

A person is seen from the side, looking out of a vehicle window at a sunset over a landscape. The scene is bathed in warm, golden light from the setting sun. The person's hand is on the steering wheel. The background shows rolling hills and a body of water under a clear sky.

Making  
big ideas

real<sup>®</sup>

IPO PRESENTATION  
DECEMBER 2022

**SOCO.**<sup>®</sup>

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# 01 business overview

“ Our mission is to elevate our clients, partners, and team to become the heroes of their story, standing shoulder-to-shoulder to help make their big ideas real.



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## EXECUTIVE SUMMARY

A leading Australian  
**IT consultancy**  
that puts people first, and technology second

- ✔ Operating for 9 years
- ✔ 3-year sustained **organic**<sup>1</sup> average annual revenue over 61% CAGR
- ✔ FY22 pro forma EBIT<sup>2</sup> of **\$1.8M** (pro forma EBITDA<sup>2</sup> of \$2.0M ) on \$13.4M revenue
- ✔ Forecasting **FY23 pro forma EBIT<sup>2</sup> of \$3.0M** (pro forma EBITDA<sup>2</sup> of \$3.3M) after public company costs and share based remuneration on **\$18.5M revenue**
- ✔ **Tight capital structure with founder alignment**; the only tradable shares are those to be issued at IPO, with founders accounting for 79.2% of the register (and in voluntary escrow)
- ✔ **Diversified client mix & robust pipeline** incl. local, state and federal government, corporate and NFP
- ✔ Permanent **staff retention of 98%**<sup>3</sup> per annum in FY22 and ‘Great Place to Work’ score of **94%**



1. Except for acquisition of a client book (\$0.3m of revenue in FY21)
2. EBITDA and EBIT are pro forma (after public company costs and share based remuneration of \$0.69m)
3. Retention rate is for staff who successfully complete probation



## WINNING TEAM

Active role played by  
**founding team**  
who each remain major shareholders

### Executives



**Simon Forth**

Chief Executive Officer

Experience as CEO and COO of DXN Limited (ASX:DXN) and former board member (Executive Director) of Legend Corporation (ASX:LGD).



**Steve Parks**

Chief Financial Officer & Company Secretary

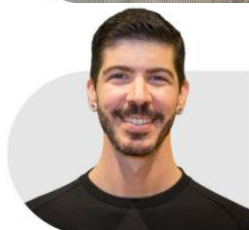
Former CFO & Company Secretary for Big River Industries Ltd (ASX:BRI) where he played a key role in the transition from family ownership, through to IPO in 2017.



**Arnie Raju<sup>1</sup>**

Principal Consultant

Founder and former Director



**Stevan Simovic<sup>1</sup>**

Solution Architect

Founder and former Director

### Board



**Tom Stianos**

Non-Executive Chairman

Currently Chair of Xref Ltd (ASX:XFI) and NED of Gale Pacific Ltd (ASX:GAP); former Chair of Empired Ltd (ASX:EPD) and MD of SMS Management & Technology Ltd (ASX: SMX) with over 30 years' experience in the IT and consulting industry.



**Sebastian Rizzo**

Executive Director

Founder and responsible for Client Relationships. Former CEO of SOCO during which time SOCO achieved sustained growth. 16 years' technical experience and holds an MBA (Technology).



**Tom Rock**

Executive Director

Founder and responsible for Strategy, Brand & Culture. Over 15 years' experience in the IT industry with a Master of Engineering and currently enrolled in an MBA program with UQ.



**Carlo Liviani**

Non-Executive Director

Founder and former COO of SOCO. A highly experienced corporate consultant. Delivered solutions for leading Australian companies including BHP, Rio Tinto, CBA and Westpac.



**Khatiza Brown**

Non-Executive Director

Has over 20 years' experience working as a corporate governance, corporate services and finance executive in Australia and overseas.

<sup>1</sup> Arnie Raju and Stevan Simovic were also Directors of the company previously, and recently resigned from the board to make way for Tom Stianos and Khatiza Brown to join the board as Independent Non-executive directors.

