



23rd February 2023

SOCO Corporation Ltd (ASX:SOC)

Strong financial performance positions company for growth

1H FY23 HIGHLIGHTS

- Revenue of \$9.3M, up 61% over 1H FY22 (prior corresponding period)
- Operational EBIT of \$1.4M, up 35% over pcp
- Operational EBITDA of \$1.6M, up 34% over pcp
- Successful recruitment program to support revenue growth and recent contract wins
- Well oversubscribed initial public offering that resulted in 74% of employees becoming shareholders
- Actively pursuing synergistic acquisitions
- Strong balance sheet with \$4.8M in cash and no bank debt

SOCO Corporation Ltd ("Company" or "SOCO"), a leading information technology consultancy, is pleased to announce its results for the half-year ended 31 December 2022.

The period was marked by record revenue and earnings at strong organic growth rates, continued growth in the SOCO team, significant project wins, geographic expansion and a successful IPO that sets the foundation for a multi-pronged growth strategy.

This was the Company's 18th consecutive half year of organic revenue growth.

1H FY23 FINANCIAL SUMMARY

SOCO delivered a record performance across key metrics in 1H FY23.

Total half year revenue was \$9.3M, representing organic growth of 61% over pcp. The second half of the financial year has historically outperformed the first half, and the company is well placed to meet or exceed the prospectus forecast for full year revenue.

During the half, the Company won several key projects including contract renewals that support growth in FY23 and beyond.

This projected revenue growth has been matched with recruitment of skilled delivery personnel in 1H FY23.

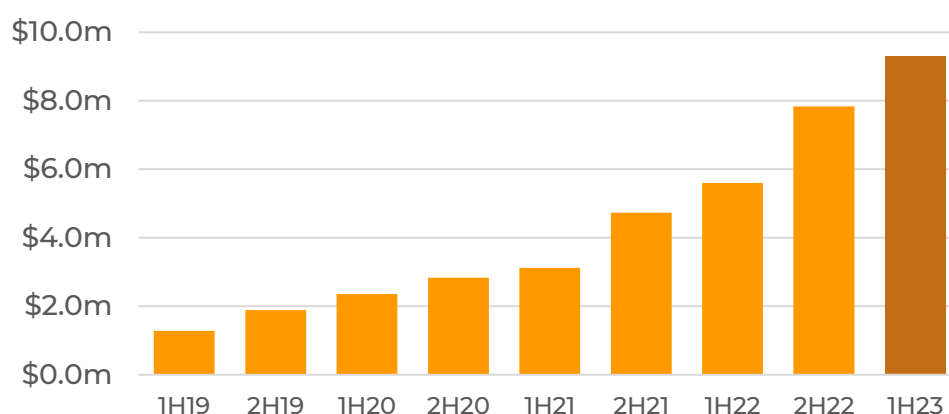
Operating EBIT was \$1.4M, representing organic growth of 35% over pcip.

SOCO is financially sound and is well-positioned for growth, with a strong balance sheet and cash on hand of \$4.8 million at 31 December 2022 and no bank debt. These cash reserves not only provide a solid foundation for business operations, but also enable us to pursue potential acquisitions.

	31 Dec 2022 \$	31 Dec 2021 \$	Change %
Revenue	9,302,363	5,787,755	60.7%
Operating EBIT *	1,427,698	1,054,386	35.4%
Interest	(3,257)	(7,949)	59.0%
Net profit before income tax and significant items	1,424,441	1,046,437	36.1%
<i>Significant items:</i>			
IPO expense	(889,788)	-	-
Incremental public company cost	(40,604)	-	-
Employee share expense	(53,000)	-	-
Share-based remuneration	(27,900)	-	-
Net profit before income tax expense	413,149	1,046,437	(60.5%)
Income tax expense	(157,216)	(249,339)	36.9%
Net profit after income tax expense	255,933	797,098	(67.9%)

* Operating EBIT is a non-IFRS metric and is calculated as net profit before interest, IPO expense, incremental public company cost, employee share expense, share-based remuneration, and taxes. These measures, which are unaudited, are important to management as an additional way to evaluate the Group's performance.

CONSISTENT REVENUE GROWTH



SOCO CEO, Simon Forth said “We are thrilled with our first-half results, which demonstrate impressive organic growth and momentum. As we continue to execute as forecast, we are eager to explore strategic acquisitions that will further strengthen our position and create shareholder value.”

OPERATIONS

During 1H FY23, clients consistently expanded and key commercial contracts were awarded:

- 18 new clients delivered \$0.9M (9% of 1H FY23 revenue)
- 1 major new Federal government client
- 3 new Queensland government clients
- 78 retained clients delivered \$8.4M (91% revenue)
- Federal government agency renewed services contract
- 90% of top 20 clients from FY22 continued to engage SOCO in FY23

In addition, operational achievements in the first half included the accreditation of SOCO's management system in accordance with international standards ISO9001 Quality, ISO27001 Information Security, ISO14001 Environmental and ISO45001 Occupational Health and Safety.

The artificial intelligence (AI) market is forecast to deliver double-digit growth¹, as firms seek to augment the productivity of their labour force with AI technology. Microsoft has recently announced product enhancements that include OpenAI and ChatGPT technology. SOCO has established a team to service clients with AI consulting services and associated product development.

As flagged in December, the Company is pleased to confirm that operations have been established in Perth. SOCO CEO Simon Forth said *"The Perth team are already delivering positive results with existing client engagements while we build new opportunities in the west."*

ACQUISITIONS

As stated in the IPO prospectus, the Company intends to complement its strong organic growth with synergistic acquisitions that:

- will accelerate growth through access to new clients and markets;
- create opportunities for synergistic benefits; and
- are EPS accretive.

¹ Reference: IDC <https://www.idc.com/getdoc.jsp?containerId=prEUR250299023> (growth period 2022-2026)

OUTLOOK

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

There are signs of more availability in the employment market, and this is already starting to have a positive impact on recruitment options.

In addition, our price increases and enhanced staff utilisation, are forecast to uplift our future margin.

Commenting on SOCO's outlook, Simon Forth said *"Contract wins, revenue growth and an expanded team sets a strong footing for future reporting periods."*

Please scan the QR code at the bottom of this page to view a brief [video](#) presentation on the half-year results from CEO, Simon Forth.

This announcement has been authorised for release by the Board of SOCO Corporation Ltd.

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ABOUT SOCO

SOCO (ASX:SOC) is one of Australia's fastest-growing IT consultancies. SOCO's consulting teams solve business problems by applying and modernising IT systems to improve business processes - digitally transformational outcomes. Key to SOCO's success is the 4D methodology (Discover, Design, Deliver, Drive®), designed to place clients at the heart of the business, creating a genuine partnership every step of the way.

SOCO's target markets include federal government, local and state government, along with large corporates. SOCO has delivered a strong compound annual revenue growth rate of 61% over the past three years.

As a people business, SOCO seeks to maintain competitive advantage by creating exceptional employment experiences for our team.

