

## 1. Company details

Name of entity:	Halo Technologies Holdings Ltd
ABN:	73 645 531 219
Reporting period:	For the year ended 31 December 2023
Previous period:	For the year ended 31 December 2022

## 2. Results for announcement to the market

	2023 \$	2022 \$	Change \$	Change %
Revenue from ordinary activities	13,444,911	10,125,660	3,319,251	33%
Loss from ordinary activities after tax attributable to the owners of Halo Technologies Holdings Ltd	(7,204,676)	(2,026,221)	(5,178,455)	256%
Loss for the year attributable to the owners of Halo Technologies Holdings Ltd	(7,204,676)	(2,026,221)	(5,178,455)	256%
Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA*)	(3,208,512)	(249,558)	(2,958,954)	1186%

### 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 \$7,204,676 (31 December 2022: \$2,026,221).

### \* Underlying EBITDA

Underlying EBITDA reflects the net results for the year after adding back the effects of interest, tax, depreciation and amortisation, one-off acquisition costs and fair value movements in financial assets. The directors consider such a measure to reflect the core earnings of the Group. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The Group's reconciliation of its statutory net profit after tax ('NPAT') for the current and previous reporting period to underlying EBITDA is included in the directors' report.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	9.79	16.33

## 4. Control gained over entities

On 3 October 2023, the Group acquired 100% of the shares in Halo Invest Ltd (formerly Resilient Fund Managers Ltd). Refer to note 14 of the notes to the financial statements for further details.

## 5. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

## 6. Attachments

*Details of attachments (if any):*

The Annual Report of Halo Technologies Holdings Ltd for the year ended 31 December 2023 is attached.

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## 7. Signed

As authorised by the Board of Directors



Signed \_\_\_\_\_

Date: 28 February 2024

George Paxton  
Executive Director and CEO

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# **Halo Technologies Holdings Ltd**

**ABN 73 645 531 219**

**Annual Report - 31 December 2023**

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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 year ended 31 December 2023.

## 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:

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
Brent Goldman	Non-Executive Director (appointed on 10 February 2023 and resigned on 29 September 2023)
Peter Oxlade	Non-Executive Director (appointed on 2 October 2023)

## Principal activities

During the financial 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.

## Significant changes in the state of affairs

On 3 October 2023, the Group acquired 100% of the shares in Halo Invest Ltd (formerly Resilient Fund Managers Ltd) for the consideration of \$1,014,190 (£500,000). Resilient was established in 2006 and is licensed to deal in a range of financial products and services including managed investments and securities to trade in the United Kingdom. Refer to note 14 of the notes to the financial statements for further details.

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

## Review of operations

The loss for the Group after providing for income tax amounted to \$7,204,676 (31 December 2022: \$2,026,221).

### Underlying EBITDA

The table below provides a reconciliation between statutory results and the underlying EBITDA for the year. The underlying EBITDA is a financial measure that is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory result under AAS adjusted for interest, tax, depreciation, one-off acquisition costs and fair value movements in financial assets. The directors consider underlying EBITDA to reflect the core earnings of the Group.

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Statutory net (loss)/profit after income tax</b>	(7,204,676)	(2,026,221)
Interest revenue	(564,721)	(504,313)
Finance cost	22,307	193,519
Depreciation and amortisation	1,302,054	711,568
One-off acquisition costs	1,001,014	-
Legal, professional and other costs incurred on IPO	-	1,107,725
Decrease in fair value of financial assets	2,910,232	-
Income tax (benefit)/expense	(674,722)	268,164
<b>Underlying EBITDA</b>	<b>(3,208,512)</b>	<b>(249,558)</b>

The Group's operating revenue (net revenue from contracts with customers) of \$12.9 million increased by 34% over the prior comparative period ('pcp') which was mainly attributable to organic brokerage revenue growth since February 2023. Furthermore, The Group is experiencing significant growth in funds under management ('FUM') with broking client accounts transferring to the HALO platform within the B2B (business-to-business) channel, resulting in FUM having increased 126.2% from \$192.4 million as at 31 December 2022 to \$435.2 million as at 31 December 2023.

The Group reported an underlying EBITDA of \$3,208,512 (loss) compared to \$249,558 (loss) in the pcp, primarily due to the 'annualised' additional growth headcount across the business during the current period of \$0.7 million, increased information technology and system costs of \$0.6 million and increased management fees \$1.3 million.

### **Dividends**

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

### **Matters subsequent to the end of the financial year**

Subsequent to the reporting period, the fair value of the Group's investment in Domacom Limited (ASX: DCL) has declined from \$1.1 million to \$0.6 million based on its quoted closing market price on the Australian Securities Exchange at 12 February 2024 of \$0.011 per share. DCL shares were suspended from trading effective 12 February 2024. As the asset is carried at fair value through profit and loss in the Group's financial statements, this represents a post balance date loss of \$0.5 million relating to this investment. This decline in value has not impacted management's intention to continue to hold this investment as a growth stock.

No other matter or circumstance has arisen since 31 December 2023 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.

### **Material business risks**

Material business risks that could adversely affect the Group's future business, operations and financial prospects are listed below:

#### *Reliance on key personnel*

The Group's success, in part, depends upon the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel, including those employed on a contractual basis. The loss of the services of certain personnel could adversely affect the time frames and cost structures as currently envisaged for the Group's business. If one or more of the senior executives or other personnel of the Group are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily and its business may be disrupted and the financial condition and results of operations may be materially and adversely affected. The risks associated with these key executives have been mitigated, to a certain extent, through service agreements, management structures and policies in place that allow for succession planning and through key employees owning equity or participating in the employee incentive schemes operated by the Group.

#### *Software, technology and system related risks*

##### *(i) Platform risks*

The Group's software solutions, which incorporate its website, databases and systems are critically important to the Group's ability to attract and retain customers. The database of its customers, programs and processes, software repositories, and data analytics are a valuable asset for the continued success of the Group, and any irrecoverable loss would incur a financial cost to the Group as well as damage the reputation of the business. Further, the Group is reliant on Amazon Web Services to host the platform. If there is a disruption in these hosting services, the platform may not be accessible to users. Any significant or prolonged disruption of the hosting services may cause irreparable harm to the Group's reputation and relationships with re-sellers and customers and may have a material adverse effect on the Group's business and financial performance.

The distributed systems evolve with new functionality and increased utilisation. Security is achieved by placing controls at different levels to ensure any single breach still leaves the security of the core system intact. These policies across the Group's infrastructure minimise potential service interruption due to malicious activity, hardware failure, software failure, natural disaster, or other catastrophe. These policies reduce the probability of an outage occurring, the severity of an outage, and the time to bring services back into operation if an outage is unavoidable. A combination of automated, semi-automated and manual processes is used to achieve these outcomes.

##### *(ii) Internet and data security breaches*

There is a risk that, despite the Group's best efforts to combat cyber risks (including firewalls, a privacy policy and policies to restrict unauthorised access to data), a cyber-attack or a data breach may occur, or a third party may otherwise gain access to the confidential information of the Group's customers or its internal systems. This could result in a breach of law by the Group, or a breach of client agreements, and may significantly damage the Group's reputation and brand name. Any breach of this nature may have a material adverse effect on the Group's financial and operational performance in the future.

### *Changes in the regulatory environment in key markets*

The wealth management sector is heavily regulated. As a service provider to the industry, the Group is exposed to changes in laws and regulations. These laws and regulations affect the Group's business. Obligations may be imposed by regulators, such as Australian Securities and Investments Commission, Australian Prudential Regulation Authority, Australian Transaction Reports and Analysis Centre, Australian Competition and Consumer Commission and the Australian Taxation Office. Failure to comply with, or appropriately respond to, any changing laws, regulations and industry compliance requirements in which the Group operates could have adverse implications for the Group's reputation and financial performance. The Group seeks to mitigate the potential impact of these risks where possible by monitoring regulatory change and implementing appropriate process or system changes as required.

### *Increased competition*

The wealth management sector is highly competitive as there are a variety of solutions available to investors. The Group competes against traditional fund managers (including industry funds), full-service and execution only stockbrokers and alternative providers of low-cost products. The directors believe that the Group's offering provides a better service and functionality than alternatives currently available in the market. There is the possibility that alternative providers may improve their product offering, or saturate marketing in the target markets of the Group thereby negatively impacting on the growth of the Group. Competitors may have significant experience and resources to develop competing products which may affect the Group's financial performance and position.