## WHAT SOCO DOES

# This is what SOCO does

- ✔ SOCO is an Australia-based **IT services consultancy**, headquartered in Brisbane and with clients nationwide
- ✔ SOCO delivers and supports enterprise-grade software solutions built on **Microsoft cloud technology** such as SharePoint, Dynamics, Office 365, Azure, Business Central, and the Power Platform
- ✔ **Primary revenue source is billable** work performed by SOCO's consultants
- ✔ Offering consists of **advice, project services, and support** to clients across Australia
- ✔ All staff are based in Australia, and many possess **security clearance** for work with federal government agencies



## WHAT SOCO DOES

Strive to deliver the

# digital transformation

promise for clients



### MODERN WORKPLACE Collaboration & communication

Improve productivity and employee satisfaction whilst maintaining security and data integrity.



### BUSINESS APPLICATIONS Integrated and purpose-built

From sales and marketing, through customer service to business optimisation and business process automation.



### OPERATIONS AND FINANCE Finance and ERP solutions

Providing operational flexibility, optimised performance, and actionable insights – locally and across legal jurisdictions.



### DATA AND ANALYTICS Enabling data-driven decisions

Data is a precious commodity, and unlocking the value in data can deliver insights, actions, and organisational agility & advantage.



# Winning business model

that has been refined over 9 years

In FY22 SOCO made money from **3 broad categories**:

### ✔ Project based services

- ✔ As per Discover, Design, Deliver methodology steps
- ✔ Discovery and Design engagements often fixed price
- ✔ Delivery typically completed in phases
- ✔ Often followed by repeat projects

### ✔ Support services

- ✔ Recurring revenue
- ✔ Typically recurring monthly, with some larger clients wrapping services into longer-term agreements

### ✔ Licensing

- ✔ Recurring revenue (prepaid monthly/yearly)

**Note:** longer-term agreements with top clients often incorporate both project-based and support services over a multi-year period.

### *Don't compete on price*

- *Compete on business value*
- *Mission is to make clients the hero*
- *Trust, confidence, and respect are not technology words*

### *Avoid low margin, low entry-barrier disciplines*

- *General desktop/server support*
- *Hardware/device sales*
- *Public websites*

### *Target challenging high-value applications*

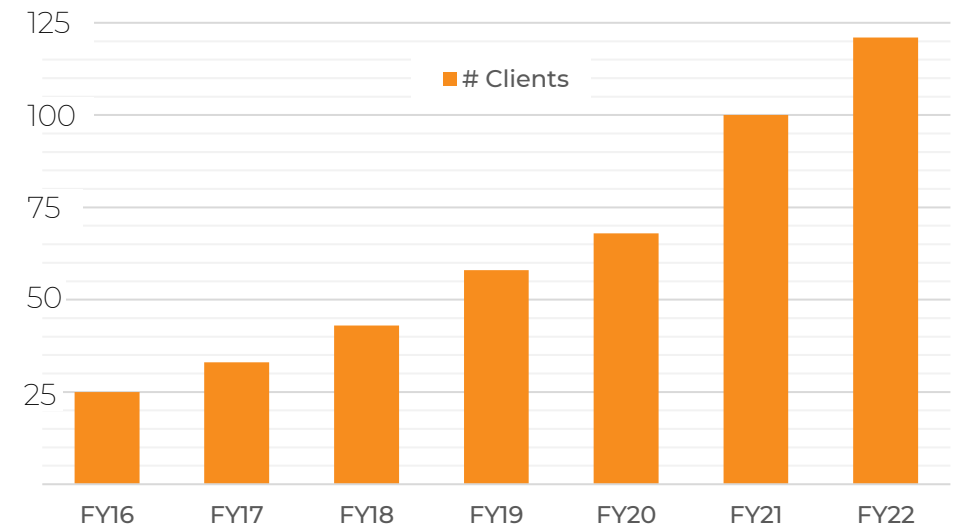
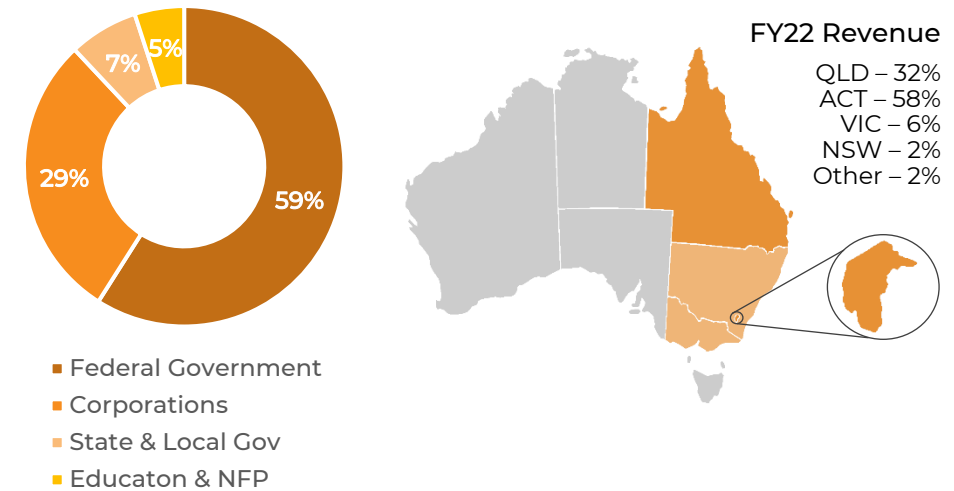
- *Areas that traditional MSPs find challenging*
- *What SOCO does is hard, and it brings people for the journey (this requires tech skills AND people skills)*



