

A person is seen from the side, looking out of a vehicle window at a sunset over a mountain range. The sun is low on the horizon, creating a warm orange glow. The mountains are silhouetted against the bright sky. The text "Half year results." is overlaid in a large, white, outlined font.

Half year results.

SOCO CORPORATION LTD (ASX:SOC)

1H FY23 RESULTS PRESENTATION
23 FEBRUARY 2023

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Agenda

- Results overview
- About SOCO
- Financial performance
- Outlook

Results overview

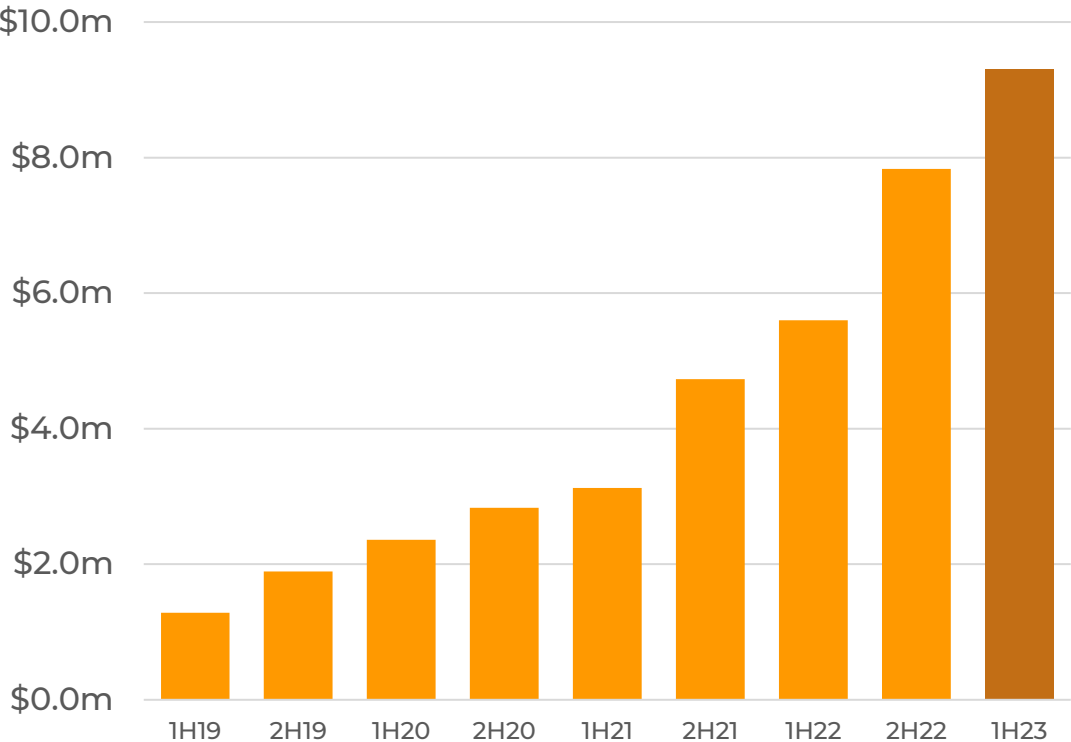
1H FY23 marks SOCO's 18th consecutive half year of revenue growth.



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Continued
strong organic growth
across key metrics

Consistent revenue growth



1H FY23 vs. 1H FY22

Revenue
+60.7%
Growth over PCP ² to \$9.3m

Operating EBIT ³
+35.4%
Growth over PCP to \$1.4m

Operating EBITDA ¹
+34.3%
Growth over PCP to \$1.6m

Underlying NPBT ⁴
+36.1%
Growth over PCP to \$1.4m

1. Operating EBITDA is Operating EBIT before depreciation and amortization. | 2. Prior Corresponding Period ("PCP")
3. Operating EBIT is net profit before interest, IPO expense, incremental public company cost, employee gift share expense, share-based remuneration, and taxes.
4. Underlying NPBT is NPBT before IPO expense, incremental public company cost, employee gift share expense, share-based remuneration, and taxes.