### *Risks associated with acquisitions*

The Group has undertaken a number of acquisitions in recent financial years and is seeking to acquire further businesses to integrate into its existing operations. Such acquisitions can create integration risk, pricing risk, reputational risk and a variety of other issues including disaffected clients, directors and employees of the acquired business. These issues can potentially have adverse consequences from a strategic, financial and/or operational perspective. The Group will draw on its past experience to mitigate the risks within the control of the Group, such as seeking to retain key acquired staff within the combined business.

### **Likely developments and expected results of operations**

Likely developments in the operations of the Group and the expected results of those operations are contained in the Chief Executive Officer's report.

### **Environmental regulation**

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

### **Information on directors**

Name:	Ivan Oshry
Title:	Non-Executive Chairman
Qualifications:	BA LLB (University of Natal), H Dip Company Law (University of Witwatersrand), H Dip Tax Law (University of Witwatersrand), Fellow Securities Institute (Australia)
Experience and expertise:	Ivan is an experienced corporate lawyer and company director 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. He 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 internationally. He adds value to the company at all levels.
Other current directorships:	Ivan is currently the Director of Jamieson Health Products Australia Pty Ltd, a subsidiary of Jamieson Wellness Inc (Canada), Opusxenta Pty Ltd, Amalgamated Australian Investment Group Limited and SPM Fresh Holdings Pty Ltd. Non-Executive Director of EZZ Life Science Holdings Limited (ASX: EZZ) (appointed on 27 October 2020)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee
Interests in shares:	213,645 ordinary shares
Interests in rights:	None

**Name:** Matthew Roberts  
**Title:** Executive Managing Director  
**Experience and expertise:** Matthew 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 raising in the mining, finance and service industries. He is on the board of numerous financial services businesses as well as mining.

Matthew is currently the Director of Amalgamated Australian Investment Group Limited, Ascot Securities Pty Ltd, Australian Investment and Insurance Group Pty Ltd, Teakle Financial Planning Pty Ltd, APSEC Funds Holdings Pty Ltd, HC Securities Pty Ltd, Amalgamated Australian Investment Solutions Pty Limited, The SMSF Review Pty Ltd and Atlantic Pacific Securities Pty Ltd.

**Other current directorships:** None  
**Former directorships (last 3 years):** Non-Executive Director of Domacom Limited (ASX: DCL) (retired on 12 April 2023)  
**Special responsibilities:** None  
**Interests in shares:** 50,606,817 ordinary shares  
**Interests in rights:** None

**Name:** George Paxton  
**Title:** Executive Director and CEO  
**Qualifications:** BA (Hons) Law & Economics (Queen Mary, University of London); CFA Charter holder and is RG146 compliant  
**Experience and expertise:** George is an experienced finance executive and has spent more than 15 years working in 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, the USA and Australia.

George is currently the Director of Amalgamated Australian Investment Group Limited, Ascot Securities Pty Ltd, Australian Investment and Insurance Group Pty Ltd, Australian Stock Report Pty Limited, APSEC Funds Holdings Pty Ltd, Infinity Financial Advice Pty Ltd, HC Securities Pty Ltd, Amalgamated Australian Investment Solutions Pty Limited, SMSF Report Pty Ltd, Nutex Investments Pty Ltd and LEL Pty Ltd.

**Other current directorships:** Non-Executive Director of Domacom Limited (ASX: DCL) (appointed on 27 September 2019)  
**Former directorships (last 3 years):** None  
**Special responsibilities:** None  
**Interests in shares:** 8,071,131 ordinary shares  
**Interests in rights:** None



Name: Nicolas Bryon  
Title: Executive Director and Chief Product Officer  
Qualifications: BEc (Hons) from Macquarie University, Sydney  
Experience and expertise: Nicolas 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, high net worth individuals and advisors alike require to manage their day-to-day investing activities.

Nicolas 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 provide unique insights in content and design to deliver continued product development opportunities that will be applicable across the globe. Nicolas is currently the director of Baige Holdings Pty Ltd, Webster CT Pty Ltd and Halleberry Investments Pty Ltd and is the Appointer of The Bryon Family Trust.

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 7,916,667 ordinary shares  
Interests in rights: None

Name: Philippa Lewis  
Title: Non-Executive Director  
Experience and expertise: Philippa 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 merger and acquisition transactions, raised and managed strategic capital for private and listed entities and has been engaged in multi-lateral joint ventures within North America, Europe and China.

Philippa was the Non-Executive Chair of EZZ Life Science Holdings Limited (ASX: EZZ) - resigned on 23 November 2021, a company that develops and manufactures healthcare products; Immunexus Therapeutics Ltd; a public unlisted company in the oncology therapeutics sector and Aquitas Pty Ltd, a privately owned residential aged care merger and acquisition consolidation. She is currently the Non-Executive Director of The Global Centre for Modern Aging.

Other current directorships: None  
Former directorships (last 3 years): Non-Executive Chair of EZZ Life Science Holdings Limited (ASX: EZZ) (resigned on 23 November 2021)  
Special responsibilities: Member of the Nomination and Remuneration Committee and Chair of the Audit and Risk Committee  
Interests in shares: None  
Interests in rights: None

**Name:** Brent Goldman  
**Title:** Non-Executive Director (appointed on 10 February 2023; resigned on 29 September 2023)  
**Qualifications:** Fellow of Chartered Accountants in Australia and New Zealand, Business Valuation Specialist of Chartered Accountants in Australia and New Zealand, Fellow of the Financial Services Institute of Australasia, an AFSL Authorised Representative and a Graduate of the Institute of Company Directors  
**Experience and expertise:** Brent is a partner at Nexia Australia and has worked as a specialist in corporate finance for over 20 years, advising boards and senior management. He gained his experience as a Corporate Finance Partner in one of the world's largest accounting firms where he spent 10 years in the London office, where he specialised in cross-border transactions, before returning to their Sydney office. He has also worked in the corporate development and strategy team in an ASX 20 company.  
**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** None  
**Interests in shares:** None  
**Interests in rights:** None

**Name:** Peter Oxlade  
**Title:** Non-Executive Director (appointed on 2 October 2023)  
**Experience and expertise:** Peter is a highly experienced Senior Executive with more than 40 years' experience in financial markets, specialising in derivatives and leveraged products. He gained his initial experience working in stockbroking and foreign exchange broking before moving into senior management roles. Peter has successfully established retail and institutional business units for several global financial companies and helped pioneer the popularisation of Contracts of Difference (CFDs) in Australia and the Asia Pacific. Peter held executive director positions at CGS CIMB Securities Singapore Pte Ltd and CGS CIMB Financial Services Pte Ltd.  
**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Chair of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee  
**Interests in shares:** None  
**Interests in rights:** None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### **Company secretary**

Natalie Climo is the company secretary. She is an experienced company secretary and lawyer. She has acted as company secretary to a range of listed and unlisted Australian and foreign companies and has experience in governance and board management. Natalie holds both a Bachelor of Laws from Queensland University of Technology and a Certificate in Governance Practice from Governance Institute of Australia.

## Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2023, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Ivan Oshry	11	11	4	4	5	5
Matthew Roberts	9	11	-	-	-	-
George Paxton	11	11	-	-	-	-
Nicolas Bryon	10	11	-	-	-	-
Philippa Lewis	9	11	4	4	4	5
Brent Goldman	8	8	3	3	3	3
Peter Oxlade	3	3	1	1	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

## Remuneration report (audited)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

### Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Nomination and Remuneration Committee ('NRC') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The NRC is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The NRC has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The NRC has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

#### *Non-executive directors' remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the NRC. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors received performance rights during the previous financial year. The terms and conditions were disclosed as part of the IPO prospectus and are included in the 'share-based payments' section below.

As prescribed by the Listing Rules of the ASX, the aggregate non-executive directors' remuneration is determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 1 March 2022, where the shareholders approved a maximum annual aggregate remuneration of \$360,000.

#### *Executive remuneration*

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the NRC based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Short-term incentives ('STI') are payable to KMP at the discretion of the NRC and were not directly linked to the Group profitability. During the year ended 31 December 2023 no STI was paid to KMP.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period of one to two years based on EBITDA targets being achieved.

The NRC reviewed the long-term equity-linked performance incentives specifically for executives during the financial year ended 31 December 2023. Refer to the 'share-based compensation' section below for further details of LTI awards issued by the Group.

