

27 February 2026

1H FY26 Results Announcement

Cost reset and secured work support improved second half performance

SOCO Corporation Ltd (ASX:SOC) ("SOCO" or the "Company"), a leading Australian information technology services consultancy, announces its results for the half-year ended 31 December 2025 ("1H FY26").

SUMMARY OF RESULTS

- Consolidated revenue of \$9.7m, down 12% (pcp: \$11.0m) with growth in core business offset by lower Axsym revenue due to delayed federal government projects.
 - Core business revenue increased 8.2% to \$6.6m (pcp: \$6.1m)
 - Axsym revenue decreased 39% to \$3.1m (pcp: \$5.1m)
- Restructure undertaken to reduce cost base and invest in stronger sales capability.
- Strongest first-half contracted sales result on record, alongside a strengthened and expanding sales pipeline will flow to booked revenue in the second half.
- Locked in agreements and reduced operating costs give confidence of an improved second half profit.
- Gross margin decreased to 20.1% (pcp: 25.5%), primarily due to a strategic engagement that included a material pass-through revenue component. Underlying services gross margin remained steady at 28.3%.
- Underlying EBITDA of (\$0.6m); statutory NPAT of (\$5.9m), reflecting goodwill impairment (\$4.6m) and \$0.14m of one-off restructuring costs
- NPATA of (\$1.1m), before a non-cash pre-tax goodwill impairment of \$4.6m relating to the AxSym acquisition.
- Contingent consideration performance hurdles for Axsym were not met; and consequently, no further earn-out payment will be required, reducing total acquisition cost.
- Strategic re-positioning of the Company's managed services offering, with uptake secured on major engagements, reinforcing recurring revenue and improving revenue visibility
- Cash of \$0.8m plus \$0.7m available under credit facility

1. Underlying EBIT is a non-IFRS metric and is calculated as net loss before interest, impairment, fair value of contingent consideration, acquisition costs, public company costs, restructure, 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.

3. NPATA is net profit/(loss) after tax and before impairment & the tax-effected amortisation of acquired intangibles.

OPERATIONAL PERFORMANCE

Delivery, contract wins and pipeline momentum

Contracted sales in hand for 1H FY26 of over \$10m (pcp: \$9.6m) represented the strongest first-half sales achieved by the Company, providing a solid foundation for revenue conversion in the second half. Client retention remained strong during the period, supporting recurring and follow-on work into 2H FY26.

- ✓ *19 new clients delivered \$1.2m (12.4% of 1H FY26 revenue)*
- ✓ *1 major project with new national regulator*
- ✓ *3 new Queensland government clients*
- ✓ *2 new local government organisations*

During the period, several customers progressed from the discovery phase into project delivery and managed services phases. This included:

- A major state government engagement that moved from discovery to delivery, involving the implementation of a cutting-edge data and portal solution. The engagement is expected to transition into a multi-year managed services and support arrangement, consistent with the Company's strategy to expand recurring revenue.
- An ERP engagement for an infrastructure client transitioned to the managed services phase.
- A national regulator and a private multinational organisation have progressed from discovery to delivery.
- SOCO also renewed and extended a longstanding federal government engagement under its managed services model.

Collectively, these engagements reflect a growing and more balanced portfolio of customers progressing through the Company's delivery lifecycle, supporting improved visibility and longer-term client relationships.

Governance and ISO recertification

ISO recertification was completed during the period as a strategic investment in governance, risk management and scalable growth. These investments support the Company's positioning with government, defence and enterprise customers with heightened security and compliance requirements.