## WHO SOCO SERVES

Serving a  
**diverse client pool**  
spanning different sectors and regions

- ✔ Clients consistently expand and utilise SOCO's services:
  - 56 retained clients delivered \$9.4M (70% of FY22 revenue)
  - 64 new clients delivered \$4.0M (30% of FY22 revenue)
  - 22 clients from word-of-mouth (63% of FY22 revenue)
  - 95% of top 20 clients from FY21 retained in FY22
- ✔ Diverse mix of 121 clients in FY22
- ✔ Approved seller under the Australian Government Digital Transformation Digital Marketplace



## THE OPPORTUNITY

# The current market opportunity for SOCO is huge

In FY22 annual expenditure on IT services (ANZSIC M7000) in Australia was \$71.1 billion<sup>2</sup> - delivering \$6.5 billion profit at an average margin of 9.1%.

The industry expectation is growth of 2.78% per annum in 2023 and 3.76% in 2024, with industry revenue expected to reach \$81.7 billion by 2027.

- ✓ Approx 3,500<sup>1</sup> potential clients in Australia with staff head count between 200-5,000
  - ✓ Of the 3,500 potential clients, 6 have become major clients with an annual spend >\$500k per annum

1. LinkedIn data  
2. Computer Systems Design Services in Australia, June 2022, IBISWorld.com

# 02 financial performance

“*Profitable in every year since being founded 9 years ago with strong and consistent organic growth.*”



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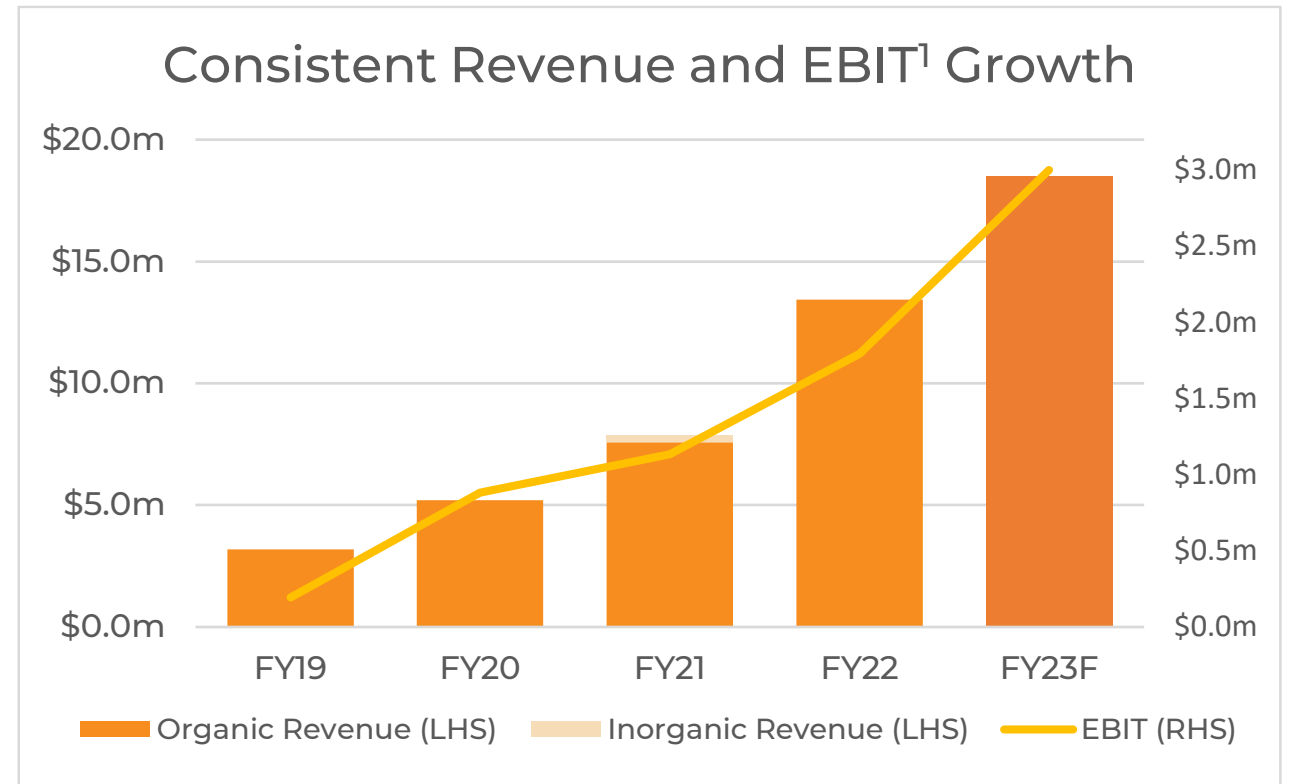
## COMPANY FINANCIALS

