559,624)	521,986
Reconciliation of Net (loss)/profit after tax (NPAT) to Underlying EBITDA		
NPAT as above	(559,624)	521,986
Interest revenue	(8,429)	(5,652)
Finance cost	151,405	252,328
Depreciation and amortisation	352,028	184,650
IPO transaction costs (one-off non-recurring items)	962,944	-
Income tax benefit	(340,590)	-
Underlying EBITDA	557,734	953,312

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Halo Technologies Holdings Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

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

Ivan Oshry	Non-Executive Chairman
Matthew Roberts	Executive Managing Director
George Paxton	Executive Director and CEO
Nicolas Bryon	Executive Director and CPO
Philippa Lewis	Non-Executive Director
Louise McElvogue	Non-Executive Director

Principal activities

During the financial half-year, 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 and Macrovue investment platforms.

Dividends

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

Significant changes in the state of affairs

During the financial half-year, the company lodged a prospectus with the Australian Securities Exchange ('ASX') and raised \$36.1 million (before related costs and share sell-down) through an initial public offering ('IPO'). The funds received resulted in the company issuing 21.8 million shares to the value of \$26.1 million, whilst \$10 million of funds raised was used to finance the acquisition of 8.3 million pre-IPO shares to the value of \$10m from selling shareholders. Refer to note 10 to the financial statements for further details of equity issued.

On 22 April 2022, Halo Technologies Holdings Ltd was admitted to the official list of the ASX and commenced trading as a public listed entity under the ASX code 'HAL' with effect from 26 April 2022.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$559,624 (30 June 2021: \$130,661).

The table below provides a reconciliation between statutory results and the underlying EBITDA (earnings before interest, tax, depreciation and amortisation) after one-off items:

	Consolidated 30 Jun 2022 \$
Statutory net loss after income tax	(559,624)
Interest revenue	(8,429)
Finance cost	151,405
Depreciation and amortisation	352,028
IPO transaction costs and other one-off and non-recurring items	962,944
Income tax benefit	(340,590)
Underlying EBITDA	557,734

The underlying EBITDA noted above is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory result under AAS adjusted for interest, tax, depreciation, IPO transaction costs and non-recurring items. The directors consider underlying EBITDA to reflect the core earnings of the Group.

Refer to the Chief Executive Officer's report for detailed commentary on the results.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2022 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.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



George Paxton
Executive Director and CEO

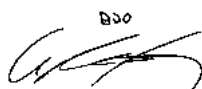
12 August 2022
Sydney

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 half-year ended 30 June 2022, 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, 12 August 2022

Halo Technologies Holdings Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2022



	Note	Consolidated 30 Jun 2022 \$	30 Jun 2021 \$
Revenue from contracts with customers	4	4,639,316	-
Other income		881,343	-
Interest revenue		8,429	-
Total revenue and other income		<u>5,529,088</u>	<u>-</u>
Expenses			
Trading costs		(2,331,896)	-
Legal and professional expenses		(1,088,510)	(130,661)
Employee benefits expense		(903,515)	-
Information technology and system expenses		(464,048)	-
Depreciation and amortisation expense		(352,028)	-
Marketing and brand expenses		(713,220)	-
IPO and transaction costs		(208,486)	-
Other expenses		(216,194)	-
Finance costs		(151,405)	-
Total expenses		<u>(6,429,302)</u>	<u>(130,661)</u>
Loss before income tax benefit		(900,214)	(130,661)
Income tax benefit		340,590	-
Loss after income tax benefit for the half-year attributable to the owners of Halo Technologies Holdings Ltd		(559,624)	(130,661)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Halo Technologies Holdings Ltd		<u>(559,624)</u>	<u>(130,661)</u>
		Cents	Cents
Basic earnings per share	14	(0.48)	(0.13)
Diluted earnings per share	14	(0.48)	(0.13)

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

		Consolidated	
	Note	30 Jun 2022	31 Dec 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	19,001,235	2,537,355
Client trust accounts	12	194,883,749	246,364,043
Trade and other receivables	6	2,904,757	2,237,389
Contract assets		1,442,159	1,089,181
Financial assets at fair value through profit or loss	13	4,155,708	4,005,708
Income tax refund due		442,007	-
Other		202,506	25,796
Total current assets		<u>223,032,121</u>	<u>256,259,472</u>
Non-current assets			
Contract assets		4,260,191	3,344,872
Financial assets at fair value through profit or loss	7,13	377,363	-
Property, plant and equipment		2,865	4,169
Development costs	8	2,976,898	2,621,038
Deferred tax		-	49,637
Other		54,300	54,300
Total non-current assets		<u>7,671,617</u>	<u>6,074,016</u>
Total assets		<u>230,703,738</u>	<u>262,333,488</u>
Liabilities			
Current liabilities			
Amount owed to clients	12	195,108,226	246,355,327
Trade and other payables		538,649	299,740
Contract liabilities		2,521,997	1,941,786
Borrowings	9	-	4,917,460
Employee benefits		163,790	78,198
Total current liabilities		<u>198,332,662</u>	<u>253,592,511</u>
Non-current liabilities			
Contract liabilities		5,933,523	5,963,223
Deferred tax		51,780	-
Total non-current liabilities		<u>5,985,303</u>	<u>5,963,223</u>
Total liabilities		<u>204,317,965</u>	<u>259,555,734</u>
Net assets		<u>26,385,773</u>	<u>2,777,754</u>
Equity			
Issued capital	10	24,168,643	1,000
Retained profits		2,217,130	2,776,754
Total equity		<u>26,385,773</u>	<u>2,777,754</u>