ISO certifications include:

- ISO 9001 Quality
- ISO 27001 Information Security
- ISO 45001 Occupational Health & Safety
- ISO 14001 Environmental Management Systems

FINANCIAL PERFORMANCE

Summary Statement of Profit or Loss (Statutory)

	31 Dec 2025 (\$)	31 Dec 2024 (\$)
Revenue	9,706,654	11,034,947
Underlying EBITDA ²	(642,184)	648,301
Depreciation + amortisation (combined)	(509,225)	(488,911)
Underlying EBIT ¹	(1,151,409)	159,390
Net interest income/(expense)	(36,473)	(59,626)
Net profit/(loss) before income tax and significant items	(1,187,882)	99,764
<i>Significant items:</i>		
Impairment of goodwill	(4,610,284)	-
Public company cost	(259,624)	(269,659)
Restructure costs	(144,489)	-
Share-based remuneration	(45,829)	(20,226)
Net loss before income tax expense	(6,248,107)	(190,121)
Income tax benefit	313,799	39,236
Net profit/(loss) after income tax expense	(5,934,308)	(150,885)
NPATA ³	(1,081,419)	91,068

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Revenue and mix

While core business revenue showed underlying growth of 8.2% to \$6.6m (pcp: \$6.1m), some projects scheduled to commence in 1H FY26 were deferred into 2H FY26, most notably within the Axsym business where revenue decreased 39% to \$3.1m (pcp: \$5.1m).

These conditions represented a continuation of the softer trading environment experienced in the second half of FY25. The Company believes 1H FY26 represents the low point in the current cycle, with improved momentum entering 2H FY26 as major engagements across the Company mobilise from January onwards supporting improved utilisation, margins and stronger revenue conversion in the second half.

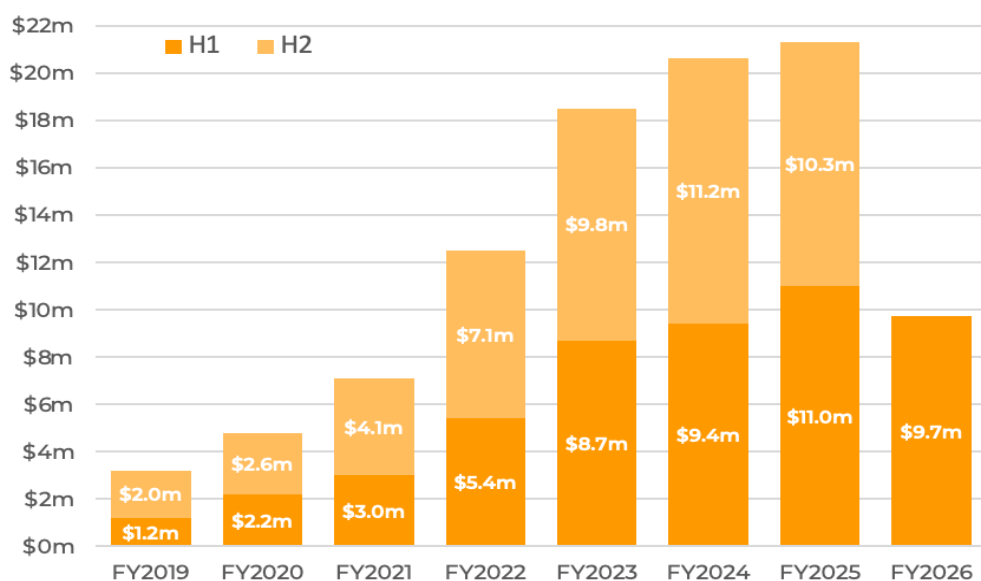


Figure 1: Revenue (H1/H2) – illustrating 1H FY26 versus prior periods

Revenue mix continued to evolve during the period, with growth in managed recurring services. While government clients remain an important component of the Company's revenue mix, there has been growth from the targeted highly regulated and compliance-driven sectors.

This reflects early progress from the vertical strategy outlined at the FY25 Annual General Meeting, with new customer acquisitions and increased industry engagement across the Company's priority verticals. The strategy is supporting a more balanced and resilient client portfolio while aligning sales activity with sectors where the Company's capabilities and compliance credentials are strongly differentiated.

Margin and utilisation

Gross margins of 20.1% (pcp: 25.5%) were impacted by lower utilisation within the Axsym business, primarily due to project delays, together with a strategically accepted lower-margin engagement that included significant pass-through and contracted components to support longer-term positioning.

