

softcat

# Drive

Annual Report and Accounts 2025





# Drive



Our word of the year is 'Drive', reflecting our determination to press forward as we invest and modernise to stay at the top of our industry.

As we navigate a fast-evolving technology landscape, 'Drive' captures the energy, ambition and strategic focus that underpin our success. It reflects our continued commitment to invest in innovation, deliver exceptional customer outcomes and grow sustainably, all while empowering our people. As we look to the future, our drive to innovate, adapt and lead remains stronger than ever.

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## Highlights

# Our strong performance

### Financial<sup>1</sup>

Gross profit £m

**494.3** +18.3%



Gross invoiced income £m

**3,617.0** +26.8%



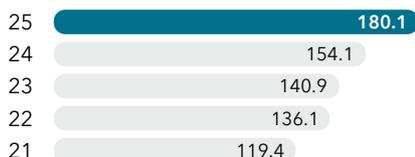
Revenue £m

**1,458.4** +51.5%



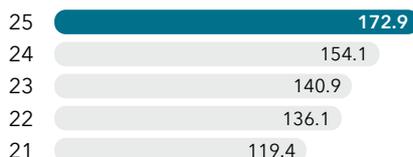
Underlying operating profit £m

**180.1** +16.9%



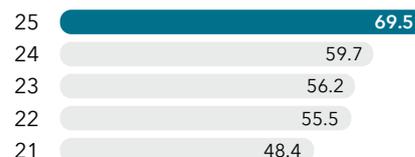
Statutory operating profit £m

**172.9** +12.2%



Underlying basic earnings per share p

**69.5** +16.4%



Underlying cash conversion %

**95.6** -0.3ppts



1. Gross invoiced income ('GII'), underlying operating profit and underlying cash conversion are alternative performance measures ('APMs'). These non-Generally Accepted Accounting Practice ('non-GAAP') financial measures are used in addition to those reported in accordance with IFRS. The Directors believe that non-GAAP measures assist in providing additional useful information on the underlying trends, sales performance and position of the Group. Please see page 25 for further definitions and reconciliations.

Pages 1 to 65 form the Strategic Report of Softcat plc for the financial year ended 31 July 2025. The Strategic Report has been approved by the Board of Softcat plc and signed on behalf of the Board by Graham Charlton, CEO, and Katy Mecklenburgh, CFO.

### Operational and shareholder

Gross profit per customer

**£48.5<sup>k</sup>**

Gross profit per customer growth

**+16.5%**

Customer base growth<sup>2</sup>

**+1.6%**

Customer satisfaction

**98%**

Employee engagement

**88%**

Total dividend

**45.4<sup>p</sup>**

### Sustainability

Charitable donations since formation

**£3.5<sup>m</sup>**

Female representation

**37%**

2. Customer base is defined as the number of customers who have transacted with Softcat in both of the preceding twelve-month periods.



Find out more about our performance:  
[www.softcat.com](http://www.softcat.com)

Find out more in our Sustainability Report:  
[www.softcat.com/about-us/sustainability](http://www.softcat.com/about-us/sustainability)



At a glance

# Driving a leading offering

Softcat is proud to have grown to become the UK's largest value-added reseller ('VAR'). Our goal remains to be the leading IT infrastructure solutions provider as measured by employee engagement, customer satisfaction and shareholder returns. Success will create opportunities for our people and drive growth for our customers and partners.

#1

the UK's largest value-added reseller

10,186

corporate and public sector customers

2,768

employees

+64

customer NPS

## Our purpose

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



## Our vision

To be the leading IT infrastructure product and services provider in terms of employee engagement, customer satisfaction and shareholder returns.



## Strategy



Acquire more customers.

→ Read more on pages 16 to 19.



Sell more to existing customers.

→ Read more on pages 16 to 19.



## Enabled by our...



People and culture.

→ Read more on pages 8 and 9.



Ease of doing business.

→ Read more on pages 10 and 11.



Maintaining relevance and expanding our addressable market.

→ Read more on pages 16 to 19.



## Guided by our values



Fun



Responsibility



Community



Intelligence



Passion

→ Read more on pages 32 to 39.

## Our offering

We support commercial and public sector organisations to design, procure, implement and manage their digital infrastructure. Our continuing success enables further investment in new skills and capabilities, broadening and deepening the offering we present to customers, enhancing their loyalty. Our technology proposition for customers is focused on the five areas below:

1 Workspace

2 Hybrid platforms

3 Cyber security

4 Networking and connectivity

5 Data, AI and automation

More information about our approach to Solutions & Services is on our website at: [www.softcat.com/solutions](http://www.softcat.com/solutions)

## Our vendors

We're proud to collaborate with all the biggest global technology vendors, as well as emerging innovators, to deliver the broadest possible choice for our customers. Through our vendor management framework, we work hard on maintaining strong alliances, ensuring that our employees are accessing the appropriate range of solutions and products at all times, as they help customers use technology to succeed. In many instances, we have best-in-class accreditations with our vendors, which is why both our vendors and our customers trust us to deploy the right solutions in the right way.



## Where we operate





# Consistent execution driving sustainable growth



“ Our incredible employee and customer engagement scores remain a key differentiator in a fragmented market. ”

**Graeme Watt**  
Non-Executive Chairman

## Introduction

Softcat delivered another year of record performance in FY2025, taking further market share while delivering consistent strategic execution and sustainable growth in profits and cash flows. We reported continued progress in our key financial measures, reflecting the strength of our business model, with a broad offering that we deliver to market through a differentiated customer service from our dedicated employees.

## Performance

The trading backdrop in our industry remains challenging but the market still presents plenty of opportunity for growth as we have demonstrated. During the year, global geopolitical instability, an evolving US trade tariff environment, and a new UK government and its respective policy changes all had an impact to some extent on demand, operating costs and foreign exchange rates. Despite these and other challenges, the Softcat team has continually found ways to focus on the things we can control and outperform the market, resulting in the delivery of a 20th consecutive year of annual growth in gross profit and operating profit.

# 20

**Consecutive years of annual growth in gross profit and operating profit**

Our drive and determination to penetrate the UK market deeper than ever before has been unrelenting, regardless of customer segment. One important feature of our performance in FY2025 has been the delivery of some larger solutions projects with one or two key customers, which have yielded incremental growth. We have invested in these capabilities over recent years and are always looking at how we can repeat this type of business with a wider customer base. At the same time, we continue to develop our vertical offering to larger and more complex corporate and public sector customers, to increase engagement and penetration with such accounts.

→ The performance of the business is explained in more detail in Graham Charlton's CEO Review on pages 6 to 9 and in Katy Mecklenburgh's CFO Review on pages 22 to 25.

## Investing for future growth

Our appetite to invest today for tomorrow's growth remains undiminished. We acquired Oakland during the year to build upon and extend our data capabilities, which are a fundamental

requirement for delivering value in the AI space. This is a landmark acquisition for Softcat, being the first in our history. It is a modestly sized capability bolt-on, and we plan to learn from the process and build our M&A muscle. This bolsters our options for growth in the future.

We are also investing more than ever before in our own IT systems to make sure that our infrastructure and customer offerings are well supported and contemporary. It is important that our customer and employee experience is nothing short of the best, since our incredible employee and customer engagement scores remain a key differentiator in a fragmented market. The resources that we are investing into our digital and data strategy, IT service management, HR applications, and sales ordering and CRM front end, demonstrate that we are not content to stand still. These investments will help us to maintain and improve our customer service edge and set us up to capitalise on future growth opportunities.

→ Read more in the Oakland acquisition case study on page 31.

## Driving further success

Our strategy continually evolves and is advanced and executed by an outstanding team at Softcat, led superbly by our Executive Directors Graham and Katy. Our objective is always to ensure the preservation of the special culture we have, while constantly challenging ourselves to deliver further growth and generate long-term value.

The key elements of what drives and underpins our success remain broadly the same. Our focus on graduate and apprentice recruitment is one such element – people with no corporate baggage who possess great energy, passion and new ideas and are a fabulous cultural fit. They have access to a breadth and depth of offering that is supported by an extensive range of leading IT manufacturers, complemented by our own internal experts, to create value according to customers' individual needs. Likewise, the huge variety of customers we deal with on a regular basis represents a valuable market opportunity to our vendors and partners.

And last, but not least, our biggest weapon is our culture. A culture of respect and care for each other. A culture of fun and inclusion. Our culture is at the heart of it all and there is nothing we like to do more than say yes to our customers. No matter how challenging the circumstances, we are always looking for ways to meet, and exceed, our customers' expectations. We want them to enjoy and value the experience of working with Softcat, so they keep coming back for more and further expand their relationship with us.

## The Board and our stakeholders

We continue to recognise the important part that high standards of corporate governance play in promoting the long-term success of Softcat and I would like to thank my fellow Directors for their contribution this year. We have an excellent Board with a broad range of skills and experience that we can bring to bear in support of Graham and the business. During the year, the Board furthered its engagement with key stakeholders, customers and employees, while progress on our environmental strategy and targets continued to be considered through the Sustainability Committee.

During the year, an external Board effectiveness evaluation was conducted (see more on pages 74 and 75).

This concluded that Softcat is a well-run business with an effective and engaged Board, providing strong leadership and oversight. The report confirmed that the Board is performing at a high level and it identified one or two areas where we can further enhance our effectiveness, which we welcome and will consider.

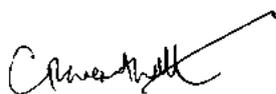
As part of Softcat's scheduled triennial Remuneration Policy review, Lynne Weedall (Chair of the Remuneration Committee) consulted with Softcat's largest shareholders during the year. Our revised Policy is provided on page 103. I would like to thank Lynne for so ably leading this process.

It is vital that we continue to engage with shareholders, and we always welcome their feedback. During the year, shareholders were invited to participate in our well-established programme of contact between the Chairman and the largest holders on our share register. This programme does not cover the operational side of Softcat but is intended to focus instead on governance and stewardship. I am happy to report that constructive conversations were held across a range of topics and there were no surprises arising from the meetings. Our shareholders remain supportive of our governance arrangements, our business strategy and of Graham and Katy's leadership.

## Thank you

I want to close by thanking everyone who has made the success of the last years possible. Thank you to every member of the great team at Softcat, including our leadership which determines the direction, takes decisions and makes things happen. Thank you to our vendors, customers and service partners, without whom we couldn't operate. Thanks too to our investors who have put their faith and trust in us to deliver profitable returns. There is a lot to look forward to – our industry continues to develop and grow, and we aim to evolve with it, continually enlarging our footprint with your ongoing help and support. Thank you.

Our Annual General Meeting will be held on 15 December 2025, and I look forward to meeting any shareholders who wish to attend.



