FY25 half year results

SOCO CORPORATION LTD (ASX:SOC)

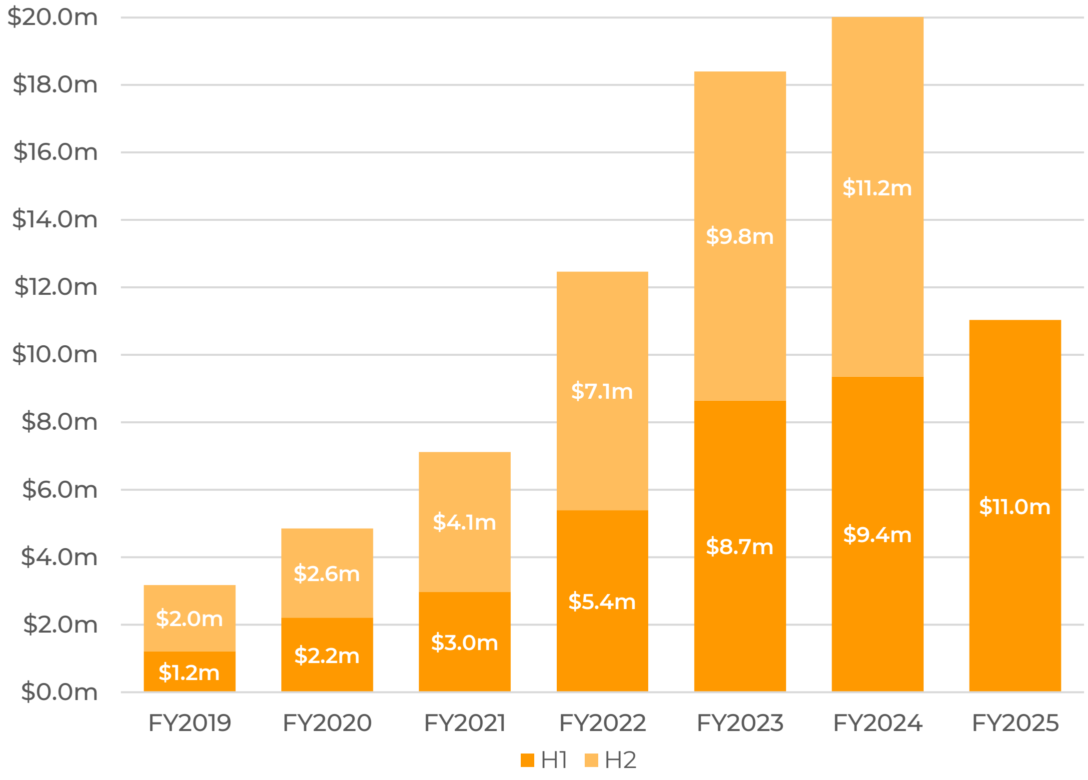
1H FY25 RESULTS OVERVIEW
28 FEBRUARY 2025

SOCO®

Contents

Comparison with previous corresponding period

(1H25 vs. 1H24)



Revenue
▲ $11.0m
+17.8% growth over PCP[2] of $9.4m

Operating EBITDA[1]
▲ $0.65m
vs PCP[2] of $0.12m

Operating EBIT[3]
▲ $0.16m
vs PCP[2] of $(0.12)m

NPATA[4]
▲ $0.09m
vs PCP[2] of $(0.798)m

1. Operating EBITDA is Operating EBIT before depreciation and amortization.
2. PCP is prior corresponding period
3. Operating EBIT is net profit/(loss) before interest, acquisition costs, public company cost, share-based remuneration, and taxes.
4. NPATA is net profit/(loss) after tax and before the tax-effected amortisation of acquired intangibles.

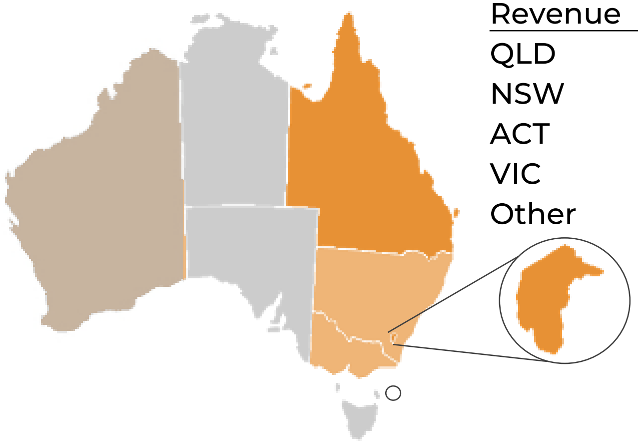
1H25 in summary

- **Consolidated revenue of $11.0m**, up 17.8% on 1H24 (pcp) including $5.1m contribution from Axsym
- 1H25 revenue marginally down on 2H24 by 1.4%
- **Operating EBITDA 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** despite soft profit result
- **Net cash on hand of $1.6m**, with available undrawn facility of $2.4m
- **The first half has been impacted by slowing demand** from Federal Government clients
- **Axsym operations and management systems fully integrated** into the Group and delivering synergies

