

1. Company details

Name of entity:	Halo Technologies Holdings Ltd
ABN:	73 645 531 219
Reporting period:	For the half-year ended 30 June 2024
Previous period:	For the half-year ended 30 June 2023

2. Results for announcement to the market

	30 Jun 2024 \$	30 Jun 2023 \$	Change \$	Change %
Revenues from ordinary activities	9,838,722	6,151,072	3,687,650	60%
Loss from ordinary activities after tax attributable to the owners of Halo Technologies Holdings Ltd	(8,035,078)	(3,514,967)	(4,520,111)	129%
Loss for the half-year attributable to the owners of Halo Technologies Holdings Ltd	(8,035,078)	(3,514,967)	(4,520,111)	129%
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)*	(4,573,816)	(1,510,032)	(3,063,784)	203%

* Underlying EBITDA

Underlying EBITDA reflects the net results for the year after adding back the effects of interest, tax, depreciation and amortisation, non-cash impairment 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.

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 \$8,035,078 (30 June 2023: \$3,514,967).

Refer to the directors' report for detailed commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.70	9.79

4. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report with an emphasis of matter paragraph has been issued. Refer to the attached auditors' review report for further details.

5. Attachments

Details of attachments (if any):

The Interim Report of Halo Technologies Holdings Ltd for the half-year ended 30 June 2024 is attached.

6. Signed

As authorised by the Board of Directors

Signed



Date: 30 August 2024

George Paxton
Executive Director and CEO

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Halo Technologies Holdings Ltd

ABN 73 645 531 219

Interim Report - 30 June 2024

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Directors' report	2
Auditor's independence declaration	4
Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Directors' declaration	17
Independent auditor's review report to the members of Halo Technologies Holdings Ltd	18

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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 half-year ended 30 June 2024.

Directors

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

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

Principal activities

During the financial half-year, the principal continuing activities of the Group consisted of providing equities research and analysis capability, portfolio management tools, international trade execution capability and themed investments through the Halo Technologies and Macrovue investment platforms.

Dividends

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

Significant changes in the state of affairs

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

Review of operations

The loss for the Group after providing for income tax amounted to \$8,035,078 (30 June 2023: \$3,514,967).

Underlying EBITDA

The table below provides a reconciliation between statutory results and the underlying EBITDA for the period. 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, non-cash impairments and fair value movement in financial assets. The directors consider underlying EBITDA to reflect the core earnings of the Group.

	Consolidated	
	30 Jun 2024	30 Jun 2023
	\$	\$
Statutory net loss after income tax	(8,035,078)	(3,514,967)
Interest revenue	(170,580)	(308,591)
Finance cost	1,721	1,135
Depreciation and amortisation	755,310	622,378
Decrease in fair value of financial assets	1,095,476	1,943,851
Impairment of financial assets	1,546,523	-
Income tax expense/(benefit)	232,812	(253,838)
Underlying EBITDA	<u>(4,573,816)</u>	<u>(1,510,032)</u>

The Group's operating revenue (net revenue from contracts with customers) of \$9.7 million increased by 65% over the prior comparative period ('pcp') mainly attributable to organic brokerage revenue growth due to higher funds under management compared to the prior pcp.

The Group reported an underlying EBITDA of \$4,573,816 (loss) compared to \$1,510,032 (loss) in the pcp, primarily due to the 'annualised' additional growth headcount across the business during the current period of \$1.3 million (including the UK operations), increased legal and professional fees \$0.2 million, increase in overheads primarily due to the UK operations of \$1.0 million and increased IT expenses of \$0.4 million.

The loss for the period was impacted by non-cash impairment and fair value decrements in investment in financial assets of \$2.6 million (30 June 2023: \$1.9 million). The impairment was made based on the management's assessment of the underlying financial position and business operations of the respective investee entities.

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Matters subsequent to the end of the financial half-year

On 28 August 2024, the company commenced the issuance of 6,750,000 Convertible Notes at an issue price of \$1.00 per Note to raise up to \$6,750,000. The notes are convertible on the date that the volume weighted average share price of the company's shares for the preceding 90 days is not less than \$0.41 at a rate equal to \$0.35 per new share. To the extent not converted, the Notes must be redeemed on the day that is 60 months from the date of issue. Convertible notes are unsecured and carry interest at the rate of 12% per annum on the outstanding principal, payable quarterly in arrears.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors



Ivan Oshry
Non-Executive Chairman



George Paxton
Executive Director and CEO

30 August 2024
Sydney

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DECLARATION OF INDEPENDENCE BY MATINA MOFFITT TO THE DIRECTORS OF HALO TECHNOLOGIES HOLDINGS LTD

As lead auditor for the review of Halo Technologies Holdings Ltd for the half-year ended 30 June 2024, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Halo Technologies Holdings Ltd and the entities it controlled during the period.


