Who we are

We are a leading reseller of infrastructure technology solutions to customers in the UK and Ireland

1,534
Employees at 31 July 2020

£1.6bn
FY20 gross invoiced income

£93.7m
FY20 operating profit

9,500
Customer base at 31 July 2020

£236m
FY20 gross profit

88%
FY20 cash conversion

200+
Vendors

Our purpose is to help customers use technology to succeed, by putting our employees first
### Who we are

Softcat is a leading provider of infrastructure technology solutions in the UK & I to the business and public sector community.

### What we do

Softcat makes designing, sourcing, implementing and supporting organisations’ IT infrastructure simpler and more effective.

### Our mission

To be the world’s best performing company in our sector in employee engagement, customer satisfaction and financial returns.

### Our purpose

We help customers use technology to succeed, by putting our employees first.

### Our strategy and priorities

- Acquire more customers
- Sell more to existing customers
- People and culture
- Operational excellence
- Expanding our addressable market

### Our values

- Fun
- Intelligent
- Responsible
- Passionate
What makes us different?

People-centric culture delivering outstanding customer service

We RECRUIT and TRAIN great people with high potential

We INCENTIVISE and ENGAGE our people to perform

We deliver OUTSTANDING CUSTOMER SERVICE

11,250
Applications and...

53
Employee NPS 2019

66
Customer NPS 2020

209
Sales hires in FY20

93%
Employee engagement

97%
Customer satisfaction

Source: Company information.

Note: Customer (employee) satisfaction represents the percentage of customers (employees) that rated Softcat very positively or positively as a company to do business with (work for) in annual surveys conducted by Softcat. The employee survey was completed in October 2019. NPS- Net Promoter Score is a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix.
Our proven growth strategy

ACQUIRE MORE CUSTOMERS

SELL MORE TO EXISTING CUSTOMERS

PEOPLE AND CULTURE

OPERATIONAL EXCELLENCE

EXPANDING OUR ADDRESSABLE MARKET

Softcat UK market share:

~3.5% (1)

~50k Potential UK & I customers (corporate and public sector) (2)

9,500 Softcat customers

Source: Company information, Gartner and Due Dil.
(1) See page 9.
(2) Estimated 40k UK & I companies with 20+ employees and 10k public sector organisations in the UK worth targeting.
Softcat: at the core of the IT value chain

**Workplace technology**

**Networking and security**

**Cloud and data centre**

**Hardware manufacturers and services**

**Software publishers and services**

- Direct
- Distributors

**Softcat**

- Enterprise
- Small and medium business
- Public sector

Note: Enterprise includes companies with over 2,000 employees. SMB includes companies with 0-1,999 employees. Public sector includes local government, education and healthcare.
Our track record: 100% organic

15 years of uninterrupted growth

Gross profit
£m - FYE 31 July

<table>
<thead>
<tr>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>20</td>
<td>22</td>
<td>29</td>
<td>43</td>
<td>56</td>
<td>71</td>
<td>89</td>
<td>103</td>
<td>121</td>
<td>136</td>
<td>175</td>
<td>211</td>
<td>236</td>
</tr>
</tbody>
</table>

+21% CAGR 11-20

Scaled and stable platform

Operating profit
£m - FYE 31 July

<table>
<thead>
<tr>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>6</td>
<td>7</td>
<td>10</td>
<td>16</td>
<td>22</td>
<td>27</td>
<td>36</td>
<td>41</td>
<td>46</td>
<td>50</td>
<td>68</td>
<td>84</td>
<td>94</td>
</tr>
</tbody>
</table>

+21% CAGR 11-20

Strong cash conversion

Cash conversion
FYE 31 July

<table>
<thead>
<tr>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>110%</td>
<td>110%</td>
<td>100%</td>
<td>88%</td>
<td>45%</td>
<td>72%</td>
<td>85%</td>
<td>97%</td>
<td>98%</td>
<td>92%</td>
<td>88%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

92% Cumulative 07-20

Attractive returns on capital

Return on invested capital
FYE 31 July

<table>
<thead>
<tr>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>38%</td>
<td>34%</td>
<td>42%</td>
<td>46%</td>
<td>55%</td>
<td>59%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Source: Company information

Note: Financial data for FY13-FY20 is stated under UK GAAP; financial data for FY11-FY12 is stated under IFRS.

(1) FY13 profit figure is presented before £1.6m exceptional items related to the IPO process; FY16 profit figure is presented before £3.7m exceptional items related to the IPO process.
(2) Cash conversion is a non-IFRS financial measure defined as cash generated from operations after tax as a percentage of non-adjusted operating profit. Cash generated from operations is pre-tax and interest expenses (or finance income).
(3) Return on invested capital (ROIC) is a non-IFRS financial measure defined as the ratio of operating profit after tax to invested capital. Invested capital is defined as book value and overdrafts plus total equity as at the end of the period.
(4) Adjusted ROIC is a non-IFRS financial measure defined as the ratio of operating profit after tax as defined above to adjusted invested capital. Adjusted invested capital is defined as the minimum of total equity and total equity less cash and cash equivalents as at period end plus 3% of revenue for the relevant period.
Outstanding sale track record...

