



Annual General Meeting

SOCO CORPORATION LTD (ASX:SOC)

2023 ANNUAL GENERAL MEETING PRESENTATION
24 OCTOBER 2023

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CEO'S Presentation

- Acquisition of AxSym Technology
- Results overview
- About SOCO
- Financial performance
- Outlook





Kaja. Brisbane Consulting Team.

incredible
people delivering meaningful change

soco.[®]

Introducing our inaugural acquisition

Executive summary



Acquisition of AxSym Technology Pty Ltd ("AxSym")

SOCO has entered into a binding agreement to acquire 100% of the shares of AxSym for an upfront consideration of \$7.5 million (\$4.3m cash from existing reserves, plus 10.7 million escrowed shares at \$0.298 per share). Potential earn-out consideration of up to \$3.4 million payable over FY24 and FY25 subject to profit growth targets being met.

About AxSym

AxSym is a Canberra-based information technology consultancy with a federal government focus. Clients include Australian Department of Defence, Foreign Affairs, and National Security agencies. AxSym has also been successful with the New South Wales State Government sector, delivering services to the NSW Rural Fire Service. The team consists of a pool of talented Microsoft specialists and a complementary ServiceNow offering.

Valuation

The purchase price, including upfront and deferred consideration, equates to a 4.6x EBITDA multiple calculated by reference to achieving the deferred consideration milestones. The transaction is expected to be significantly earnings per share accretive in the year ending 30 June 2024 and beyond.

Strategic rationale

Strong cultural fit, with proven ability across key personnel, alignment of interests and complementary technology and client base.

Funding

No external funding is required. The acquisition will be funded from existing cash reserves and scrip. The Company remains debt-free a healthy cash position.

Completion

31 October 2023, subject to the satisfaction of conditions precedent in the share sale deed (considered to be usual for agreements of this nature).

Delivering our acquisition programme for FY24 and beyond



“SOCO and AxSym coming together, strengthens our position in Canberra, significantly increasing our local footprint and opens additional opportunities to service our growing book of Federal Government clients.”

SOCO Corporation Ltd (ASX:SOC) (“Company” or “SOCO”) has entered into an agreement to acquire AxSym Technology Pty Ltd, (“AxSym”).

- ✓ Expands our Federal Government client base – without overlap
- ✓ Cross selling revenue synergies with complementing expert services
- ✓ Microsoft tech base PLUS skills with the **ServiceNow** cloud platform – additional tech!
- ✓ Strengthens SOCO’s Canberra footprint for the delivery of both projects and augmentation services
- ✓ Highly skilled team of IT professionals
- ✓ Sponsor and hold own security clearances



Acquisition Financials

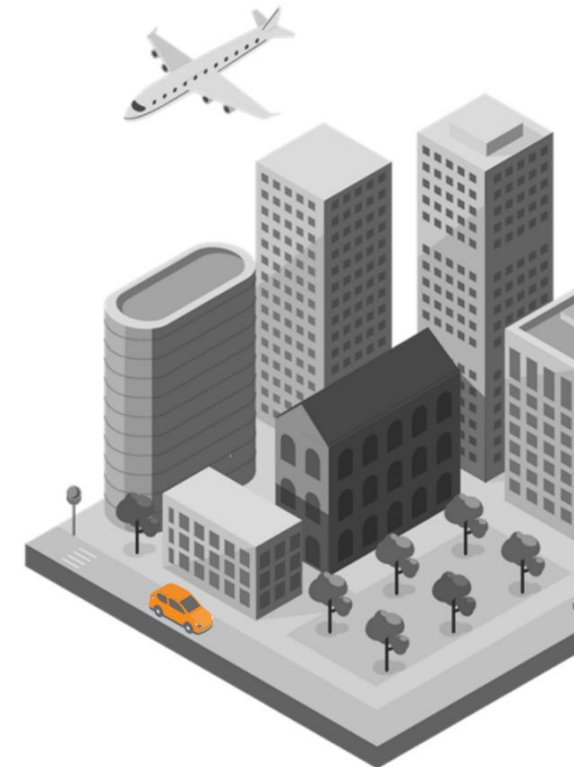


“...new capabilities and services that we can offer as a result of the acquisition...growing our incredibly strong Canberra client base.”