Excluding this engagement, the underlying gross margin for the core business was 28.3%, consistent with the longer-term average.

Impairment of acquired business (non-cash)

Following a review of updated forecast cash flows for the Axsym cash-generating unit, the Group has recognised a non-cash goodwill impairment of \$4.6m, representing the full carrying value of goodwill arising from the Axsym acquisition.

The impairment reflects a balance sheet reset based on revised forward assumptions and does not impact the Group's EBITDA, cash position, liquidity, or ability to deliver contracted work. The charge will be presented as a one-off item within the statutory result.

Performance hurdles for Axsym contingent consideration were not achieved and no further earn out payments are payable.

STRATEGIC FOCUS AREAS

The Company's strategy is focused on building a more resilient, scalable and higher quality earnings profile through disciplined execution across the following strategic focus areas:

Disciplined go-to-market and sales execution

The Company is executing a focused go-to-market strategy centred on clearly defined industry verticals and priority client segments. This includes continued depth in government and regulated sector clients, particularly across Defence and compliance-driven environments, alongside deliberate diversification through targeted new customer acquisition in selected verticals. The approach is designed to improve pipeline quality, sales efficiency and long-term client value.

Growth in recurring and managed services revenue

The Company is focused on increasing the proportion of recurring revenue through managed support, multiyear services arrangements and long-term client relationships. This includes converting successful project engagements into ongoing support and optimisation programmes, improving revenue visibility and earnings stability over time.

Capability investment in data, AI, security and delivery efficiency

Continued investment in data platforms, AI enablement, security and governance capabilities remains central to the Company's strategy. This is supported by an ongoing focus on delivery discipline, utilisation and productivity, enabling the Company to scale efficiently while maintaining quality outcomes for clients.

AI Strategy

The Company's AI strategy is focused on practical, defensible use cases aligned to the Microsoft ecosystem and the Company's target industry verticals. While the long-term impact of AI across the economy remains uncertain, client interest in near-term applied AI initiatives continues to increase.

SOCO's approach is centred on four core pillars:

- ✓ Preparing Microsoft 365 environments for AI enablement, including Copilot readiness through strong data governance, security and information architecture;
- ✓ Building AI-enabled workflows and agents to improve operational efficiency and decision making;
- ✓ Using AI tools to lift internal and client delivery productivity; and
- ✓ Providing advisory support on AI adoption, governance and value realisation.

Critically, the Company ensures AI operates within defined boundaries: implementing governance frameworks and access controls that determine what agents can access, what actions they can take, and how outputs are reviewed. This reduces the risk of data leakage, erroneous automation and ungoverned AI use.

The outcome is AI adoption that is measurable, controlled and defensible to regulators, boards and auditors, rather than ad hoc experimentation that creates operational or reputational risk.

Current client demand is primarily focused on early-stage enablement and workflow-based use cases that align with existing Microsoft platforms. The Company expects more structured governance and productivity focused applications to emerge progressively as client maturity increases.

OUTLOOK

Trading conditions improved toward the end of the half, and the Company enters the second half of FY26 with improved visibility over revenue, a stronger contracted pipeline, and increasing utilisation as previously delayed projects mobilise.

Since the end of the reporting period, the Company has commenced mobilisation of several material engagements across government, regulatory and commercial clients, supporting improved delivery momentum.

Subject to market conditions and project timing, the Company expects a materially stronger second half performance relative to the first half, supported by a rightsized cost base, higher utilisation and continued focus on delivery discipline and cash conversion.

- ✓ *Sales and marketing investment now translating into improved signed contract value versus the prior year*
- ✓ *Pipeline to 30 June 2026 remains strong*
- ✓ *Major projects mobilising from January 2026*
- ✓ *Margin recovery expected in 2H FY26 through improved utilisation & reduced impact from low-margin engagement*

The guidance and outlook commentary in this announcement are forward-looking statements and are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Key sensitivities include the timing of project commencements and the pace of federal government demand.

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

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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.