

A person is seen from the side, looking out of a vehicle window. The view outside shows a vast landscape with mountains and a body of water under a bright, hazy sky, suggesting a sunset or sunrise. The interior of the vehicle, including the window frame and a hand on the steering wheel, is visible in the foreground.

FY24 full year results

SOCO CORPORATION LTD (ASX:SOC)

FY24 RESULTS OVERVIEW
30 AUGUST 2024

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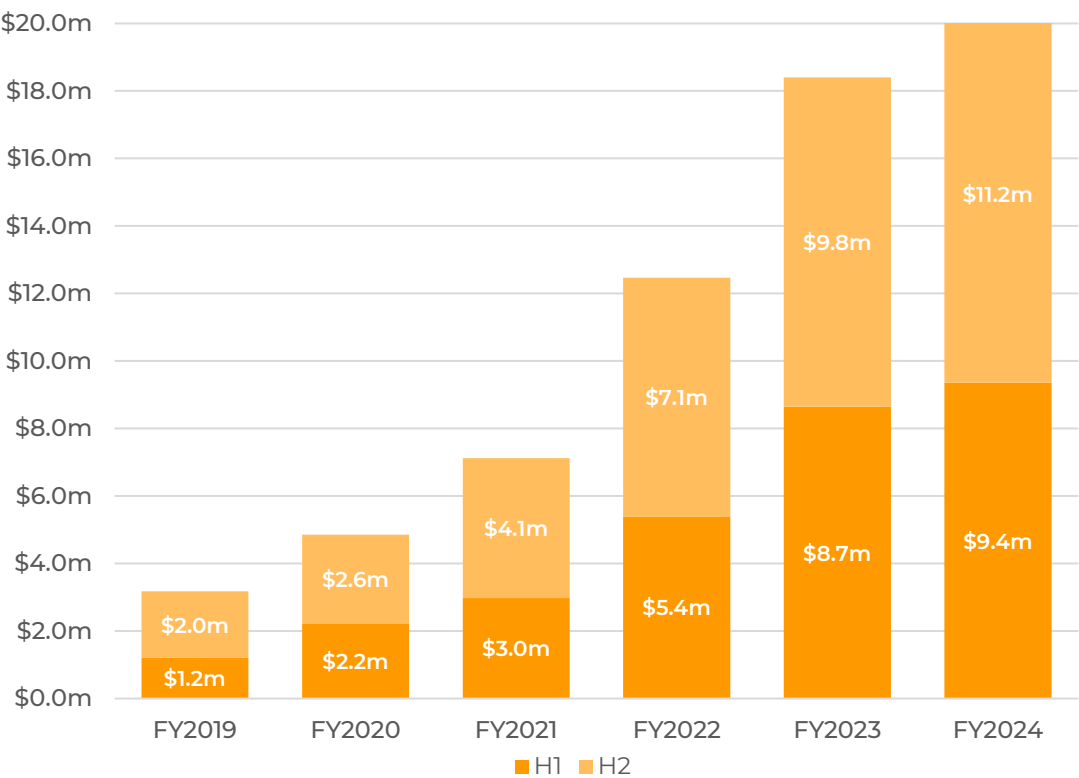
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RESULTS OVERVIEW

Comparison with
previous corresponding period
(FY24 vs. FY23)



Revenue
\$20.6m
+11.7% growth over PCP ² of \$18.4m

Q4 Operating EBITDA ¹
\$0.8m
On revenue of \$6.2m

Operating EBITDA ¹
\$0.4m
vs PCP ² of \$3.7m

Statutory NPAT
-\$0.5m
vs PCP ² of \$1.5m

1. Operating EBITDA is Operating EBIT before depreciation and amortization.
2. PCP is prior corresponding period
3. Operating EBIT is net profit before interest, fair value of contingent consideration, acquisition costs, IPO expense, public company cost, share-based remuneration, and taxes.

