



SOCO Corporation Ltd (ASX:SOC)

AGM – CEO's Address

Good morning everyone, I am delighted to welcome you all to SOCO's Annual General Meeting. Today, 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.

FY2024 financial recap

The past year has been challenging, but I am incredibly proud of how our team has responded. While the organisation delivered a 11.7% increase in revenue on the prior corresponding period to \$20.6 million, the traditional SOCO business contracted, and the group experienced a significant drop in profit. There were a few factors at play that we have discussed in previous market updates, the key being project delays across a few key customers.

In the third quarter, we took decisive steps to right-size our operations, which, combined with new sales and the commencement of projects resulted in a return to profitability in the fourth quarter, with an Operating EBITDA profit of \$0.8 million on revenue of \$6.2 million. This was a significant achievement and a testament to our team's resilience and adaptability.

FY2024 highlights

Despite the challenges, there were highlights. One of the highlights of the year was the successful acquisition and integration of AxSym. This collaboration has already yielded positive results, with several important contracts signed where AxSym's relationships have leveraged SOCO's capabilities and vice versa. Along with an expanded client book, the acquisition has added additional, complementary, capability to the group, and has provided an injection of energised and capable team members.

FY2024 also saw the expansion of our client base, with over 30 new clients attained, including in our target expansion markets of NSW and Western Australia.

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SOCO's Strategic choices

As we look forward, it is important that we make strategic choices that will enable us to navigate the economic challenges we face. We think about these choices across three dimensions, Technology, Geography, and Service offerings.

From a technology perspective, our focus will continue to be on our core business within Microsoft's offerings, building our depth and breadth both across our traditional services and Microsoft's Generative AI offerings.

From a geographical perspective, we are building resilience in the client book, focusing on the Queensland, NSW and Western Australia markets.

Thinking about our Service Offerings, we are looking to leverage our knowledge, experience, and key partners Microsoft and Ingram Micro, building out IP to delivery industry and vertical-specific offerings.

FY2025 market guidance

Moving into FY25, I am pleased to report a profitable Operating EBITDA in quarter 1, with revenues at a similar level to the previous quarter. Our revenue is somewhat seasonal, with H2 historically stronger than H1. Despite the challenging market conditions, we expect revenue growth of circa 30% in FY25, including a full-year contribution from AxSym.

FY2025 sales and pipeline update

The focus on sales has continued and we now have over \$18m in signed work to be delivered this FY. While we recognise there are macroeconomic headwinds afoot, our pipeline is continuing to convert, and we are investing in our sales and marketing activities with a focus on diversifying and building resilience in our client base. We have also continued to expand our ability to transact with new customers, with the appointment to multiple preferred and pre-qualified panels. Looking back over the past six months, these span local, state and federal government panels, under which we are actively pursuing new deals.

Closing

In closing, I would like to take the opportunity to thank everyone for coming today. The organisation's recovery is continuing, with results in sales and the pipeline growing. I am confident that our strategic choices and sales initiatives will position the organisation well to tackle challenges as they arise, and, with our incredible team, am excited about what the future holds.

Thank you for your support.

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.

1. Operating EBIT is a non-IFRS metric and is calculated as net profit before interest, fair value of contingent consideration, acquisition costs, IPO expense, 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.