Additional milestones and achievements

Initial Public Offering (IPO)

- Oversubscribed initial public offering
- 74% of employees now shareholders

Strategic

- Actively pursuing synergistic acquisitions
- Established team to service clients with artificial intelligence (AI) consulting and associated product development
- Established outbound marketing approach for industry verticals, laying foundation for accelerating client acquisition in 2H FY23 and 1H FY24

Operational

- Accreditation of SOCO's management system ISO9001 Quality, ISO27001 Information Security, ISO14001 Environmental and ISO45001 Occupational Health and Safety.
- Established operations and team in Perth WA

Growth

- New project wins, new clients wins, and multiple contract renewals support growth into FY23 and beyond
- Continued successful recruitment to support sustained revenue growth and client acquisition



About SOCO

“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 team & board

Non-Exec
Chairman



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.

Executives



Simon Forth
Chief Executive Officer

Experience as CEO and COO of DXN Ltd (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 to IPO in 2017.

Executive
Directors



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.

Non-Exec
Directors



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.

Overview of **who we are** and what we do

- ✓ Founded in 2013, and operating for 9 years
- ✓ 3-year sustained organic average annual revenue over 61% CAGR
- ✓ SOCO's consulting teams solve business problems by applying and modernising IT systems to improve business processes
- ✓ 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
- ✓ All staff are based in Australia, and many possess **security clearance** for work with federal government agencies
- ✓ Diversified client mix & robust pipeline incl. local, state and federal government, corporate and NFP
- ✓ Microsoft Partner since 2014



ABOUT SOCO

We deliver the
digital transformation
promise for our 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.



ABOUT SOCO

Who we serve

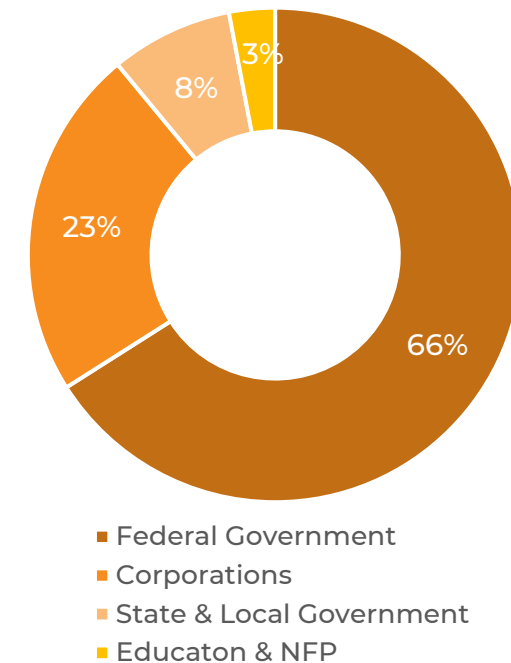
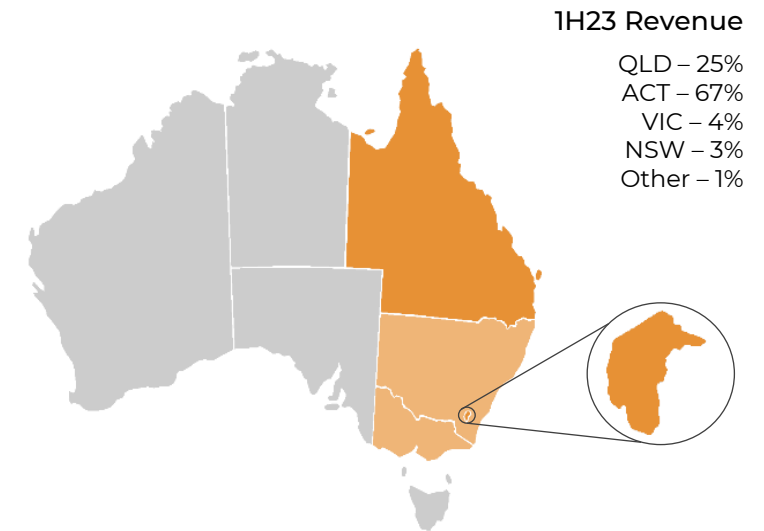
our wonderful clients



