

1H FY25 Results Announcement

SOCO Corporation Ltd ("Company" or "SOCO"), a leading Australian information technology services consultancy announces its financial results for the half-year ending 31 December 2024.

Summary

- Consolidated revenue of \$11.0m, up 17.8% on 1H24 (pcp) including \$5.1m contribution from Axsym
- Operating EBITDA² of \$0.6m, up \$0.5m on pcp
- NPATA of \$0.09m compared to NPATA loss of \$0.79m in pcp
- Net loss after tax of \$0.15m compared with loss of \$0.87m in pcp
- Positive cash conversion of \$0.2m
- Net cash on hand of \$1.6m, with available undrawn facility of \$2.4m
- Strong client retention - 81 existing clients delivering 86% of 1H25 revenue
- **27 new clients delivered 14% 1H25 revenue**, with new clients typically delivering growth in future periods

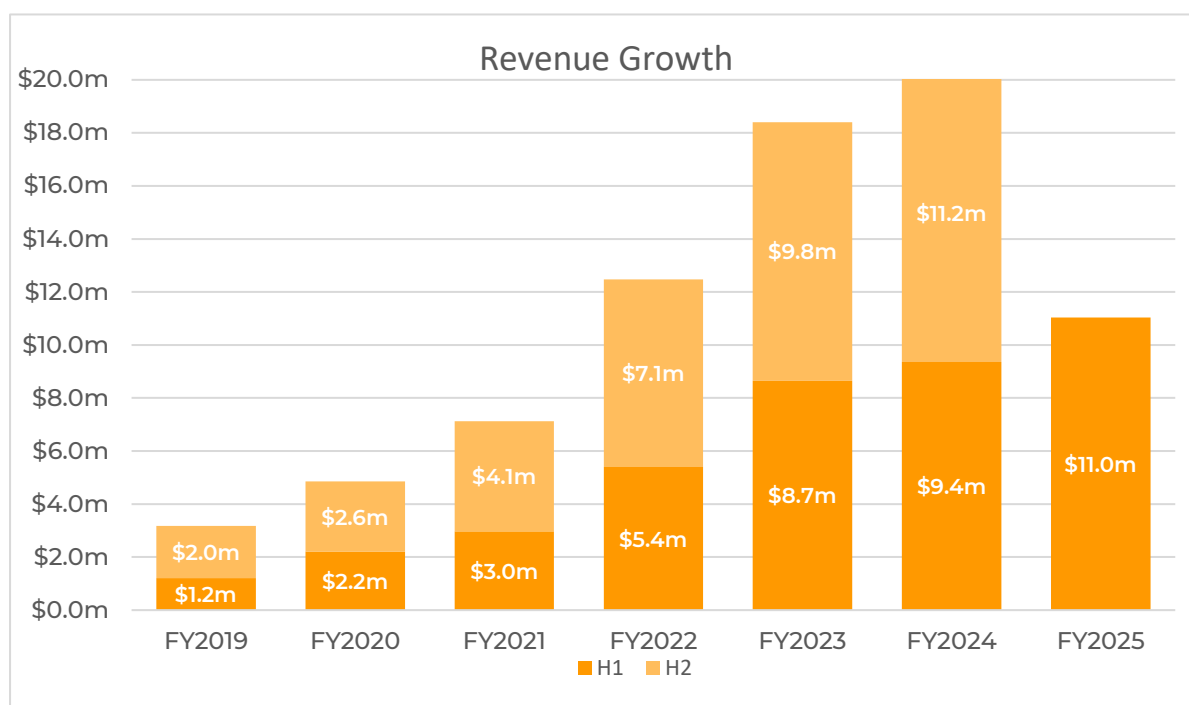


Figure 1: 1H25 revenue of \$11.0m represents growth of 17.8% over 1H24

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.

Financial results

The half year started strongly with \$18m worth of contracts signed by October 2024 – and the Company delivered work for 27 new clients during the period.

27 new clients represented 14% of 1H25 revenue, demonstrating SOCO's continued capacity to articulate value to prospective clients. New clients typically deliver growth in future periods, as projects ramp up and additional service offerings are sought.

However, as the half year progressed some project commencements experienced unforeseen delays. In particular, delays on two large Queensland projects resulted in lower than forecast revenue and utilisation for Q2 – these projects are now in delivery.

Demand from Federal Government clients declined in November and December 2024 as a result of cost cutting, the election cycle, and in line with a government policy to shift more work to public servants and reduce government reliance on external consultants.

Due to this shift, the Company continued its focus on diversifying the client base by increasing sales to the corporate, State and Local Government sectors. This resulted in the share of revenue from these sectors increasing from 40% in FY24 to 44% in 1H25.

Summary Statement of Profit or Loss

	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%
<u>Significant items:</u>			
Acquisition costs	-	(541,608)	100.0%
Public company cost	(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%

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Operations

Axsym operations and management systems are now fully integrated and are delivering synergies. Several important contracts have been signed where Axsym relationships have leveraged SOCO capabilities and vice versa.

The Company is also making good progress diversifying its client base - with 21 of the 27 new clients signed in 1H25 being non-government organisations.

Despite the slowdown in Federal Government spending, the Company retains good relations with clients who have delayed project starts or slowed spending. We expect Federal Government spending to remain subdued for the near term, which supports the Company's strategy to diversify our client base to private sector enterprise and local and state government organisations, with a continued focus on Microsoft technologies and enabling data aggregation and organisation in support of future AI adoption.

The business is investing in additional sales and marketing activities to drive revenue and further client diversification. As part of this, continuing to expand our preferred supplier and panel memberships with target jurisdictions will be a priority. While investment in sales and marketing comes at an initial cost for FY25, it is expected to continue delivering new client acquisition returns in subsequent periods and underpin resilient revenue growth.

Whilst no dividend has been declared in respect of 1H25, the Company's stated policy to pay out approximately 40%-60% of SOCO's statutory profit after tax as a dividend, subject to Board approval, remains.

Outlook

In the case of the Federal Government, the upcoming election is expected to see a higher level of uncertainty in demand during 2H25 than originally anticipated.

Based on current in-flight project and contract pipelines, management forecast full year FY2025 revenue to be in the range of \$22m to \$24m.

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