SOCO Corporation Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	SOCO Corporation Ltd
ABN:	61 660 362 201
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	17.8%	to	11,034,947
Loss from ordinary activities after tax	down	82.8%	to	(150,885)
Loss for the half-year	down	82.8%	to	(150,885)

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 $150,885 (31 December 2023: loss $876,314).

Revenue for the half year ended 31 December 2024 was $11,034,947, up 17.8% from $9,370,782 in the previous corresponding period.

Operating EBITDA of $648,301 (prior to significant items) was an improvement of 422% on the previous financial half-year of $124,059.

After depreciation and amortisation, interest, and significant items are deducted, the statutory net loss after tax for the financial half-year was $150,885 (31 December 2023: loss of $876,314).

Amortisation of acquired intangibles for the half-year was $322,604, up 191% as the previous corresponding period of $110,868 only represented two months of amortisation following the acquisition of Axsym Technology Pty Ltd ('AxSym') on 1 November 2023.

The net profit after tax and before the tax-effected amortisation of acquired intangibles (‘NPATA’) for the half year was $91,068, an improvement of $884,231 on the previous corresponding period which included $541,608 of costs associated with the acquisition of AxSym.

The Group has a strong net cash balance of $1,590,929 at 31 December 2024 compared to $1,893,734 (net of bank debt) at 30 June 2024, as well as a strong cash conversion cycle. In addition, the amortising debt facility established in December 2023 has unused available funds of $2,416,667 at 31 December 2024.

The Group has invested in additional sales and marketing capability to expand its client base. While this investment comes at an initial cost in FY25, it is expected to deliver returns in subsequent years that will help to underpin a more consistent performance.

The Directors consider Operating Earnings Before Interest and Tax ('EBIT') to reflect the core earnings of the Group. Operating EBIT 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 year to Operating EBIT is as follows:

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	31 Dec 2024 $	31 Dec 2023 $	Change %
Revenue	11,034,947	9,370,781	17.8
Operating EBITDA[2]	648,301	124,059	422.6
Depreciation	(166,307)	(130,270)	(27.7)
Amortisation of acquired intangibles	(322,604)	(110,868)	(191.0)
Operating EBIT[1]	159,390	(117,079)	236.1
Net interest	(59,626)	(19,335)	(208.4)
Net profit/(loss) before income tax and significant items	99,764	(136,414)	173.1
Significant items:			
Acquisition cost	-	(541,608)	100.0
Public company cost[4]	(269,659)	(219,560)	(22.8)
Share-based remuneration	(20,226)	(85,402)	76.3
Net loss before income tax expense	(190,121)	(982,984)	80.7
Income tax benefit	39,236	106,670	(63.2)
Net loss after income tax expense	(150,885)	(876,314)	82.8
NPATA[3]	91,068	(793,163)	111.5

(1) Operating EBIT is a non-IFRS metric and is calculated as net profit before interest, acquisition costs, public company cost, share-based remuneration, and taxes. These measures, which are unaudited, are important to management as an additional way to evaluate the Group's performance.
(2) Operating EBITDA is Operating EBIT before depreciation and amortisation.
(3) NPATA is net profit/(loss) after tax and before the tax-effected amortisation of acquired intangibles.
(4) Public company cost is included general and administrative expenses in the statement of profit or loss and other comprehensive income

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.01	(1.10)

Calculated as follows:

	31 Dec 2024 $	31 Dec 2023 $
Net assets	8,213,636	7,759,418
Less: Right-of-use assets	(839,709)	(25,608)
Less: Intangibles	(8,279,740)	(9,989,195)
Add: Lease liabilities	890,195	27,086
Add: Deferred tax liability	23,530	705,709
Net tangible assets/(liabilities)	7,912	(1,522,590)

	31 Dec 2024 Number of shares	31 Dec 2023 Number of shares
Total shares issued at period end	138,939,658	137,977,135

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4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period

	Amount per security Cents	Franked amount per security Cents
Fully franked final dividend for the year ended 30 June 2023	0.50	0.50

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. 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 is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of SOCO Corporation Ltd for the half-year ended 31 December 2024 is attached.

