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ASX ANNOUNCEMENT

SOCO Corporation Ltd (ASX:SOC)

29 August 2025

FY25 Results Announcement

SOCO Corporation Ltd ("Company" or "SOCO"), a leading Australian information technology services consultancy announces its financial results for the full year ending 30 June 2025.

Highlights

- **Consolidated revenue** of $21.3m, up 3.6% on FY24 (PCP).
- **Underlying EBITDA**[2] of $0.21m, up $0.24m on PCP.
- **Net profit after tax** of $0.07m compared with loss of $0.49m in PCP.
- **NPATA**[4] of $0.55m compared to NPATA loss of $0.15m in PCP.
- **Gross margins** to 24.2% corresponding to a 6% increase from PCP (23.5%).
- **Positive cash conversion** with net cash on hand of $1.1m.
- **Undrawn** debt facility of $1.5m.
- **Client mix**: 88 existing clients (80% of revenue); 46 new clients (20%).
- **Dividend payment**: No dividend has been declared in H2 FY25.

Summary

SOCO delivered revenue of $21.3m, up 3.6% on FY24, and returned to profit (NPAT $0.07m; NPATA $0.55m). Gross margin improved to 24.2% (from 23.5% pcp), reflecting early benefits from utilisation and delivery discipline.

Trading conditions softened in the second half, with procurement delays and pre-election caution in Federal Government driving deferred or reduced engagements - particularly in Canberra and other government-focused regions - which tempered revenue momentum and margin leverage.

In response, SOCO executed initiatives to strengthen the business and lay foundations for FY26: client-portfolio rebalancing toward corporate and state government, investment in emerging capabilities, leadership additions to deepen sales discipline, systems uplift (project/time-billing platform) to improve real-time performance visibility, and ongoing cyber/ISO investments aligned to defence and national security requirements.

Leading indicators improved in H2, including tender win rates and new key customers in target verticals. This provides a more positive indicator for H1 FY26.

1. Underlying EBIT is a non-IFRS metric and is calculated as net loss before interest, fair value of contingent consideration, acquisition costs, 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. Underlying EBITDA is Underlying EBIT before depreciation and amortisation.
4. NPATA is net profit/(loss) after tax and before the tax-effected amortisation of acquired intangibles.
5. Cash conversion is operating cash flow before interest, tax, and acquisition costs paid

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Summary Statement of Profit or Loss

Financial Summary ($000's)	FY25	FY24	Change
Revenue	**21,289**	**20,560**	**4%**
Cost of Sales	(16,4140)	(15,721)	3%
Underlying EBITDA*	**209**	**(33)**	**728%**
NPAT	68	(486)	114%
Underlying NPATA**	**545**	**(154)**	**455%**
Expenses (net of Depn & Interest)	4,988	5,153	(3%)
Gross Profit	5,149	4,838	6%
Gross Margin	***24.2%***	***23.5%***	

Revenue

SOCO generated revenue of $21.3m in FY25 (+3.6% pcp), with 1H $11.0m and 2H $10.3m. The second half represented ~48% of full-year revenue, versus a historical pattern of ~55%, reflecting the timing impact of procurement delays and pre-election caution in Federal Government, particularly in Canberra and other government-focused regions. Several delayed projects - including two large Queensland engagements have now commenced.

New-customer momentum remained solid: in 1H, SOCO signed $18m of work by October 2024 and delivered services to 27 new clients, which contributed ~14% of 1H revenue; new clients typically expand in subsequent periods as programs scale.

The client mix continued to rebalance away from Federal Government concentration, with non-Federal Government revenue increasing to ~64.4% (from ~58.6% in FY24), supported by growth in corporate and state government accounts. This diversification helped offset some of the second-half softness in Federal Government demand.

* Underlying EBITDA is a non-IFRS metric and is calculated as net profit/(loss) before depreciation, interest, fair value of contingent consideration, share-based remuneration, and taxes. This measure is intended to remove the effect of non-cash charges of acquired intangibles.
** NPATA is net profit/(loss) after tax and before the tax-effected amortisation of acquired intangibles.

