



18 December 2023

## **SOCO Corporation Ltd (ASX:SOC): Market Update**

SOCO Corporation Ltd (ASX:SOC) ("Company" or "SOCO"), a leading information technology consultancy, provides the following market update.

### **AxSym acquisition update**

As previously advised, SOCO's acquisition of AxSym Technology Pty Ltd (AxSym) completed on 1 November 2023. AxSym is performing well and ahead of expectations. One-off acquisition costs associated with the purchase total circa \$0.6m (before tax) which will be reflected in the Company's 1H FY24 consolidated financial results. With the inclusion of AxSym for November and December the Company expects total revenue to be higher in 1H FY24 when compared to the previous corresponding period (1H FY23).

### **SOCO trading update**

As noted at the AGM held on 24 October 2023, Q1 FY24 started slower than the previous year. This has continued into Q2 and it is now expected that 1H FY24 revenue (excluding AxSym) will be approximately \$1.4m less than 1H FY23. The impact of the lower revenue is forecast to reduce 1H FY24 Operating EBITDA<sup>1</sup> to approximately \$0.2m.

The Company is expected to have a comfortable cash balance of \$2m at 31 December 2023, as well as a strong cash conversion cycle. In addition, a \$3m debt facility has been established that is intended to help finance future acquisitions, if required.

### **Outlook**

Whilst delays were experienced with several client projects, these are now on track. The Company is expecting an improved 2H FY24. The pipeline is robust, with a number of new projects scheduled to start in Q3, along with project starts that were delayed from 1H FY24.

In addition, AxSym has contracted work that is forecast to achieve or exceed the FY24 earnout milestone. As such it is expected that total 2H FY24 will deliver a strong revenue and Operating EBITDA<sup>1</sup> improvement on 1H FY24.

SOCO CEO, Simon Forth said *"We are pleased to advise that the SOCO/AxSym integration activities are well advanced. The businesses are collaborating with cross selling opportunities across new and existing clients. Whilst project delays have been frustrating in the first half, we are confident*

1. Operating EBITDA is a non-IFRS metric and is calculated as net profit before interest, IPO costs, public company cost, share-based remuneration, acquisition costs, and taxes. These measures, which are unaudited, are important to management as an additional way to evaluate the Company's performance.

*of a return to organic growth in the near-term. Our pipeline is strong, and our team continues to deliver outstanding results for our clients across the country."*

This announcement has been authorised for release by the Board of SOCO Corporation Ltd.

## **ABOUT SOCO**

SOCO (ASX:SOC) is a multi-award-winning IT consultancy specialising in the delivery of digital solutions, business applications and integration projects. Since 2013, SOCO has been working shoulder to shoulder with our clients to achieve transformative business outcomes. By placing people at the centre of everything we do, we ensure our focus remains on meeting the unique requirements of our people including employees, clients, and partners.

While we have solid experiences in government, defence, and national security, we've also worked with many different clients in various industries.

At SOCO, we operate as a unified family, blending our collective expertise with a results-driven approach that consistently exceeds our clients' expectations. Our commitment to providing exceptional service combined with our strong presence across Australia, with our people located in every state and offices in Brisbane, Canberra, Sydney, Melbourne, and Perth ensures that we can be there for our clients whenever they need support, firmly positioning SOCO as a trusted advisor.

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

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