12. Signed



Signed _____ Date: 28 February 2025

Stephen Parks
Chief Financial Officer and Company Secretary
Brisbane

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SOCO Corporation Ltd

ABN 61 660 362 201

Interim Report - 31 December 2024

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SOCO Corporation Ltd
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31 December 2024

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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 SOCO Corporation 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 31 December 2024.

Directors
The following persons were Directors of SOCO Corporation Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Thomas Stianos - Chair
Khatiza Brown
Sebastian Rizzo
Thomas Rock

Principal activities
During the financial half-year the principal activities of the Group was as an IT consultancy business, specialising in the delivery of cloud solutions, business applications and integration projects with a focus on Microsoft solutions.

Dividends
Dividends paid during the financial half-year were as follows:

	31 Dec 2024 $	31 Dec 2023 $
Final dividend for the year ended 30 June 2023 of 0.5 cents per ordinary share, fully franked	-	636,312

Review of operations
The loss for the Group after providing for income tax amounted to $150,885 (31 December 2023: loss $876,314).

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Business risks

The Company is subject to risks that are specific to the Group and risks that are of a general nature. All these risks may threaten both the current and future operating and financial performance of the Group. A number of these risks are beyond the control and influence of the Directors and management of the Company, but the Group has mitigation strategies in place to manage the impact of these risks should they occur. The material risks and how they are managed are presented below.

Competition

The Group believes it has a competitive business model however there is a risk that existing competitors or new entrants may emerge in the market. These competitors may disrupt the market with increased marketing activities, and more competitive pricing. The ability to attract new clients will in part depend on SOCO's reputation along with its ability to communicate the value and security that it offers. As a people business, SOCO seeks to maintain competitive advantage by creating an exceptional employment experience for the SOCO team. In addition, the Group has widened its footprint to include offices in Sydney, Melbourne and Perth.

Ability to attract and retain key personnel

The Group's ability to attract and retain personnel will have a direct correlation upon its ability to deliver its project commitments and achieve forecast revenues. Additionally, increases in recruitment and salary costs may adversely impact upon the financial performance of the Group. The Group seeks to attract and retain key talent through maintaining a rewarding and flexible workplace.

Law and regulatory compliance

The Group is required to maintain compliance with all applicable laws and regulations. These include requirements related to various Australian employment laws and policies, such as the Fair Work Act 2009 (Cth). Failure to comply with such laws and regulations could result in regulatory action or other claims which could have an adverse impact on SOCO's reputation, financial performance and profitability. SOCO has management processes and quality assurance processes in place to manage compliance with applicable laws and regulations.

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Reliance on Microsoft platform
SOCO is focussed on the Microsoft platform. If this ecosystem is compromised, Microsoft's reputation is negatively impacted, or if the Federal Government were to change or distance its investment with Microsoft's technology platform, this could negatively affect SOCO's financial results. SOCO would seek to mitigate this through assessing other platforms that may evolve as a result and leverage its reputation with existing clients.

General economic conditions
SOCO's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions could have an adverse impact on the Group's operating and financial performance. The Group has a strong balance sheet and maintains a conservative cash position to support the Group if required.

Climate related
SOCO considers the strategic and financial impacts of climate change. Whilst not considered an immediate material risk for SOCO with its current operations, it may impact corporate strategies, investor decisions, governance and future prospects as the regulatory and reporting environment as well as investor expectations evolve.

Significant changes in the state of affairs
On 1 November 2023 the Company acquired 100% of the issued shares in Axsym Technology Pty Ltd ('AxSym'). The purchase price included contingent consideration of up to $3,193,000 ($1,596,500 relating to FY24 performance and $1,596,500 relating to FY25 performance) which was payable in cash, subject to AxSym achieving agreed EBITDA targets for FY24 and FY25.

The agreement referenced FY24 and FY25 as being the earnout measurement periods despite FY24 already being well along. The parties to the agreement have agreed to reset the measurement periods from FY24 and FY25, to FY25 and FY26 respectively. The quantum of the earnout did not change.

An amendment to the original share sale deed reflecting this change was fully executed on 29 August 2024.