FY24 in summary

- ✓ Consolidated revenue of \$20.6m, up 12% on FY23 (pcp) including \$7.0m contribution from AxSym
- ✓ Operating EBITDA of \$0.4m, down 88% on pcp
- ✓ Q4 contributed \$0.8m Operating EBITDA on revenue of \$6.2m
- ✓ Net loss after tax of (\$0.5m) compared with \$1.5m profit in pcp
- ✓ Positive cash conversion of \$0.7m prior to acquisition costs
- ✓ \$15.5m of revenue already contracted for FY25 with a strong sales pipeline and cross-sell collaboration between SOCO and AxSym generating excellent results in Q1 FY25
- ✓ Sebastian Rizzo confirmed as permanent CEO
- ✓ Net cash on hand of \$1.9m, with available undrawn facility of \$2.5m



Sebastian Rizzo, CEO

"Trading conditions were challenging for SOCO in FY24, but I am incredibly proud of how the team responded, delivering in Q4. With \$15.5m of work already signed for FY25 we have laid strong foundations for profitable growth."

Sebastian Rizzo, Founder and CEO

Return to profitability in Q4

and preparing for growth in FY25

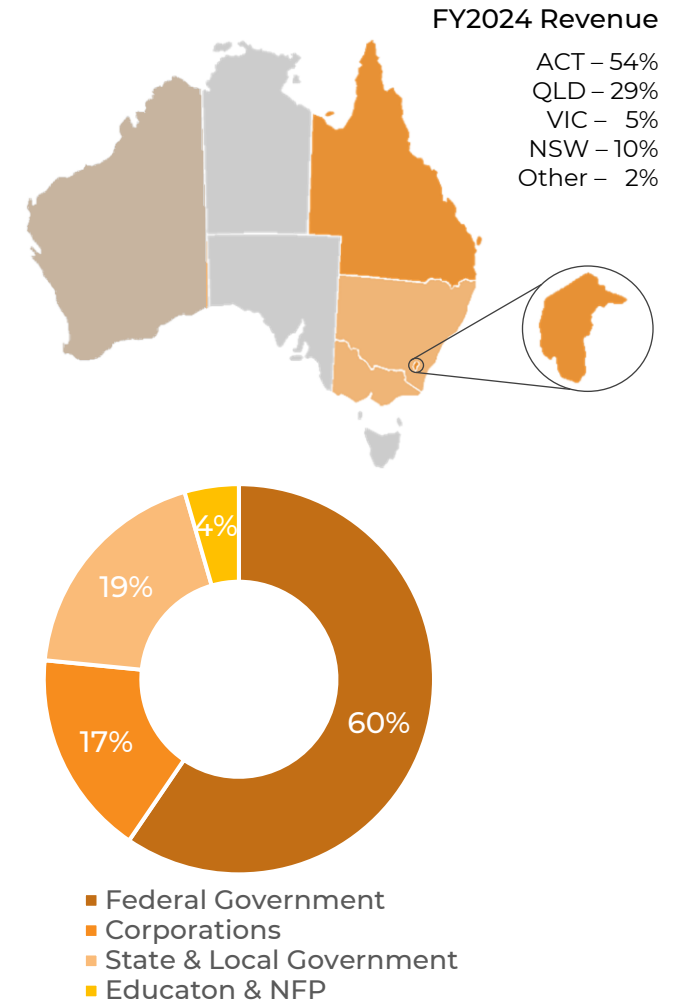
- ✓ The first half was impacted by industry-wide delays and slowing demand from the Federal Government.
- ✓ Excess capacity was retained in H1, and the business was right-sized in Q3 in response to delays.
- ✓ SOCO experienced a more normalised Q4 with higher utilisation and no restructuring costs.
- ✓ As a result, the Company delivered an **Operating EBITDA profit of \$0.8m and revenue of \$6.2m** for the quarter.
- ✓ Revenue target of over 30% growth in FY25, with \$15.5m of revenue already contracted for the period (as of August 2024).



RESULTS OVERVIEW

We serve a
diverse client pool
spanning different sectors and regions

- ✔ **Strong client retention** with existing clients delivering 85% of revenue
- ✔ **38 new clients** delivered 15% of FY24 revenue. These span State and Australian Government organisations, NFP and Corporates including in identified growth markets of NSW, VIC and WA
 - ✔ 3 new Federal government clients
 - ✔ 2 new State government clients
- ✔ **89 retained clients** delivered 85% revenue
- ✔ **85% of top 20 clients** from FY23 continued to engage SOCO in FY24



AxSym acquisition

integration update

AxSym acquisition (in November 2023); **successfully**

- ✔ Strengthened SOCO's federal government presence including additional panel access and Defence Industry Security Program membership.
- ✔ Bolstered business development activities with collaborative joint engagements resulting in additional revenue.
- ✔ Increased engagement existing clients and partners with new services (cross sales).
- ✔ Group operations and management systems have been integrated.
- ✔ Over \$8m of work already contracted for delivery in FY25.
- ✔ Achieved cohesive culture integration.
- ✔ FY24 earnout was not met resulting in a fair value adjustment to contingent consideration of \$0.7m which has been written back to profit in FY24.
- ✔ To align interests, the Board and AxSym vendors have agreed to extend the earnout period with profit targets to now align with FY25 and FY26 instead of FY24 and FY25. The total purchase consideration will not change.