ABOUT SOCO

We serve a
diverse client pool
spanning different sectors and regions

- ✓ Pre-approved Australian Government Digital Transformation Digital Marketplace panel
- ✓ Diverse mix of clients in 1H FY23
- ✓ During 1H FY23, clients consistently expanded and key commercial contracts were awarded
- ✓ 18 new clients delivered \$0.9M (9% of 1H FY23 revenue), including:
 - ✓ 1 major new Federal government client
 - ✓ 3 new Queensland government clients
- ✓ 78 retained clients delivered \$8.4M (91% of 1H23 revenue). Clients consistently expand and utilise our services
- ✓ 90% of top 20 clients from FY22 continued in 1H23



Financial performance

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

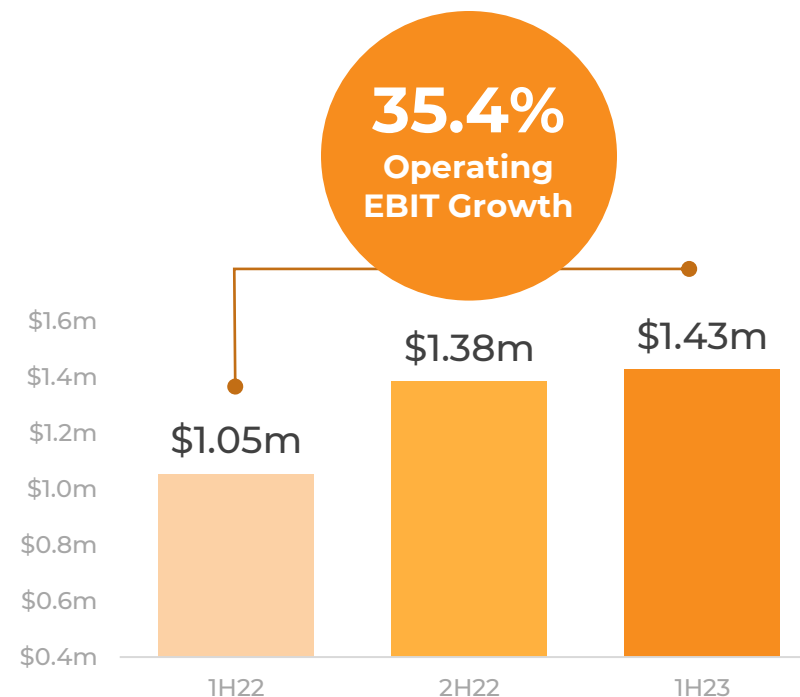
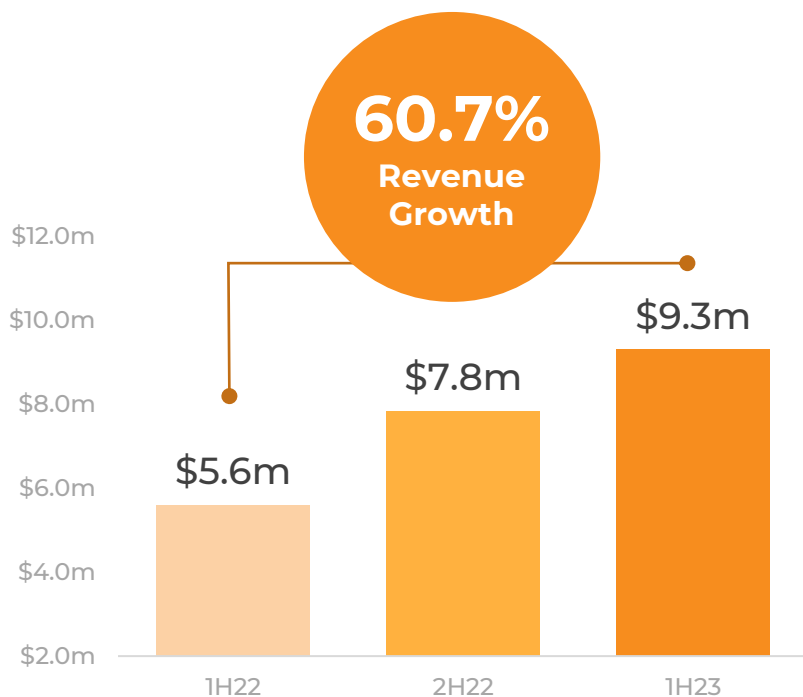