	Measurement Period			
	FY24	**FY25**	**FY26**	**Maximum Earnout**
	$	**$**	**$**	**$**
Axsym Technology Pty Ltd				
Contingent consideration:				
Share sale deed – original	1,596,500	1,596,500	-	3,193,000
Share sale deed - amendment	-	1,596,500	1,596,500	3,193,000

Under the amended agreement, the amounts may become payable at the end of the new measurement periods if the EBITDA targets for FY25 and FY26 are met, which would then result in an expense being recognised in the statement of profit or loss during that future period for any amount that may become payable that is in excess of the contingent consideration provided in the consolidated statement of financial position.

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

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.

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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



Thomas Stianos
Chair

28 February 2025
Brisbane

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RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of SOCO Corporation Ltd for the half year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

STEVE STAVROU
Partner

Brisbane, QLD
Dated: 28 February 2025

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SOCO Corporation Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	31 Dec 2024	31 Dec 2023 Restated*
		$	$
Revenue			
Revenue from contracts with customers		11,034,947	9,370,781
Cost of providing services		(8,220,193)	(7,148,663)
Gross margin		2,814,754	2,222,118
Other income			
Interest revenue calculated using the effective interest method		6,621	57,496
Expenses			
Depreciation and amortisation expense	6	(488,911)	(241,138)
Loss on disposal of assets		(1,673)	(3,918)
Selling and marketing expense		(266,401)	(222,108)
Occupancy expense		(79,958)	(90,324)
General and administrative expense		(2,108,306)	(2,086,671)
Acquisition costs		-	(541,608)
Finance costs	6	(66,247)	(76,831)
Loss before income tax benefit		(190,121)	(982,984)
Income tax benefit		39,236	106,670
Loss after income tax benefit for the half-year		(150,885)	(876,314)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		(150,885)	(876,314)
		Cents	**Cents**
Basic earnings per share	11	(0.11)	(0.67)
Diluted earnings per share	11	(0.11)	(0.67)

* Refer to note 3 for detailed information on Restatement of comparatives for change in accounting policy.

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

SOCO Corporation Ltd
Consolidated statement of financial position
As at 31 December 2024

	Note	31 Dec 2024 $	30 Jun 2024 $
Assets			
Current assets			
Cash and cash equivalents		1,590,929	2,310,401
Trade and other receivables		2,171,640	2,838,171
Contract assets		154,652	145,471
Other assets		367,348	225,484
Total current assets		4,284,569	5,519,527
Non-current assets			
Property, plant and equipment		268,177	187,244
Right-of-use assets		839,709	966,243
Intangibles	7	8,279,740	8,505,107
Total non-current assets		9,387,626	9,658,594
Total assets		13,672,195	15,178,121
Liabilities			
Current liabilities			
Trade and other payables		2,107,341	2,500,491
Contract liabilities		373,749	596,152
Borrowings		-	416,667
Lease liabilities		233,053	219,730
Income tax		165,304	74,873
Employee benefits		715,343	829,724
Total current liabilities		3,594,790	4,637,637
Non-current liabilities			
Lease liabilities		657,142	778,687
Deferred tax		23,530	283,692
Employee benefits		422,653	399,968
Contingent consideration	10	760,444	733,013
Total non-current liabilities		1,863,769	2,195,360
Total liabilities		5,458,559	6,832,997
Net assets		8,213,636	8,345,124
Equity			
Issued capital	8	8,245,232	8,068,678
Reserves		237,235	394,392
Accumulated losses		(268,831)	(117,946)
Total equity		8,213,636	8,345,124

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

SOCO Corporation Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	5,245,411	239,421	1,004,536	6,489,368
Loss after income tax benefit for the half-year	-	-	(876,314)	(876,314)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(876,314)	(876,314)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,664,775	-	-	2,664,775
Share-based payments (note 12)	-	85,402	-	85,402
Exercise of options (note 8)	41,885	(9,386)	-	32,499
Exercise of performance rights (note 8)	62,801	(62,801)	-	-
Dividends paid (note 9)	-	-	(636,312)	(636,312)
Balance at 31 December 2023	8,014,872	252,636	(508,090)	7,759,418

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	8,068,678	394,392	(117,946)	8,345,124
Loss after income tax benefit for the half-year	-	-	(150,885)	(150,885)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(150,885)	(150,885)
Transactions with owners in their capacity as owners:				
Share-based payments (note 12)	-	20,226	-	20,226
Exercise of options (note 8)	177,383	(177,383)	-	-
Share issue transaction costs, net of tax	(829)	-	-	(829)
Balance at 31 December 2024	8,245,232	237,235	(268,831)	8,213,636