#### *Group performance and link to remuneration*

LTI comprising of share-based payments are directly linked to the performance of the Group. LTI vesting is subject to achievement of pre-determined EBITDA targets. Certain cash bonuses are payable at the discretion of the NRC.

#### *Use of remuneration consultants*

During the financial year ended 31 December 2023, the Group did not engage any remuneration consultants.

*Voting and comments made at the company's 2022 Annual General Meeting ('AGM')*

At the 2022 AGM, 69.88% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022. As more than 25% of the eligible votes were cast against the Remuneration Report the company received a 'first strike'. Following the AGM, the Board has endeavoured to ascertain the reasons behind the strike. Given the rather low number of votes casts at the 2022 AGM, the Board does not see this as a widespread shareholder dissatisfaction or a protest vote on executive remuneration, rather was indicative of poor shareholder engagement. The executive remuneration structure for 2023 is virtually unchanged as the Board believes it currently stands, it is appropriate, and we will continue to review the executive remuneration structure to ensure the company remains competitive with peers.

**Details of remuneration**

*Amounts of remuneration*

The KMP of the Group consisted of the directors of Halo Technologies Holdings Ltd. Details of the remuneration of KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the directors of Halo Technologies Holdings Ltd.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2023</b>							
<i>Non-Executive Directors:</i>							
Ivan Oshry	150,000	-	-	-	-	-	150,000
Philippa Lewis	72,000	-	-	-	-	-	72,000
Brent Goldman*	48,000	-	-	-	-	-	48,000
Peter Oxlade **	18,000	-	-	-	-	-	18,000
<i>Executive Directors:</i>							
Matthew Roberts	150,000	-	-	-	-	-	150,000
George Paxton	150,000	-	-	-	-	-	150,000
Nicolas Bryon	150,000	-	-	-	-	-	150,000
	<u>738,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>738,000</u>

\* Represents remuneration received from the appointment date 10 February 2023 to the resignation date 29 September 2023.

\*\* Represents remuneration received from the appointment date 2 October 2023 to 31 December 2023.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2022</b>							
<i>Non-Executive Directors:</i>							
Ivan Oshry	100,000	-	-	-	-	18,163	118,163
Philippa Lewis	60,000	-	-	-	-	4,542	64,542
Louise McElvogue*	42,000	-	-	-	-	-	42,000
<i>Executive Directors:</i>							
Matthew Roberts	125,000	-	-	-	-	27,245	152,245
George Paxton	125,000	-	-	-	-	27,245	152,245
Nicolas Bryon	150,000	80,000	-	-	-	27,245	257,245
	<u>602,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,440</u>	<u>786,440</u>

\* Represents remuneration received until resignation on 26 September 2022.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<b>Non-Executive Directors:</b>						
Ivan Oshry	100%	85%	-	-	-	15%
Philippa Lewis	100%	93%	-	-	-	7%
Louise McElvogue	-	100%	-	-	-	-
Brent Goldman	100%	-	-	-	-	-
Peter Oxlade	100%	-	-	-	-	-
<b>Executive Directors:</b>						
Matthew Roberts	100%	82%	-	-	-	18%
George Paxton	100%	82%	-	-	-	18%
Nicolas Bryon	100%	58%	-	31%	-	11%

### Service agreements

Remuneration and other terms of employment for KMP are formalised in fixed-term service agreements. Details of these agreements are as follows:

Name: Ivan Oshry  
Title: Non-Executive Chairman  
Agreement commenced: 1 March 2022  
Term of agreement: 5 years  
Details: The director is engaged to provide services to the company in the role of a full time Chair and is required to provide the services for 5 business days per week, receiving a monthly consultant fee of \$12,500 per month (\$150,000 per annum, pro-rated) for the year ended 31 December 2023.

Name: Matthew Roberts  
Title: Executive Managing Director  
Agreement commenced: 1 March 2022  
Term of agreement: 5 years  
Details: The director is engaged to provide services to the company in the role of a full time Managing Director and is required to provide the services for 5 business days per week, receiving a monthly consultant fee of \$12,500 per month (\$150,000 per annum, pro-rated) for the year ended 31 December 2023.

Name: George Paxton  
Title: Executive Director and CEO  
Agreement commenced: 1 March 2022  
Term of agreement: 5 years  
Details: The director is engaged to provide services to the company in the role of a full time CEO for 5 business days per week, receiving a monthly consultant fee of \$12,500 per month (\$150,000 per annum, pro-rated) for the year ended 31 December 2023.

Name: Nicolas Bryon  
Title: Executive Director and CPO  
Agreement commenced: 1 January 2022  
Term of agreement: 5 years  
Details: The director is engaged to provide services to the company in the role of a full time CPO and is required to provide the services for 5 business days per week, receiving a monthly consultant fee of \$12,500 per month (\$150,000 per annum) for the year ended 31 December 2023.

Name:	Philippa Lewis
Title:	Non-Executive Director
Agreement commenced:	1 March 2022
Term of agreement:	3 years
Details:	The director is engaged to provide services to the company as a non-executive director, receiving monthly directors fee of \$6,000 per month (\$72,000 per annum, pro-rated) for the year ended 31 December 2023.
Name:	Brent Goldman (appointed on 10 February 2023 and resigned on 29 September 2023)
Title:	Non-Executive Director
Agreement commenced:	10 February 2023
Term of agreement:	3 years
Details:	The director was engaged to provide services to the company as a non-executive director, receiving monthly directors fee of \$6,000 per month (\$48,000 per annum) for the year ended 31 December 2023.
Name:	Peter Oxlade (appointed on 2 October 2023)
Title:	Non-Executive Director
Agreement commenced:	2 October 2023
Term of agreement:	3 years
Details:	The director is engaged to provide services to the company as a non-executive director, receiving monthly directors fee of \$6,000 per month (\$18,000 per annum, pro-rated) for the year ended 31 December 2023.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### Share-based compensation

#### Issue of shares

There were no shares issued to KMP as part of compensation during the year ended 31 December 2023.

#### Options

There were no options over ordinary shares issued to KMP as part of compensation that were outstanding as at 31 December 2023.

#### Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of KMP in this financial year or future reporting years are as follows:

Grant date	Particulars	Expiry date	Fair value per right at grant date
11 April 2022	Executive Tranche 2: 11,250,000 performance rights were made available subject to the Group achieving 31 December 2023 targets as follows: If EBITDA is less than \$11.25 million, no performance rights vest. 50% of performance rights vest if FY 2023 EBITDA is between \$11.25 million and \$12.75 million. 75% of performance rights vest if FY 2023 EBITDA is between \$12.75 million and \$14.25 million. 100% of performance rights vest if FY 2023 EBITDA is greater than \$14.25 million.	60 days after the Group's 31 December 2023 audited financial statements released to ASX.	2.1 cents

As EBITDA targets were not met, no performance rights vested at year end.



Grant date	Particulars	Expiry date	Fair value per right at grant date
11 April 2022	Non-executive directors' performance rights: 3,750,000 performance rights were made available subject to the Group achieving 31 December 2023 EBITDA targets as follows: If EBITDA is less than \$11.25 million, no performance rights vest. 50% of performance rights vest if FY 2023 EBITDA is between \$11.25 million and \$12.75 million. 75% of performance rights vest if FY 2023 EBITDA is between \$12.75 million and \$14.25 million. 100% of performance rights vest if FY 2023 EBITDA is greater than \$14.25 million. As EBITDA targets were not met, no performance rights vested during the year.	60 days after the Group's 31 December 2022 audited financial statements released to ASX.	2.1 cents

Performance rights granted carry no dividend or voting rights.