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

Consolidated

	Issued capital \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 January 2021	1,000	-	1,000
Loss after income tax expense for the half-year	-	(130,661)	(130,661)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(130,661)	(130,661)
Balance at 30 June 2021	<u>1,000</u>	<u>(130,661)</u>	<u>(129,661)</u>

Consolidated

	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 January 2022	1,000	2,776,754	2,777,754
Loss after income tax benefit for the half-year	-	(559,624)	(559,624)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(559,624)	(559,624)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 10)	<u>24,167,643</u>	<u>-</u>	<u>24,167,643</u>
Balance at 30 June 2022	<u>24,168,643</u>	<u>2,217,130</u>	<u>26,385,773</u>

	Note	Consolidated 30 Jun 2022 \$	30 Jun 2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,221,048	-
Payments to suppliers and employees (inclusive of GST)		(6,008,817)	-
Other income - receipts from research and development tax incentive		843,843	-
Interest received		6,066	-
Interest and other finance costs paid		(151,405)	-
Net cash used in operating activities		(1,089,265)	-
Cash flows from investing activities			
Payments for investments		(525,000)	-
Payments for property, plant and equipment		(5,317)	-
Payments for intangibles	8	(701,267)	-
Net cash used in investing activities		(1,231,584)	-
Cash flows from financing activities			
Proceeds from issue of shares	10	26,229,324	-
Share issue transaction costs	10	(2,061,681)	-
Repayment of convertible notes payable	9	(4,917,460)	-
Prepayment to related party		(465,454)	-
Net cash from financing activities		18,784,729	-
Net increase in cash and cash equivalents		16,463,880	-
Cash and cash equivalents at the beginning of the financial half-year		2,537,355	-
Cash and cash equivalents at the end of the financial half-year		<u>19,001,235</u>	-

There were no cash transactions during the comparative period half-year ended 30 June 2021.

Note 1. General information

The financial statements cover Halo Technologies Holdings Ltd as a Group consisting of Halo Technologies Holdings Ltd (the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (referred to as the 'Group'). 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 listed public company 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 financial statements were authorised for issue, in accordance with a resolution of directors, on 12 August 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year, except for the policies stated below.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Halo Technologies Holdings Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 30 June 2022 and are not expected to have any significant impact for the full financial year ending 31 December 2022.

Note 2. Significant accounting policies (continued)

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The main business activities of the Group are the provision of equity research and portfolio management services. The Board of Directors are identified as the Chief Operating Decision Makers ('CODM'), and they consider the performance of the main business activities on an aggregated basis to determine the allocation of resources.

Based on the internal reports that are used by the CODM the Group has one operating segment being the provision of equity research and portfolio management services. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout these financial statements and is therefore not duplicated. The Group operates predominantly in Australia. Information relating to revenue from products and services is included in note 4.

The information reported to the CODM is on a monthly basis.

Note 4. Revenue from contracts with customers

	Consolidated 30 Jun 2022 \$	30 Jun 2021 \$
Brokerage revenue	2,054,744	-
Subscription revenue	2,584,572	-
Revenue from contracts with customers	<u>4,639,316</u>	<u>-</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 30 Jun 2022 \$	30 Jun 2021 \$
<i>Geographical regions</i>		
Australia	<u>4,639,316</u>	<u>-</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	2,054,744	-
Services transferred over time	2,584,572	-
	<u>4,639,316</u>	<u>-</u>

Note 5. Cash and cash equivalents

	Consolidated 30 Jun 2022 \$	31 Dec 2021 \$
<i>Current assets</i>		
Cash at bank	<u>19,001,235</u>	<u>2,537,355</u>

Note 6. Trade and other receivables

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
<i>Current assets</i>		
Trade receivables	1,767,776	1,056,844
Related party receivables	1,136,981	1,180,545
	<u>2,904,757</u>	<u>2,237,389</u>