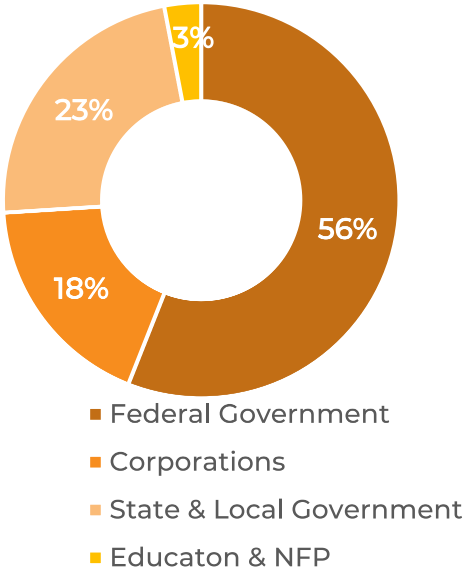
"Profitability and diversified revenue remains a focus"
Sebastian Rizzo, Founder and CEO

We serve a client pool spanning different sectors and regions

- **Strong client retention** with 81 existing clients delivering 86% of 1H25 revenue
- **27 new clients** delivered 14% of 1H25 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
  - 1 new State government client
- **75% of top 20 clients** from FY24 continued to engage SOCO in 1H25
- Strengthened SOCO's federal government presence including additional panel access and Defence Industry Security Program membership.
- Bolstered business development activities with collaborative joint engagements across the Group.



Revenue	1H25	FY24
QLD	32%	29%
NSW	7%	10%
ACT	53%	54%
VIC	6%	5%
Other	2%	2%




We’re on a mission.
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

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.

SharePoint
Microsoft Teams

BUSINESS APPLICATIONS

Integrated and purpose-built

From sales and marketing, through customer service to business optimisation and business process automation.

Microsoft Dynamics 365

ENTERPRISE RESOURCE PLANNING

Accounting and management of inventory/services

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

Microsoft Dynamics 365 Business Central

DATA AND ANALYTICS

Enabling data-driven decisions

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

Power BI
Microsoft Azure

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.

Microsoft Purview
Microsoft 365 Copilot

SERVICE MANAGEMENT

Automated service delivery

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

servicenow

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.

FINANCIAL PERFORMANCE

Half year FY25

financial results

- Revenue increased $1.66m or 17.8% versus pcp
- Operating EBITDA[2] of $648k, up 422% from pcp of $124k
- NPATA profit of $91k versus loss of $793k in 1H24
- Q2 trading conditions led to softer than expected sales with resultant lower staff utilisation levels directly impacting Operating EBITDA[2] margin during the period
- Amortisation of acquired intangibles represents 6 months in 1H25 versus 2 months in 1H24
- No acquisition costs in 1H25 versus costs of $0.54m in 1H24

Financial Summary	1H25 ($000's)	1H24 ($000's)	Change
Revenue[4]	**11,035**	**9,371**	**17.8%**
Operating EBITDA[2]	**648**	**124**	**422.6%**
Depreciation	(166)	(130)	-27.7%
Amortisation of acquired intangibles	(323)	(111)	-191.0%
Operating EBIT[1]	**159**	**(117)**	**236.1%**
Net interest	(59)	(19)	-208.4%
Net profit/(loss) before income tax and significant items	**100**	**(136)**	**173.1%**
Significant items:			
Acquisition costs	-	(542)	-
Public company cost	(270)	(220)	-
Share-based remuneration	(20)	(85)	-
Net loss before income tax expense	**(190)**	**(983)**	**80.7%**
Income tax benefit	39	107	-63.2%
Net loss after income tax expense	**(151)**	**(876)**	**82.8%**
NPATA[3]	**91**	**(793)**	**111.5%**
Operating EBITDA - % of Revenue	5.9%	1.3%	

1. Operating EBIT is net profit/(loss) before interest, acquisition costs, 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. 1H24 revenue restated with no impact on profit due to change in accounting policy to recognise licensing revenue as 'Agent' instead of as 'Principal'.

