



SOCO Corporation Ltd (ASX:SOC)

AGM – CEO’s Address

Good morning everyone, and thank you for joining us. I want to take this opportunity to reflect on our achievements over the past year, discuss the steps we have taken to strengthen our position, and outline our strategic direction for the future.

FY2025 Financial Recap

FY25 marked a major shift for SOCO. We returned to profit, strengthened our margins, and laid the groundworks for scalable growth through disciplined delivery and strategic investment.

Revenue grew to \$21.3 million, up 3.6% year-on-year, reflecting modest top-line growth. Importantly, SOCO returned to profitability after last year’s loss, reporting a net profit after tax of \$0.07 million, vs a \$0.49 million loss in FY24.

On an underlying basis, EBITDA was \$0.21 million, improving by \$0.24 million from the prior year’s small loss. We also achieved a positive NPATA of \$0.55 million, demonstrating the business’s improved operating earnings when normalised for acquisition amortisation.

Crucially, margins strengthened slightly; gross profit margin rose to 24.2%, up from 23.5%, driven by better pricing discipline and delivery efficiency. We kept costs on a tight leash – operating expenses grew only 3% despite inflation, thanks to prudent cost management and a leaner back-office structure. Additionally, overhead costs were slightly lower than last year. This cost discipline, combined with revenue growth, delivered a meaningful turnaround in our earnings.

Cash flow and our balance sheet remain sound. We ended FY25 with net cash of \$1.1 million on hand and \$1.5 million undrawn against our credit facility. The business also generated positive cash conversion.

The Board elected not to declare a final dividend for FY25, in line with our policy to prioritise growth and balance sheet flexibility.

It is worth noting that FY25 was a year of two halves. The first half saw solid momentum, but H2 was weaker than expected, primarily due to delays in Federal government spending and broader macroeconomic caution leading up to the Australian federal election. Historically, our second half generates ~55% of annual revenue, but in FY25, the second half delivered only ~48% of annual revenue.

Several government projects were deferred or downsized amid pre-election uncertainty. Despite this H2 softness, full-year revenue still grew year-on-year, thanks to a strong H1 and growth in corporate and state government clients, which helped offset the federal slowdown. This outcome highlights the importance of our diversification strategy and the progress we've made to reduce reliance on any single client segment.

Our management team took proactive steps in H2 to protect profitability. We implemented utilisation discipline and right-sizing roles to align capacity with demand. These actions improved utilisation rates and delivered a more efficient cost base going into the new year.

To summarise, SOCO is in a better financial position now than a year ago. We have:

- Returned to profitable growth (both on a statutory and underlying earnings basis);
- Improved our margins and cost efficiency, enhancing earnings quality;
- Maintained a solid balance sheet, with cash flexibility and liquidity; and
- Refrained from dilutive capital raises or unnecessary expenses, focusing on internal efficiency and organic funding of initiatives.

This improved position reflects disciplined execution by our team and prudent financial management. As CEO, I am proud of how far we've come in FY25. We emerge from the year with renewed confidence and a platform to grow in the year ahead.

FY2025 Highlights

Beyond the headline financials, FY25 was a year of significant achievements. I'd like to highlight a few key accomplishments.

One of the most exciting aspects of FY25 was our success in growing the client base and winning strategic contracts. Notably, we finalised a major new 3-year contract with a Federal Government agency - a significant engagement that adds long-term revenue visibility. In the commercial sector, we brought on new marquee clients in priority sectors. These wins illustrate our ability to expand into new verticals.

Additionally, our delivery and account teams have done a superb job deepening existing client relationships and securing numerous follow-on contracts.

We also delivered on several high-profile projects during the year. Delivering these complex projects not only earned client praise but also showcased our team's capability to execute at a high level. Moreover, our strong reputation with existing clients continued to generate referrals and new opportunities; a testament to our "clients as advocates" approach.

By year's end, SOCO served 134 active clients, up from 121 last year, and revenue was better balanced across sectors, with 64% of revenue now coming from non-Federal clients versus 59% in FY24. This diversification is a direct result of our business development focus on expanding our reach into new industries and regions.