From a margin perspective, the slower 2H reduced normal seasonal operating leverage (Q4 typically benefits utilisation without a proportionate lift in fixed costs).

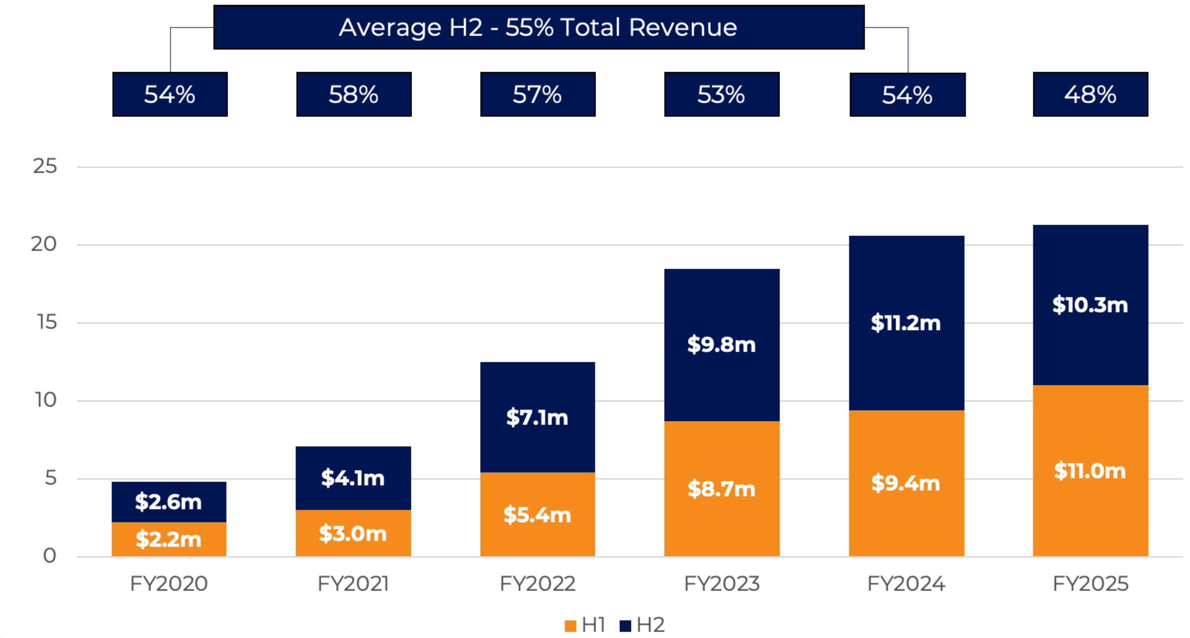
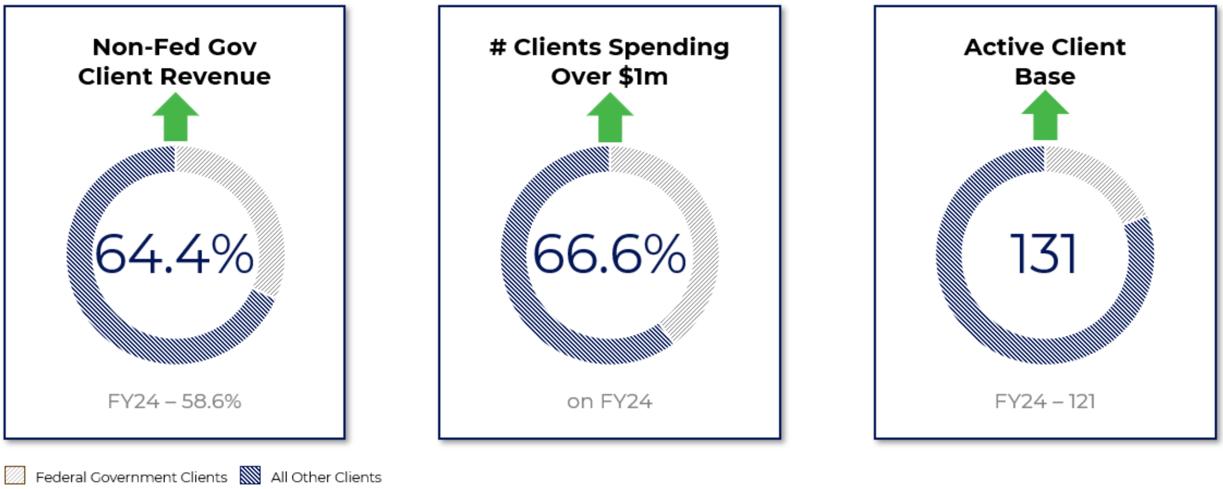