Adam Granquist, AxSym

*“The AxSym team are super pumped to have **integrated with SOCO**. We're now one team, united and growing the national business together with our strong Canberra and NSW client base.”*

Adam Granquist, General Manager

A woman wearing a light brown hijab and a white lace-trimmed top is smiling at the camera. She is in an office setting with desks, computers, and other people in the background. The text "We're on a mission." is overlaid in the top right corner.

We're on a mission.

An orange curved arrow points from the bottom left towards the woman's right shoulder.

Zehra. Sydney Consulting Team.

soco.

Overview of who we are and what we do

SOCO (ASX:SOC) is one of Australia's leading IT consultancies – putting people at the very centre of what we do.

- ✓ Our consulting teams **solve business problems by applying and modernising IT systems to improve business processes**
- ✓ Projects – consulting services to configure, deliver and support **enterprise-grade software solutions**
- ✓ Augmentation - **support our clients by boosting their personnel on a temporary basis**
- ✓ Our services are **specialised** - a **high barrier to entry**, our forte includes government sectors, for example departments such as **Defence** that require security clearances. Our wide client spectrum covers **education, transport, utilities, financial, manufacturing** and the **resource sector**
- ✓ **National team ~100 across Australia**



ABOUT SOCO – SOME OF OUR CLIENTS

Who we serve

our growing client base



We deliver the
digital transformation
promise for our clients



**DOCUMENT
MANAGEMENT
AND COMMS**
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.



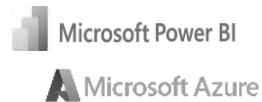
**ENTERPRISE
RESOURCE
PLANNING**
Accounting and management of inventory/services

Performance, and actionable insights – locally and across legal jurisdictions.



**DATA AND
ANALYTICS**
Enabling data-driven decisions

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



**INFORMATION
SECURITY & AI**
Secure intelligent operations

Harnessing the power of Microsoft's AI and cyber tools to drive innovation, enhance security, and foster intelligent operations.



**SERVICE
MANAGEMENT**
Automated service delivery

Enabling streamlined processes, enhanced productivity, and data-driven decision-making – within and across service domains.



**CLIENT INNOVATION
AND ADVISORY**
Trusted advisor:
Technology-agnostic strategy, planning, and guidance

Identifying, developing, and prioritising strategic initiatives and innovative approaches that enhance operational efficiency, stakeholder engagement, and service delivery - in both public and commercial sectors.

Financial Performance.



Luke.
Consultant
Business Applications
Melbourne.

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FINANCIAL PERFORMANCE

FY24

financial results

- ✔ Total revenue increase of \$2.15m (11.7%) versus previous corresponding period. A decline of 24.8% excluding Axsym
- ✔ Trading conditions led to softer than expected sales with resultant lower staff utilisation levels directly impacted Operating EBITDA² margin during the period
- ✔ Q3 redundancy and related costs of \$0.29m
- ✔ Q4 revenue of \$6.2m and Operating EBITDA of \$0.8m
- ✔ Fair value contingent consideration add back reflects FY24 earnout not met
- ✔ One-off acquisition costs comprise advisor fee, legal fees, and due diligence costs
- ✔ Public company cost represents 12 months in FY24 versus 7 months in FY23

Financial Summary	FY24 (\$'000's)	FY23 (\$'000's)
Revenue⁴	20,560	18,405
Operating EBITDA²	424	3,676
Depreciation	(269)	(301)
Amortisation of acquired intangibles	(443)	-
Operating EBIT¹	(288)	3,375
Net interest income	39	33
Net profit/(loss) before income tax and significant items	(249)	3,408
<i>Significant items:</i>		
Fair value of contingent consideration	717	-
Acquisition costs	(441)	-
IPO expense	-	(899)
Public company cost	(457)	(271)
Share-based remuneration	(282)	(163)
Net profit/(loss) before income tax	(712)	2,075
Income tax (expense)/benefit	226	(593)
Net profit/(loss) after income tax	(486)	1,482
NPATA³	(154)	1,482
Operating EBITDA - % of Revenue	2.1%	20.0%