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

SOCO Corporation Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Note	31 Dec 2024 $	31 Dec 2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		12,573,388	11,377,083
Payments to suppliers and employees (inclusive of GST)		(12,373,549)	(10,736,526)
		199,839	640,557
Interest received		6,621	57,496
Interest and other finance costs paid		(38,816)	(76,831)
Income taxes paid		(193,182)	(341,729)
Net cash (used in)/from operating activities		(25,538)	279,493
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		-	(3,315,876)
Payments for property, plant and equipment		(122,379)	(13,304)
Payments for intangibles	7	(34,550)	-
Payments for security deposits		(90,288)	-
Proceeds from release of security deposits		79,002	5,160
Net cash used in investing activities		(168,215)	(3,324,020)
Cash flows from financing activities			
Proceeds from issue of shares	8	-	32,499
Share issue transaction costs		(830)	(13,913)
Dividends paid	9	-	(636,312)
Repayment of borrowings		(416,667)	-
Repayment of lease liabilities		(108,222)	(79,005)
Net cash used in financing activities		(525,719)	(696,731)
Net decrease in cash and cash equivalents		(719,472)	(3,741,258)
Cash and cash equivalents at the beginning of the financial half-year		2,310,401	6,488,826
Cash and cash equivalents at the end of the financial half-year		1,590,929	2,747,568

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The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The consolidated financial statements cover SOCO Corporation Ltd as a Group consisting of SOCO Corporation Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is SOCO Corporation Ltd's functional and presentation currency.

SOCO Corporation 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	Principal place of business
Level 1 172 Evans Road Salisbury QLD 4107	Level 4 120 Edward Street Brisbane QLD 4000

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 28 February 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 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 30 June 2024 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 31 December 2024 and are not expected to have any significant impact for the full financial year ending 30 June 2025.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Restatement of comparatives

Change in accounting policy
As disclosed in the 30 June 2024 Annual Report, there was a change in accounting policy resulting from the final agenda decision by the IFRS Interpretations Committee ('IFRIC') on 'Principal versus Agent Software Reseller (IFRS 15). As a result, the comparative items in the consolidated statement of profit or loss and other comprehensive income have been restated to align with this decision. Refer to the extract below for details of the changes to profit or loss.

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Note 3. Restatement of comparatives (continued)

Consolidated statement of profit or loss and other comprehensive income

Extract	31 Dec 2023 $ Reported	$ Adjustment	31 Dec 2023 $ Restated
Revenue			
Revenue from contracts with customers	9,966,272	(595,491)	9,370,781
Cost of providing services	(7,744,154)	595,491	(7,148,663)
Gross margin	2,222,118	-	2,222,118

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment as the Group operated mainly in Australia and in one industry being the supply of IT consulting services. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly, the information provided reflects the one operating segment.

The CODM reviews EBIT (earnings before interest and tax) and EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

	31 Dec 2024 $	31 Dec 2023 $
Loss after income tax expense for the year	(150,885)	(876,314)
Income tax benefit	(39,236)	(106,670)
Net interest	59,626	19,335
EBIT	(130,495)	(963,649)
Depreciation and amortisation expense	488,911	241,138
EBITDA	358,416	(722,511)

Note 5. Revenue from contracts with customers

	31 Dec 2024 $	31 Dec 2023 Restated $
Provision of IT consulting services	10,918,604	9,264,479
Sale of software licences	116,343	106,302
	11,034,947	9,370,781

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Note 5. Revenue from contracts with customers (continued)

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

	31 Dec 2024 $	31 Dec 2023 Restated $
Geographical regions		
Australia	11,034,947	9,370,781
Timing of revenue recognition		
Services transferred over time	10,918,604	9,264,479
Licences transferred at a point in time	116,343	106,302
	11,034,947	9,370,781

Refer to note 3 for details of restatement relating to change in accounting policy.