We grow our customer base and drive growth in gross profit per customer

Customer base: is defined as the number of entities which traded with Softcat in each of the two preceding twelve-month periods. This better reflects the number of substantive customer relationships maintained by the Company, excluding potentially transient interactions from which a fuller relationship may or may not develop.

Source: Company information.
Note: Financial data FY07-FY12 is stated under UK GAAP; financial data FY13-FY20 is stated under IFRS.
...with significant growth opportunity

**Large and growing market**

- The most recent CRN Top 350 VARs report comprises businesses reporting a total of £22bn in income
- Gartner estimate that the UK (non-consumer) IT market was worth £100bn in 2019
- Company analysis of these and other sources suggests that our addressable market is worth around £46bn
- With gross invoiced income of £1.6bn in FY20 our market share was 3.5%
- Gartner estimates the IT market will grow at 4% CAGR 2019 to 2023 – our experience is that actual growth has outpaced forecast growth consistently in recent times

**Lots of wallet share to go for**

- The current customer base of 9,500 represents around 20% of the UK&I target universe, estimated to be 50k
- This analysis puts our average share of wallet across the existing customer base in the region of 15%
- Our experience with long-standing customers is that a wallet share of >60% is achievable

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**Highly fragmented UK market**

- 101 to 350, 20%
- 11 to 100, 41%
- Rest of top 10, 32%
- Softcat, 6%

Softcat FY19 GII and CRN Top 350 VARs 2019

**Significant growth opportunities in both existing customers and prospects**

- **~40k Prospects**
  - ~3.8k Customers spending less than £10k with Softcat
- **~3.6k Customers spending £10k-£100k with Softcat**
- **~1.8k Customers spending £100k-£1m with Softcat**
- **~300 Customers spending £1m+ with Softcat**

(1) Estimated 40k UK&ROI companies with 20+ employees and 10k public sector organisations in the UK worth targeting.
Sales experience drives successful productivity

Account manager and customer progression...

...delivers strong gross profit growth
Elevated level of productivity from investment in breadth of offering since IPO

- Average GP per Account Manager
- Customer GP progression based on years trading

Cumulative average years' experience of AMs
## Softcat: the vendors’ trusted partner

<table>
<thead>
<tr>
<th>Vendor</th>
<th>% of FY20 gross invoiced income</th>
<th>Selected accreditations</th>
<th>FY17 to FY20 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft</td>
<td>25%</td>
<td>Gold Partner</td>
<td>29%</td>
</tr>
<tr>
<td>Dell Technologies</td>
<td>7%</td>
<td>Titanium Partner</td>
<td>25%</td>
</tr>
<tr>
<td>Cisco</td>
<td>7%</td>
<td>Gold Partner</td>
<td>26%</td>
</tr>
<tr>
<td>VMware</td>
<td>4%</td>
<td>Premier Partner</td>
<td>17%</td>
</tr>
<tr>
<td>HP</td>
<td>3%</td>
<td>Platinum Partner</td>
<td>13%</td>
</tr>
<tr>
<td>Hewlett Packard Enterprise</td>
<td>3%</td>
<td>Platinum Partner</td>
<td>24%</td>
</tr>
<tr>
<td>Lenovo</td>
<td>2%</td>
<td>Platinum Partner</td>
<td>23%</td>
</tr>
<tr>
<td>Mimecast</td>
<td>2%</td>
<td>Premier Partner</td>
<td>23%</td>
</tr>
<tr>
<td>AT</td>
<td>1%</td>
<td>Platinum Partner</td>
<td>(1%)*</td>
</tr>
<tr>
<td>Citrix</td>
<td>1%</td>
<td>Platinum Partner</td>
<td>22%</td>
</tr>
<tr>
<td>Apple</td>
<td>1%</td>
<td>Authorised Reseller</td>
<td>13%</td>
</tr>
<tr>
<td>Nutanix</td>
<td>1%</td>
<td>Cloud Champions</td>
<td>63%</td>
</tr>
<tr>
<td>All other vendors</td>
<td>42%</td>
<td></td>
<td>28%</td>
</tr>
</tbody>
</table>

- Delivering revenue growth to our vendors well ahead of their global revenue growth
- Top-level accreditations with all major IT channel vendors
- Superior sales performance and technical capability creates strong relationships
- Always ready to work with upcoming new vendors

Source: Company information.

* FY17 included a significant large central government deal that is impacting the three-year CAGR. Exclude this one customer and the three-year CAGR would be +13%.
Diverse offering with broad and deep capability

FY20 gross invoiced income: £1,646m

Selling to a variety of customers...