Note 7. Financial assets at fair value through profit or loss

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
<i>Non-current assets</i>		
Redeemable convertible notes at fair value through profit or loss	377,363	-
	<u>377,363</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current financial half-year are set out below:		
Opening carrying amount	-	-
Additions	375,000	-
Interest accrued on loan notes	2,363	-
Closing carrying amount	<u>377,363</u>	<u>-</u>

During the period, the Group invested in redeemable convertible notes in Success Publishing Pty Ltd. The notes are redeemable and convertible in whole or in part at the election of the Group at any time prior to maturity which is 36 months from the date of issue. The notes are secured over all present and future assets of the investee company. Convertible notes carry interest at the rate of 10% per annum on the outstanding principal. Refer to note 13 for information on fair value

Note 8. Development costs

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
<i>Non-current assets</i>		
Platform development - at cost	4,516,903	3,815,636
Less: Accumulated amortisation	(1,540,005)	(1,194,598)
	<u>2,976,898</u>	<u>2,621,038</u>

Note 8. Development costs (continued)

Reconciliations

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

	Platform build \$
Consolidated	
Balance at 1 January 2022	2,621,038
Additions	701,267
Amortisation expense	(345,407)
Balance at 30 June 2022	<u>2,976,898</u>

Note 9. Borrowings

	Consolidated 30 Jun 2022 \$	31 Dec 2021 \$
Current liabilities		
Convertible notes payable	-	4,917,460

Convertible notes were fully repaid during the financial half-year using funds raised from the IPO.

Note 10. Issued capital

	30 Jun 2022 Shares	31 Dec 2021 Shares	30 Jun 2022 \$	31 Dec 2021 \$
Ordinary shares - fully paid	<u>129,276,464</u>	<u>100,000</u>	<u>24,168,643</u>	<u>1,000</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 January 2022	100,000	1,000
Share-split prior to the Initial Public Offer ('IPO')	25 March 2022	104,066,667	-
Issue of shares under IPO at \$1.20 per ordinary share	11 April 2022	21,793,173	26,139,308
Issue of shares under the employee offer at \$0.025 per ordinary share	11 April 2022	3,316,624	90,016
Share issue transaction cost, net of tax		-	(2,061,681)
Balance	30 June 2022	<u>129,276,464</u>	<u>24,168,643</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 11. Dividends

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

Note 12. Client trust account and amounts owned to clients

The Group held client funds amounting to \$194,883,749 (31 December 2021: \$246,364,043) as assets held in the client trust account and liabilities amounting to \$195,108,226 (31 December 2021: \$246,355,327) being amounts owing to clients. These amounts relate to customers depositing cash into the Group's account (Trust account), which are assets held by the Group on the customer's behalf as part of the broker business process in order for the customer to execute trade on the Group's platform.

Note 13. Fair value measurement

Fair value hierarchy

The following tables detail the Group'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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 30 Jun 2022				
Assets				
Investments in listed ordinary securities	4,155,708	-	-	4,155,708
Investments in convertible notes at fair value through profit or loss	-	-	377,363	377,363
Total assets	4,155,708	-	377,363	4,533,071
Consolidated - 31 Dec 2021				
Assets				
Investment in financial asset	4,005,708	-	-	4,005,708
Total assets	4,005,708	-	-	4,005,708

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Convertible notes

The valuation technique used for the fair value measurement of convertible notes at 30 June 2022 was transaction value on the basis that the investment was only acquired during the current half-year. The convertible notes measured within this category are held for the purpose of conversion into ordinary shares of the investee in the future. Changes in fair value in future years will be assessed based upon forecast cash flows, revenue and EBITDA (earnings before interest tax and depreciation and amortisation) targets.

Note 14. Earnings per share

	Consolidated	
	30 Jun 2022	30 Jun 2021
	\$	\$
Loss after income tax attributable to the owners of Halo Technologies Holdings Ltd	<u>(559,624)</u>	<u>(130,661)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>115,403,648</u>	<u>104,166,667</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>115,403,648</u>	<u>104,166,667</u>
	Cents	Cents
Basic earnings per share	(0.48)	(0.13)
Diluted earnings per share	(0.48)	(0.13)

In accordance with AASB 133 'Earnings per share', the weighted average number of ordinary shares as at 30 June 2021 has been retrospectively restated for the effect of the share split during the current financial half-year. Refer to note 10 for further details.

Note 15. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 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.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', 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 30 June 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company 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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



George Paxton
Executive Director and CEO

12 August 2022
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Halo Technologies Holdings Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Halo Technologies Holdings Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibilities of the directors for the Financial Report

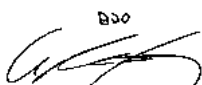
The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation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

Auditor's responsibilities for the audit of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

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

Geoff Rooney
Director

Sydney, 12 August 2022