- ✓ AxSym's FY23 unaudited revenue of \$8.9m
- ✓ Significantly earnings per share accretive
- ✓ 4.6x EBITDA¹ multiple based on achievement of deferred consideration milestones over FY24 and FY25
- ✓ Purchase price of \$10.9m comprising:
 - ✓ \$4.3m in cash funded from available cash on hand
 - ✓ \$3.2m in SOCO shares with 50% escrowed for 12 months, and 50% escrowed for 24 months
 - ✓ Up to \$3.4m in Earn-out payable over 2 years if profit targets are achieved

Who we serve:

our “NEW” wonderful clients

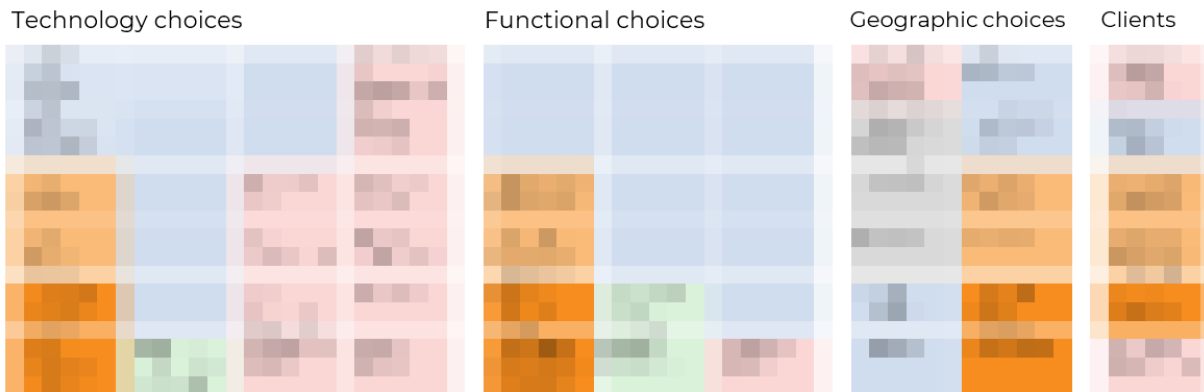


SOCO has a clear strategic direction



SOCO STRATEGY AND PLANNING – WHERE WE PLAY

SOCO has developed a
'where to play' heatmap
that aligns with our strategy



What the colours mean...

Heavy Presence Emerging Presence Desired Presence On Hold NOT DESIRABLE > AVOID! Strategic Enabler*

*A strategic enabler is a field that does not meet our standard desirability criteria, but that we focus on because of secondary benefits. For example, licensing is low margin but assists us with Microsoft Partnership and gives us a reason to talk. ChatGPT is exciting for clients to hear about, but will not be high volume work.

- Acquisition hygiene factors:
(Organisations must have these)
- Strong cultural alignment
 - Ambitious leadership with demonstrated success
 - High desirability/alignment score
 - Correct client size/segments

- Desirability factors:
(Organisations that match objectives on our growth roadmap)
- Target geographies
 - Target technologies
 - Tactical enablers such as security clearances, or panel memberships