SOCO has delivered

# strong financial performance

with consistency and sustainability

- ✔ Proven and consistent **organic<sup>2</sup>** revenue growth: > 61% over the last 3 years
- ✔ Pro forma **EBIT margin averaged 15%** over last 3 years, with FY23 forecast at 16% (after public company costs and share based remuneration)
- ✔ Cash conversion > 95%
- ✔ Dividend policy anticipates to pay in the range of 40% to 60% of NPAT. First dividend expected Oct-23 based on 6 months NPAT (Jan-Jun) post IPO and subject to normal board approval process
- ✔ Trade working capital < 7% of revenue
- ✔ Clean balance sheet with no bank debt
- ✔ Minimal capex, circa 1% of revenue



1. EBIT in chart is pro forma (after public company costs and share based remuneration of \$0.69m)  
2. All organic except for small acquisition of a client book in FY21 (\$0.3m of revenue in FY21)

## COMPANY FINANCIALS

Reliable and  
**consistent growth**  
 is underpinned by strong fundamentals

Pro forma Historical Results for FY20, FY21, and FY22 and Pro Forma Forecast Results for FY23F \$000's	Pro forma Historical			Pro forma Forecast
	FY20	FY21	FY22	FY23F
Revenue	5,193	7,856	13,433	18,502
Revenue growth % (yoy)	63.6%	51.3%	71.0%	37.7%
Gross profit	2,531	3,469	5,586	7,334
EBITDA	939	1,354	2,044	3,312
EBITDA %	18.1%	17.2%	15.2%	17.9%
EBIT	881	1,135	1,794	3,000
EBIT %	17.0%	14.4%	13.4%	16.2%
Profit after tax	595	779	1,263	2,196