Details of performance rights over ordinary shares granted, vested and lapsed for KMP as part of compensation during the year ended 31 December 2023 are set out below:

Name	Number of rights granted	Value of rights granted (\$)	Number of rights vested	Value of rights vested (\$)	Number of rights lapsed	Value of rights lapsed (\$)
Ivan Oshry	-	-	-	-	2,500,000	52,500
Matthew Roberts	-	-	-	-	3,750,000	78,750
George Paxton	-	-	-	-	3,750,000	78,750
Nicolas Bryon	-	-	-	-	3,750,000	78,750
Philippa Lewis	-	-	-	-	625,000	13,125
Brent Goldman	-	-	-	-	-	-
Peter Oxlade	-	-	-	-	-	-

#### Additional information

The earnings of the Group for the three years to 31 December 2023 are summarised below:

	2023 \$	2022 \$	2021 \$
Revenue from contracts with customers	12,880,190	9,621,347	5,832,737
Underlying EBITDA	(3,208,512)	(249,558)	829,909
(Loss)/profit after income tax	(7,204,676)	(2,026,221)	2,776,754

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021
Share price at financial year end (\$)	0.19	0.18	-
Basic earnings per share (cents per share)	(5.56)	(1.65)	2.67
Diluted earnings per share (cents per share)	(5.56)	(1.65)	2.67



### Additional disclosures relating to KMP

#### Shareholding

The number of shares in the company held during the financial year by each KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Issued on vesting of performance rights	Additions	Other	Balance at the end of the year
<b>Ordinary shares</b>					
Ivan Oshry	213,645	-	-	-	213,645
Matthew Roberts	50,409,334	-	197,483	-	50,606,817
George Paxton	8,071,131	-	-	-	8,071,131
Nicolas Bryon	7,916,667	-	-	-	7,916,667
Philippa Lewis	-	-	-	-	-
Brent Goldman	-	-	-	-	-
Peter Oxlade	-	-	-	-	-
	<u>66,610,777</u>	<u>-</u>	<u>197,483</u>	<u>-</u>	<u>66,808,260</u>

#### Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other*	Balance at the end of the year
<b>Performance rights over ordinary shares</b>					
Ivan Oshry	2,500,000	-	-	(2,500,000)	-
Matthew Roberts	3,750,000	-	-	(3,750,000)	-
George Paxton	3,750,000	-	-	(3,750,000)	-
Nicolas Bryon	3,750,000	-	-	(3,750,000)	-
Philippa Lewis	625,000	-	-	(625,000)	-
Brent Goldman	-	-	-	-	-
Peter Oxlade	-	-	-	-	-
	<u>14,375,000</u>	<u>-</u>	<u>-</u>	<u>(14,375,000)</u>	<u>-</u>

\* All performance rights that had been granted lapsed unexercised during the year.

#### Other transactions with key management personnel and their related parties

During the financial year, the following transactions occurred with director related entities:

- Trading costs of \$5,866,741 were paid to Atlantic Pacific Securities Pty Limited ('APS') - a director related entity of Matthew Roberts
- Trading costs of \$1,224,388 were paid to Australian Stock Report Pty Ltd ('ASR') - a director related entity of Matthew Roberts and George Paxton
- Management fees of \$1,390,701 were paid to Amalgamated Australian Investment Group Limited ('AAIG') - a director related entity of Ivan Oshry, Matthew Roberts and George Paxton
- Legal and professional expenses of \$90,000 were paid to Oshry Lawyers, a director related entity of Ivan Oshry.

Other assets recognised in the financial statements of the Group as at 31 December 2023 include prepaid trading costs of \$2,996,956 paid to APS and \$3,705,956 paid to ASR. All transactions were made on normal commercial terms and conditions and at market rates.

***This concludes the remuneration report, which has been audited.***

#### Shares under option

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

### Shares issued on the exercise of options

There were no ordinary shares of Halo Technologies Holdings Ltd issued on the exercise of options during the year ended 31 December 2023 and up to the date of this report.

### Shares under performance rights

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

### Shares issued on the vesting of performance rights

There were no ordinary shares of Halo Technologies Holdings Ltd issued on the vesting of performance rights during the year ended 31 December 2023 and up to the date of this report.

### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company 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 company paid a premium in respect of a contract to insure the directors and executives of the company 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 company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

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

### Proceedings on behalf of the company

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

### Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

### Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

### 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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Ivan Oshry  
Non-Executive Chairman

28 February 2024  
Sydney



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George Paxton  
Executive Director and CEO

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**DECLARATION OF INDEPENDENCE BY GEOFF ROONEY TO THE DIRECTORS OF HALO TECHNOLOGIES HOLDINGS LTD**

As lead auditor of Halo Technologies Holdings Ltd for the year ended 31 December 2023, 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.

A handwritten signature in black ink that reads 'G Rooney'.

**Geoff Rooney**  
**Director**

**BDO Audit Pty Ltd**  
**Sydney**

28 February 2024

**Halo Technologies Holdings Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2023**



	Note	Consolidated 2023 \$	2022 \$
<b>Revenue and other income</b>			
Revenue from contracts with customers	5	12,880,190	9,621,347
Research and development tax incentive		790,032	1,225,296
Interest revenue		564,721	504,313
Total revenue and other income		<u>14,234,943</u>	<u>11,350,956</u>
<b>Expenses</b>			
Trading costs		(7,324,711)	(4,693,623)
Legal and professional expenses		(4,475,741)	(2,727,918)
Employee benefits expense		(2,952,912)	(2,287,009)
Information technology and system expenses		(1,632,344)	(1,032,621)
Depreciation and amortisation expense	6	(1,302,054)	(711,568)
Decrease in fair value of financial assets	10	(2,910,232)	-
Marketing and brand expenses		(1,124,523)	(1,058,013)
ASX listing fees		(46,857)	(232,610)
Other expenses		(322,660)	(172,132)
Finance costs	6	(22,307)	(193,519)
Total expenses		<u>(22,114,341)</u>	<u>(13,109,013)</u>
<b>Loss before income tax benefit/(expense)</b>		<b>(7,879,398)</b>	<b>(1,758,057)</b>
Income tax benefit/(expense)	7	<u>674,722</u>	<u>(268,164)</u>
<b>Loss after income tax benefit/(expense) for the year attributable to the owners of Halo Technologies Holdings Ltd</b>		<b>(7,204,676)</b>	<b>(2,026,221)</b>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the owners of Halo Technologies Holdings Ltd</b>		<b><u>(7,204,676)</u></b>	<b><u>(2,026,221)</u></b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	33	(5.56)	(1.65)
Diluted earnings per share	33	(5.56)	(1.65)

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

## Assets

### Current assets

Note	Consolidated 2023 \$	Consolidated 2022 \$
8	8,536,175	15,414,236
22	439,392,876	192,368,032
9	3,315,620	3,543,376
10	-	4,005,708
11	4,231,914	1,814,501
	<u>455,476,585</u>	<u>217,145,853</u>

### Non-current assets

10	1,095,476	-
12	1,290,735	1,177,959
13	1,266	1,954
14	5,152,113	3,888,856
11	2,707,329	4,900,366
7	371,357	-
	<u>10,618,276</u>	<u>9,969,135</u>

### Total assets

466,094,861   227,114,988

## Liabilities

### Current liabilities

22	439,392,876	192,358,945
15	1,128,580	1,387,465
16	4,075,057	1,824,539
17	42,856	57,416
18	240,849	198,685
	<u>444,880,218</u>	<u>195,827,050</u>

### Non-current liabilities

16	3,316,263	5,933,523
18	65,257	14,920
7	-	301,696
	<u>3,381,520</u>	<u>6,250,139</u>

### Total liabilities

448,261,738   202,077,189

### Net assets

17,833,123   25,037,799

## Equity

19	24,168,643	24,168,643
20	118,623	118,623
	<u>(6,454,143)</u>	<u>750,533</u>

### Total equity

17,833,123   25,037,799

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 January 2022	1,000	-	2,776,754	2,777,754
Loss after income tax expense for the year	-	-	(2,026,221)	(2,026,221)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,026,221)	(2,026,221)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	24,167,643	-	-	24,167,643
Share-based payments (note 34)	-	118,623	-	118,623
Balance at 31 December 2022	<u>24,168,643</u>	<u>118,623</u>	<u>750,533</u>	<u>25,037,799</u>
Consolidated	Issued capital \$	Reserves \$	Retained profits/ (accumulated losses) \$	Total equity \$
Balance at 1 January 2023	24,168,643	118,623	750,533	25,037,799
Loss after income tax benefit for the year	-	-	(7,204,676)	(7,204,676)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(7,204,676)	(7,204,676)
Balance at 31 December 2023	<u>24,168,643</u>	<u>118,623</u>	<u>(6,454,143)</u>	<u>17,833,123</u>

	Note	Consolidated 2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		13,288,317	10,408,996
Payments to suppliers and employees (inclusive of GST)		(19,412,846)	(14,745,337)
Other income - receipts from research and development tax incentive		1,594,344	666,790
Interest received		451,945	451,354
Interest and other finance costs paid		(22,307)	(193,519)
Income taxes refunded		1,669	83,169
Net cash used in operating activities	32	(4,098,878)	(3,328,547)
<b>Cash flows from investing activities</b>			
Payments for investments	12	-	(1,125,000)
Payments for property, plant and equipment	13	(6,402)	(11,074)
Payments for intangible assets	14	(2,558,221)	(1,966,097)
Loan receivable	9	(200,000)	-
Net cash used in investing activities		(2,764,623)	(3,102,171)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	19	-	26,229,324
Share issue transaction costs	19	-	(2,061,681)
Repayment of convertible notes payable	32	-	(4,917,460)
Proceeds from borrowings	32	42,856	57,416
Repayment of borrowings	32	(57,416)	-
Net cash (used in)/from financing activities		(14,560)	19,307,599
Net (decrease)/increase in cash and cash equivalents		(6,878,061)	12,876,881
Cash and cash equivalents at the beginning of the financial year		15,414,236	2,537,355
Cash and cash equivalents at the end of the financial year	8	<u>8,536,175</u>	<u>15,414,236</u>

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



## 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 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 28 February 2024. The directors have the power to amend and reissue the financial statements.

## Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### 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.

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

### 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 for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### Historical cost convention

The financial statements have been prepared under the historical cost convention, with the exception of certain investments in financial assets measured at fair value.

### 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 3.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

### 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 2023 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 'Group'.

## Note 2. Material accounting policy information (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

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.

Where the Group 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 Group 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.

### 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.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Halo Technologies Holdings Ltd's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Revenue recognition

The Group recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

## Note 2. Material accounting policy information (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

### *Brokerage revenue*

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*

Subscription revenue is recognised over time, which is over the subscription contract term when the related services are performed, and the performance obligations are satisfied. Subscription revenue received in advance is included in contract liabilities in the statement of financial position. Refer to the contract liabilities section below for the accounting policy regarding revenue received in advance.

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Other revenue*

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

### **Government grants including research and development tax incentives**

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### **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 of goodwill or 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.

## Note 2. Material accounting policy information (continued)

Halo Technologies Holdings Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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.

### 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 the Group's 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 the Group's 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 (note 22)

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### 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.

## Note 2. Material accounting policy information (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group 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 amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

### *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.

### *Impairment of financial assets*

The Group 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 Group'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.

### **Prepaid trading costs**

Prepaid trading costs comprise subscription costs that have been paid in advance of the service being performed. These expenses are deferred and recognised as trading costs in the following reporting period, when the related services are provided.

### **Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### *Research and 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.



## Note 2. Material accounting policy information (continued)

### *Licences*

Licences acquired are not amortised based on having an indefinite life. This judgement is reassessed every year. Instead, licenses are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses. Management considers that the useful lives of licences are indefinite because there is no foreseeable limit to the cash flows these assets can generate.

### **Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Contract liabilities**

Contract liabilities represent the Group's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the services to the customer. Refer to the subscription revenue section above.

### **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.

### **Finance costs**

Finance costs are expensed in the period in which they are incurred based on the effective interest method.

### **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 wholly 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 at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to 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 high quality corporate 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.

#### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

## Note 2. Material accounting policy information (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### Issued capital

Ordinary 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.

## Note 2. Material accounting policy information (continued)

### 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 Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2023. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the Group's financial statements.

## Note 3. 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.

#### *Fair value measurement hierarchy*

The Group is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

#### *Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant 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 3. Critical accounting judgements, estimates and assumptions (continued)

#### *Indefinite life intangible assets*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

#### *Capitalised development costs*

The Group capitalises development costs for projects in accordance with the Group's capitalisation policy. Capitalisation of costs is based on management's assessment of future economic benefits controlled and available to the Group. Management incorporates various key estimates and assumptions in its assessment of the technological and economic feasibility of the project when determining the capitalisation of expenses as development costs.

#### *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 assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

#### *Recovery of deferred tax assets*

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

### Note 4. 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 Maker ('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. During the years ended 31 December 2023 and 31 December 2022, the Group operated predominantly in Australia. Information relating to revenue from products and services is included in note 5.

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

#### *Geographical information*

	Sales to external customers		Geographical non-current assets	
	2023 \$	2022 \$	2023 \$	2022 \$
Australia	12,880,190	9,621,347	4,139,074	3,890,810
United Kingdom	-	-	1,014,190	-
	<u>12,880,190</u>	<u>9,621,347</u>	<u>5,153,264</u>	<u>3,890,810</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

**Note 5. Revenue from contracts with customers**

	Consolidated 2023 \$	2022 \$
Brokerage revenue	8,047,884	4,452,537
Subscription revenue	4,832,306	5,168,810
Revenue from contracts with customers	<u>12,880,190</u>	<u>9,621,347</u>

*Disaggregation of revenue*

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

	Consolidated 2023 \$	2022 \$
<i>Geographical regions</i>		
Australia	<u>12,880,190</u>	<u>9,621,347</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	8,047,884	4,452,537
Services transferred over time	4,832,306	5,168,810
	<u>12,880,190</u>	<u>9,621,347</u>

**Note 6. Expenses**

	Consolidated 2023 \$	2022 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Computer equipment	6,902	12,894
Office equipment	188	395
Total depreciation	<u>7,090</u>	<u>13,289</u>
<i>Amortisation</i>		
Development costs	1,294,964	698,279
Total depreciation and amortisation	<u>1,302,054</u>	<u>711,568</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	22,307	161,278
Other interest costs	-	32,241
Finance costs expensed	<u>22,307</u>	<u>193,519</u>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	<u>22,022</u>	<u>27,245</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>251,895</u>	<u>167,752</u>

**Note 7. Income tax**

	Consolidated 2023 \$	2022 \$
<i>Income tax (benefit)/expense</i>		
Current tax	(1,669)	(83,169)
Deferred tax - origination and reversal of temporary differences	(673,053)	351,333
Aggregate income tax (benefit)/expense	<u>(674,722)</u>	<u>268,164</u>
Deferred tax included in income tax (benefit)/expense comprises:		
Decrease/(increase) in deferred tax assets	(673,053)	351,333
<i>Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate</i>		
Loss before income tax benefit/(expense)	(7,879,398)	(1,758,057)
Tax at the statutory tax rate of 25%	(1,969,850)	(439,514)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
True-up adjustment	213,242	876,300
Impairment of investments	727,558	-
Other permanent differences	467,798	(206,338)
Sundry items	(113,470)	37,716
Income tax (benefit)/expense	<u>(674,722)</u>	<u>268,164</u>

	Consolidated 2023 \$	2022 \$
<i>Deferred tax asset/(liability)</i>		
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,924,558	404,809
Accrued expenses	50,091	18,468
Contract liabilities	(1,546,246)	(100,087)
Employee benefits	92,947	(179,334)
Development costs	(1,034,481)	(445,552)
Others	(115,512)	-
Deferred tax asset/(liability)	<u>371,357</u>	<u>(301,696)</u>
Movements:		
Opening balance	(301,696)	49,637
Credited/(charged) to profit or loss	673,053	(351,333)
Closing balance	<u>371,357</u>	<u>(301,696)</u>

**Note 8. Cash and cash equivalents**

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Current assets</i>		
Cash at bank	8,536,175	15,414,236

**Note 9. Trade and other receivables**

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Current assets</i>		
Trade receivables	132,273	417,593
Other receivables	420,984	1,225,296
Related party receivables (note 29)	2,562,363	1,900,487
Loan receivable*	200,000	-
	3,315,620	3,543,376

\* During the financial year, the Group provided a short-term loan of \$200,000 for a period of less than 12 months. The loan has been made on commercial terms, including an interest rate of 15%. The loan is expected to be repaid in full on maturity.

*Allowance for expected credit losses*

The Group has recognised a loss of \$nil (31 December 2022: \$nil) in profit or loss in respect of the expected credit losses for the year ended 31 December 2023.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023 %	2022 %	2023 \$	2022 \$	2023 \$	2022 \$
<b>Consolidated</b>						
Not overdue	-	-	553,257	1,642,889	-	-

**Note 10. Financial assets at fair value through profit or loss**

	Consolidated 2023 \$	2022 \$
<b>Current assets</b>		
Listed ordinary shares - designated at fair value through profit or loss	-	4,005,708
<b>Non-current assets</b>		
Listed ordinary shares - designated at fair value through profit or loss	1,095,476	-
	<u>1,095,476</u>	<u>4,005,708</u>
<b>Reconciliation</b>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	4,005,708	4,005,708
Revaluation decrements	(2,910,232)	-
Closing fair value	<u>1,095,476</u>	<u>4,005,708</u>

Refer to note 24 for further information on fair value measurement.