**Graeme Watt**  
Non-Executive Chairman  
21 October 2025

## Investment case

We set ourselves apart from our peers as the IT solutions provider of choice, through our unique culture and the breadth and depth of our customer offering.

### A broad and well-diversified offering of IT infrastructure solutions

Working with all the leading global technology manufacturers, often backed by best-in-class vendor accreditations, we are trusted to provide customers with the broadest possible choice of IT infrastructure solutions to suit their needs.

→ Read more on page 2 and pages 12 to 15.

### Proven customer excellence

We have skilled in-house technologists and numerous specialist service partners which are committed to providing exceptional customer service. The positive attitude and expertise of our dedicated teams are what help us win and retain the trust of our customers.

→ Read more on pages 12 to 15.

### A dedicated and passionate team

We believe that if people enjoy what they do, and care about the company they work for, they will perform at a higher level. Our culture is the vital ingredient to providing outstanding service to our customers and we consistently achieve high levels of employee engagement.

→ Read more on page 32.

### Market-leading growth and financial strength

We have delivered 20 consecutive years of gross invoiced income and profit growth. The business has no debt and a strong track record of cash generation.

→ Read more on pages 6 to 9 and pages 22 to 25.

### Large and growing addressable market

We estimate our UK and Irish addressable market is more than £87bn, growing at a forecast compound annual growth rate of around 10% through to 2029. This includes the expanded opportunity in data and AI that we've unlocked through our acquisition of Oakland.

→ Read more on pages 12 to 13.

# A proven strategy for sustainable growth



**“ We have never been in a better position to address the increasingly complex needs of customers, who are adapting to rapid developments across all facets of their technology. ”**

**Graham Charlton**  
Chief Executive Officer

I'm very pleased to report another record performance for Softcat, which marks a milestone achievement of 20 consecutive years of double-digit gross profit growth. The strength of our business model and our consistent strategic execution underpin our continuing ability to scale and invest for future growth. Our outstanding performance in FY2025 and the sustainability of our growth model are a tribute to our special culture and the ongoing evolution of our offering.

We have never been in a better position to address the increasingly complex needs of customers, who are adapting to rapid developments across all facets of their technology. During the year, we completed our first acquisition, bolstering our data, automation and AI capabilities in an exciting growth segment. And we have once again proven our ability to deliver larger and more complex solutions projects, an area we have been investing in for a number of years.

I would like to thank all our people for their incredible commitment and support to each other, and in going above and beyond for customers, delivering exceptional service with a positive attitude. Our strong performance provides us with the confidence to accelerate investment in our own systems and processes, ensuring that we have a modern and efficient infrastructure, to reinforce our competitive advantage and deliver on the significant growth opportunities ahead.

## Outlook

Looking ahead, Softcat remains well positioned to deliver significant growth by making further market share gains in a growing market. Our FY2026 outlook remains consistent with that provided in our FY2025 trading update on 28 August.

Excluding the significant incremental contribution from large projects in FY2025, the Board expects to deliver low double-digit gross profit growth and high single-digit underlying operating profit growth in FY2026. Including the significant incremental contribution from large deals in the comparative period, this translates to reported rates of high single-digit gross profit growth and low single-digit growth in underlying operating profit.

The second half of FY2025 was exceptionally strong, reflecting the contribution from larger solutions projects. Our guidance for FY2026 includes the committed pipeline of further large projects. While dependent on customer and vendor schedules, these are expected to be delivered in the first half. This means growth in underlying operating profit in FY2026 will be first half weighted.

1. Underlying operating profit is adjusted to remove non-underlying items, including acquisition-related expenses such as the fair value of deferred contingent consideration, and implementation costs of the new sales and HR systems. Excluding the significant incremental contribution from large deals in FY2025, underlying operating profit is c.£170m.

## Performance and market conditions

I am delighted with how Softcat has performed in FY2025, delivering outstanding growth in most of our key metrics and overachieving our targets set at the beginning of the year, even against the backdrop of a continued challenging trading environment. We have delivered another record year, taking our unbroken track record of double-digit gross profit growth to 20 years, over which time we have also delivered consecutive annual growth in GII and underlying operating profit. Our continued success is due to our special culture and the strength of our diverse customer relationships, supported by the breadth and depth of our product and service offering and we remain resolutely focused on maintaining our competitive advantage in these important areas.

During the year we grew customer numbers, up 1.6% year-on-year, and sold more to those customers, with an increase of 16.5% in gross profit per customer. Growth was once again broad-based across different customer segments and technology areas. We were also successful in winning and delivering some large datacentre projects, reflecting the benefit of investments we have made over recent years in our capability to deliver larger and more complex solutions.

We have continued to develop and make progress against our strategy, and we remain confident in our ability to take additional market share. Our proven business model and consistent execution continue to underpin Softcat's success. To drive further progress and

scale, we are focused on four key growth engines across our business: our special culture, sales and customer excellence, the breadth and quality of our offering, and operational excellence. Our continued investment in these areas ensures our long-term relevance to customers and will further enhance the customer and employee experience.

### Customer priorities and technology trends

Our customers are focused on driving value from their technology spend, aligning their investments closely with business outcomes, to drive productivity and innovation. With our strategic focus and deep understanding of an increasingly complex and rapidly changing IT landscape, we are well placed to support their needs. Our ability to assemble multi-disciplinary teams means we can deliver transformation projects and deploy effective solutions at scale, driving growth and providing competitive advantage.

As a result, we are seeing continued demand from customers across the entire breadth of our technology proposition. This is being driven by the ongoing evolution of every type of workspace, through to optimising cost, performance, and resilience across hybrid estates, and keeping network architecture connected and protected. Cyber security remains in focus for many customers, as pressure grows to demonstrate resilience and compliance in the face of rising threats. While an upsurge in demand for data organisation, storage and consumption is reshaping technology investment, as customers look to harness AI.

Our latest annual customer experience survey highlighted data security as the most common technology priority, reflecting the need for organisations to adapt to changing regulations, protect against emerging cyber threats and ensure comprehensive governance to safely benefit from all forms of AI innovation. Our customers are at varying stages of maturity in terms of their data journey, but the common desire is to embed more AI and automation into their systems and workflows, both within existing applications and through bespoke proprietary development. In June, we hosted a customer summit, a unique

### Cyber-security was the most common technology priority among respondents

47%

→ Read more in our market overview on pages 12 and 13.



event delivered in partnership with Microsoft, to help business leaders understand the art of the possible and where to focus their efforts. The clear message was that organisations need to be investing in their data journey today to realise the benefits of agentic AI, or risk falling behind. This was a core part of the rationale for our acquisition of Oakland.

The volume and quality of data is paramount to leveraging the benefits of AI and this places significant pressure on all elements of IT infrastructure. To deliver the transformative insights and business outcomes that customers expect, there will be considerable additional requirements for data centre capacity, connectivity, security, storage, and workload management, across both cloud platforms and hybrid infrastructures.

### Strategic developments

Our evolved technology proposition has been embedded throughout the year, simplifying how we present our offer to customers and vendors, as well as employees. We can now showcase a clearly organised set of products and services to customers developed around the major components of modern IT infrastructure, with the flexibility to rapidly adapt to vendor innovation. Alongside the ongoing investment in our own data and digital strategies, we will ensure that our customer proposition remains relevant and easy to engage with.

A further benefit of clearly framing our technology proposition, is the ability to accurately pinpoint areas for future development, or where our presence is underweight. For example, by introducing our data, automation and AI tower, we quickly identified a need for greater capability in data services to improve our market positioning.

The acquisition of Oakland expands our addressable market, providing us with a presence in data and AI consulting that would have taken years to build organically, and having initially worked together as partners, we were delighted to join forces with a company and management team which is very closely culturally aligned. Pleasingly, the customer and vendor reaction has been very positive, and the number of sales qualified leads is slightly ahead of our expectations at this stage. The deal process has also allowed us to build our M&A muscle, as we develop capabilities and experience that can support future strategic acquisitions.

During the year, we evolved our UK vendor management framework. The framework allows us to work more effectively with our strategic partners and is clearly aligned with our growth strategy and technology proposition. With our technology and vendor propositions now in place, our focus is on supporting their success through investment in our own technology and Data and Digital strategy to drive future growth.

## Chief Executive Officer's review continued



### Strategic developments continued

We continue to be drawn into overseas markets by our customers, serving more of their operations outside the UK and Ireland, which is driving growth in our multinational customer base. As we seek to grow our share of large and complex customers, multinational presence remains strategically important to us, now comprising an extensive network of branches across Europe, APAC and an office with c.20 employees in Virginia, USA.

The feedback from our customers confirms we are on the right track. Our annual Customer Experience Survey received a record level of responses in FY2025 with an unchanged 98% customer satisfaction score and a net promoter score of 64 (FY2024: 63). This exemplifies a truly differentiated level of customer service and reflects an institutional commitment to customer success.

### Investment for future growth

Our desire to invest for future growth remains undiminished, focused on the four key growth engines spanning our business. Our vision is to build a business which is increasingly relevant to customers, automated, smarter and easier to interact with. This will improve both customer outcomes and employee experience, ensuring that our uniquely rich combination of products and technical and service offerings can be delivered to the right customer at the right time, in a way that works for them. This means investing more in our own technology including our data and digital strategies.

During the year, we started work on a multi-year project to implement and

enrich a new cloud-based sales system. Our incumbent system has been in use for over 20 years and is not compatible with our growth ambitions. In Microsoft Dynamics 365, we have selected a contemporary platform that will reduce reliance on manual processes, connect with other core Group systems and enable us to leverage integrated AI functionality. The first phase will be focused on building foundations that, with future development and optimisation, will deliver significant benefits both to our customer interactions and employee experience.

In addition, we are also upgrading our HR system and are mindful that these parallel developments require significant project management and robust controls. This will be enabled through support from our internal technology, audit, risk management and governance teams, which have expanded over recent years.

We have also significantly invested in our office network as part of a Group-wide upgrade programme, which reflects our continued expansion and our ongoing focus on creating vibrant and welcoming working environments. We relocated three offices during the year, starting with our new Birmingham office in November 2024, while in March 2025 we moved our London office to one of the single largest floorplates in the City, followed by the opening of our new Bristol office in April 2025. In addition to seeing an uplift in office-based collaboration, these modern spaces enable us to provide more accessible, centrally located facilities that enhance wellbeing and allow room for further growth. They also encourage even greater partnership between our people, vendors and customers.

### People and culture

Softcat is a special place to work that will always put our people and culture first. Our unique culture has driven our success to date and is at the heart of our differentiated customer service. We devote enormous time and effort to preserving and evolving that culture, and as we continue to grow, we are empowering more and more of our people to lead this through initiatives such as the formalisation of local office leadership structures. Our culture is one of openness and transparency and is focused on reward and recognition for outstanding attitude and results, centred around the needs of our customers. This creates the virtuous cycle of trust that results in stronger and deeper customer relationships, enabling further investment in our proposition, and reinforcing our competitive advantage over time.