1. Operating EBIT is net profit/(loss) before interest, reassessment of contingent consideration, acquisition costs, IPO expense, public company cost, share-based remuneration, and taxes
2. Operating EBITDA is Operating EBIT before depreciation and amortization.
3. NPATA is net profit/(loss) after tax and before the amortisation of acquired intangibles.
4. FY23 revenue restated with no impact on profit due to change in accounting policy to recognise licensing revenue as 'Agent' instead of as 'Principal'.

Strong balance sheet

- ✓ Strong balance sheet with **cash on hand of \$2.3m** (\$1.9m cash on hand net of bank debt)
- ✓ Trade working capital¹ < 1% of annualised revenue
- ✓ Increase in intangibles represents the acquisition of Axsym Technology, primarily goodwill and customer relationships
- ✓ Provisions represent employee entitlements (annual and long service leave)
- ✓ Contingent consideration is measured at fair value using present value techniques by discounting the probability-weighted estimated cashflows

	30 Jun 2024 (\$'000's)	30 Jun 2023 (\$'000's)
Balance Sheet		
Cash and cash equivalent	2,310	6,489
Trade and other receivables	2,984	1,729
Other assets	226	356
Property, plant and equipment	187	241
Right-of-use assets	966	102
Intangibles	8,505	7
Deferred tax asset	-	413
Total Assets	15,178	9,337
Trade and other payables	2,500	1,206
Contract liabilities	596	334
Borrowings	417	-
Lease liabilities	998	106
Income tax liability	75	316
Deferred tax liability	284	-
Contingent consideration	733	-
Provisions	1,230	886
Total Liabilities	6,833	2,848
Net Assets	8,345	6,489
Working capital	1,072	5,955
Trade working capital (TWC) ¹	114	545

FINANCIAL PERFORMANCE

Reliable cash flow

- ✓ Positive cash conversion despite soft profit result
- ✓ Cash on hand of \$2.3m (\$1.9m net of bank debt)
- ✓ Minimal capex, < 1% of revenue in FY24
- ✓ Acquisition of Axsym Technology

Axsym Technology	\$000's
Cash paid	4,251
Cash acquired	(935)
Net cash	3,316

- ✓ Undrawn debt facility of \$2.5m at year end with NAB
- ✓ A final dividend in respect of FY23 of 5cps was paid in October 2023
- ✓ No dividend determined in respect of FY24

Cash Flow	FY24 (\$000's)	FY23 (\$000's)
Receipts from customers	22,588	21,701
Payments to suppliers/employees	(21,825)	(18,134)
OCFBIT, acquisition & IPO costs¹	763	3,567
IPO costs (expensed)	-	(699)
Acquisition costs	(441)	-
Net interest received/(paid)	39	33
Income taxes paid	(831)	(866)
Operating cash flow	(470)	2,035
Net capital expenditure	(53)	(81)
Purchase of subsidiary	(3,316)	-
Security deposit	5	(25)
Investing cash flow	(3,364)	(106)
Proceeds from issue of shares	32	5,000
Share issue costs (to equity)	(15)	(395)
Net borrowings	417	-
Dividends paid	(636)	(2,707)
Repayment of lease liabilities	(143)	(145)
Financing cash flow	(345)	1,753
Net cash flow	(4,179)	3,682
Cash conversion²	180%	97%

Outlook

☞ *\$15.5m FY25 delivery contracts already signed, and targeting over 30% headline revenue growth.* ☞



Kaja. Brisbane Consulting Team.

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COMPANY OUTLOOK

A bright outlook for FY25 and beyond



Whilst market demand remains inconsistent, the Company has already signed contracts worth \$15.5m for delivery in FY25. Contracts totalling a further \$3.5m are at a late stage in the pipeline.