The mark-to-market fair value movement for the financial year ended 31 December 2023 was a loss of \$2,910,232 (2022: \$nil).

The above investment represents the Group's holding of listed shares in Domacom Ltd (ASX: DCL). The Group continues to hold this investment for realisation of capital gains. The investment has been reclassified as a non-current asset as at 31 December 2023 having regard to the significant decline in the share price of Domacom Ltd over the last 12 months. On this basis, having regard to the Group's objectives with respect to the investment, management can no longer reasonably expect this investment to be realised within the next 12 months.

The Group holds approximately 13% of all shares in Domacom. There is also one common director between the company and Domacom Limited as at 31 December 2023. The Group does not consider the investment in Domacom Limited to be an 'investment in associate', as the Group does not have significant influence over Domacom and holds its interest as a passive investor without any material transactions between the Group and Domacom.

**Note 11. Other assets**

	Consolidated 2023 \$	2022 \$
<b>Current assets</b>		
Prepayments	172,073	236,620
Prepaid trading costs (note 29)	4,049,841	1,567,881
Other current assets	10,000	10,000
	<u>4,231,914</u>	<u>1,814,501</u>
<b>Non-current assets</b>		
Prepaid trading costs (note 29)	2,653,029	4,846,066
Security deposits	54,300	54,300
	<u>2,707,329</u>	<u>4,900,366</u>
	<u>6,939,243</u>	<u>6,714,867</u>

**Note 12. Other investments in financial assets**

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Redeemable convertible notes at amortised cost	1,290,735	1,177,959
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	1,177,959	-
Additions	-	1,125,000
Interest accrued on loan notes	112,776	52,959
Closing carrying amount	1,290,735	1,177,959

During the 2022 financial year, 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.

**Note 13. Property, plant and equipment**

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Computer equipment - at cost	46,305	39,903
Less: Accumulated depreciation	(46,305)	(39,403)
	-	500
Office equipment - at cost	6,964	6,964
Less: Accumulated depreciation	(5,698)	(5,510)
	1,266	1,454
	1,266	1,954

*Reconciliations*

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

Consolidated	Computer equipment \$	Office equipment \$	Total \$
Balance at 1 January 2022	2,320	1,849	4,169
Additions	11,074	-	11,074
Depreciation expense	(12,894)	(395)	(13,289)
Balance at 31 December 2022	500	1,454	1,954
Additions	6,402	-	6,402
Depreciation expense	(6,902)	(188)	(7,090)
Balance at 31 December 2023	-	1,266	1,266

**Note 14. Intangible assets**

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Platform development - at cost	7,325,764	5,781,733
Less: Accumulated amortisation	(3,187,841)	(1,892,877)
	<u>4,137,923</u>	<u>3,888,856</u>
Licence - at cost	1,014,190	-
Less: Accumulated amortisation	-	-
	<u>1,014,190</u>	<u>-</u>
	<u><u>5,152,113</u></u>	<u><u>3,888,856</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:

Consolidated	Platform build \$	Licence \$	Total \$
Balance at 1 January 2022	2,621,038	-	2,621,038
Additions	1,966,097	-	1,966,097
Amortisation expense	(698,279)	-	(698,279)
Balance at 31 December 2022	3,888,856	-	3,888,856
Additions	1,544,031	1,014,190	2,558,221
Amortisation expense	(1,294,964)	-	(1,294,964)
Balance at 31 December 2023	<u><u>4,137,923</u></u>	<u><u>1,014,190</u></u>	<u><u>5,152,113</u></u>

On 3 October 2023, the Group acquired a stock broking licence in the United Kingdom through the acquisition of 100% of the shares in Halo Invest Ltd (formerly Resilient Fund Managers Ltd) for the consideration of \$1,014,190 (£500,000). Resilient was established in 2006 and is licensed to deal in a range of financial products and services including managed investments and securities to trade in the United Kingdom.

**Note 15. Trade and other payables**

	Consolidated 2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	670,660	715,828
Payable to related parties	218,336	-
Accrued expenses and other payables	239,584	671,637
	<u><u>1,128,580</u></u>	<u><u>1,387,465</u></u>

Refer to note 23 for further information on financial instruments.

#### Note 16. Contract liabilities

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Current liabilities</i>		
Contract liabilities	4,075,057	1,824,539
<i>Non-current liabilities</i>		
Contract liabilities	3,316,263	5,933,523
	<u>7,391,320</u>	<u>7,758,062</u>

Contract liabilities represent the obligation to provide subscription services to customers who have paid upfront for such services.

#### Note 17. Borrowings

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Current liabilities</i>		
Loan payable	42,856	57,416

Refer to note 23 for further information on financial instruments.

#### Note 18. Employee benefits

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Current liabilities</i>		
Annual leave	240,849	198,685
<i>Non-current liabilities</i>		
Long service leave	65,257	14,920
	<u>306,106</u>	<u>213,605</u>



**Note 19. Issued capital**

	2023 Shares	Consolidated 2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>129,495,213</u>	<u>129,505,629</u>	<u>24,168,643</u>	<u>24,168,643</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	3,545,789	90,016
Share issue transaction cost, net of tax		-	(2,061,681)
Balance	31 December 2022	129,505,629	24,168,643
Share buy-back and cancellation pursuant to employee share scheme (forfeited shares)	13 March 2023	(10,416)	-
Balance	31 December 2023	<u>129,495,213</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.

*Capital risk management*

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group may consider raising capital when an opportunity to invest in a business or company is seen as potentially value adding relative to the current company's share price at the time of the investment.

The Group's wholly-owned subsidiary holds an Australian Financial Services Licence and is subject to regulatory financial requirements that include maintaining a minimum level of net tangible assets. The directors confirm that the Group has maintained adequate capital during the year ended 31 December 2023 and 31 December 2022 to satisfy its regulatory capital requirements.

The capital risk management policy remains unchanged from the 31 December 2022 Annual Report.

## Note 20. Reserves

	Consolidated 2023 \$	Consolidated 2022 \$
Share-based payments reserve	<u>118,623</u>	<u>118,623</u>

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments \$
Balance at 1 January 2022	-
Share-based payments	118,623
Balance at 31 December 2022	118,623
Balance at 31 December 2023	<u>118,623</u>

## Note 21. Dividends

### Dividends

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

### Franking credits

	Consolidated 2023 \$	Consolidated 2022 \$
Franking credits available for subsequent financial years based on a tax rate of 25%	<u>-</u>	<u>-</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

## Note 22. Client trust account and amounts owned to clients

The Group recognises as an asset the amounts held in Client Trust Accounts, the balance of which was \$439,392,876 (31 December 2022: \$192,368,032). A related liability amounting to \$439,392,876 (31 December 2022: \$192,358,945) representing the amounts owing to clients from such accounts is also recognised. Such amounts, held on behalf of clients, are part of the broker business process to facilitate customer trade execution on the Group's platform.

## Note 23. Financial instruments

### Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed, including sensitivity analysis.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. The Group monitors capital on the basis of the debt to adjusted capital ratio.

### Market risk

#### Foreign currency risk

Foreign exchange risk arises from recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Group is not exposed to any significant foreign currency risk.

#### Price risk

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual entity's investments or factors affecting all financial instruments in the market. Price risk exposure arises from the Group's investments.

Price risk is managed by monitoring the underlying value of the investments in relation to the price of the investments and also taking a long-term investment time frame into account.

The Group is exposed to direct equity price risk on its financial assets that are carried at fair value. The table below summarises the impact of a 15% (2022: 10%) movement in the market value of these assets:

Consolidated - 2023	% change	Average price increase Effect on		% change	Average price decrease Effect on	
		profit or loss before tax	Effect on net assets		profit or loss before tax	Effect on net assets
Investment in listed ordinary securities at fair value through profit or loss	15%	<u>164,321</u>	<u>123,241</u>	(15%)	<u>(164,321)</u>	<u>(123,241)</u>
Consolidated - 2022	% change	Average price increase Effect on		% change	Average price decrease Effect on	
		profit or loss before tax	Effect on net assets		profit or loss before tax	Effect on net assets
Investment in listed ordinary securities at fair value through profit or loss	10%	<u>400,571</u>	<u>300,428</u>	(10%)	<u>(400,571)</u>	<u>(300,428)</u>

#### Interest rate risk

The Group's main interest rate risk arises from its cash at the bank and cash held in client trust accounts, both of which carry variable rates of interest.