Our M&A plan is aligned with strategy as a force multiplier for growth

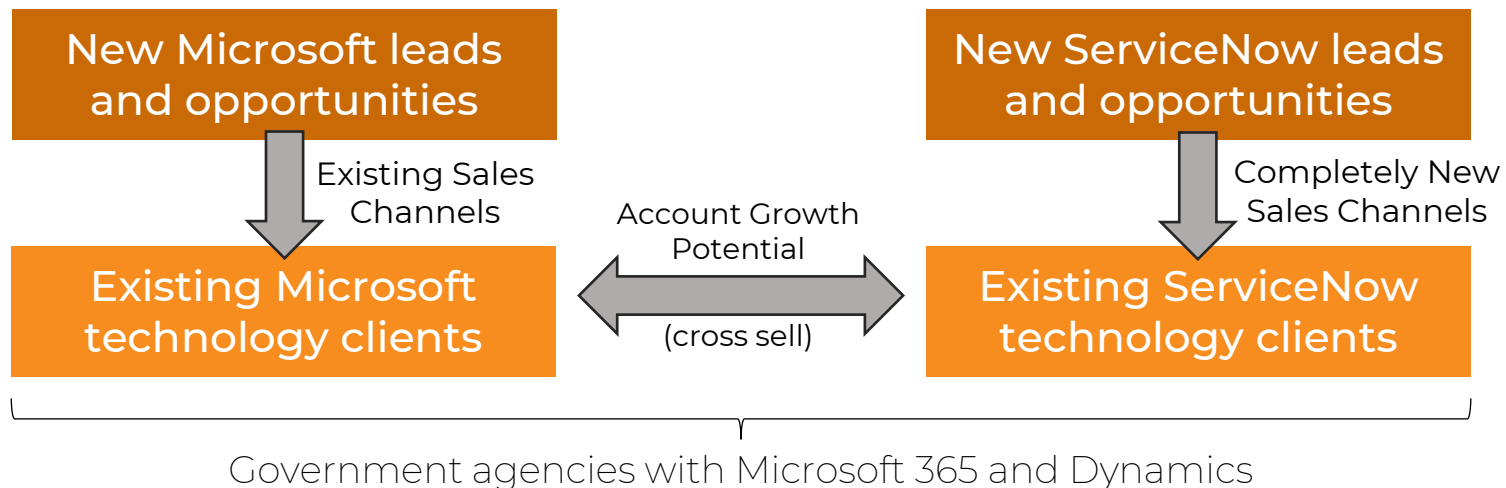
Strategic principle	AxSym alignment
High client alignment	Medium to large government agencies Require specialist advisory and implementation Motivated to achieve results
Geographic expansion	Full team Canberra Big name NSW client
New technology expansion	ServiceNow Infrastructure and Network Architecture
Competency uplift	Enterprise Architecture and Strategy Application and Information Architecture Cloud Architecture
Leadership	Entrepreneurial and established leaders with tier 1 consulting experience. Demonstrated success building an impressive client book, attracting high-quality staff, developing a winning culture and delivery of successful and profitable projects
Cultural alignment	Focus on delivering outputs and results, delighting clients, and building a differentiated culture that attracts and retains top talent.
Commercial alignment	Escrowed scrip component upfront plus earn-out upon EBITDA milestones
Security clearances	Most of the AxSym team have NV1 or higher clearance. Defence Industry Security Program (DISP) Level 2.



A parallel technology platform that

complements and diversifies our offering portfolio

- ServiceNow is an NYSE listed cloud-based platform that delivers digital workflow automation across service management, operations, and business functions.
- Heavily utilised by government and corporate IT departments as a management tool.
- Microsoft products and ServiceNow are generally complementary, not competitive.



Arnie. Modern
Workplace Team.



We put
**people
first**
and technology
second

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Financial year results **23**