Using our diverse range of solutions...

Managed and support services  Asset intelligence services  Professional services  Cloud  Data centre infrastructure  Networking  Security  Workplace  Software licensing

Source: Company information.
Deep customer relationships and broad offering

Majority of gross invoiced income comes from existing customers

Investing in high growth software, cloud and cyber

- Services: 14%
- Software: 59%
- Hardware: 27%
Robust margins and strong operating efficiency

Best-in-class operating efficiency...

...and lean cost base

Administrative expenses evolution as % of Gross profit FYE 31 July

Source: Company information.
Note: Financial data FY07-FY12 is stated under UK GAAP; financial data FY13-FY20 is stated under IFRS.
(1) Average of Computacenter, Atea, Bechtle, Dustin, CDW and Insight.
(2) FY15 profit figure is presented before £1.0m exceptional items related to the IPO process; FY16 profit figure is presented before £3.7m exceptional items related to the IPO process.
APPENDIX
## Summary income statement

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY19</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,077.1</td>
<td>991.8</td>
<td>8.6%</td>
</tr>
<tr>
<td><strong>Gross invoiced income</strong></td>
<td>1,646.2</td>
<td>1,414.1</td>
<td>16.4%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>235.7</td>
<td>211.1</td>
<td>11.6%</td>
</tr>
<tr>
<td><strong>Admin. expenses</strong></td>
<td>(142.0)</td>
<td>(126.7)</td>
<td>(12.1%)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>93.7</td>
<td>84.5</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>OP/GP %</strong></td>
<td>39.8%</td>
<td>40.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>(0.1)</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>(18.0)</td>
<td>(16.4)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>75.7</td>
<td>68.5</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

- Shift in mix towards public sector drives particularly strong GI growth
- Revenue growth slower than GI growth reflects shift towards cloud software, strong growth in some third party service lines, as well as the CV-19 impact on hardware in Q4
- GP growth once again driven by both increased income per customer as well as growth in the customer base

- People costs, including commissions, continued to represent c.85% of administrative expenses
- Average headcount was up 13% and was the key driver of cost growth, with investment once again across all departments but focussed on building sales capacity backed by increased levels of technical and service capability
- CV-19 restrictions delivered cost savings from travel, expenses and establishment costs which partially offset reduced spending from some corporate customers in April and Q4
- Gross profit and administrative expenses growth were closely aligned, keeping our core profitability metric of OP as a % GP relatively stable

- Net interest expense reflects the adoption of IFRS16 and the associated interest expense on lease liabilities
- The effective tax rate is 19.2% (FY19: 19.3%), reflecting a stable statutory rate of 19.0% and the relatively marginal impact of non-deductible expenses

Results for the year ended 31 July 2020
Executive Director LTIP

<table>
<thead>
<tr>
<th>LTIP Participant</th>
<th>No. nil-cost options subject to LTIP award – vesting Dec-19</th>
<th>No. nil cost options subject to LTIP award – vesting Apr-21 (GW) and Nov-20 (GC)</th>
<th>No. nil-cost options subject to LTIP award – vesting Nov-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graeme Watt</td>
<td>–</td>
<td>66,864</td>
<td>75,000</td>
</tr>
<tr>
<td>Graham Charlton</td>
<td>119,767</td>
<td>74,074</td>
<td>50,000</td>
</tr>
</tbody>
</table>

- LTIP awards will vest over 3 years – vesting as shown above
- The awards will vest depending on performance against Total Shareholder Return (TSR) and Earnings per Share (EPS) targets measured over a 3 year performance period
- The comparator group for TSR is the FTSE 250 excluding real estate and investment trusts

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighting</th>
<th>Threshold</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSR</td>
<td>50%</td>
<td>Median</td>
<td>Upper quartile</td>
</tr>
<tr>
<td>% of award vesting under each performance measure</td>
<td>30%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>EPS (FY19)</td>
<td>50%</td>
<td>20.6 pence</td>
<td>23.7 pence</td>
</tr>
<tr>
<td>EPS (FY20)</td>
<td>50%</td>
<td>23.7 pence</td>
<td>26.9 pence</td>
</tr>
<tr>
<td>EPS (FY21)</td>
<td>50%</td>
<td>29.3 pence</td>
<td>35.7 pence</td>
</tr>
<tr>
<td>% of award vesting under each performance measure</td>
<td>20%</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

- On-going annual awards under the LTIP will be limited to 200% of salary
- In addition, 33% of annual bonus for the CEO and CFO will be paid in shares which will vest 3 years after the payment of the cash bonus
Softcat: the UK champion

UK revenue per CRN Top 100 VARs for selected competitors

Source: ChannelWeb CRN Top VARs 2011 to 2019 and selected company published financial statements.