During FY2025, average headcount grew by 7.3% year-on-year to 2,639. The new hires continue to be concentrated across our technical, specialist and sales support functions, as we build our capability to do more with existing customers.

Softcat champions inclusivity, sustainability and active engagement through our employee-led community groups. These include our diversity and inclusion networks and the Founders Group, helping employees connect with our purpose and roots, together with Love2Give, our charitable giving and volunteering initiative. We remain committed to increasing our female gender balance, with a target of 40% female representation by 2030, compared with the current position of 37%. During the year, Softcat joined the Business Disability forum to further our commitment to disability inclusion, while mental health also continues to be a focus area and this year we launched a new employee assistance programme.

Recognition for our efforts is received not only from our employees, but also through external awards. We continue to participate in the Great Place to Work survey and retain our position in the UK's Best Workplaces™ list within the Super Large category. We have also retained our status as a certified Great Place to Work in the UK and in Ireland, while achieving recognition for the first time in this category in the US. We are also proud to be recognised as a 2025 Best Workplace for Development, for Wellbeing and for Women.

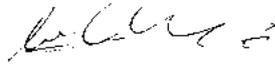
## Sustainability

We strive for a sustainable future and one where our people and planet can prosper. Our integrated approach to implementing innovative environmental strategies, impactful social initiatives, and robust governance, helps us deliver on our sustainability commitments, while our close collaboration with partners and customers empowers them to achieve their own sustainability goals, creating a ripple effect of positive change.

We continue to prioritise initiatives within our business that support our approach to climate change, including those that minimise our direct impact on the environment and increase collaboration with our partners and supply chain to influence indirect effects. By widening access to sustainable solutions and services, we are helping customers to make purchasing decisions that accelerate their own decarbonisation efforts. We have recently launched our first certified carbon neutral service for global third-party maintenance and monitoring,

in collaboration with Softcat partner Park Place Technologies. This demonstrates our continued commitment in this area and builds on achieving carbon neutrality status for one of our biggest services, Softcat Cisco Support, and our Managed Device Lifecycle Service in the prior year.

We also recognise the need for large organisations to support and protect our natural world. During the year, we joined forces with 12 of our suppliers in a pioneering biodiversity partnership, believed to be the first channel volunteering collaboration of its kind in our industry. This opens up new ways for our entire value chain to strengthen relationships while delivering outcomes that align with sustainability priorities.



**Graham Charlton**  
Chief Executive Officer  
21 October 2025

### Female gender balance (2030 target: 40%)

# 37%

→ Read more about our people on pages 34 to 36.



# Driving long-term success

**Our business model is designed to drive value for our stakeholders. Our people are bright, motivated, driven and enthusiastic and are trained to meet their customers' needs. Most importantly, they care about Softcat and the customers it serves. This powers further scale and growth, driving the long-term success of our business.**

## Our purpose

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

## Our enablers

### What sets us apart

#### Our employees

Our employees are the keystone of our competitive edge. Their passion, intelligence, sense of fun and commitment to the long-term success of our customers are what really make us stand out from the crowd. We support our employees to help provide our customers with a broad range of technology solutions.

→ Read more on pages 32 to 39.

#### Our market opportunity and offerings

We operate in a large and rapidly growing market, with a share of around 5%, which provides plenty of opportunity for further growth. Our success continues to fuel reinvestment into our customer proposition and internal systems, to ensure we deliver sustainable growth. As a result, we have one of the broadest and deepest customer offerings in the market, positioning us as the partner of choice for even the biggest and most complex solutions. We continuously evolve our offerings and capabilities to maintain relevance with our customers and further expand our addressable market.

→ Read more on pages 12 to 15.

#### Our customers

The longevity of our customer relationships is a direct product of the trust placed in our people and the value delivered through our technical capabilities. The result is a 20-year track record of consecutive gross invoiced income and profit growth, alongside continuing expansion of average GP per customer.

→ Read more on pages 12 to 15.

#### Our vendor partnerships

Technology vendors face intense competition and need partners that can accurately, reliably and credibly showcase their products and services to tens of thousands of target organisations in the UK and Ireland. In many cases, we hold the highest levels of accreditation with our major vendors, demonstrating the trust those vendors have in our ability to successfully implement solutions for customers. With our scale, expertise and highly valued accreditations, we offer vital access for both global and local partners to UK and Irish customers. Our global reach also continues to expand through investment in our multinational branch network.

→ Read more on pages 14 and 15.

#### Our financial strength

In a world of risk, leverage and market uncertainties, we are proud to be a bit different. We have never issued any debt securities and maintain a strong balance sheet, with a minimum cash floor, providing strategic flexibility. We have a highly liquid business model which can comfortably fund investment in our organic growth priorities and a progressive ordinary dividend policy.

→ Read more on pages 22 to 25.



### People and culture

→ Read more on pages 8 and 9.



### Ease of doing business

→ Read more on pages 14 and 15.



### Maintaining relevance and expanding our addressable market

→ Read more on pages 12 and 13.

## Driven by our values



Fun



Responsibility



Community



Intelligence



Passion

→ Read more on pages 32 to 39.

## Our impact

**We recruit and train great people with high potential**



We work with universities and schools across the country and consider thousands of candidates each year before selecting those that are right for Softcat. We look for exceptional people with the right attitude. We also have other recruitment programmes which foster our culture of diversity and inclusivity.

→ Read more on page 38.

**We deliver outstanding customer service**



Only great people who are highly motivated and care about the business they work for can provide truly outstanding levels of customer service over the long term. We try to couple that with a world-class set of technical capabilities and believe the results speak for themselves. We take a relentless approach to customer satisfaction and act on customer feedback to maintain exceptional customer service.

→ Read more on pages 14 and 15.

**We win new customers and sell more to existing customers**



Winning a new customer is just the very start of the journey; our real aim is to nurture a relationship carefully over many years. If we can prove our worth by never letting a customer down and being there for them at difficult moments, trust builds and everyone wins.

→ Read more on pages 16 to 17.

**We incentivise and engage our people to perform**



We create a great place to work where people are motivated, recognised and rewarded for success. We regularly measure employee engagement and take actions to keep our employees feeling engaged and motivated. We are known for our unique culture and it is without doubt the basis of our ongoing success.

→ Read more on pages 34 to 37.

**We maintain relevance and expand our addressable market**



We continue to mature and evolve our customer offering, making sure we maintain relevance and make it easy for customers to do business with us. We have a strong track record of developing new revenue streams and are fast to pivot as the market evolves. Despite our success to date, we are excited about the huge opportunities for future growth.

→ Read more on pages 12 and 13.

## The value we create

What we do for our customers

**98%**

customer satisfaction

What we do for our employees

**88%**

employee engagement

What we do for our shareholders

**20**

years of consecutive gross profit growth

# Significant opportunity in a growing market

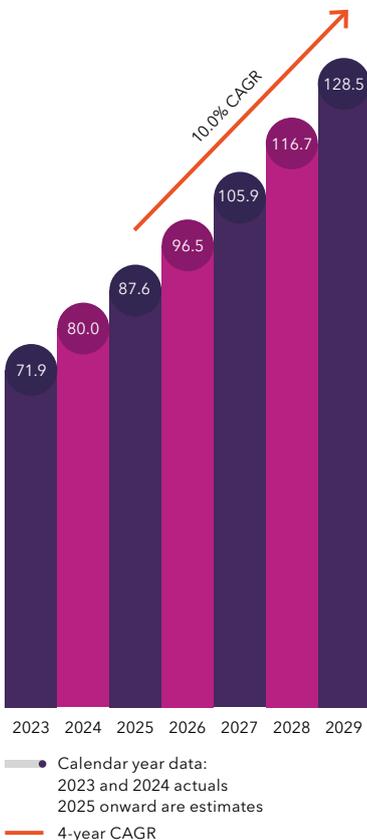
**By offering the most relevant and comprehensive product set, skills and capabilities across our diverse customer base, we have a significant opportunity to take further share in a structurally growing market.**

## Addressable market 2025 (£bn)

# £87.6<sup>bn</sup>

Our addressable market in the UK and Ireland is currently worth around £87.6bn and is expected to grow at a four-year compound annual growth rate ('CAGR') of 10% to more than £128bn by 2029.

## Addressable market 2023-2029 (£bn)



Source:  
Softcat analysis based on external sources.

## Workspace

Designing and implementing the solutions, products and services to deliver an agile workspace environment that enables productivity, creativity and collaboration.

### Our response

- Creating and maintaining a highly efficient, productive and resilient user experience that works from home, the workplace and anywhere in between.
- Helping customers increasingly adopt an enterprise service management ('ESM') platform, giving users a single point of contact for all their service needs.
- Encouraging take-up of generative AI technologies like Microsoft Copilot making employees more productive and creative.
- Facilitating the growing trend towards premium client devices managed by cloud-based mobile-device management ('MDM') tools.

### Future opportunities

- New AI-on-device capabilities energising the client device market.
- Generative AI-powered contact centre solutions to empower agents to interact more effectively with customers.

### Link to strategy



## Hybrid platforms

Offering advice, design, managed and support capabilities to modernise, optimise and protect on-premise, edge and public cloud infrastructure.

### Our response

- Advising organisations and helping them to implement strategic workload distribution, while optimising application, data and control costs.
- Prioritising data accuracy, automation and migration, ensuring security and improved performance.
- Helping businesses achieve a competitive advantage by using their existing software assets more effectively, with the benefits of flexibility and scalability.
- Providing comprehensive training on new hybrid platforms to build adaptability, employee wellbeing and trust.

### Future opportunities

- AI-ready infrastructure that accelerates innovation by allowing organisations to prototype and experiment fast, with seamless integration between existing systems and data sources.

### Link to strategy





Acquire more customers



Sell more to existing customers



People and culture



Ease of doing business



Maintain relevance and expand our addressable market

→ Read more about our strategy on pages 12 to 15.

## Cyber security

Security remains the number one boardroom priority. As a strategic partner for long-term protection, we guide customers through the assessment, design, implementation and ongoing operation of best practice cyber security.

### Our response

- Supporting customers in the era of 'assumed breach', alongside evolving cyber security regulations and increasingly sophisticated attack threats.
- Advising on the development of robust Security Data Operations as the vital nerve centre that consolidates all security data into one place.
- Helping organisations to navigate regulatory change by viewing security as a risk function providing assurance and intervention, strengthening their overall infrastructure rather than relying only on IT.
- Increasingly applying generative AI to protect against lower-priority cyber threats.

### Future opportunities

- Constant adaption to emerging methods of attack, as well as the need to fortify defences with sophisticated techniques and comprehensive monitoring to mitigate risks.
- Leveraging AI-powered solutions that minimise human involvement.