REVENUE

\$19.7m

DELIGHTING CLIENTS FOR

9.5 years

NEW CLIENTS

27

OPERATING EBIT

\$3.3m

OPERATING EBITDA

\$3.6m

FINAL DIVIDEND

0.5c per
share

**Great Place
to Work
Certified**



AUSTRALIAN OFFICES

**Brisbane, Melbourne,
Perth, Canberra, Sydney**

CASH ON HAND

\$6.5m

DEBTOR DAYS

36.7

AVERAGE HEADCOUNT

78 staff

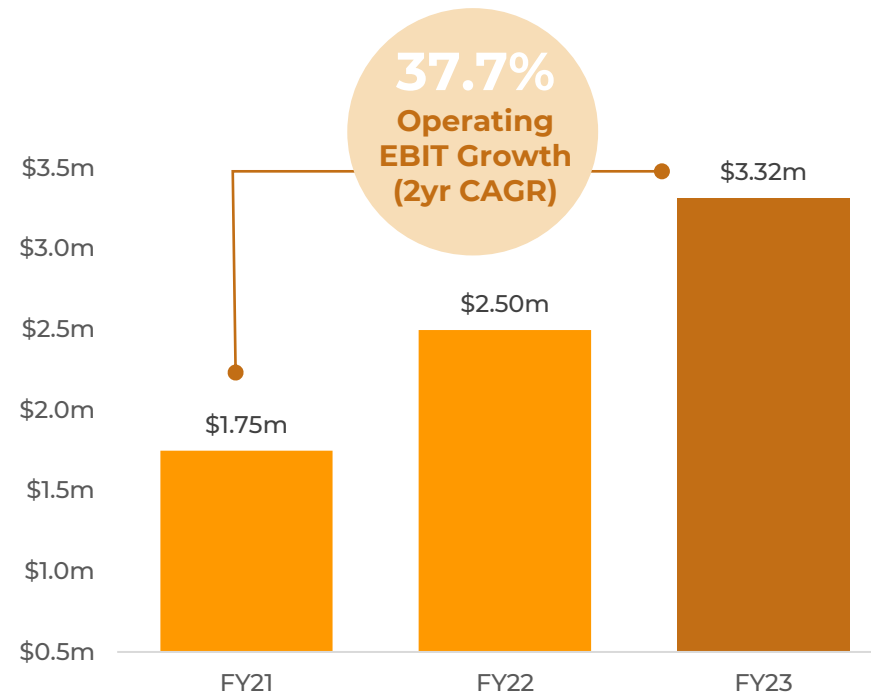
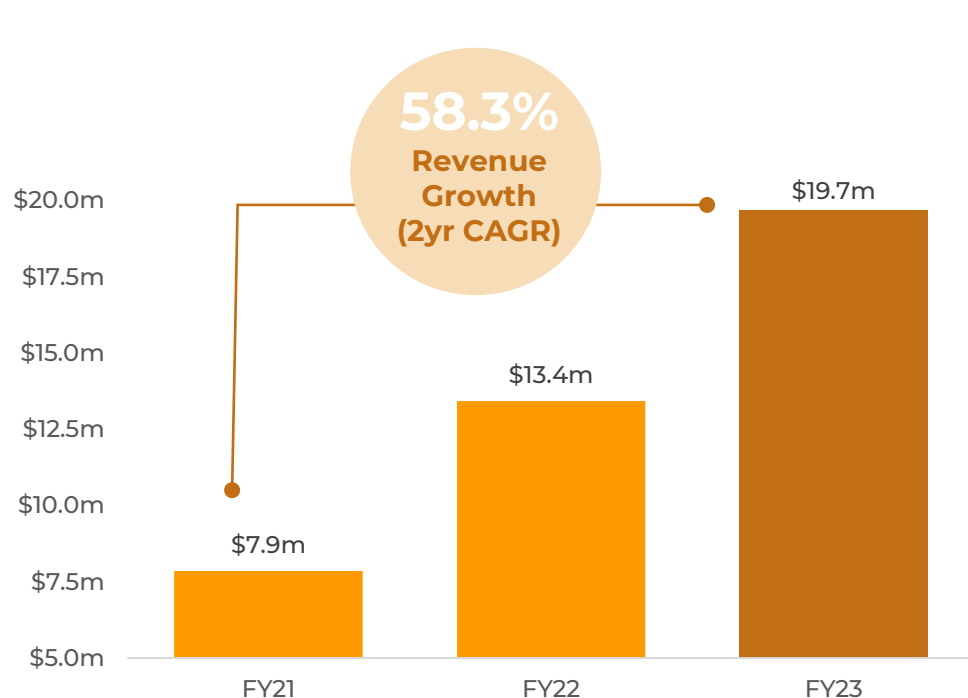