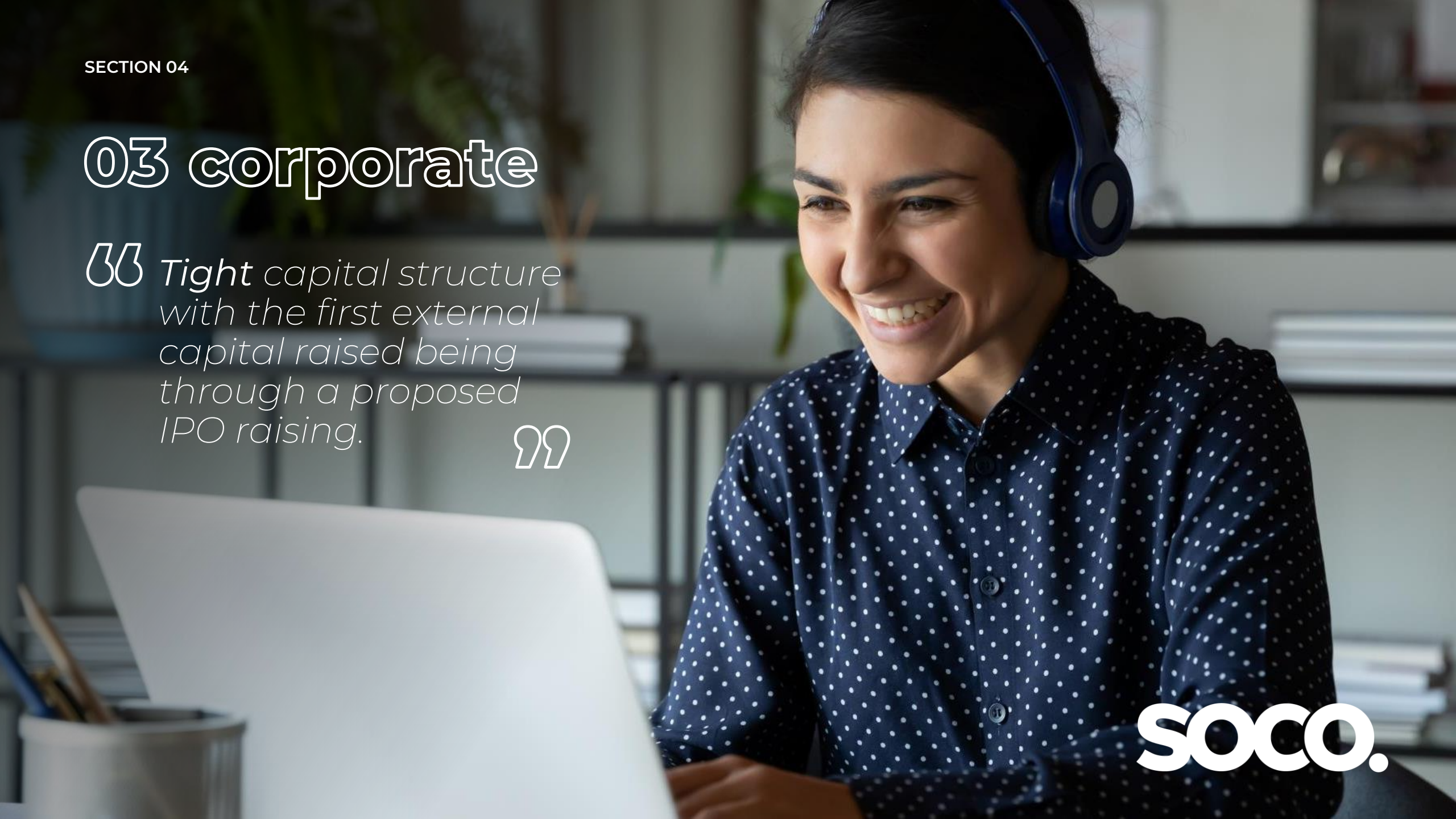
- ✔ Strong and profitable organic<sup>1</sup> revenue growth
- ✔ Healthy EBITDA<sup>2</sup> and EBIT<sup>2</sup> margins. Economies of scale kick in from FY23
- ✔ Headcount growth is in line with revenue growth
- ✔ Weighted average number of 51 employees in FY22

# 03 corporate

“Tight capital structure with the first external capital raised being through a proposed IPO raising.”



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## GROWTH OPPORTUNITIES

A multitude of  
**strategic levers**  
to continue sustained growth

The purpose of the offer is to:

- ✔ provide funding for SOCO to implement the business model, objectives, and planned growth initiatives, including acquisitions
- ✔ provide SOCO with the benefits of an enhanced profile that arises from being listed
- ✔ provide SOCO with access to capital markets
- ✔ provide transparency and liquidity for acquisition targets with respect to partial or wholly script-based acquisitions
- ✔ provide transparency and liquidity for SOCO employees participating in share-based incentive plans
- ✔ broaden SOCO's shareholder base
- ✔ provide a liquid market for shares and an opportunity for others to invest in SOCO



## INDICATIVE IPO STRUCTURE AND USE OF FUNDS<sup>1</sup>

# Incredibly clean capital structure at initial public offering on track for 2022

Raising \$5.0M<sup>1</sup> at an enterprise value of \$21.0M<sup>1</sup>. The founders are not selling down as part of the IPO and will be voluntarily escrowed for 12 months<sup>3</sup>. The only tradable shares will be those issued at IPO.