Throughout FY25, we continued to build strategic capabilities and partnerships that strengthen our market position. We invested in emerging technology offerings, for instance, enhancing our AI and data analytics capacity, to meet the evolving needs of clients. We also established new strategic alliances that provide SOCO with a differentiated offering across sectors.

In addition, we maintained our close alignment with Microsoft, achieving 5 core Microsoft Solution Partner designations by leveraging our expertise in cloud, security, and AI solutions. Strengthening such partnerships extends our reach, adds credibility, and opens co-selling avenues in target verticals.

Internally, we commenced the implementation of a new project and time tracking software, replacing legacy tools with a modern system to improve real-time visibility into project performance. We also continued our process improvements and security hardening initiatives - for example, aligning to ISO standards and Defence security requirements - to ensure our delivery quality and data security remain best-in-class. These investments in systems and processes will help us scale more efficiently as we grow.

None of the above achievements would be possible without our incredible team. I want to recognise how our people exemplified SOCO's values throughout FY25. A core value of ours is "We delight our customers", and time and again, our consultants delivered exceptional service that earned client accolades.

We also lived by the mantra of "striving for excellence" in FY25. This means being the best – providing the best technical solutions and advice, winning tenders through quality, and constantly improving our skills. We promoted from within and welcomed new talent, notably hiring Ben Ffrench as General Manager, Growth, a seasoned sales leader who has already begun driving our go-to-market execution. At the same time, our team have embraced continuous learning opportunities, with many completing new certifications (including in Microsoft's latest Copilot AI technologies) and participating in innovation initiatives.

FY25's highlights include returning to profitable growth, winning great new clients and projects, diversifying our revenue streams, and strengthening our team and systems. We did all this while staying true to our mission of making our clients the heroes of their story and our values of "*We Delight, We're a Team, We Know Our Stuff, and We Get Stuff Done.*" It was an important year that sets us up for a stronger future.

As we look ahead, we remain mindful of several key risks. Our historical reliance on Federal Government contracts exposes us to shifts in public sector

demand, so we are actively diversifying our client base across corporate and state sectors. Talent retention is another priority in a competitive market; we are investing in our people through professional development and a strong culture. Finally, our close alignment with Microsoft brings both opportunity and concentration risk, which we mitigate by maintaining deep expertise, pursuing additional certifications, and monitoring emerging technologies. Across all these areas, we have clear strategies in place to manage risk and support sustainable growth.

SOCO's Strategic Priorities

Looking forward, we aim to drive sustainable growth by executing on our multi-year strategy, operating with discipline, investing in our strengths, and delighting our clients.

First, from a Services and Clients perspective, we will continue to diversify our client base and expand into high-potential markets. Building on the progress made in FY25, we will seek out new opportunities with both existing and new clients. We are tightening our market segmentation and focusing on key industry verticals where we see strong potential demand and alignment with our offerings, a topic I will be expanding upon in detail on the following slides.

We are also aiming to increase our recurring and subscription-based revenue streams. We see significant opportunity to grow managed services, support contracts, and long-term outsourcing engagements. In FY26, we are executing a plan aimed at converting more clients from one-off projects into ongoing support relationships. This will help us build a base of steady, recurring revenue that improves earnings stability and client retention. Additionally, we are productising internal intellectual property into packaged offerings that can be sold across multiple clients.

Second, from an Execution and Delivery perspective, we will focus on disciplined execution and operational excellence. This means maintaining high utilisation and enforcing strict project controls to ensure revenue translates efficiently into profit. A key initiative in this area is the completion of our new project time-billing platform, which will provide real-time visibility into project performance and improve forecast accuracy. By embedding this system and associated processes, we expect to enhance our ability to manage scope, budgets, and resource allocation - ultimately protecting margins. Pricing discipline will remain a cornerstone of our approach, with new engagements priced to reflect the value delivered. New financial controls at the project level will hold teams accountable for both quality and profitability.

Third, from a Growth Enablement perspective, we will continue to invest in our people and capabilities. Recruiting and developing top talent is essential to support future growth. Key roles such as solution architects, industry specialists, and business development managers will be added selectively. At the same time, we are committed to upskilling our existing team through training programmes, certification incentives, and mentorship. Initiatives

such as Microsoft Copilot training and leadership development workshops are already underway. We are also nurturing our next generation of leaders, with recent hires like our new GM of Growth expected to drive enhanced sales discipline and coaching client-facing teams.