Consolidated balance sheet

- Zero bank debt and with cash on hand of $1.6m
- Trade working capital[1] circa 1% of annualised revenue
- Decrease in intangibles represents the amortisation of acquired intangibles from the acquisition of Axsym Technology in November 2023
- Provisions represent accrued employee entitlements (annual leave and long service leave)
- Contingent consideration is measured at fair value using present value techniques by discounting the probability-weighted estimated cashflows

Balance Sheet	31 Dec 2024 ($000's)	30 Jun 2024 ($000's)
Cash and cash equivalent	1,591	2,310
Trade and other receivables	2,326	2,984
Other assets	367	226
Property, plant and equipment	268	187
Right-of-use assets	840	966
Intangibles	8,280	8,505
Total Assets	**13,672**	**15,178**
Trade and other payables	2,107	2,500
Contract liabilities	374	596
Borrowings	-	417
Lease liabilities	890	998
Income tax liability	165	75
Deferred tax liability	24	284
Contingent consideration	760	733
Provisions	1,138	1,230
Total Liabilities	**5,458**	**6,833**
Net Assets	**8,214**	**8,345**
Working capital	690	1,072
Trade working capital (TWC)[1]	212	114

1. Trade working capital is trade and other receivables, other assets, less trade and other payables, and contract liabilities

Reliable cash flow

- Positive cash conversion despite soft profit result
- Net cash on hand of $1.6m (no bank debt) versus $1.9m at 30 June 2024
- Minimal capex ≈ 1% of revenue, primarily for partial refresh of tool of trade laptops and AV equipment
- Undrawn debt facility of $2.4m at half-year with NAB. The available facility amortises at $83k per month regardless of usage
- Borrowing repaid represents full repayment of 30 June 2024 loan balance
- No dividend determined in respect of 1H24

Cash Flow	1H25 ($000's)	1H24 ($000's)
Receipts from customers	12,573	11,377
Payments to suppliers/employees	(12,373)	(10,582)
OCFBIT, acquisition costs[1]	**200**	**795**
Acquisition costs	-	(154)
Net interest received/(paid)	(32)	(19)
Income taxes paid	(193)	(342)
Operating cash flow	**(25)**	**280**
Capital expenditure	(122)	(13)
Purchase of intangibles	(35)	-
Purchase of subsidiary	-	(3,316)
Net security deposit released/(paid)	(11)	5
Investing cash flow	**(168)**	**(3,324)**
Proceeds from issue of shares	-	32
Share issue costs (to equity)	(1)	(14)
Borrowings repaid	(417)	-
Dividends paid	-	(636)
Repayment of lease liabilities	(108)	(79)
Financing cash flow	**(526)**	**(697)**
Net cash flow	**(719)**	**(3,741)**
Cash conversion[2]	**31%**	**>100%**

1. OCFBIT is operating cash flow before interest, tax, and acquisition costs paid
2. Cash conversion is OCFBIT as a percentage of Operating EBITDA

Outlook

“Forecast full year FY2025 revenue to be in the range of $22m and $24m”

Kaja. Brisbane Consulting Team.

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COMPANY OUTLOOK

The outlook for FY25 and beyond

- Based on current in-flight project and contract pipelines, management forecast full year FY2025 revenue to be in the range of $22m and $24m.
- The upcoming election is expected to see more challenging demand conditions during 2H25 than originally anticipated.
- The Company is also making good progress to diversify its client base with 21 of the 27 new clients signed in 1H25 being non-government corporations.
- Whilst no dividend has been declared in respect of 1H25, Company policy remains to pay out approximately 40%-60% of SOCO's statutory profit after tax as a dividend, subject to Board approval.

contacts

Sebastian Rizzo
Chief Executive Officer
SOCO Corporation Ltd
Email: sebastian.rizzo@soco.com.au

Steve Parks
Chief Financial Officer
SOCO Corporation Ltd
Email: steve.parks@soco.com.au

Brisbane – Head Office
Level 4, 120 Edward Street
Brisbane
QLD 4000

Sydney
Level 15, 60 Station Street
Parramatta
NSW 2150

Canberra
Level 1, 42 Giles Street
Kingston
ACT 2604

Melbourne
Level 17, 120 Spencer Street
Melbourne
VIC 3000

Perth
Level 12, 197 St Georges Terrace
Perth
WA 6000

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