An official increase/decrease in interest rates of 100 (31 December 2022:100) basis points would have a favourable/adverse effect on profit before tax and equity of \$87,134 (31 December 2022: \$157,651) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

**Note 23. Financial instruments (continued)**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses on trade receivables and contract assets through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

**Liquidity risk**

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves through monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Remaining contractual maturities**

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2023</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	670,660	-	-	-	670,660
Related party payables	218,336	-	-	-	218,336
Amounts payable to clients	439,392,876	-	-	-	439,392,876
<i>Interest-bearing - fixed rate</i>					
Loan payable	42,856	-	-	-	42,856
Total non-derivatives	440,324,728	-	-	-	440,324,728
<b>Consolidated - 2022</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	715,828	-	-	-	715,828
Amounts payable to clients	192,358,945	-	-	-	192,358,945
<i>Interest-bearing - fixed rate</i>					
Loan payable	57,416	-	-	-	57,416
Total non-derivatives	193,132,189	-	-	-	193,132,189

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Note 24. 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 \$
<b>Consolidated - 2023</b>				
<b>Assets</b>				
Investments in listed ordinary securities	1,095,476	-	-	1,095,476
Total assets	1,095,476	-	-	1,095,476
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated - 2022</b>				
<b>Assets</b>				
Investments in listed ordinary securities	4,005,708	-	-	4,005,708
Total assets	4,005,708	-	-	4,005,708

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables 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.

## Note 25. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2023 and 31 December 2022.

## Note 26. Commitments

The Group had no commitments as at 31 December 2023 and 31 December 2022.

## Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company, and its network firms:

	Consolidated	
	2023 \$	2022 \$
<b>Audit services - BDO Audit Pty Ltd</b>		
Audit or review of the financial statements	82,500	74,520
<b>Other services - BDO Audit Pty Ltd</b>		
Other assurance services	75,000	-
	<u>157,500</u>	<u>74,520</u>
<b>Other services - network firms</b>		
Tax advisory services	<u>51,570</u>	<u>79,020</u>

## Note 28. Key management personnel disclosures

### Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	738,000	682,000
Post-employment benefits	-	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	104,440
	<u>738,000</u>	<u>786,440</u>

## Note 29. Related party transactions

### Parent entity

Halo Technologies Holdings Ltd is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 30.

### Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

### Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	\$	\$
Payment for goods and services:		
Trading costs paid to Atlantic Pacific Securities Pty Limited ('APS') - a director related entity of Matthew Roberts	5,866,741	3,310,001
Trading costs paid to Australian Stock Report Pty Ltd ('ASR') - a director related entity of Matthew Roberts and George Paxton	1,224,388	857,994
Payment for other expenses:		
Management fees paid to Amalgamated Australian Investment Group Limited ('AAIG') - a director related entity of Ivan Oshry, Matthew Roberts and George Paxton	1,390,701	129,000
Legal and professional expenses paid to Oshry Lawyers a director related entity of Ivan Oshry	90,000	-
Interest paid to AAIG	22,307	161,278

**Note 29. Related party transactions (continued)**

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Receivable from APS	1,698,491	1,059,198
Receivable from ASR	-	338,416
Receivable from other related party	1,877	-
Receivable from AAIG	861,995	502,873
Prepaid trading costs paid to APS	1,810,721	489,179
Prepaid trading costs paid to ASR	2,239,120	1,078,702
Non-current receivables:		
Prepaid trading costs paid to APS	1,186,194	1,511,972
Prepaid trading costs paid to ASR	1,466,835	3,334,093
Current payables:		
Payable to ASR	208,738	-
Other payables to other related parties	9,598	-

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 30. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2023</b>	<b>2022</b>
		<b>%</b>	<b>%</b>
Halo Technologies Pty Ltd	Australia	100%	100%
Macrovue Pty Ltd	Australia	100%	100%
Halo Investment Co Pty Ltd	Australia	100%	100%
Macro Accounts Pty Ltd	Australia	100%	100%
Push Notifications Pty Ltd	Australia	100%	100%
Share Sales Direct Pty Ltd	Australia	100%	-
Halo Technologies Invest Co	United States of America	100%	100%
Halo Invest Ltd (formerly Resilient Fund Managers Ltd)	United Kingdom	100%	-

### Note 31. Parent entity information

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

#### *Statement of profit or loss and other comprehensive income*

	2023 \$	Parent 2022 \$
Loss after income tax	(795,786)	(1,140,454)
Total comprehensive income	(795,786)	(1,140,454)

#### *Statement of financial position*

	2023 \$	Parent 2022 \$
Total current assets	216,153	253,285
Total assets	28,457,362	28,136,902
Total current liabilities	6,575,690	5,459,444
Total liabilities	6,575,690	5,459,444
Equity		
Issued capital	24,168,643	24,168,643
Accumulated losses	(2,286,971)	(1,491,185)
Total equity	<u>21,881,672</u>	<u>22,677,458</u>

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2023 and 31 December 2022.

#### *Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2023 and 31 December 2022.

#### *Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 31 December 2022.

#### *Material accounting policy information*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries 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 32. Cash flow information**

*Reconciliation of loss after income tax to net cash used in operating activities*

	Consolidated 2023 \$	2022 \$
Loss after income tax benefit/(expense) for the year	(7,204,676)	(2,026,221)
Adjustments for:		
Depreciation and amortisation	1,302,054	711,568
Net fair value loss on investments	2,910,232	-
Share-based payments	-	118,623
Non-cash interest income	(112,776)	(52,959)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	427,756	(1,305,987)
Decrease/(increase) in deferred tax assets	(371,357)	49,637
Increase in other operating assets	(215,289)	(2,201,089)
Increase/(decrease) in trade and other payables	(258,885)	1,087,725
Decrease in contract liabilities	(366,742)	(146,947)
Increase/(decrease) in deferred tax liabilities	(301,696)	301,696
Increase in employee benefits	92,501	135,407
Net cash used in operating activities	<u>(4,098,878)</u>	<u>(3,328,547)</u>

*Changes in liabilities arising from financing activities*

Consolidated	Loan payable \$	Convertible notes payable \$	Total \$
Balance at 1 January 2022	-	4,917,460	4,917,460
Net cash from/(used in) financing activities	57,416	(4,917,460)	(4,860,044)
Balance at 31 December 2022	57,416	-	57,416
Net cash used in financing activities	(14,560)	-	(14,560)
Balance at 31 December 2023	<u>42,856</u>	<u>-</u>	<u>42,856</u>

**Note 33. Earnings per share**

	Consolidated 2023 \$	2022 \$
Loss after income tax attributable to the owners of Halo Technologies Holdings Ltd	<u>(7,204,676)</u>	<u>(2,026,221)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>129,497,239</u>	<u>122,563,448</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>129,497,239</u>	<u>122,563,448</u>

**Note 33. Earnings per share (continued)**

	Cents	Cents
Basic earnings per share	(5.56)	(1.65)
Diluted earnings per share	(5.56)	(1.65)

Performance rights over ordinary shares that have not been included in the calculation of diluted earnings per share because they were anti-dilutive for the year ended 31 December 2023 was nil (31 December 2022: 14,375,000).

**Note 34. Share-based payments**

The share-based payment expense for the year was \$nil (31 December 2022: \$118,623).

