ASX ANNOUNCEMENT
28 August 2026

FY2026 RESULTS ANNOUNCEMENT

H2[1] turnaround and sales momentum

SOCO Corporation Ltd ("Company" or "SOCO"), a leading Australian information technology services consultancy announces its financial results for the full year ended 30 June 2026.

SUMMARY OF RESULTS

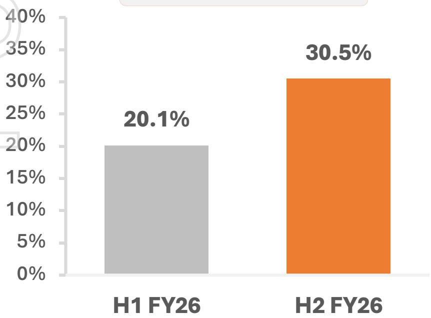
- **Consolidated revenue of $20.6m**, down 3.1% on the PCP[2], with H2 revenue increasing 12.5% to $10.9m from $9.7m in H1.
- **Gross profit increased 2.6% on PCP to $5.28m**, despite lower revenue, with H2 gross profit increasing 71% to $3.33m from H1.
- **Gross margin improved to 25.6%,** up 1.4 percentage points on PCP, with H2 gross margin strengthening to 30.5% from 20.1% in H1.
- **Statutory NPAT loss of $6.35m,** predominantly reflecting a $5.12m non-cash impairment relating to the Axsym business.
- **H2 returned to positive underlying EBITDA of $0.22m,** a $0.86m improvement from the $0.64m loss in H1. FY2026 underlying EBITDA was a loss of $0.43m.
- **Record FY2026 contracted sales[3] of over $24m**, with H2 contracted sales up over 40% on H1.
- **Improved H2 cost performance,** with cost of revenue reducing 2% and operating expenses reducing 8% compared with H1.
- **H2 operating cash flow returned to positive $0.4m**, compared with a $0.74m outflow in H1. FY2026 operating cash outflow was $0.34m.

H2 revenue growth
12.5%
to $10.9m
from $9.7m in H1

Contracted sales[3] in H2
Over
$14.0m
Up over 40% on H1

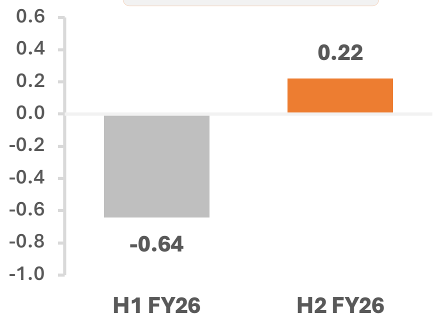
GROSS MARGIN (%)

+10.4pp
20.1% → 30.5%



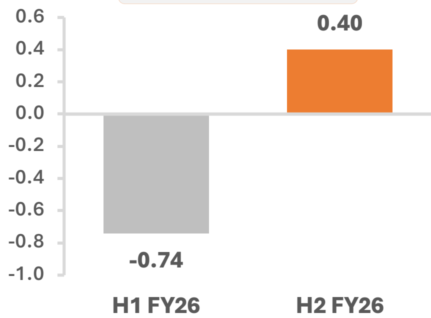
UNDERLYING EBITDA ($m)

+$0.86m
from loss to profit



OPERATING CASH FLOW ($m)

+$1.14m
improvement



[1] H1 FY2026: six months ended 31 December 2025; H2 FY2026: six months ended 30 June 2026.
[2] PCP refers to the prior corresponding period, being the financial year ended 30 June 2025.
[3] Contracted sales are recognised as revenue as and when the related work is mobilised and delivered – subject to payment terms. Client contracts are subject to change, and are not a guarantee that all in-scope work will be delivered and recognised as revenue.

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OPERATIONAL PERFORMANCE

At the half-year result in February 2026, the Company outlined expectations for a stronger H2, supported by contracted work, project mobilisation and a reduced cost base.

H2 delivered that improvement, with revenue, gross margin, underlying EBITDA and operating cash flow all improving from H1.

The Company's focus in FY2027 is to build on this momentum and convert improved operating performance into sustained profitable growth, stronger cash generation and increased shareholder value.

> ***Gross margin strengthened to 30.5% in H2, up from 20.1% in H1, supported by improved utilisation, delivery discipline and cost control.***

FY2026 H1 was impacted by delayed project mobilisation, contract timing and lower utilisation. In H2, delayed engagements moved into delivery, utilisation strengthened and targeted cost initiatives took effect.