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COMPANY FINANCIALS

We've delivered
with consistency

strong financial performance



COMPANY FINANCIALS

We've delivered strong
financial results
with consistency

- ✓ Strong and profitable organic revenue growth
- ✓ Healthy Operating EBIT² margin of 15.3% (1H FY22: 18.2%)
- ✓ Weighted average number of employees during 1H FY23 was 76 (FY22: 51)
- ✓ 80 employees at 31 December 2022
- ✓ Recruitment of staff to meet 2H FY23 demand
- ✓ Initial Public Offer costs expensed (\$'000's):

Cash component	680
Non-cash component	209
Share issue transaction costs	889

Financial summary	1H23 (\$'000's)	1H22 (\$'000's)	Change
Revenue	9,302	5,788	60.7%
Operating EBITDA¹	1,572	1,170	34.3%
Depreciation and amortisation	-145	-116	-24.6%
Operating EBIT²	1,427	1,054	35.4%
Interest	-3	-8	59.0%
Net profit before income tax and significant items	1,424	1,046	36.1%
<i><u>Significant items:</u></i>			
IPO expense	-889	-	-
Incremental public company cost	-41	-	-
Employee gift share expense	-53	-	-
Share-based remuneration	-28	-	-
Net profit before income tax expense	413	1,046	-60.5%
Income tax expense	-157	-249	36.9%
Net profit after income tax expense	256	797	-67.9%
Operating EBIT - % of Revenue	15.3%	18.2%	

Strong balance sheet

to support continued growth

- ✔ Strong balance sheet with cash on hand of \$4.8m and no bank debt
- ✔ Weighted average debtor days of 36 days
- ✔ Trade working capital¹ < 5% of annualised revenue
- ✔ Provisions represent employee entitlements (annual and long service leave)
- ✔ Net IPO cash proceeds of \$3.9m (capital raise of \$5.0m less cash costs \$1.1m) provides a balance sheet to support growth initiatives

Balance Sheet	31 Dec 2022 (\$'000's)	30 June 2022 (\$'000's)
Cash and cash equivalent	4,787	2,807
Trade and other receivables	1,849	1,453
Other assets	179	91
Property, plant and equipment	312	314
Right-of-use assets	179	250
Intangibles	7	7
Deferred Tax	397	96
Total Assets	7,710	5,018
Trade and other payables	1,373	1,089
Contract liabilities	14	20
Lease liabilities	181	252
Current tax	239	371
Provisions	719	639
Total Liabilities	2,526	2,371
Net Assets	5,184	2,647
Working capital	4,471	2,195
Trade working capital ¹	641	435

Reliable cash flow

- ✓ Cash conversion² > 95%
- ✓ Minimal capex, < 1% of revenue in 1H23
- ✓ Successful IPO oversubscribed raising \$5.0m
- ✓ IPO costs as per table below:

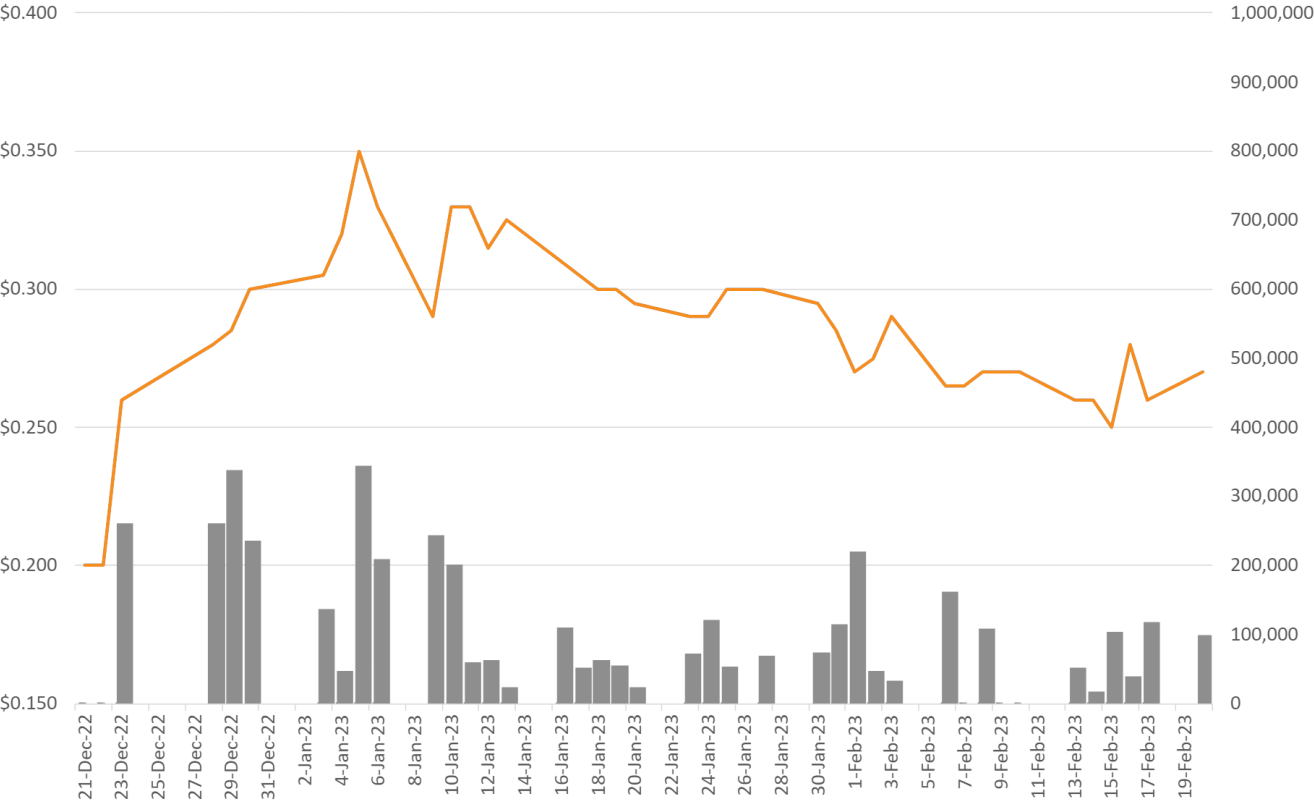
Initial Public Offer costs (\$000's)	Expensed	Recorded against equity	Total IPO Costs
Cash component	680	394	1,074
Non-cash component	210	136	346
Share issue transaction costs	890	530	1,420
Tax expense	(165)	(98)	(263)
Initial Public Offer costs net of tax	725	432	1,157

- ✓ Pre IPO dividend paid³
- ✓ Dividend policy anticipates to pay in the range of 40% to 60% of NPAT. First dividend expected Oct-23 based on 2H FY23 NPAT (Jan-Jun) and subject to normal board approval process

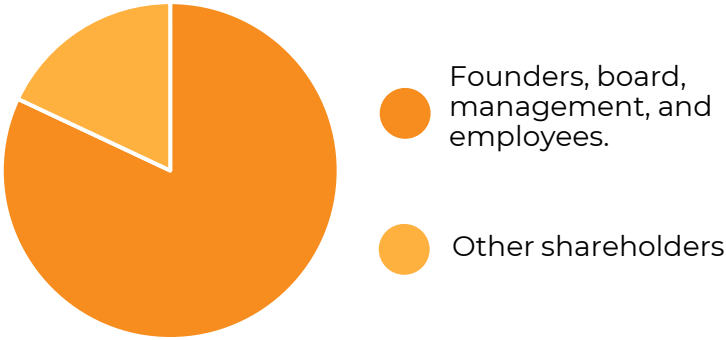
Cash Flow	1H23 (\$000's)	1H22 (\$000's)
Receipts from customers	9,831	6,198
Payments to suppliers/employees	-8,432	-4,305
OCFBIT & IPO expense¹	1,399	1,893
Share issue costs (expensed)	-680	-
Interest	-3	-8
Income taxes paid	-492	-435
Operating Cash Flow	224	1,450
Capital expenditure	-73	-113
Loan to related party repaid	-	89
Investing Cash Flow	-73	-24
Proceeds from issue of shares	5,000	-
Share issue costs (to equity)	-394	-
Dividends paid ³	-2,707	-620
Repayment of lease liabilities	-70	-59
Financing Cash Flow	1,829	-679
Net Cash Flow	1,980	747
Cash conversion²	96%	162%

CORPORATE OVERVIEW

Highly aligned
capital structure
following successful IPO



SHAREHOLDER STRUCTURE



- ✓ IPO in December 2022 was well oversubscribed and resulted in 74% of employees becoming shareholders.
- ✓ > 80% of the register is held by founders, management, board or employees.