BDO

Matina Moffitt
Director

BDO Audit Pty Ltd

Sydney, 30 August 2024

Halo Technologies Holdings Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024



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		Consolidated	
	Note	30 Jun 2024 \$	30 Jun 2023 \$
Revenue and other income			
Revenue from contracts with customers	4	9,668,142	5,842,481
Research and development tax incentive		-	621,177
Interest revenue		170,580	308,591
Total revenue and other income		<u>9,838,722</u>	<u>6,772,249</u>
Expenses			
Trading costs		(6,708,023)	(3,007,714)
Decrease in fair value of financial asset	7	(1,095,476)	(1,943,851)
Employee benefits expense		(2,679,951)	(1,342,497)
Legal and professional expenses		(2,427,470)	(2,192,178)
Other expenses		(864,911)	(63,466)
Marketing and brand expenses		(513,897)	(684,316)
Information technology and system expenses		(1,024,357)	(655,672)
Depreciation and amortisation expense		(755,310)	(622,378)
ASX listing fees		(23,349)	(27,847)
Finance costs		(1,721)	(1,135)
Impairment of financial assets	5	(1,546,523)	-
Total expenses		<u>(17,640,988)</u>	<u>(10,541,054)</u>
Loss before income tax (expense)/benefit		(7,802,266)	(3,768,805)
Income tax (expense)/benefit	5	<u>(232,812)</u>	253,838
Loss after income tax (expense)/benefit for the half-year attributable to the owners of Halo Technologies Holdings Ltd		(8,035,078)	(3,514,967)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		91,658	-
Other comprehensive income for the half-year, net of tax		<u>91,658</u>	-
Total comprehensive income for the half-year attributable to the owners of Halo Technologies Holdings Ltd		<u>(7,943,420)</u>	<u>(3,514,967)</u>
		Cents	Cents
Basic earnings per share	17	(6.23)	(2.71)
Diluted earnings per share	17	(6.23)	(2.71)

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

		Consolidated	
	Note	30 Jun 2024	31 Dec 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		5,800,367	8,536,175
Client trust accounts	15	421,276,564	439,392,876
Trade and other receivables	6	2,703,765	3,315,620
Other assets	8	4,330,044	4,231,914
Total current assets		<u>434,110,740</u>	<u>455,476,585</u>
Non-current assets			
Financial assets at fair value through profit or loss	7	-	1,095,476
Other investments in financial assets	9	-	1,290,735
Property, plant and equipment		1,266	1,266
Intangible assets	10	5,130,587	5,152,113
Other assets	8	2,765,695	2,707,329
Deferred tax		371,357	371,357
Total non-current assets		<u>8,268,905</u>	<u>10,618,276</u>
Total assets		<u>442,379,645</u>	<u>466,094,861</u>
Liabilities			
Current liabilities			
Client trust accounts	15	421,276,564	439,392,876
Trade and other payables	11	2,859,370	1,128,580
Contract liabilities		3,294,955	4,075,057
Borrowings		-	42,856
Employee benefits		296,532	240,849
Total current liabilities		<u>427,727,421</u>	<u>444,880,218</u>
Non-current liabilities			
Contract liabilities		4,658,087	3,316,263
Employee benefits		104,434	65,257
Total non-current liabilities		<u>4,762,521</u>	<u>3,381,520</u>
Total liabilities		<u>432,489,942</u>	<u>448,261,738</u>
Net assets		<u>9,889,703</u>	<u>17,833,123</u>
Equity			
Issued capital	12	24,168,643	24,168,643
Reserves	13	91,658	118,623
Accumulated losses		<u>(14,370,598)</u>	<u>(6,454,143)</u>
Total equity		<u>9,889,703</u>	<u>17,833,123</u>

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

Halo Technologies Holdings Ltd
Consolidated statement of changes in equity
For the half-year ended 30 June 2024