- ✓ The Company expects revenue growth of over 30% in FY25 which factors in the inclusion of AxSym for a full 12 months.
- ✓ Diversifying beyond government sector with clients in Aerospace, Transport, Health, and Aged Care.
- ✓ A joint project with SOCO and AxSym to run a technology transformation for a new client with an initial \$1.8m work order and part of a three-year scope of work.
- ✓ The appointment to multiple preferred / pre-qualified supplier panels, including Federal, State, and Local Government organisations.
- ✓ Expanded client base including 6 new clients across Federal, State and Local Government organisations in the past six months.
- ✓ Whilst no dividend has been declared in respect of FY24, Company policy remains to pay out approximately 40%-60% of SOCO's statutory profit after tax as a dividend, subject Board approval.
- ✓ Given the focus on operational performance and restoration of stronger profitability, the Board has determined to pause acquisition activity until FY26.

contacts

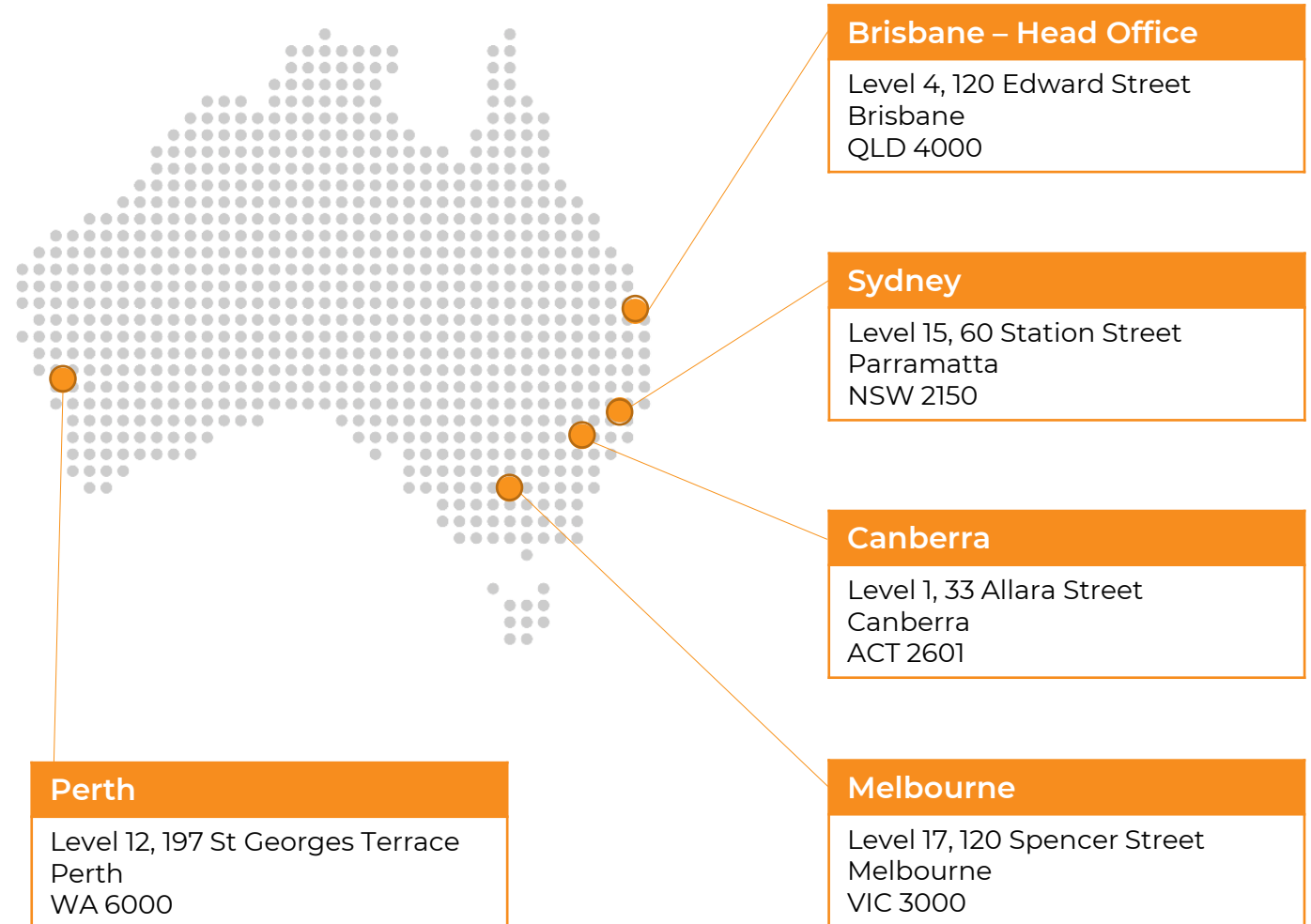
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