As a result, the Company delivered higher revenue alongside lower direct delivery costs and operating expenses, returning SOCO to positive underlying EBITDA and operating cash flow in H2.

Other key operational highlights include:

- **Sales discipline and process:** The sales methodology, structured qualification and account management disciplines embedded through the year contributed to a record in contracted sales for FY2026 of over $24m, building on the momentum reported at the half year.
- **Vertical strategy yielding results:** The industry vertical strategy first outlined at the FY2025 AGM, with a focus on complex environments, Defence, and compliance-driven sectors where SOCO is strongly differentiated, is now converting into won work and a more balanced, higher-quality pipeline.
- **Program ramp up:** A major, multi-year, Defence and National Security engagement commenced and ramped up from February 2026, contributing to stronger delivery activity in H2.
- **Recurring revenue growth:** Support and recurring revenue increased 25% from $1.2m in H1 to $1.5m in H2, supporting the Company's strategy to expand longer-term support and managed-services relationships.
- **Margin recovery:** Staffing changes, stronger project delivery and improved utilisation contributed to gross margin recovering from 20.1% in H1 to 30.5% in H2.

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SALES MOMENTUM ENTERING FY2027

Record contracted sales in FY2026

In February 2026 the Company reported contracted sales of over $10m in H1, representing its strongest ever first-half sales result. H2 closed even higher, with more than $14m of contracted sales, an increase of over 40% on H1, bringing total contracted sales for FY2026 to a record of over $24m.

Contracted sales are recognised as revenue as the related work is mobilised and delivered. The FY2026 result provides a stronger foundation for future revenue conversion and reflects the investment made in sales capability, account management and sector-focused business development.

Stronger contracted position and improved forward revenue visibility

SOCO enters FY2027 with a stronger operating base following the H2 turnaround. Approximately $9.5m of contracted project value has rolled into FY2027 for mobilisation and delivery, while the Company continues to progress a strong opportunity pipeline, weighted toward government, complex environments, Defence and compliance-driven sectors where SOCO is most differentiated.

Sales momentum has continued into FY2027, with approximately $2.9m of additional contracted sales secured between 1 July and 15 August 2026.

The stronger sales position reflects the continued investment in sales capability and accountability, talent and the Company's industry vertical strategy. Management's focus is now on converting contracted work and pipeline opportunities into delivered revenue, gross profit and cash generation.

Record contracted sales, FY2026

~$24m

($14m H2 vs $10m H1)

Current contracted projects & delivery

~$9.5m

rolled over from record ~$24m FY2026 total

New contracted sales since year end

~$2.9m

additional contracted sales (1 Jul – 15 Aug 2026)

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FINANCIAL PERFORMANCE

Underlying Earnings Reconciliation

	30 Jun 2026 ($)	30 Jun 2025 ($)
Revenue	20,624,018	21,289,709
Underlying EBITDA[4]	(426,236)	208,718
Depreciation	(372,299)	(356,990)
Amortisation of intangibles	(646,948)	(635,643)
Underlying EBIT[5]	(1,445,484)	(783,915)
Net interest income/(expense)	(71,818)	(135,647)
Net profit/(loss) before income tax and significant items	(1,517,301)	(919,562)
Significant items:		
Fair-value movement of contingent consideration	-	798,250
Impairment	(5,115,264)	-
Restructure costs	(144,489)	(47,554)
Net loss before income tax expense	(6,777,054)	(168,866)
Income tax benefit	424,951	237,141
Statutory NPAT	(6,352,103)	68,275
NPATA[6]	(751,628)	545,007

Revenue for FY2026 was $20.624m, a decrease of 3.1% on PCP. Whilst General and Administrative expenses have increased compared with PCP due largely to investments in sales and capability development, H2 cost performance has improved against H1.

Underlying EBITDA[4] for FY2026 was a loss of $0.426m, compared with a profit of $0.209m in PCP. The loss before tax and significant items was $1.517m, compared with a loss of $0.920m in PCP.

The statutory loss after tax of $6.352m included $5.115m of non-cash impairment charges relating to the Axsym cash-generating unit and $0.144m of restructuring costs. The impairment comprised $4.610m of goodwill and $0.505m of the Axsym customer-relationship intangible asset, and represented approximately 81% of the statutory loss.