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 half-year	-	-	(3,514,967)	(3,514,967)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,514,967)	(3,514,967)
Balance at 30 June 2023	<u>24,168,643</u>	<u>118,623</u>	<u>(2,764,434)</u>	<u>21,522,832</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2024	24,168,643	118,623	(6,454,143)	17,833,123
Loss after income tax expense for the half-year	-	-	(8,035,078)	(8,035,078)
Other comprehensive income for the half-year, net of tax	-	91,658	-	91,658
Total comprehensive income for the half-year	-	91,658	(8,035,078)	(7,943,420)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	-	-	-
Transfer from share-based payments reserve	-	(118,623)	118,623	-
Balance at 30 June 2024	<u>24,168,643</u>	<u>91,658</u>	<u>(14,370,598)</u>	<u>9,889,703</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Consolidated	
Note	30 Jun 2024	30 Jun 2023
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	10,357,137	6,268,988
Payments to suppliers and employees (inclusive of GST)	(12,791,408)	(8,671,717)
Other income - receipts from research and development tax incentive	420,984	1,225,296
Interest received	114,792	308,591
Interest and other finance costs paid	(1,721)	(1,135)
Net cash used in operating activities	<u>(1,900,216)</u>	<u>(869,977)</u>
Cash flows from investing activities		
Payments for investments	9	-
Payments for property, plant and equipment	-	(179,006)
Payments for intangible assets	10	(4,727)
	<u>(792,736)</u>	<u>(792,039)</u>
Net cash used in investing activities	<u>(792,736)</u>	<u>(975,772)</u>
Cash flows from financing activities		
Repayment of borrowings	<u>(42,856)</u>	<u>(57,416)</u>
Net cash used in financing activities	<u>(42,856)</u>	<u>(57,416)</u>
Net decrease in cash and cash equivalents	(2,735,808)	(1,903,165)
Cash and cash equivalents at the beginning of the financial half-year	<u>8,536,175</u>	<u>15,414,236</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>5,800,367</u></u>	<u><u>13,511,071</u></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 half-year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Halo Technologies Holdings Ltd's functional and presentation currency.

Halo Technologies Holdings Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Boardroom Pty Ltd
Level 12
225 George Street
Sydney NSW 2000

Principal place of business

Level 4
10 Barrack Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 during the financial half-year ended 30 June 2024 and are not expected to have any significant impact for the full financial year ending 31 December 2024. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Financial statements have been prepared on a going concern basis, of which contemplates continuity of normal business activity and realisation of assets and settlement of liabilities in the ordinary course of business. We note the the Group incurred a net loss after tax of \$8,035,078 (30 June 2023: loss of \$3,514,967) and net cash outflows used in operating activities of \$1,900,216 (30 June 2023: Net operating cash outflows \$869,977). As a result of the above factors and in the absence of the capital raise, this may give rise to material uncertainty, which may cast significant doubt over the going concern assumption. The directors do however consider that there are reasonable grounds to conclude that the Group will continue as a going concern after consideration of the following:

- As at 30 June 2024, the Group had cash and cash equivalents of \$5,800,367;
- As at 30 June 2024, the Group is in a net current asset position of \$6,383,319;
- The Group's losses are not entirely of a trading nature but rather relate to write off of an investment in Domacom Limited (\$1.3 million) and funding of the acquisition of Halo Invest in the United Kingdom and providing it with establishment funding and regulatory capital (\$6 million). This company is expected to achieve break even in the financial year 2026;

Note 2. Material accounting policy information (continued)

- As detailed in note 18 'Events after the reporting period', the Group is in the process raising additional long term funding and commenced the issuance of 6,750,000 Convertible Notes at an issue price of \$1.00 per Note to raise up to \$6,750,000; and
- The Group is of the reasonable view it has an ongoing ability to raise capital to meet its future operating and investment requirements in light of historical record of its related parties in raising capital.

Accordingly, the financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. Should the capital raise not be achieved, there is material uncertainty as to whether the Group will be able to continue as a going concern and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that may be necessary should the Group not continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

The main business activities of the Group are the provision of equity research and portfolio management services. The Board of Directors are identified as the Chief Operating Decision 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. Information relating to revenue from products and services is included in note 4. The Group operates predominantly in Australia. The Group commenced operations in the United Kingdom with the acquisition of Halo Invest Ltd on 3 October 2023.