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COMPANY FINANCIALS

We've delivered
strong financial performance
with consistency

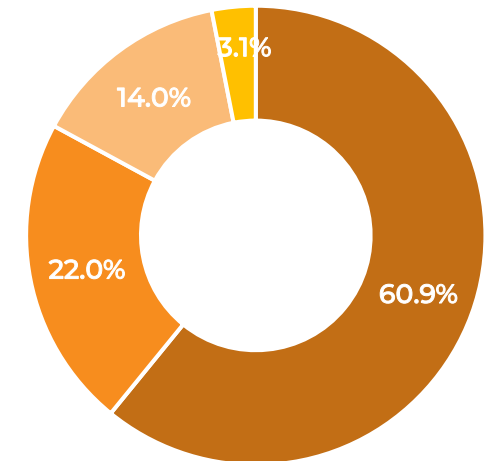
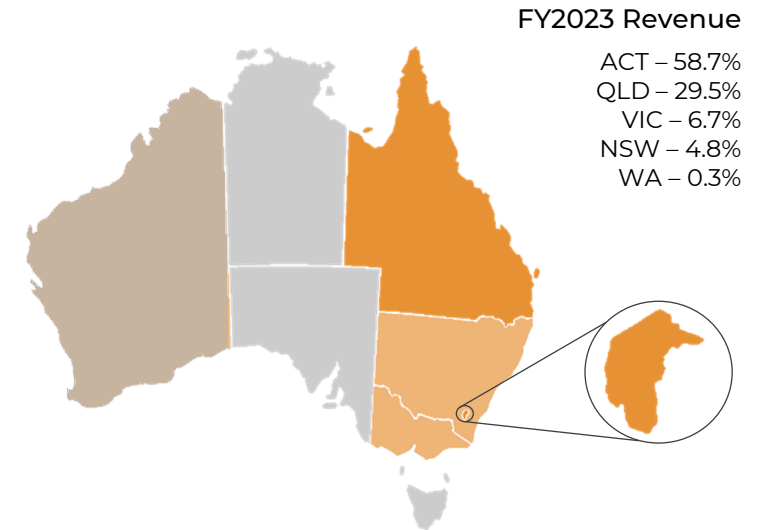
strong financial performance



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 full year FY23
- ✓ During FY23, clients consistently expanded and key commercial contracts were awarded
- ✓ 27 new clients delivered \$2.96M (15% of FY23 revenue), including:
 - ✓ 2 new Federal government clients
 - ✓ 5 new Queensland government clients
- ✓ 78 retained clients delivered \$16.8M (85% of FY23 revenue). Clients consistently expand and utilise our services
- ✓ 18 of top 20 clients from FY22 continued in FY23



- Federal Government
- Corporations
- State & Local Government
- Education & NFP

Environmental, Social, Governance (ESG)

Our community impact



Greenfleet

SOCO is undertaking practical action against climate change by supporting Greenfleet and seeking to offset carbon emissions for each of our team, with a goal to achieve this in FY24. Our team has already started making a positive impact on the environment by planting a tree for every client feedback received.

Mangrove Housing

SOCO is an active supporter of Mangrove Housing – an organisation committed to making a positive difference in the lives of community members by providing quality housing and support services. In particular, SOCO is an active participant in The Forgotten Women project, which is a unique, grassroots housing initiative for homeless women over 55.



Indigenous Literacy Foundation

SOCO is a supporter of the Indigenous Literacy Foundation, a charity responding to requests from remote communities for culturally relevant books as well as supporting communities to create and publish their stories in languages of their choice.

Corporate Governance

SOCO is committed to achieving and maintaining the highest standards of conduct and has implemented initiatives to achieve this objective. SOCO's corporate governance charter is intended to 'institutionalise' good corporate governance and build a culture of best practice both in the group's own internal practices and in its dealings with others.



Momentum continues with strategic pillars

Organic revenue

- Continuing to win contracts through referrals, renewals and successful tenders
- Opportunity to increase outbound client acquisition, with recent hires in both business development and account management

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



A bright outlook for FY24 and beyond



After a strong FY23, SOCO is focussed on maintaining momentum in new client acquisition, development of existing clients, along with further expansion of headcount, continued geographic penetration, and expansion of service offerings.

- ✓ Slower than expected start to the FY24 year but still with a strong organic pipeline for the second half of the financial year. As a result, first half FY24 Operating EBITDA¹ is expected to be lower than the previous corresponding period.
- ✓ The employment market continues to loosen, which, combined with our price increases and our expanding delivery team, sets a strong foundation to deliver on projects through FY24.
- ✓ With Microsoft's AI offering, Copilot, currently rolling out, SOCO has expanded its offering to include AI consulting. Our expanded service offerings in the areas of Azure AI and information security have also been well received by our government clients. We expect our corporate sector clients will also seek to take advantage of our wider range of services.
- ✓ Acquisition of AxSym Technologies Pty Ltd is expected to be earnings accretive and we continue to actively explore other synergistic acquisition opportunities that have the potential to complement our existing capabilities.

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