### Link to strategy



## Networking and connectivity

From on-premise to cloud and anywhere in between, connecting anything to everything in the customer's digital ecosystem with assessment, design, implementation and managed services.

### Our response

- Helping customers improve visibility over today's disparate and dynamic working environments, paired with increasingly distributed users, devices, data and applications.
- Prioritising observability, which allows organisations to view their IT environments as entire ecosystems of technologies, so they can identify interdependencies and troubleshoot complex systems efficiently.
- Supporting IT teams to proactively detect and address issues, before they can cause any problems.
- Providing solutions for organisations to adopt a wireless-first strategy.

### Future opportunities

- Adoption of software-defined wide area networking ('SD-WAN'), which dynamically routes traffic to ensure optimal performance of applications and quality of service.

### Link to strategy



## Data, AI and automation

Customers are looking to harness AI responsibly and effectively, but this requires the right data platforms, compute power and governance frameworks. We are positioned to help customers unlock the value of their data while managing the risks.

### Our response

- Improving customers' understanding of their data to unlock innovation, drive process efficiencies and provide insights for better decision making.
- Always balancing innovation in AI with the need for good ethics, security and governance.
- Encouraging the implementation of a data-driven culture, with a focus on helping customers understand data flows and establish guidelines for appropriate data collection and usage.
- Facilitating customer adoption of AI through their existing application stack, as vendors increasingly integrate AI capabilities.
- Acquisition of Oakland to accelerate our growth in a strategically important area.

### Future opportunities

- Improvements in task mining and trends in hyper-automation, low-code/no-code platforms, along with explainable AI driving investment in more self-directed, end-to-end processes.

### Link to strategy





# Driving significant competitive advantage

Our long-term growth and ongoing success are powered by our special culture and differentiated customer service, together with the breadth and depth of our solutions and services, across a well-diversified customer base.

## Technology proposition



## Vendor management

# 400+ vendors

### Value proposition to our vendor partners

Access to a broad customer base

Cost-effective route to market

Strong distribution and implementation capabilities

Feedback mechanisms for vendor products and services

Communicating value of innovations to customers

Direct

Distributors



## Technical and services offering

Advise

Architect

Implement

Support

Manage

## Customers

### Value proposition for our customers

A single IT infrastructure and services provider with a broad proposition

Comprehensive and exceptional customer service

Independent view of the IT ecosystem

Value-added services with integration capabilities

Solutions across IT lifecycle

Ongoing training and advice on new products

Support and delivery of upgrades and renewals

Monitoring and management of licensing/subscription agreements

Customers often have limited in-house IT resources

## Customer segments

Enterprise

Mid-market/small and medium business

Public sector

## Our customers supported by our employees

Our customers are serviced by our dedicated sales and support teams. We are committed to deepening our relationships with our customers, aiming to build long-lasting, valuable and sustainable connections. Our sales approach is in perfect harmony with our overall strategy, targeting both the acquisition of new customers and increased sales to existing customers. It emphasises key features which benefit customers:

- fostering a high-performance sales culture;
- simplifying the sales and customer journey; and
- maintaining the relevance of our offerings.

### Training our teams

We train our account managers to build trust and loyalty by prioritising the needs of customers, including following through on our promises and taking responsibility to deal with challenges and any problems. As they identify new opportunities, they are encouraged to collaborate with vendors and our in-house technology experts to offer guidance and procurement advice and design solutions or services tailored to customers' needs. Over time, as we deepen our relationships with customers, multiple relationships with contacts across Softcat will evolve, spearheaded by account managers.

### Customer experience

Our annual customer experience survey plays a crucial role in shaping our strategy. It guides our continuous investment in employees and other resources necessary to uphold and maintain the relevance of our offerings to customers.

# 98%

customer satisfaction from record number of >6k responses

The majority of Softcat team members engage directly with customers in some way, including account managers, sales specialists, technical designers, professional consultants, managed services experts and our customer experience team. Customer Success Managers collaborate with service delivery teams to ensure the seamless integration and high-quality delivery of complex solutions.

### Embedding sustainability

Sustainability is an increasing priority for many of our customers, especially considering the growing power consumption associated with AI workloads. We have a growing team of experts who are able to help organisations better understand and reduce the environmental impact of their IT infrastructure, working closely with our vendor partners.

The benefits of co-ordinated support from a Sustainability Success Manager, working alongside technical architects, procurement specialists and account managers, can help deliver actionable outcomes for customers tailored to their business.

## Our great teams

We prioritise attracting, developing and retaining top talent, increasing our expertise to better understand the environments and markets in which our customers operate. This enables us to collaborate across industries, share best practice and drive innovation to provide the best possible customer experience and address their specific challenges.

Additionally, we are committed to placing the right people in key roles and investing in their capabilities and long-term growth. Our ongoing efforts include programmes and initiatives on diversity and inclusion – issues that are important to our leadership, employees, customers and partners.

# 88%

employee engagement



# Making strong progress on our strategy

**Successful execution of our simple but effective strategy supports our ongoing success through the acquisition of new customers and expansion of wallet share with existing customers.**

## How our strategy delivers sustainable growth

The virtuous cycle of sustainable growth and investment that we deliver is powered by our special culture. This has underpinned our success to date, and it will continue to drive our growth into the future.

Our culture creates passionate teams of people who work collaboratively to meet the needs of their customers in a way that differentiates us from competitors. The resulting trust and loyalty encourage customers to place more of their requirements through us each year, fuelling further investment in our proposition and reinforcing our competitive advantage over time.

## Investing for future growth

In an increasingly complex technology landscape, it's the breadth of our offering and our wealth of expertise which are becoming ever-greater sources of advantage as well. That's why we continue to invest in our systems and processes to ensure that our employees have the best tools and resources at their disposal, while making it easy for customers and vendors to do business with us.



### Strategy in action

→ Read more on pages 14 and 15.

## Our strategy



**Acquire more customers**



**Sell more to existing customers**

### Overview

During the year we grew customer numbers but we still only serve an estimated one in five from our target market.

- We are constantly innovating and evolving our customer proposition
- Penetration of target market remains low with good growth potential
- Long-term growth in customer base reflects strong relationships

The opportunity to help customers navigate an increasingly complex array of technology choices has never been greater.

- Continued investment in tools and training for employees
- Opportunities to increase customer wallet share as longer tenure leads to more gross profit transacted with us
- Continuous year-on-year increases in gross profit per customer

### Progress in FY2025

Our customer base grew by 1.6% during the year, with success across each of our key segments: mid-market, enterprise and public sector. Average headcount increased during the year by 7.3%, driven by investment in our sales team, including supporting specialists and technical teams, as well as the Oakland acquisition.

We continued to respond to the rapid pace of innovation across our industry by investing in our capabilities to support the evolving technological needs of our customers. This enabled us to strengthen the trust placed in us by our customer base and sustainably grow market share.

### Future focus

Our customer base accounts for approximately 20% of the overall addressable market. We will continue to target new accounts through further investment, training and development of our sales team and allowing our unique culture to flourish. We are constantly developing our offerings to ensure close alignment with our customers' priorities and to reflect expectations of future market trends.

There is no slowdown in the pace of change across the IT infrastructure landscape, whether it's the solutions we are selling, the deployment channels or the manner in which technology is consumed. This provides Softcat with an exciting opportunity to take a bigger share of a fast-growing market. We intend to remain a key partner to both established and emerging technology vendors, evolving our skills and capabilities around the dynamic range of products, services and channels they are bringing to market.

**Increase in customer base during the year**

**+1.6%**

**Increase in gross profit per customer during the year**

**+16.5%**

## Our enablers



### People and culture



### Ease of doing business



### Maintaining relevance and expanding our addressable market

#### Overview

- Focus on preserving our culture
- High and consistent employee engagement (FY2025: 88% employee engagement and employee NPS of 55)
- Progress on fostering an inclusive culture and vibrant office environments
- Investment in new systems to modernise ways of working and improve customer service
- Investment in tools and resources to support sales productivity
- High and consistent customer service (FY2025: 98% customer satisfaction and customer NPS of 64)
- Developing our technology proposition, augmented by the advances in data and agentic AI
- Further investment in multinational capabilities as more customers seek our assistance overseas
- Evolving our sustainability proposition and credentials

## Customer data

### Customer count and GP per customer

GP per customer

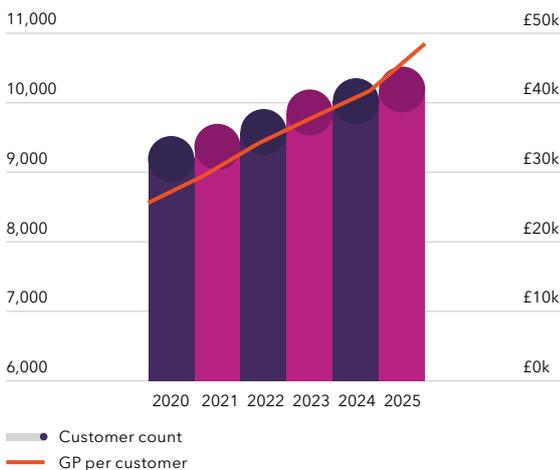
**+16.5%**

5yr CAGR: +13.6%

Customer count

**+1.6%**

5yr CAGR: +2.1%



- Customer count is defined as the number of entities which spent at least £1 with Softcat in each of the two preceding twelve-month periods.

### Customers delivering at least £1k GP in a single year

GP per customer

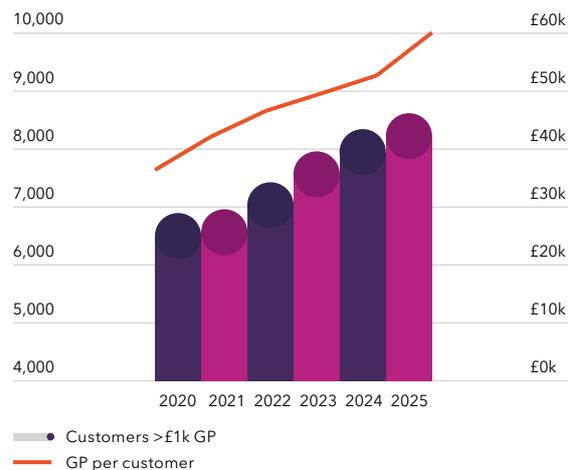
**+14.1%**

5yr CAGR: +10.6%

Customer count

**+3.7%**

5yr CAGR: +4.9%



- Customers that trade >£1k GP in a single year comprise approximately 99% of GP in each year.
- The rate of growth in GP per customer and number of customers in this cohort is more evenly balanced than in the total customer count.