*Performance rights:*

During the 31 December 2022 financial year, the following performance rights were granted to key management personnel:

- (i) IPO performance rights: 208,333 IPO performance rights were issued to Ivan Oshry. The rights vest on the company receiving conditional approval from ASX for its securities to be admitted to the official list of the ASX and receiving valid applications for \$35.0 million under the IPO offer. The IPO performance rights fully vested during the year ended 31 December 2022.
- (ii) Executive Tranche 1: 3,750,000 performance rights were issued and would vest should the Group achieve \$2.5 million in audited earnings before interest, taxes, depreciation and amortisation (EBITDA) for the financial year ended 31 December 2022. The Executive Tranche 1 rights were forfeited during the year ended 31 December 2022.
- (iii) Executive Tranche 2: 11,250,000 performance rights were issued and would vest should the Group achieve 31 December 2023 EBITDA above \$11.25 million. If EBITDA is less than \$11.25 million, no performance rights vest. 50% of performance rights vest if FY 2023 EBITDA is between \$11.25 million and \$12.75 million. 75% of performance rights vest if FY 2023 EBITDA is between \$12.75 million and \$14.25 million. 100% of performance rights vest if FY 2023 EBITDA is greater than \$14.25 million. The Executive Tranche 2 rights were forfeited at 31 December 2023 as EBITDA targets were not met.
- (iv) Non-executive directors' performance rights: 3,750,000 performance rights were made available subject to the Group achieving 31 December 2023 EBITDA targets as follows: If EBITDA is less than \$11.25 million, no performance rights vest. 50% of performance rights vest if FY 2023 EBITDA is between \$11.25 million and \$12.75 million. 75% of performance rights vest if FY 2023 EBITDA is between \$12.75 million and \$14.25 million. 100% of performance rights vest if FY 2023 EBITDA is greater than \$14.25 million. The non-executive directors' performance rights were forfeited at 31 December 2023 as EBITDA targets were not met.

2023		Balance at the start of the year	Granted	Vested	Expired/ forfeited other	Balance at the end of the year
Grant date	Vesting date					
11/04/2022	31/12/2023	11,250,000	-	-	(11,250,000)	-
11/04/2022	31/12/2023	3,125,000	-	-	(3,125,000)	-
		<u>14,375,000</u>	<u>-</u>	<u>-</u>	<u>(14,375,000)</u>	<u>-</u>

  

2022		Balance at the start of the year	Granted	Vested	Expired/ forfeited other	Balance at the end of the year
Grant date	Vesting date					
11/04/2022	31/12/2022	-	208,333	(208,333)	-	-
11/04/2022	31/12/2022	-	3,750,000	-	(3,750,000)	-
11/04/2022	31/12/2023	-	11,250,000	-	-	11,250,000
11/04/2022	31/12/2023	-	3,750,000	-	(625,000)	3,125,000
		<u>-</u>	<u>18,958,333</u>	<u>(208,333)</u>	<u>(4,375,000)</u>	<u>14,375,000</u>

**Note 34. Share-based payments (continued)**

There were no performance rights granted during the financial year ended 31 December 2023.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was nil (2022: one year).

**Note 35. Events after the reporting period**

Subsequent to the reporting period, the fair value of the Group's investment in Domacom Limited (ASX: DCL) has declined from \$1.1 million to \$0.6 million based on its quoted closing market price on the Australian Securities Exchange at 12 February 2024 of \$0.011 per share. DCL shares were suspended from trading effective 12 February 2024. As the asset is carried at fair value through profit and loss in the Group's financial statements, this represents a post balance date loss of \$0.5 million relating to this investment. This decline in value has not impacted management's intention to continue to hold this investment as a growth stock.

No other matter or circumstance has arisen since 31 December 2023 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, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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



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Ivan Oshry  
Non-Executive Chairman

28 February 2024  
Sydney



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George Paxton  
Executive Director and CEO

## INDEPENDENT AUDITOR'S REPORT

To the members of Halo Technologies Holdings Ltd (the Company)

### 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 2023, 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 year 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 the Group, 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 2023 and of its financial performance for the year 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.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Presentation of client trust accounts and related client liabilities

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2023, the Group has reported the following in its consolidated statement of financial position:</p> <p>Client trust accounts - \$439.4m (2022: \$192.3m)</p> <p>Amounts owed to clients - \$439.4m (2022: \$192.3m)</p> <p>These balances relate to cash held by the Group on behalf of their customers as part of the normal arrangement when onboarding clients and transacting in the Group's platform.</p>	<p>Our procedures were included but not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining external confirmation for the amounts held on behalf of clients at the year end;</li> <li>• Reviewing managements position on the accounting treatment of the amounts; and</li> <li>• Reviewing the associated disclosure in the financial statements.</li> </ul>

### Capitalisation of software development costs

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2023, the Group has recorded a capitalised software development costs of \$4.1m (2022: \$3.9m) which includes costs preliminary paid by AAIG, a related entity, and reimbursed subsequently by the Group.</p> <p>These costs relate to the integration and development of the Group platform's including new features with the view of enhancing the platform's capability.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Assessing the composition of development costs and the capitalisation criteria against the requirements of Australian Accounting Standard - AASB 138 Intangible Assets;</li> <li>• Verifying a sample of capitalised costs to actual payroll information and assessing the salary and wages of employees capitalised as being directly attributable;</li> <li>• Evaluating the processes used to monitor and track the development costs, the stage of development and the Group's assessment of the inflow of future economic benefits; and</li> <li>• Assessing the related disclosures in the financial statements.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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, 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:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Halo Technologies Holdings Ltd, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.



### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

*BDO*  
*G Rooney*

Geoff Rooney  
Director

Sydney, 28 February 2024

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The shareholder information set out below was applicable as at 19 February 2024.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	66	0.03
1,001 to 5,000	988	2.35
5,001 to 10,000	621	3.87
10,001 to 100,000	1,123	23.02
100,001 and over	49	70.73
	<b>2,847</b>	<b>100.00</b>
Holding less than a marketable parcel	<b>668</b>	<b>1.09</b>

### Equity security holders

#### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
BNP PARIBAS NOMS PTY LTD	25,402,151	19.62
MATTHEW ROBERTS HOLDINGS PTY LTD (M R FAMILY A/C)	24,895,833	19.23
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT)	17,078,041	13.19
AMALGAMATED AUSTRALIAN INVESTMENT GROUP LIMITED	6,041,666	4.67
NICOLAS GEORGE ASHLEY BRYON	3,958,334	3.06
GEORGE PAXTON & ALEXANDRA PATERSON-RIDGEWAY (NUTEX A/C)	3,958,333	3.06
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,606,176	1.24
ANIDAN SUPER PTY LTD (HENK AND TERESA S/F A/C)	1,200,000	0.93
MR RODNEY PHILIP LAMBE	550,000	0.42
MR WAYNE LAWRENCE BATEMAN	342,420	0.26
NG2 HOLDINGS PTY LTD	308,833	0.24
OATTS PTY LTD (OATTS SUPER FUND A/C)	300,000	0.23
MR LESLIE WABNIK & MRS JUNE LILY WABNIK (LW SUPERANNUATION NO 2 A/C)	287,567	0.22
MR BEN NAIDU	265,000	0.20
JOHNSTON FUND PTY LIMITED (JOHNSTON SUPER FUND A/C)	257,000	0.20
NGUYEN VAN HIEN SUPERFUND PTY LTD (NGUYEN VAN HIEN S/F A/C)	247,744	0.19
A W MAHLER PTY LTD (THE MAHLER SUPER FUND A/C)	243,312	0.19
RICHARD G POWER PTY LTD (RICHARD G POWER PL R P A/C)	211,484	0.16
IVAN OSHRY	208,333	0.16
MATTHEW MAHER	208,328	0.16
	<b>87,570,555</b>	<b>67.63</b>

#### Unquoted equity securities

There are no unquoted equity securities.

### Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
Matthew Roberts	50,606,817	38.92
George Paxton	8,071,131	6.23
Nicolas George Ashley Bryon	7,916,667	6.11

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### Ordinary shares

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.

There are no other classes of equity securities.

### Restricted securities

Class	Expiry date	Number of shares
Ordinary shares	24 February 2024	33,198,565

Directors	Ivan Oshry Matthew Roberts George Paxton Nicolas Bryon Philippa Lewis Peter Oxlade
Company secretary	Natalie Climo
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
Share register	Boardroom Pty Ltd Level 8 210 George Street Sydney NSW 2000 Telephone: 1300 737 760
Auditor	BDO Audit Pty Ltd Level 11 1 Margaret Street Sydney NSW 2000
Stock exchange listing	Halo Technologies Holdings Ltd shares are listed on the Australian Securities Exchange (ASX code: HAL)
Website	<a href="http://www.halo-technologies.com/">www.halo-technologies.com/</a>
Business objectives	In accordance with Listing Rule 4.10.19, the company confirms that the Group has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period in a way that is consistent with its business objectives.
Corporate Governance Statement	<p>The directors and management are committed to conducting the business of Halo Technologies Holdings Ltd in an ethical manner and in accordance with the highest standards of corporate governance. Halo Technologies Holdings Ltd has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.</p> <p>The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report, can be found at: <a href="http://www.halo-technologies.com/investors">www.halo-technologies.com/investors</a></p>