The impairment had no cash impact and reflects Axsym performance below the assumptions underpinning the acquisition. The FY2025 and FY2026 contingent consideration performance hurdles were not achieved. No contingent-consideration liability remains, and no further earn-out payment is payable.

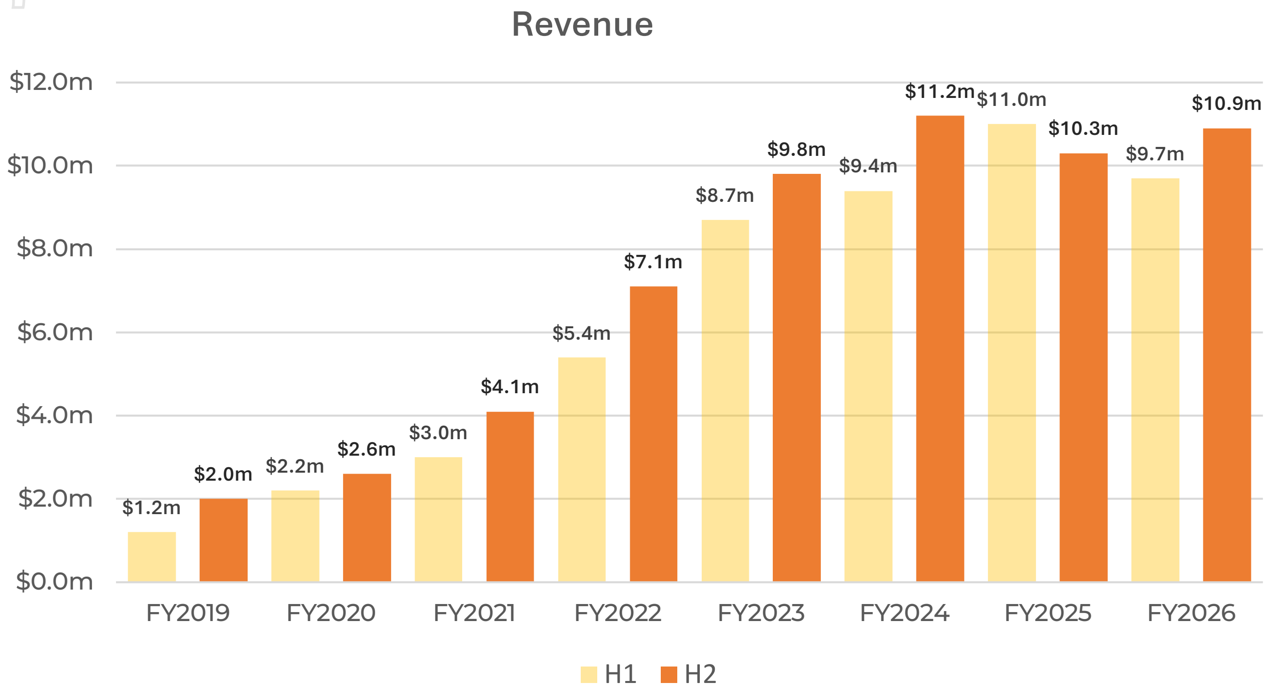
NPATA for FY2026 was a loss of $0.752m, compared with a profit of $0.545m in PCP.

No dividend has been declared for FY2026.

[4] Underlying EBITDA is underlying EBIT before depreciation and amortisation.
[5] Underlying EBIT is a non-IFRS metric and is calculated as net loss before interest, impairment, fair value of contingent consideration, restructuring and taxes. These measures, which are unaudited, are important to management as an additional way to evaluate the Group's performance.
[6] NPATA is net profit/(loss) after tax and before impairment and the tax effected amortisation of acquired intangibles

Revenue

FY2026 revenue was $20.6m, down 3.1% from PCP. However, H2 revenue increased 12.5% to $10.9m, up from $9.7m in H1, and was 5.8% above the prior corresponding half. The H2 result reflected stronger project mobilisation and delivery following the timing delays experienced in H1.



Revenue quality improved materially in H2, with gross profit increasing by 71% to $3.3m and gross margin strengthening to 30.5%, ahead of the 12.5% increase in revenue. This reflected a stronger delivery mix, improved project execution and lower direct delivery cost.

Several engagements also transitioned from project delivery into ongoing support or managed-services arrangements during the year, supporting improved forward revenue visibility. Support and recurring revenue increased 25% in H2, supporting SOCO's strategy to expand longer-term client relationships and deepen its presence in sectors where its Microsoft, security and compliance capabilities provide clear differentiation.