# Blaby District Council

Established in 1974 and located in Leicestershire, Blaby District Council (BDC) serves a population of just over 100,000 people living in an area of approximately 129km<sup>2</sup>. It oversees a range of essential local services and is supported by over 300 staff.

## The challenge

Blaby District Council were working with an ageing estate that had become increasingly problematic to manage. This resulted in poor visibility of essential information including device status and condition. The team at BDC felt that to drive cultural change around IT, they needed a new device estate that could be configured seamlessly to integrate with new infrastructure, deliver improved service life. Working on a tight timeline, these devices needed to be available to roll out in time for the full launch of their enhanced information and communication technology (ICT) service.

## The solution

Softcat, on receiving BDC's request, worked with the team to demonstrate unique alternatives to the status quo. Softcat arranged opportunities for BDC to try out various devices and ultimately decided on Samsung Galaxy Book 4 laptops. Softcat worked to ensure the devices fell within their commercial requirements and ensured that a

seamless roll out happened by delivering these with a pre-generated Hash ID to simplify deployment.

## The impact

- ✓ **Solution delivered on time and within budget expectations**
- ✓ **Premium devices demonstrating the commitment to end user experience**
- ✓ **Simplified asset management with a seamless rollout**

The device refresh transformed Blaby District Council's IT operations, streamlining device management and deployment, improving user satisfaction and productivity, and contributing to a more positive workplace culture. Enhanced functionality, security, and asset visibility enabled staff to work more efficiently, while sustainable procurement reduced costs. The new technology is seen as foundational for further digital transformation and improved service delivery across the council.



Read the full case study online [www.softcat.com/about-us/case-studies/device-estate-refresh-helps-underpin-cultural-change-blaby-district-council](http://www.softcat.com/about-us/case-studies/device-estate-refresh-helps-underpin-cultural-change-blaby-district-council)

“ Here at BDC we're trying to evolve from traditional ways of doing things and bring a fresh perspective on how best to deliver essential services using ICT as a transformational tool. Working with Softcat has shown us that it shares that mindset. Our Account Manager Jessica Townsley and the wider Softcat team are happy to challenge what we do and suggest alternative ideas, to both reduce costs and deliver enhanced solutions, rather than being wholly reactive.

It makes a refreshing change to work with a provider that shares your vision and is prepared to roll up their sleeves and make it happen. We feel Softcat are just the type of people we're keen to develop a long-term relationship with. ”

**James Hickens**  
BDC ICT Operations Manager



**Steel & Alloy**  
Gonvarri Industries

# Infrastructure refresh helps Steel & Alloy get fit for the future

Established in 1968 and headquartered in West Bromwich, England, Steel and Alloy (S&A) is a subsidiary of Spanish-owned Gonvarri Industries. It supplies strip steel and aluminium products to a range of sectors, including the Automotive, Construction and Section Rolling industries.

## The challenge

S&A began working with Softcat back in 2023. Its existing IT infrastructure, supported by Nutanix servers, was ageing. S&A's IT team recognised that maintaining the existing architecture could prove increasingly costly and potentially problematic in the future and would, ultimately, need to be replaced. S&A spoke to Softcat to help source a 'fit-for-the-future' solution capable of supporting upcoming projects and driving down costs.

## The solution

Throughout the extended support contract, Softcat's wider team paid close attention to what the data revealed about the operational demands S&A's activities placed on its IT functions. That analysis ensured Softcat gained a clear view of what resources were currently underperforming, which helped illustrate where enhanced functionality was required, and where cost savings could be achieved.

## The impact

- ✓ **Enhanced security and functionality**
- ✓ **Simplified management and single point of contact for support**
- ✓ **Hardware rationalisation and significant cost benefits**

The Nutanix solution provides S&A with an infrastructure capable of securely and effectively meeting its demands now and into the future. Its comprehensive disaster recovery (DR) capabilities, performance benefits and support service, significantly reduces the impact on the small IT team, enabling it to concentrate on higher-value activities.

Both internal and customer data is more secure, and the solution provides alerts to enable the IT team to clearly monitor system performance and respond accordingly.



**Read the full case study online**  
[www.softcat.com/about-us/case-studies/infrastructure-refresh-helps-steel-and-alloy-get-fit-future](http://www.softcat.com/about-us/case-studies/infrastructure-refresh-helps-steel-and-alloy-get-fit-future)

“ The Softcat team invested a lot of time and thought into ensuring we got the solution we needed. Its recommendation to go with a single provider helped to both rationalise our hardware estate and secure significant cost savings. ”

**Graham Jewkes**  
IT Manager

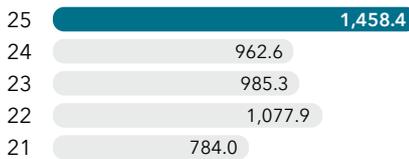
# Summary results and KPIs

The financial and non-financial key performance indicators shown below demonstrate the Group's progress against its strategic goals and delivery of financial performance and shareholder value. These metrics are referred to throughout this report and further discussed in more detail within the Chief Financial Officer's Review on pages 22 to 25.

## Financial

### Revenue £m

**1,458.4**



#### Strategic link

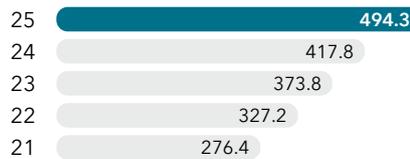


#### Comments

- Revenue includes all income from the resale of third-party software, hardware and services, as well as the sale of the Group's own services. Revenue is reported in accordance with IFRS 15 with some transactions (generally hardware and internally delivered services) reported gross (principal) and others (generally software and externally provided services) reported net (agent). We report GII to help provide a clearer view of underlying growth and to support understanding of key balance sheet movements.

### Gross profit £m

**494.3**



#### Strategic link

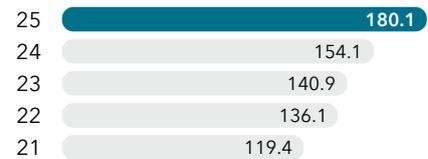


#### Comments

- Gross profit comprises revenue net of third-party product costs, supplier rebates and certain internal direct costs.

### Underlying operating profit £m<sup>1</sup>

**180.1**



#### Strategic link



#### Comments

- Underlying operating profit comprises gross profit net of underlying administrative expenses. Statutory operating profit includes the impact of non-underlying items.

#### Link to Directors' remuneration<sup>2</sup>

- For 2025, underlying operating profit accounts for 80% of the weighting for the Executive Directors' annual bonus, reflecting an important role in measuring the delivery of in-year shareholder value.

### Gross invoiced income £m<sup>1</sup>

**3,617.0**

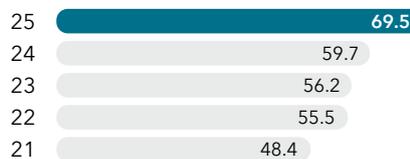


#### Comments

- Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued items.

### Underlying basic earnings per share p

**69.5**



#### Comments

- Underlying basic earnings per share ('EPS') is defined as underlying profit after tax divided by the weighted average number of shares for the year.

#### Link to Directors' remuneration<sup>2</sup>

- EPS is a performance measure in the targets for the Executive Directors' Long Term Incentive Plan ('LTIP').
- Delivery of EPS growth contributes indirectly to share price performance and the ability to pay dividends, both important elements in total shareholder return ('TSR'). TSR is also a performance measure of the LTIP.

### Underlying cash conversion %<sup>1</sup>

**95.6**



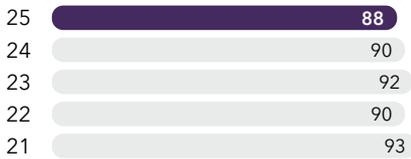
#### Comments

- Underlying cash conversion is net cash generated from operating activities before taxation and any acquisition related cash flows, net of capital expenditure, as a percentage of underlying operating profit.
- The five-year average for underlying cash conversion is around the mid-point of our annual target range of 85%-95%, reflecting the highly cash generative nature of the business and disciplined working capital management.
- In FY2022 there was a transient expansion in year-end trade receivables following the implementation in the fourth quarter of a new finance system.

## Non-financial

Employee engagement score %

88



Strategic link



Comments

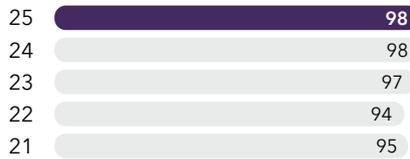
- The employee engagement score is derived from responses to an annual survey of all staff.
- Enthusiastic and highly motivated people form the very core of the Softcat business model and our customer proposition.

Link to Directors' remuneration<sup>2</sup>

- Actions overseen by the Executive Directors to maintain strong employee engagement are reflected in our employee net promoter scores. 20% of the weighting (along with customer satisfaction and selected sustainability or inclusion actions) is allocated for the Executive Directors' annual bonus, reflecting the importance of a well-engaged workforce to Softcat's overall success.

Customer satisfaction %

98



Strategic link



Comments

- Customer satisfaction is defined as the percentage of customers who rate themselves as either 'satisfied' or 'very satisfied' in response to an annual survey (possible responses also include 'dissatisfied' and 'very dissatisfied'). In 2025, the survey had 6,089 respondents (2024: 5,663).

Link to Directors' remuneration<sup>2</sup>

- Actions overseen by the Executive Directors to maintain strong customer satisfaction are reflected in our customer net promoter scores. 20% of the weighting (along with employee satisfaction and selected sustainability or inclusion actions) is allocated for the Executive Directors' annual bonus, reflecting the importance of customers, who are at the core of Softcat's strategy.

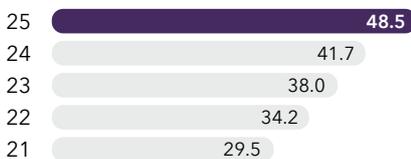
Link to strategy:

- Acquire more customers
- Sell more to existing customers
- People and culture
- Ease of doing business
- Maintain relevance and expand our addressable market

→ Read more about our strategy on page 16.

Gross profit per customer £'000<sup>3</sup>

48.5



Strategic link

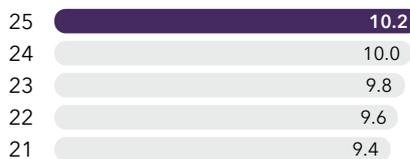


Comments

- Gross profit per customer is defined as gross profit divided by the number of customers.
- New customers are included in the calculation and tend to create a dilution of the metric, but to a similar degree from one financial year to another.
- The growth in this metric therefore demonstrates the value created by ever-deepening, long-term relationships, and the Group's ability to sell an increasing range of technologies based upon genuine trust and loyalty.

Customer base '000<sup>3</sup>

10.2



Strategic link



Comments

- Customer base is defined as the number of customers who have transacted with Softcat in both of the preceding twelve-month periods.
- Growth in this metric demonstrates the ability of the sales force to win new customers while also retaining existing relationships.
- This is important for in-year performance but also underpins future growth.