Capital structure	
Offer price	\$0.20
Market capitalisation (\$m)	25.3
Cash (\$m) <sup>2</sup>	(4.2)
Debt (\$m)	-
<b>Enterprise value (\$m)</b>	<b>21.0</b>

FY23 Pro forma	Multiple
EV/EBITDA (x)	6.4
EV/EBIT (x)	7.0

FY23 Pro forma	EPS
Earnings per share (cps) <sup>4</sup>	1.93

Shareholder structure	Shares (m)	Holding (%)
Founders & CEO	101.0	80.0%
Employee gift shares	0.3	0.2%
New shareholders under the Offer	25.0	19.8%
<b>Total</b>	<b>126.3</b>	<b>100.0%</b>

Escrow and free float	Shares (m)	Holding (%)
Founder Escrow <sup>3</sup>	100.0	79.2%
CEO shares	1.0	0.8%
Free float	25.3	20.0%
<b>Total</b>	<b>126.3</b>	<b>100.0%</b>

Use of funds	(\$m)	%
Growth initiatives	3.3	66.9%
Working capital	0.5	9.1%
IPO costs	1.2	24.0%
<b>Total</b>	<b>5.0</b>	<b>100.0%</b>

1. Indicative only and undiluted

2. Estimated cash at bank at IPO date, plus gross IPO proceeds, minus IPO listing cash costs

3. Subject to receipt of required approvals, including ASX and ASIC

4. Based on estimated weighted average number of shares on issue in FY23

SECTION 05

# 04 appendix



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## WHAT SOCO DOES

# Industry credentials

## Microsoft Solutions Partner

In October 2022 Microsoft retired the traditional Gold and Silver competencies, and introduced a new **Solutions Partner program**. Qualification for the Solutions Partner program is significantly more challenging than the previous program. SOCO is an accredited Microsoft Solutions Partner.

### Microsoft Partner



Gold Cloud Platform  
Gold Cloud Productivity  
Gold Application Development  
Gold Small and Midmarket Cloud Solutions  
Gold Collaboration and Content  
Gold Datacenter  
Gold Messaging  
Silver Security  
Silver Application Integration  
Silver Project and Portfolio Management  
Silver Enterprise Resource Planning  
Silver Data Analytics

Prior to October 2022 SOCO had attained numerous Gold and Silver competencies, for which partner benefits are still applied until October 2023.



## Industry Panels and Partnerships

Whole of Government Panel	ICT Service Panel ICTSS.13.03 (QLD)
Department of Education	Standing Offer Arrangement QED92349 (QLD)
Other Procurement Channels	Tasmanian Technology Services List (TSL) Digital Marketplace Local Buy (QLD) Tenders Victoria Tenders ACT Tender Panel ICN Gateway QTenders AusTender



Australian Government Security Vetting Agency  
Security Clearance

# Culture drives talent

which leads to exceptional client success

Excellent track record of attracting and retaining consultants that align with SOCO's values and can deliver against SOCO's brand promise.

- Employee retention rate of **98%** in FY22<sup>1</sup>
- Destination employer with 'Great Place to Work' score of **94%**
- All SOCO staff are based in Australia
- World-class culture is driven by company values:
  - *"We delight our clients"*
  - *"We know our stuff"*
  - *"We get stuff done"*
  - *"We build communities"*

<sup>1</sup> Retention rate is for staff who successfully complete probation

## HOW SOCO WORKS

# Small. Packets. Of. Work. delivering results

## Discover.

### A shared understanding of success

SOCO's team of experienced Business Analysts and User Experience Consultants work closely with you to understand the current state, business processes and requirements.

These are then translated into a statement of requirements that form the foundation for all activities, providing a framework for user acceptance testing and traceability to future deliverables.

## Deliver.

### Creating meaningful solutions

Expert at delivering on-time and to budget, the SOCO team will break down the solution into a backlog of prioritised development tasks.

Tasks are then assigned to delivery phases, and sprints, with regular showcases to ensure outputs align with client expectation.

## Design.

### The vision of the future

Once requirements are agreed, SOCO's Solution Architects design a solution specifically for your project. A solution architecture is drafted, outlining the desired end state and a roadmap for successful delivery.

This aspect is critical for project success and typically includes functional architecture, process flows, logical architecture, data architecture and visual designs.

## Drive.

### Ensuring ongoing value is delivered

SOCO's Drive phase ensures the success of the solution SOCO delivers, by accelerating adoption, supporting solutions and facilitating effective change management.

SOCO supports and transfers knowledge to the 'business as usual team charged with maintaining the solution on an ongoing basis.



## Proven 4D methodology

SOCO's 4D methodology makes the magic happen – and has been trusted by Australian government agencies and businesses since 2013.

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