We are also investing in our innovation, digital transformation, and AI capabilities. The technology landscape is evolving rapidly, and we are committed to staying ahead of the curve. In FY26, we are allocating resources to grow our cybersecurity and AI service offerings.

From an AI perspective, we have a clear vision for the role SOCO can play in helping our current and emerging customers on their AI journey. Our service offerings target key pain points currently being felt with strategy, adoption and technical implementation, while dovetailing nicely with the credentials SOCO has built over the past decade across information management, governance, security, and business solutions. On the cybersecurity front, we are pursuing further certifications and expertise to meet the stringent requirements of our government and critical infrastructure clients. Innovation is embedded in our mission to make big ideas real, and we will continue to introduce new solution offerings and packaged software components that differentiate us in the market.

Sales Discipline and Intent

When we talk about our go-to-market approach, we focus on two distinct strategies:

First, our vertical strategy. Whilst we are stepping through execution as we speak, we see this as a key theme supporting our long-term growth aspirations. We've identified specific industry verticals where SOCO's capabilities align strongly with client needs and where growth potential is significant. Within these verticals, our goal is to acquire new customers by stimulating demand and delivering industry-relevant solutions.

Second, for our Federal and State Government clients, the focus is on retention and share expansion. These are long-standing relationships, and our strategy is to deepen engagement and deliver more value within these accounts.

Selecting the right verticals is critical. We have applied a structured assessment process that considered:

- Alignment with SOCO's core capabilities: our "wheelhouse."
- Scale and concentration of large organisations.
- Industry association engagement and compliance trends.
- Evidence of success in our existing client base.

After scanning 16 potential verticals, we've chosen three priority verticals to lead our next phase of growth. This disciplined approach ensures we invest where we can deliver meaningful outcomes and sustainable returns.

As you can see on this slide, Defence Industry Suppliers is one of the verticals we have chosen as a focus vertical due to the sector's size, regulatory complexity, and the critical need for compliance with DISP standards; areas where SOCO's capabilities and existing offerings are a strong fit.

Our Vertical Strategy Lens

As we develop our vertical strategies, we are taking a disciplined and deliberate approach to how we engage each industry. For every vertical we target, we examine it through six key lenses:

1. **Government and Regulators:** We look at the compliance landscape and regulatory drivers that shape demand in the sector. This helps us anticipate changes and position SOCO as a trusted partner for meeting new standards.
2. **Industry Associations:** We actively engage with peak bodies and associations, whether that is through partnerships, sponsorships, or leveraging their networks, to build credibility and stimulate demand for our services.
3. **Aspirational Organisations:** We identify and target the leading organisations in each sector, those setting the pace for innovation and best practice. By working with these leaders, we can showcase our value and build strong reference points.
4. **Key Opinion Leaders:** We connect with influential voices and thought leaders who shape industry trends and buying decisions. Their endorsement and insights help us tailor our offerings and messaging.
5. **Frontline Workforce:** We consider the needs and challenges of the people delivering services on the ground. Understanding their pain points allows us to design solutions that drive real operational improvement.
6. **Community:** Finally, we look at the broader community and end-users impacted by the sector. This ensures our solutions are relevant, sustainable, and deliver positive outcomes beyond just our immediate clients.

By applying this six-lens framework, we ensure our vertical strategies are comprehensive, targeted, and set up for long-term success. It is about building deep, multi-layered relationships not just with decision-makers, but across the entire ecosystem of each industry we serve.

In Summary

In summary, our strategic priorities for FY26 span three broad pillars: market and client focus, execution and delivery discipline, and growth enablers. By concentrating our efforts in these areas, we aim to build upon the strengthened foundations built in FY25 to deliver sustainable growth into the

future. I am confident in our strategy, our people, and our ability to deliver value for clients and shareholders. I would like to thank everyone for attending today, and thank you for your continued support.

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

FOR ENQUIRIES CONTACT

Sebastian Rizzo
CEO & Executive Director
sebastian.rizzo@soco.com.au
+61 405 159 427

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.