1. Gross invoiced income, underlying operating profit and underlying cash conversion are alternative performance measures. Please see page 25 for further definitions and reconciliations.
2. For more information on the remuneration of the Executive Directors, please see the Annual Report on Remuneration on pages 104 to 115.
3. During the year, we undertook an exercise to improve the quality of our customer data, which included aligning all trading entities with a relevant parent company where necessary, resulting in a small reduction in the overall customer number. For comparability, the customer data and associated average GP per customer in prior years has also been amended in line with the revised methodology.

→ Read more in our Chief Financial Officer's Review; see pages 22 to 25.

# Driving further profitable growth



“ We have continued to invest in the long-term growth potential of Softcat, increasing headcount, investing in new office capacity and continuing to develop our data and digital platforms. ”

**Katy Mecklenburgh**  
Chief Financial Officer

## Financial Summary

	FY2025	FY2024	Change
Gross invoiced income split			
- Software	<b>£2,074.5m</b>	£1,807.5m	14.8%
- Hardware	<b>£992.2m</b>	£568.5m	74.5%
- Services	<b>£550.3m</b>	£476.2m	15.5%
<b>Total gross invoiced income<sup>1</sup></b>	<b>£3,617.0m</b>	£2,852.2m	26.8%
Revenue split			
- Software	<b>£227.2m</b>	£213.5m	6.4%
- Hardware	<b>£985.7m</b>	£561.2m	75.6%
- Services	<b>£245.5m</b>	£187.9m	30.6%
<b>Total revenue</b>	<b>£1,458.4m</b>	£962.6m	51.5%
<b>Gross profit</b>	<b>£494.3m</b>	£417.8m	18.3%
Gross profit margin <sup>2</sup>	<b>13.7%</b>	14.6%	(0.9)% pts
<b>Underlying operating profit<sup>3</sup></b>	<b>£180.1m</b>	£154.1m	16.9%
Underlying operating profit margin <sup>2</sup>	<b>5.0%</b>	5.4%	(0.4)% pts
Non-underlying items	<b>£(7.2)m</b>	-	-
<b>Statutory operating profit</b>	<b>£172.9m</b>	£154.1m	12.2%
Gross profit per customer <sup>4</sup>	<b>£48.5k</b>	£41.7k	16.5%
Customer base <sup>4</sup>	<b>10.2k</b>	10.0k	1.6%
Underlying cash conversion <sup>5</sup>	<b>95.6%</b>	95.9%	(0.3)% pts

1. Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue items. This is an Alternative Performance Measure (APM). For further information on this, please refer to page 25.
2. Gross profit margin and underlying operating profit margin are both calculated as a percentage of gross invoiced income.
3. Underlying operating profit and underlying operating profit margin are APMs. For further information on this, please refer to page 25.
4. Gross profit per customer is defined as Gross profit divided by the customer base. Customer base is defined as the number of customers who have transacted with Softcat in both of the preceding twelve-month periods. During the year, we undertook an exercise to improve the quality of our customer data, which included aligning all trading entities with a relevant parent company where necessary, resulting in a small reduction in the overall customer number. For comparability, the customer data and associated average GP per customer in prior years has also been amended in line with the revised methodology.
5. Underlying cash conversion is defined as net cash generated from operating activities before taxation and any acquisition related cash flows, including deferred consideration outflows, net of capital expenditure, as a percentage of underlying operating profit. This is also an APM. For further information on this, please refer to page 25.

## Gross profit, revenue and gross invoiced income

Our FY2025 results reflect the strength of our business model and ongoing successful strategic execution. We continue to support the technology solution needs of a diverse range of new and existing customers through our comprehensive breadth of expertise, product offering and services, together with exceptional levels of customer service delivered by our highly engaged employees.

Gross profit (GP), our primary measure of income, grew by 18.3% to £494.3m. Market conditions have remained challenging, with continued macroeconomic and geopolitical uncertainty, and our performance in this context highlights the resilience of our business model. We have a broad portfolio of solutions and serve a wide and varied customer base, and it is this diversity, complemented by our expanding capabilities in the delivery of larger and more complex solutions projects, that enables us to deliver sustainable growth.

GP growth was broad-based across enterprise, mid-market and public sector customer segments with all growing double-digit, led by mid-market, which reflects the contribution from larger solutions projects in the second half. By technology area, GP growth continued to be driven by security, reflecting the ongoing customer focus on cyber investments, alongside growth in data centres and networking, where demand was broad-based and supplemented by the larger solutions projects. Workplace GP growth was more modest reflecting the impact of Microsoft incentive changes and ongoing subdued demand for devices.

By product type, software, hardware and services GP all grew double-digit. Hardware growth was supported by datacentre and networking infrastructure, server and compute sales, with a significant contribution to growth coming from the larger solutions projects delivered in the second half. Software GP growth was broad-based across technologies and services growth was boosted by some large, high margin support service deals, albeit impacted by a strong base comparator.

Revenue is reported in accordance with IFRS 15 with some transactions (generally hardware, professional services and internally delivered support and managed services) reported gross (principal) and others (generally software and externally provided support and managed services) reported net (agent) which can make revenue trends hard to understand. We therefore continue to report GII to help provide a clearer view of underlying growth and to support understanding of key balance sheet movements. FY2025 revenue grew overall by 51.5% driven by: (1) hardware revenue growth of 75.6% reflecting strong datacentre, networking, server and compute sales, supported by larger solutions projects in the second half. Hardware accounts for a much higher mix of revenue than GII and this is the main reason total revenue growth is higher than GII growth; (2) services revenue growth of 30.6%, reflecting a higher share of internally-delivered services (reported on a gross basis), including particular success in support services deals mentioned above; and (3) software revenue growth of 6.4% which was below GII growth of 14.8%, reflecting mix into low margin public sector deals and the impact of Microsoft changes.

GII increased 26.8% to £3,617.0m, mainly driven by strong growth in hardware (74.5%), as discussed above. Software GII grew by 14.8% with particular strength in cyber and networking software, while services growth of 15.5% was driven by internal services alongside third-party support deals. GII grew ahead of GP during the year primarily due to the dilutive impact of larger solutions projects at lower margin, resulting in GP as a percentage of GII declining year-on-year to 13.7% (FY2024: 14.6%).

As shown in the table below, GII growth accelerated to 32.8% in H2 compared with 19.3% in H1, largely reflecting the contribution of larger solutions projects in the second half. GII grew ahead of GP in each half resulting in a steady reduction in gross margin across the year. In H1, this reflected dilution in software margin as well as the impact of several large, low margin deals, while in H2, the impact was driven by a small number of sizeable transactions relating to larger, low margin solutions projects.

	H1 FY2025	H1 FY2024	Change	H2 FY2025	H2 FY2024	Change
GII	<b>£1,507.1m</b>	£1,263.5m	19.3%	<b>£2,109.9m</b>	£1,588.7m	32.8%
GP	<b>£220.2m</b>	£196.5m	12.1%	<b>£274.1m</b>	£221.3m	23.9%
GP/GII %	<b>14.6%</b>	15.6%	(1.0) pts	<b>13.0%</b>	13.9%	(0.9) pts

### Customer KPIs

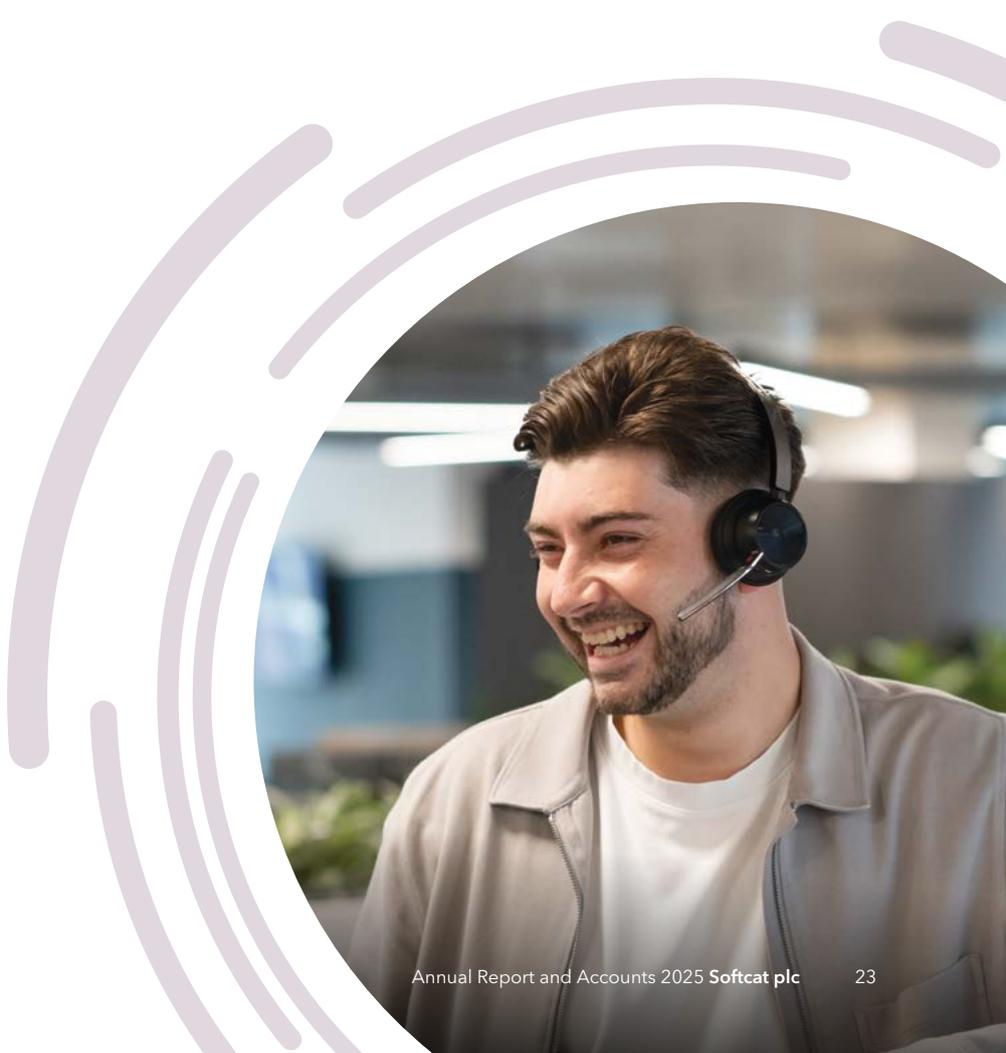
During the year, GP per customer grew by 16.5% to £48.5k (FY2024: £41.7k) and the customer base expanded by 1.6%, to 10.2k (FY2024: 10.0k).