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

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	31 Dec 2023
	\$	\$	\$	\$
Australia	9,668,142	5,842,481	4,176,616	4,139,189
United Kingdom	-	-	955,238	1,014,190
	<u>9,668,142</u>	<u>5,842,481</u>	<u>5,131,854</u>	<u>5,153,379</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.

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Note 4. Revenue from contracts with customers

	Consolidated	
	30 Jun 2024	30 Jun 2023
	\$	\$
Brokerage revenue	7,914,347	3,391,522
Subscription revenue	1,753,795	2,450,959
Revenue from contracts with customers	<u>9,668,142</u>	<u>5,842,481</u>

Disaggregation of revenue

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

	Consolidated	
	30 Jun 2024	30 Jun 2023
	\$	\$
<i>Geographical regions</i>		
Australia	<u>9,668,142</u>	<u>5,842,481</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	7,914,347	3,391,522
Services transferred over time	1,753,795	2,450,959
	<u>9,668,142</u>	<u>5,842,481</u>

Note 5. Impairment expense and deferred tax assets derecognised

	Consolidated	
	30 Jun 2024	30 Jun 2023
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Impairment of assets include the following:</i>		
Impairment of loan receivable (note 6)	200,000	-
Impairment of redeemable convertible notes (note 9)	1,346,523	-
Total impairment of financial assets	<u>1,546,523</u>	<u>-</u>

Note 6. Trade and other receivables

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$	\$
<i>Current assets</i>		
Trade receivables	965,055	132,273
Other receivables	-	420,984
Related party receivables	1,738,710	2,562,363
Loan receivable (Refer note 7)	-	200,000
	<u>2,703,765</u>	<u>3,315,620</u>

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

	Consolidated 30 Jun 2024	31 Dec 2023
	\$	\$

Non-current assets

Listed ordinary shares - designated at fair value through profit or loss

	-	1,095,476
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Reconciliation

Reconciliation of the fair values at the beginning and end of the half-year and the prior full financial year are set out below:

Opening fair value

	1,095,476	4,005,708
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Decrease in fair value of financial asset

	(1,095,476)	(2,910,232)
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Closing fair value

	-	1,095,476
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Refer to note 16 for further information on fair value measurement.

The above investment represents the Group's approximately 13% holding of listed shares in Domacom Ltd (ASX: DCL). DCL shares have been suspended from trading since February 2024, no audited financial information is available and the operating environment for the entity appears to have deteriorated. As a result, management has determined the fair value of DCL investment to be zero.

Accordingly, the loan balance receivable from DCL of \$200,000 has also been impaired as at 30 June 2024.

Note 8. Other assets

	Consolidated 30 Jun 2024	31 Dec 2023
	\$	\$

Current assets

Prepayments

	43,417	172,073
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Prepaid trading costs

	4,276,627	4,049,841
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Other current assets

	10,000	10,000
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	4,330,044	4,231,914
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Non-current assets

Prepaid trading costs

	2,711,395	2,653,029
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Security deposits

	54,300	54,300
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	2,765,695	2,707,329
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	7,095,739	6,939,243
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Note 9. Other investments in financial assets

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$	\$
<i>Non-current assets</i>		
Redeemable convertible notes at amortised cost	1,346,523	1,290,735
Less: Provision for impairment	<u>(1,346,523)</u>	<u>-</u>
	<u>-</u>	<u>1,290,735</u>

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current financial half-year and the prior full financial year are set out below:

Opening carrying amount	1,290,735	1,177,959
Interest accrued on loan notes	55,788	112,776
Impairment of convertible notes	<u>(1,346,523)</u>	<u>-</u>
Closing carrying amount	<u>-</u>	<u>1,290,735</u>

During the 2022 financial year, the Group invested in redeemable convertible notes in Success Publishing Pty Ltd to the value of \$1,346,523 (including interest). Success Publishing Pty Ltd has continued to operate at a loss for the past 3 years (FY23 loss of \$3.3 million) with minimal cash balances (FY23 cash balance of \$7,000) and with negative current assets (FY23: \$2.1 million) and deficiency in equity of \$4.7 million.

As a result, management has decided to fully impair the carrying amount of the convertible note.