Note 6. Expenses

	31 Dec 2024 $	31 Dec 2023 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	-	4,643
Furniture, fixtures and fittings	-	1,078
Office equipment	39,773	47,725
Buildings right-of-use assets	126,534	76,824
Total depreciation	166,307	130,270
Amortisation		
Customer relationships	260,856	86,952
Brand name	20,000	10,000
Non-Compete	41,748	13,916
Total amortisation	322,604	110,868
Total depreciation and amortisation	488,911	241,138
Finance costs		
Interest and finance charges paid/payable on other liabilities	10,208	(692)
Interest and finance charges paid/payable on lease liabilities	28,608	1,841
Unwind of present value interest	27,431	75,682
Finance costs expensed	66,247	76,831
Leases		
Short-term lease payments	66,035	81,329

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Note 6. Expenses (continued)

	31 Dec 2024 $	31 Dec 2023 $
Superannuation expense		
Defined contribution superannuation expense	114,018	124,166
Share-based payments expense		
Share-based payments expense	20,226	85,402

Note 7. Intangibles

	31 Dec 2024 $	30 Jun 2024 $
Non-current assets		
Goodwill - at cost	4,610,284	4,547,597
Trademarks - at cost	6,982	6,982
Customer relationships - at cost	4,000,000	4,000,000
Less: Accumulated amortisation	(608,664)	(347,808)
	3,391,336	3,652,192
Software - at cost	34,550	-
Brand name - at cost	60,000	60,000
Less: Accumulated amortisation	(60,000)	(40,000)
	-	20,000
Non-Compete - at cost	334,000	334,000
Less: Accumulated amortisation	(97,412)	(55,664)
	236,588	278,336
	8,279,740	8,505,107

Reconciliations

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

	Goodwill $	*Trademarks* $	*Customer relationships* $	*Software* $	*Brand name* $	*Non-Compete* $	*Total* $
Balance at 1 July 2024	4,547,597	6,982	3,652,192	-	20,000	278,336	8,505,107
Additions	-	-	-	34,550	-	-	34,550
Additions through business combinations	62,687	-	-	-	-	-	62,687
Amortisation expense	-	-	(260,856)	-	(20,000)	(41,748)	(322,604)
Balance at 31 December 2024	4,610,284	6,982	3,391,336	34,550	-	236,588	8,279,740

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Note 8. Issued capital

	31 Dec 2024 Shares	30 Jun 2024 Shares	31 Dec 2024 $	30 Jun 2024 $
Ordinary shares - fully paid	138,939,658	138,250,265	8,245,232	8,068,678

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2024	138,250,265		8,068,678
Issue of shares on exercise of options - staff tenure	5 July 2024	189,393	$0.2882	54,583
Issue of shares on exercise of options - CEO	30 August 2024	500,000	$0.2456	122,800
Share issue transaction costs, net of tax				(829)
Balance	31 December 2024	138,939,658		8,245,232

Note 9. Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2024 $	31 Dec 2023 $
Final dividend for the year ended 30 June 2023 of 0.5 cents per ordinary share, fully franked	-	636,312

Note 10. 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

31 Dec 2024	*Level 1* $	*Level 2* $	*Level 3* $	*Total* $
Liabilities				
Contingent consideration	-	-	760,444	760,444
Total liabilities	-	-	760,444	760,444

30 Jun 2024	*Level 1* $	*Level 2* $	*Level 3* $	*Total* $
Liabilities				
Contingent consideration	-	-	733,013	733,013
Total liabilities	-	-	733,013	733,013

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

Valuation techniques for fair value measurements categorised within level 2 and level 3
Due to the nature of contingent consideration, it has been categorised as Level 3.

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Note 10. Fair value measurement (continued)

Contingent consideration represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the Group, subject to certain conditions being met. It is measured at the present value of the estimated liability. The fair value of contingent consideration is calculated on the expected future cash outflows. Generally, the contingent consideration is a performance based payment. These are reviewed at the reporting date to provide the expected future cash outflows for each contract. Upon completion of the review the future cash outflows are then discounted to present value using the Group's incremental borrowing rate.