As the longevity of the relationship with our customers increases, the GP transacted with them also increases. Over time, customers tend to buy across more technology areas and an increasing range of vendors. Loyalty, as measured by a lower rate of customer churn, also significantly increases. We track this by measuring core KPIs among those customers transacting over £1k of GP with us each year, at which point average churn drops significantly. The number of customers in this more stable cohort, grew by 3.7% to more than 8.2k during the year, with the average GP delivered from each of those customers expanding by 14.1% to £60.1k.

The long tail of customers with whom we interact less often, along with customers who have not purchased from Softcat in the last 12 months or at all, constitute

future growth opportunities. The balance between winning new customers and doing more with existing customers is integral to our Account Manager model and strategic goals.

Internal analysis, incorporating data from industry sources, indicates that our total addressable market in the UK and Ireland in 2025 is more than £87bn, growing at an annual average rate of around 10%. This includes the expanded opportunity in data and AI that we've unlocked through our acquisition of Oakland. We estimate that we serve approximately 20% of the customers in our target market in the UK, based on those who trade with us in two consecutive 12-month periods, with an average 20-25% share of wallet. We therefore continue to see a significant future growth opportunity, which is supportive of our strategy to attract new customers and go deeper with our existing customers.



## Chief Financial Officer's review continued

### Operating profitability and investment in future growth

Underlying operating profit of £180.1m (FY2024: £154.1m) increased by 16.9% year-on-year. This reflects the GP growth of 18.3%, partially offset by a 19.1% rise in underlying operating costs.

Underlying operating cost growth was driven by increased commissions and other variable pay broadly in line with commissionable GP growth and a 11.2% increase in wages and salaries, with average headcount growth of 7.3%, reflecting a more measured level of expansion as we leverage the significant headcount growth in recent years, and average salary per head growth of 3.7%. In addition, four months of the step up in Employers' National Insurance Contributions are reflected in second half costs. During the year, we expanded our internal IT team, and moved three offices to new, larger sites with associated increased costs. We also realised some FX losses and took an impairment on our Marlow freehold site during the year.

As a result of the above, the ratio of underlying operating profit to gross profit has marginally decreased to 36.4% (FY2024: 36.9%).

Statutory operating profit of £172.9m (FY2024: £154.1m) increased by 12.2% year-on-year, reflecting the impact of non-underlying costs of £7.2m (FY2024: £Nil).

### Non-underlying costs

Non-underlying costs recognised during the year include system development costs of £5.3m relating to the implementation of the new cloud-based sales system and HR system, neither of which meet the criteria for capitalisation. This treatment is in line with the IFRS Interpretations Committee's decision clarifying how arrangements in respect of cloud-based Software as a Service ('SaaS') systems should be accounted for. In addition, there is a £1.9m charge relating to the acquisition of Oakland, consisting of £0.7m in transaction costs, £1.0m in respect of the fair value of deferred consideration and amortisation of acquired intangibles of £0.2m.

### Corporation tax charge

The effective tax rate for FY2025 was 25.4% (FY2024: 25.3%) and marginally higher than the UK statutory rate of 25.0% due to the impact of non-deductible expenses. Our tax strategy continues to be focused on paying the right amount of tax in the right jurisdiction, at the right time.

### Cash flow and cash conversion

Cash and cash equivalents at the FY2025 balance sheet date increased by £23.8m to £182.3m (FY2024: £158.5m), after total dividend payments during the year of £95.7m, and the Group remains debt free.

Underlying cash conversion, defined as net cash generated from underlying operating activities before tax and any acquisition related cash flows, including deferred consideration outflows, net of capital expenditure, as a percentage of underlying operating profit, was 95.6% (FY2024: 95.9%). This strong performance reflects continued good working capital management, offset by investment in offices and IT systems.

Our capital allocation policy remains unchanged, prioritising long-term investment in organic growth to facilitate further share gains in our expanding addressable market; secondly to maintain a progressive ordinary dividend. Remaining excess capital is then either allocated to compelling strategic investments, which could include bolt-on acquisitions to expand our portfolio offering (such as Oakland, which was completed during the year), or international expansion, or is returned to shareholders. During the year, we have continued to invest in our key priority to drive the long-term growth potential of Softcat, by increasing headcount, investing in new office capacity, developing our data and digital platforms, and investing in core systems and IT capability.

Following an annual review of the Group's working capital requirements, we have also decided to raise the cash floor required for operational needs by 20% from £75m to £90m, effective in FY2026. The cash floor was last raised two years ago, during which time the Group's GII has grown by 41%. Given that timings of trade receivables and payables are typically closely aligned, this modest increase in the cash floor provides us with the flexibility to pursue strategic customer wins as our business expands and average deal sizes grow.

### Finance net income

During the year, net interest income totalled £5.3m (FY2024: £5.3m). During the year, higher interest income earned on cash and cash equivalents was offset by an increase in lease liability interest costs following several office relocations.

### Dividend

A final ordinary dividend of 20.4p per share (FY2024: 18.1p), amounting to £40.8m (FY2024: £36.2m), has been recommended by the Board of Directors. This brings the total dividend for the year to 29.3p per share (FY2024: 26.6p). If approved by shareholders, the final ordinary dividend will be payable on 16 December 2025, to shareholders whose names are on the register at the close of business on 7 November 2025. Shares in the Group will be quoted ex-dividend on 6 November 2025. The last day for dividend reinvestment plan ('DRIP') elections is 25 November 2025.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 16.1p per share has been proposed. If approved by shareholders, this will also be paid on 16 December 2025 alongside the final ordinary dividend. This will bring the total amount returned to shareholders since becoming a public company to £661.9m.

### Acquisition of Oakland

In April 2025, Softcat acquired Oakland Group Services Limited, a specialist provider of data and AI consultancy services, significantly enhancing our capability in an exciting growth segment. The acquisition was settled by an initial cash payment of £8.0m, with further contingent payments over the next three years depending on performance.

### Statement of financial position

Revenue and cost of sales have not been recognised for a large specific order in FY2025, in line with revenue recognition criteria under IFRS 15. However, the customer has paid Softcat upfront and, in turn, Softcat has paid the supplier upfront for the full order value. This has contributed to £290.3m of the increase in contract liabilities (Note 10), reflecting the associated rise in deferred income as revenue cannot yet be recognised.

Inventory levels (Note 6) rose primarily due to goods held or in transit related to this order, contributing £149.5m to the overall increase. A contract fulfilment asset of £72.6 million (Note 8) has also been recognised for goods delivered that have not yet met the criteria for revenue recognition.

Within trade and other receivables (Note 7), the increase in deferred costs is largely associated with this order, which relate to goods not yet received by Softcat.

## Alternative Performance Measures

The Group uses several non-Generally Accepted Accounting Practice ('non-GAAP') financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, which are set out below, assist in providing additional useful information on the underlying trends, sales performance and position of the Group.

Consequently, non-GAAP measures are used by the Directors and management for performance analysis, planning and reporting. These non-GAAP measures comprise gross invoiced income (or 'GII'), underlying operating profit and underlying cash conversion.

1. **Gross invoiced income** is a measure which correlates closely to the cash received by the business and therefore aids the user's understanding of working capital movements in the statement of financial position and the relationship to sales performance and the mix of products sold. Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue as reported in the IFRS measure. A reconciliation of IFRS Revenue to gross invoiced income is provided within Note 2 of the financial statements.

2. **Underlying operating profit** reflects statutory operating profit, adding back non-underlying costs. Non-underlying costs comprise items which, in the opinion of management, should be identified and excluded to provide a consistent and comparable view of the underlying performance of the Group's ongoing business. They are unusual because of their size, nature (one-off, non-trading costs) or incidence.

When evaluating the nature of an item, management considers the following factors, both individually and in combination:

- whether the item is related to activities outside the Group's primary business activities;
- the specific circumstances that led to the recognition of the item;
- the likelihood that the item will recur; and
- whether an item is cash or non-cash

	2025 £'000	2024 £'000
Non underlying costs		
Acquisition costs	722	–
Acquisition – contingent consideration liability	1,026	–
Acquisition – amortisation of acquired intangibles	214	–
Major system development costs	5,269	–
	7,231	–

3. **Underlying cash conversion ratio** comprises net cash generated from operating activities before taxation and any acquisition related cash flows, including deferred consideration outflows, net of capital expenditure, as a percentage of underlying operating profit. Underlying cash conversion is an indicator of the Group's ability to convert profits into available cash. In the year ended 31 July 2024 the cash conversion ratio did not incorporate underlying costs or acquisition related cash flows however, as these were nil, no prior year restatement is required. A reconciliation to the adjusted measure for cash conversion is provided below:

	2025 £'000	2024 £'000
Net cash generated from operating activities	140,714	115,608
Income taxes paid	46,775	39,226
<b>Cash generated from operations</b>	<b>187,489</b>	<b>154,834</b>
Purchase of property, plant and equipment	(11,783)	(1,115)
Purchase of intangible assets	(3,444)	(6,017)
<b>Cash generated from operations, net of capital expenditure</b>	<b>172,262</b>	<b>147,702</b>
<b>Underlying operating profit</b>	<b>180,131</b>	<b>154,064</b>
<b>Underlying cash conversion ratio</b>	<b>95.6%</b>	<b>95.9%</b>

Net cash generated from operating activities includes £5.3m of non-underlying costs. Acquisition related cash flows not included in the underlying cash conversion ratio are the acquisition of subsidiaries net of cash acquired of £7.4m and acquisition costs of £0.7m, both of which are included in investing activities.

4. **Underlying basic earnings per ordinary share** reflect statutory basic earnings per ordinary share, adjusted for the profit after tax impact of non-underlying costs.

	2025 Pence	2024 Pence
<b>Underlying earnings per share – Basic</b>	<b>69.5</b>	<b>59.7</b>

The calculation of the basic earnings per share is based on the following data:

	2025 £'000	2024 £'000
<b>Earnings</b>		
Earnings for the purposes of earnings per share being profit for the year	133,008	119,044
Non-underlying costs	7,231	–
Tax effect on non-underlying costs	(1,371)	–
<b>Underlying earnings for the purposes of earnings per share, being profit for the year</b>	<b>138,868</b>	<b>119,044</b>

The tax effect of non-underlying costs varies depending on the nature of the costs.

The weighted average number of shares is given below:

	2025 '000	2024 '000
Number of shares used for basic earnings per share	199,690	199,490



**Katy Mecklenburgh**  
Chief Financial Officer  
21 October 2025

# Engaging with all of our stakeholders

**The Directors of Softcat understand that the business has several stakeholders. It is a key responsibility of the Board to maintain strong connections with the stakeholders in order for the business to operate effectively.**

In this section we identify our key stakeholders, explaining why and how the Group and Directors actively engage with them. We set out some metrics used to measure success and some of the outcomes of our engagements. Regular and effective engagement with Softcat’s stakeholders is fundamental to our success and to drive value creation over the longer term. A comprehensive schedule exists which provides the Board with information on each of its stakeholders throughout the year and direct engagements are arranged either for the Board or by management and the Executive Directors so that the Board is kept updated. In this way, the Board considers that it acts to promote the success of the Group, leveraging on the skills and expertise throughout the business to make sure the Board has due regard to the interests of its stakeholders.