Capital structure	
Share price (\$) ¹	\$0.28
Shares on issue (M)	126.3
Options (M)	6.4
Undiluted market capitalisation (\$M) ²	35.4
Less: Cash (\$M) ³	4.8
Add: Bank debt (\$M)	-
Enterprise value (\$M)	30.6

1. Share price as at 16 February 2023.
2. Based on share price and number of shares on issue as at 16 February 2023.
3. Cash on hand as at 31 December 2022.

Outlook

Reaffirming FY23 EBIT
and EBITDA guidance.
Underpinned by strong
business fundamentals.



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Momentum continues with
strategic pillars
for sustained growth

Organic growth

- Continuing to win contracts through referrals, renewals and successful tenders
- Opportunity to increase outbound client acquisition, at present only one dedicated BDM

Inorganic growth

- Actively pursuing synergistic acquisitions that are EPS accretive, and will complement our existing capabilities, accelerate our organic growth through access to new clients/markets.

Heromaker® focused

- Continued focus on delivering and articulating exceptional client and employment experiences



COMPANY OUTLOOK

A bright outlook for FY23 and beyond



After a strong 1H FY23, SOCO is pleased to reaffirm the FY23 pro forma EBIT and EBITDA prospectus forecasts of \$3.0M and \$3.3M respectively.

The sales pipeline continues to show strong performance at all stages of the client acquisition journey, and existing clients continue to realise value from SOCO's service offerings.

There are signs that the employment market is beginning to loosen, which, combined with our price increases and enhanced staff utilisation, will continue to uplift our future margin. Our expanded team sets a strong footing for future reporting periods.

Actively pursuing synergistic acquisitions that will complement our existing capabilities and position us for even greater success.



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Appendix



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HOW WE WORK

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, our 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 solutions we deliver, by accelerating adoption, supporting solutions and facilitating effective change management.

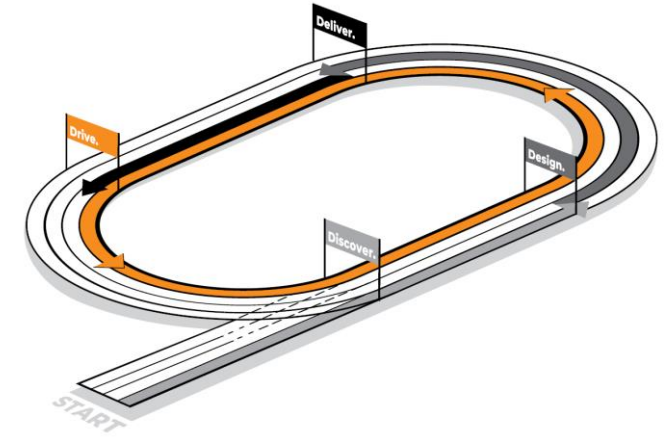
We support and transfer knowledge to the 'business as usual team charged with maintaining the solution on an ongoing basis.



Proven 4D methodology

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

Typical digital transformation process



Business
Problem

- Modernise existing systems, business applications, data systems or ERP
- Pain points with poor operations or business processes
- No single source of truth for controlled documents

Client
approaches
market

- Existing relationships
- RFQ/RFI
- Procurement panels
- Website
- Referrals

Our
engagement

- **Discovery**
 - Current state analysis
 - Workshops, interviews etc.
 - Define scope and requirements
- **Design**
 - High level architecture
 - Solution design
 - Project plan, timelines & costs

Solution

- **Delivery**
 - Build solution, configuration of system, develop code, migrate data, change management, training, documentation
- **Drive**
 - Tech support (help/break/fix), manage patches/updates, continuous improvement

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