On 1 November 2023, the Company acquired 100% of the issued shares in Axsym Technology Pty Ltd ('AxSym'). The purchase price includes contingent consideration of up to $3,193,000 ($1,596,500 relating to FY25 performance and $1,596,500 relating to FY26 performance) which is payable in cash, subject to AxSym achieving agreed EBITDA targets for FY25 and FY26. If the EBITDA targets for FY25 or FY26 are met, then any amount that may become payable that is in excess of the contingent consideration provided in the consolidated statement of financial position would then result in an expense being recognised in the statement of profit or loss for the excess.

Level 3 assets and liabilities
Movements in level 3 liabilities during the current financial half-year are set out below:

	Contingent consideration $
Balance at 1 July 2024	733,013
Unwind of present value interest	27,431
Balance at 31 December 2024	760,444

The level 3 liabilities unobservable inputs and sensitivity are as follows:

Description	*Unobservable inputs*	*Range (weighted average)*	*Sensitivity*
Contingent consideration	Risk adjusted discount rate	7.56%	A change in the discount rate by 100bps would increase/decrease the fair value by $7,893.
	Probability - weighted estimated cashflows	Contingent consideration has been estimated using techniques by discounting the probability - weighted estimated cashflows	A change in the EBITDA as a percentage of revenue by 100bps would increase/decrease the fair value by $395,591.

Note 11. Earnings per share

	31 Dec 2024 $	**31 Dec 2023 $**
Loss after income tax	(150,885)	(876,314)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	138,772,498	130,524,536
Weighted average number of ordinary shares used in calculating diluted earnings per share	138,772,498	130,524,536

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Note 11. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.11)	(0.67)
Diluted earnings per share	(0.11)	(0.67)

Options and performance rights have been excluded from the above calculation of weighted average number of ordinary shares at 31 December 2024 and 31 December 2023 as their inclusion would be anti-dilutive.

Note 12. Share-based payments

Details of the option and performance rights plans can be found in note 38 'Share-based payments' in the 30 June 2024 Annual Report.

Set out below are summaries of options granted under the plan:

31 Dec 2024

Grant date	*Expiry date*	*Exercise price*	*Balance at the start of the half-year*	*Granted*	*Exercised*	*Expired/ forfeited/ other*	*Balance at the end of the half-year*
08/12/2021	06/02/2025	$0.0000	500,636	-	-	(375,477)	125,159
18/11/2022	18/11/2027	$0.0000	1,200,000	-	-	-	1,200,000
23/12/2022	20/12/2026	$0.0000	3,125,000	-	-	-	3,125,000
03/10/2023	03/10/2028	$0.0000	1,000,000	-	(500,000)	(500,000)	-
05/10/2023	22/07/2024	$0.0000	208,332	-	(189,393)	(18,939)	-
15/01/2024	22/07/2025	$0.0000	1,559,521	-	-	(1,559,521)	-
			7,593,489	-	(689,393)	(2,453,937)	4,450,159

Set out below are summaries of performance rights granted under the plan:

31 Dec 2024

Grant date	*Expiry date*	*Exercise price*	*Balance at the start of the half-year*	*Granted*	*Exercised*	*Expired/ forfeited/ other*	*Balance at the end of the half-year*
08/11/2024	21/09/2027	$0.0000	-	4,440,510	-	-	4,440,510
			-	4,440,510	-	-	4,440,510

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	*Expiry date*	*Share price at grant date*	*Exercise price*	*Expected volatility*	*Dividend yield*	*Risk-free interest rate*	*Fair value at grant date*
08/11/2024	21/09/2027	$0.0910	$0.0000	76.00%	-	3.96%	$0.0909

Note 13. Events after the reporting period

No matter or circumstance has arisen since 31 December 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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SOCO Corporation Ltd
Directors' declaration
31 December 2024

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 31 December 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



Thomas Stianos
Chair

28 February 2025
Brisbane

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of SOCO Corporation Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of SOCO Corporation Ltd ("the Company") and its controlled entities (together "the Group") which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies 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 half-year financial report of SOCO Corporation Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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* ("ASRE 2410"). 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 our 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 SOCO Corporation Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of the SOCO Corporation Ltd 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 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. We conducted our review in accordance with ASRE 2410, in order to state whether, on the basis of the procedures described, 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 31 December 2024 and its 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.

RSM

RSM AUSTRALIA PARTNERS

STEVE STAVROU
Partner

Brisbane, QLD
Dated: 28 February 2025

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