Figure 1: FY25 revenue of $21.3m represents growth of 3.6% over FY24

Clients

SOCO recorded its strongest half-year new-customer growth in three years, and the active customer base increased 8% to 131 (from 121). New customers typically expand in subsequent periods as programs scale and adjacent services are adopted.



Account depth improved over the period. With the number of customers spending over $1m in FY25 increasing by ~66.6% year-on-year, driven primarily by non-Federal Government customers. This reflects disciplined delivery and strengthening relationships across priority accounts.

Our diversification strategy progressed too, with non-Federal Government revenue increasing to ~64.4% of total revenue (from ~58.6% in FY24), reflecting growth in corporate and state government customers and reducing exposure to Federal Government spending cycles.

Operations

SOCO continued to strengthen its operating platform in FY25. We invested in internal infrastructure and security controls to enhance resilience against rising cyber threats, consistent with the obligations and expectations of customers in government, defence and defence-industry supply chains.

Execution efficiency improved. Gross margin increased to ~24.2% (from 23.5% pcp), reflecting better utilisation and delivery discipline. Revenue per team member rose ~15% to $236k (from $205k), supported by tighter project control and mix.

Systems uplift is underway. In August, SOCO began finalising the migration to a new project-management and time-billing platform. The system provides real-time performance visibility across projects, enabling faster decisions, more accurate forecasting and invoicing, and a clearer focus on activities that lift utilisation and margin.

Looking ahead, we expect further operating leverage in FY26 as the new system beds in and process discipline deepens. As revenue grows and we return to traditional second half seasonality, we will benefit from operational leverage as fixed costs (including public company costs) become a smaller proportion of revenue. This means that profit should grow at a higher percentage to revenue growth.

People

SOCO took decisive steps in FY25 to right-size the workforce, improving utilisation while maintaining delivery capability. These actions, though challenging, position the business for more sustainable performance.

We also strengthened leadership capability with strategic hires, including the appointment of a General Manager of Growth to drive sales discipline, improve pipeline conversion, and enhance account management. This role brings deep experience in leading high-performing sales teams and will be instrumental in executing SOCO's growth strategy.

Outlook

For the past three years, SOCO has not grown at our desired rate. Looking ahead to FY26 the Company is making a purposeful shift: adopting a more deliberate, structured, and measured go-to-market strategy. This includes embedding mature sales frameworks and disciplined methodologies, while sharpening our focus on a smaller number of high-potential industry verticals.

These changes are designed to position SOCO to break through historical revenue ceilings and deliver stronger, more sustainable growth. While we remain prudent regarding Federal Government demand variability, the combination of a rebalanced client mix, improved utilisation, and a disciplined growth strategy provides a stronger platform than in prior years. Execution priorities include broadening non-Federal Government exposure, deepening Microsoft ecosystem solutions across corporate and state clients, and embedding upgraded delivery systems for scale.

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ABOUT SOCO

SOCO (ASX:SOC) is one of the few sovereign Australian IT consultancies. SOCO's teams solve business problems by applying and modernising IT systems to improve business processes - digitally transformational outcomes. Key to SOCO's success is our 4D methodology (Discover, Design, Deliver, Drive®), designed to place clients at the heart of our business, creating a genuine partnership each 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.