Note 10. Intangible assets

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$	\$
<i>Non-current assets</i>		
Platform development - at cost	8,118,500	7,325,764
Less: Accumulated amortisation	<u>(3,943,151)</u>	<u>(3,187,841)</u>
	<u>4,175,349</u>	<u>4,137,923</u>
Licence - at cost	<u>955,238</u>	<u>1,014,190</u>
	<u>5,130,587</u>	<u>5,152,113</u>

Reconciliations

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

Consolidated	Platform build \$	Licence \$	Total \$
Balance at 1 January 2024	4,137,923	1,014,190	5,152,113
Additions	792,736	-	792,736
Exchange differences	-	(58,952)	(58,952)
Amortisation expense	<u>(755,310)</u>	<u>-</u>	<u>(755,310)</u>
Balance at 30 June 2024	<u>4,175,349</u>	<u>955,238</u>	<u>5,130,587</u>

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Note 11. Trade and other payables

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,420,144	670,660
Payable to related parties	1,094,674	218,336
Other payables	344,552	239,584
	<u>2,859,370</u>	<u>1,128,580</u>

Note 12. Issued capital

	Consolidated			
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>128,636,395</u>	<u>129,495,213</u>	<u>24,168,643</u>	<u>24,168,643</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 January 2024	129,495,213	24,168,643
Share buy-back and cancellation pursuant to employee share scheme (forfeited shares)	5 March 2024	(845,798)	-
Share buy-back and cancellation pursuant to employee share scheme (forfeited shares)	31 March 2024	<u>(13,020)</u>	<u>-</u>
Balance	30 June 2024	<u>128,636,395</u>	<u>24,168,643</u>

Share buy-back

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

Note 13. Reserves

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$	\$
Foreign currency reserve	91,658	-
Share-based payments reserve	<u>-</u>	<u>118,623</u>
	<u>91,658</u>	<u>118,623</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

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.

Note 13. Reserves (continued)

Movements in reserves

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

Consolidated	Foreign currency translation \$	Share-based payments \$	Total \$
Balance at 1 January 2024	-	118,623	118,623
Foreign currency translation	91,658	-	91,658
Transfer to retained earnings	-	(118,623)	(118,623)
	<u>-</u>	<u>(118,623)</u>	<u>(118,623)</u>
Balance at 30 June 2024	<u>91,658</u>	<u>-</u>	<u>91,658</u>

Note 14. Dividends

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

Note 15. Client trust accounts

The Group recognises as an asset the amounts held in Client Trust Accounts, the balance of which was \$421,276,564 at 30 June 2024 (31 December 2023: \$439,392,876). A related liability amounting to \$421,276,564 (31 December 2023: \$439,392,876) 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 16. 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

Consolidated - 30 Jun 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investments in listed ordinary securities *	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* The investment is in a listed entity and is usually a level 1 FV measurement, with the share price readily available from the market. During the period, however, the shares have been suspended, and therefore the investment now represents a level 3 fair value measurement. Due to the extended time of the suspension and with no financial information of the entity available, management has determined the fair value of the investment to be zero at the reporting date.

Consolidated - 31 Dec 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investments in listed ordinary securities	1,095,476	-	-	1,095,476
Total assets	<u>1,095,476</u>	<u>-</u>	<u>-</u>	<u>1,095,476</u>

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

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Note 16. Fair value measurement (continued)

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 17. Earnings per share

	Consolidated	
	30 Jun 2024	30 Jun 2023
	\$	\$
Loss after income tax attributable to the owners of Halo Technologies Holdings Ltd	<u>(8,035,078)</u>	<u>(3,514,967)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>128,940,257</u>	<u>129,499,299</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>128,940,257</u>	<u>129,499,299</u>
	Cents	Cents
Basic earnings per share	(6.23)	(2.71)
Diluted earnings per share	(6.23)	(2.71)

Note 18. Events after the reporting period

On 28 August 2024, the company commenced the issuance of 6,750,000 Convertible Notes at an issue price of \$1.00 per Note to raise up to \$6,750,000. The notes are convertible on the date that the volume weighted average share price of the company's shares for the preceding 90 days is not less than \$0.41 at a rate equal to \$0.35 per new share. To the extent not converted, the Notes must be redeemed on the day that is 60 months from the date of issue. Convertible notes are unsecured and carry interest at the rate of 12% per annum on the outstanding principal, payable quarterly in arrears.

No other matter or circumstance has arisen since 30 June 2024 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.

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ivan Oshry
Non-Executive Chairman



George Paxton
Executive Director and CEO

30 August 2024
Sydney

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Halo Technologies Holdings Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Halo Technologies Holdings Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

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

- i. Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's

ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd



Matina Moffitt

Director

Sydney, 30 August 2024