Margin and utilisation

FY2026 gross margin improved to 25.6% from 24.2% in PCP. Performance differed significantly across the year, with gross margin of 20.1% in H1, reflecting lower utilisation and a higher contribution from pass-through activity, before strengthening to 30.5% in H2.

The H2 recovery reflected stronger project mobilisation and delivery, improved utilisation, staffing changes and targeted cost initiatives together with the reduced use of a lower-margin contractor and minimal pass-through activity.

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STRATEGIC FOCUS AREAS

The Company's strategy remains 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

SOCO continues to focus its go-to-market activity on selected industry verticals and priority client segments. This includes maintaining depth in government and regulated sectors, particularly Defence and complex, compliance-driven environments, while selectively diversifying through targeted customer acquisition in chosen verticals.

Contracted sales growth in FY2026 came on the back of this strategy, with new clients secured in target verticals alongside expanded scope within existing accounts. This has broadened the client base and reduced reliance on any individual engagement. The Company expects clients in these industries, both established and newly secured, to drive growth through FY2027.

Growth in recurring and managed services revenue

Support revenue totalled $2.8m in FY2026 and increased 25% from H1 to H2, as several engagements progressed from project delivery into support or managed-services arrangements.

The Company remains focused on increasing the contribution of revenue through managed support, multi-year services arrangements and deeper long-term client relationships through dedicated campaign activity, with the objective of improving revenue visibility and earnings stability over time.

AI and Intelligent Automation

Continued investment in data, AI, security and governance capabilities remains central to the Company's strategy. The Company's AI strategy focuses on practical, defensible use cases aligned with its Microsoft capabilities and target industry verticals, while extending its partner ecosystem where required to support emerging client needs.

Client interest in applied AI initiatives is increasing, particularly in readiness, early-stage enablement and agentic workflow use cases. SOCO is responding by focusing on opportunities that can deliver practical, measurable outcomes while the longer-term impact of AI continues to evolve.

SOCO's approach is centred on four core pillars:

- **AI Readiness:** Preparing Microsoft 365 environments for AI enablement, including Copilot readiness through strong data governance, security and information architecture;
- Building agentic **AI solutions** that improve operational efficiency and support better decision making;
- **Productivity uplift:** Applying AI tools to improve internal and client delivery productivity; and
- **Providing advisory support** on AI adoption, governance and value realisation.

The increasing uptake of forward deployed engineers, personnel embedded alongside client teams to translate use cases into production, accelerates adoption and consistently surfaces follow-on work. These engagements can transition into SOCO's managed-services arrangements.

The Company applies defined governance and access controls to AI, limiting agent access and actions and requiring appropriate review of outputs, supporting controlled, measurable and defensible adoption.

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OUTLOOK

SOCO enters FY2027 with a stronger operating base and improved forward revenue visibility following the H2 turnaround. Trading in the opening period of FY2027 indicates that the stronger revenue activity achieved late in H2 has continued into the new financial year.

Of the more than $24m in contracted sales secured during FY2026, approximately $9.5m of current contracted project value entered FY2027 for mobilisation and delivery.

Sales momentum has continued into FY2027, with approximately $2.9m of additional contracted sales secured between 1 July and 15 August 2026. The Company also continues to progress a strong opportunity pipeline, weighted toward government, Defence and compliance-driven sectors where SOCO is most differentiated.

Contracted project value and the opportunity pipeline are point-in-time measures and are not equivalent to recognised FY2027 revenue. They do not include future opportunities that have not yet been identified, including inbound enquiries or additional work arising from existing clients, and should not be interpreted as financial guidance.

Taken together, the continuation of stronger trading activity, contracted work carried into FY2027, post-year-end wins and the current opportunity pipeline provide improved forward visibility relative to the corresponding period last year.

Management's priorities for FY2027 are categorised as follows:

Streamline

- Preserve the improved margin and cost discipline achieved in H2.
- Convert contracted work into delivered revenue, gross profit and cash.

Optimise

- Strengthen working-capital performance.
- Increase support and managed-services revenue.

Grow

- Continue to build a high-quality deal pipeline in target verticals.
- Continue developing selected industry verticals and Microsoft-aligned capabilities.
- Build on our AI investment to support customer needs and internal productivity enhancements.

The outlook commentary in this announcement includes forward-looking statements and is subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Key sensitivities include project commencement and delivery timing, pipeline conversion, utilisation, client demand and customer payment timing.

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This announcement has been authorised for public 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.

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