We define our key stakeholders as individuals or groups who have an interest in, or are affected by, the activities of our business. The Board

believes a good understanding of our key stakeholders and their needs is essential to deliver sustainable value creation over the long term, bringing benefits to both our shareholders and our stakeholders.

## Director responsibilities

Our Directors are fully aware of their responsibilities under Section 172(1) of the Companies Act 2006 (the ‘Act’). The Board considers that, in its decisions and actions taken, it has acted in a way that would promote the success of the Group for the benefit of its members as a whole, whilst having regard to stakeholders and matters set out in Section 172(1) (a–f) of the Act. The Directors’ responsibilities under Section 172 are rooted in our culture, our values and particularly our purpose: ‘we help customers use technology to succeed, by putting our employees first’.

Section 172 imposes a duty on our Directors to consider the likely consequences of any decision in the long term and there are a variety of means by which the Directors achieve this obligation. The Board receives standing updates at each Board meeting on key market developments and on the Group’s operational and financial performance. Members of the Senior Leadership Team (‘SLT’) also provide regular updates on a wide range of topics, including business updates, changes in our market, and customer and employee issues. Updates often include the outcome of engagement

with employees, customers and key suppliers. The Board also holds an annual strategy review, which includes presentations from key areas of the business and the review of a three-year financial plan.

Board review and information frameworks provide comprehensive coverage in respect of all of Softcat’s stakeholders and it gives the Board a forum to be aware of and discuss stakeholder issues at regular intervals.

## Our key stakeholders

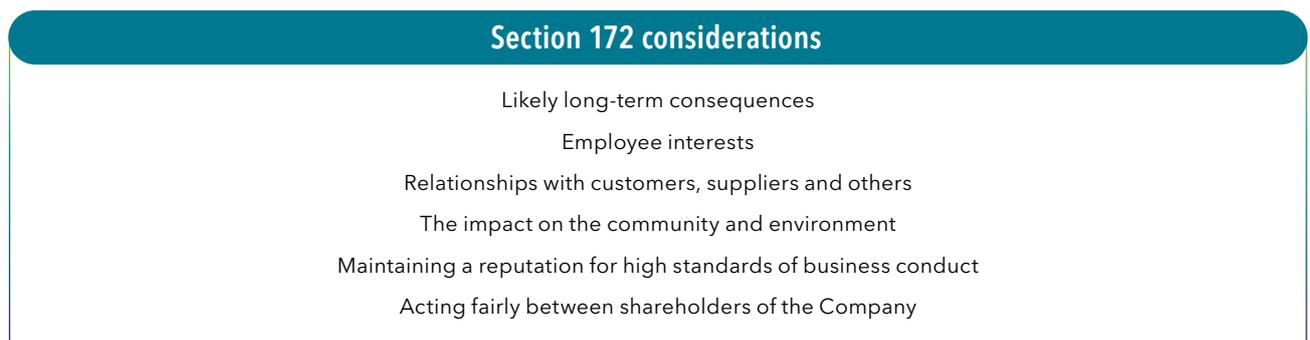
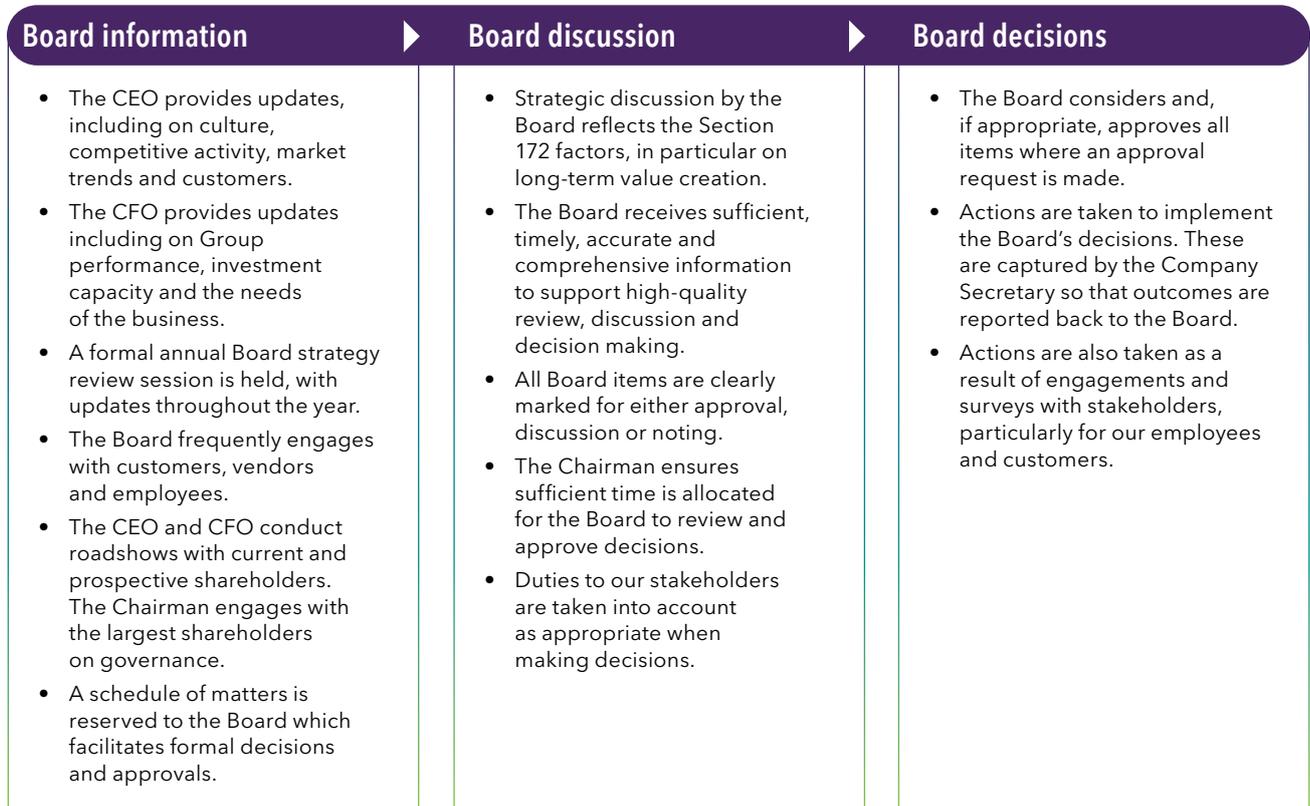
The Board has identified Softcat’s key stakeholders to be our employees, customers, suppliers and vendors, investors, and the environment and communities in which we operate. The potential impact of the Group’s operations on each of our stakeholders is an important consideration for the Board. The Board has approved a framework of key topics which ensures that regular updates are received and discussed by the Board regarding each stakeholder group. On occasion the Board directly engages with its stakeholders, when this is the most effective method of engagement. The Board’s approach to engagement and stakeholder management ensures it remains well informed and able to make appropriate considerations when deciding Softcat’s strategy and other business decisions.

The following table sets out how our stakeholders have been engaged with, how relationships with stakeholder groups are monitored, and how their interests have influenced decisions made by the Board.

Read more elsewhere in this Strategic Report; our report on social value is on pages 32 to 39, our report on climate-related financial disclosures and sustainability is on pages 40 to 58 and our corporate governance section is on pages 66 to 134.



## Decision making by the Board



### Employees

Our employees are at the heart of our business and help to drive Softcat’s continued success.

#### How we engaged and monitored

- The Board operates an extensive framework of employee engagements and monitoring of employee views. These are captured in a twelve-month forward schedule which is managed by the Company Secretary to ensure there are sufficient engagement opportunities and comprehensive information flows to the Board.
- Lynne Weedall, our Designated Non-Executive Director for Workforce Engagement, is responsible for ensuring we have an effective employee engagement process. The Board conducts a comprehensive engagement process between the Non-Executive Directors and each Softcat office.
- Each year we hold a ‘Kick Off’ event, which all employees are invited to attend in person. This provides the Executive Directors with an opportunity to engage with all employees together. The event includes presentations on key achievements of the year and key goals in the coming year. Vendors also attend in an exhibition area, providing them with a further opportunity to engage with employees. Key achievers in the business are celebrated in an employee awards event.

- Through the Nomination Committee, management presents a succession plan on key positions in the Company. Effective leadership is vital to maintain our special culture, capabilities and performance, all of which benefit our key stakeholders. The Committee provides oversight and constructive challenge to management to ensure that robust plans are in place to maintain high-quality leadership for the benefit of the Group and its employees.
- We hold an annual employee engagement survey, the results of which are reported to the Board, with an action plan to tackle the issues raised. Results are compared against last year’s equivalent questions to track progress. Quarterly surveys are also discussed with the Board on the performance and engagement by our most senior managers.
- Virtual all-hands meetings are held to update employees on the business. This includes opportunities for employees to submit questions to Directors and senior management after the event for a response. Feedback on these meetings is shared by the CEO with the Board.
- Internal communications, such as weekly ‘love’ emails, detailing initiatives, recognising accomplishments and raising awareness of key matters are regularly circulated Group wide.

#### Key topics of engagement

- Office culture
- Pay and reward structures
- Recruitment and ongoing investment for long-term organic growth
- General wellbeing and job satisfaction, including recognition of achievements
- Sustainability
- Diversity and inclusion

#### Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- The Board confirmed that the engagement programme between Non-Executive Directors and each Softcat office was working well. This supports a comprehensive discussion and a wider understanding from the perspective of employees.
- Each year the Board reviews its capital allocation framework (see page 76) which defines priority areas for investment. Following review this year, investment remains prioritised for organic growth, which is primarily achieved by increasing headcount, investing in employees and investing in systems and processes to further empower employees on our strategic enabler of ease of doing business.
- Given the importance of employee engagement to the success of Softcat’s strategy, the Remuneration Committee of the Board includes performance metrics in the Executive Directors’ annual bonus plan in respect of good employee engagement (see the Annual Report on Remuneration on pages 104 to 115).
- We continue to invest in improvements to our internal IT infrastructure. This was included and approved as part of the Board’s annual operating budget and three-year plan. The improvements are designed to better the employees’ user experience and enhance their productivity.
- An annual review of salaries for all roles was undertaken and discussed with the Remuneration Committee, on behalf of the Board.
- The Board welcomed as a successful metric an employee net promoter score of 55 and employee engagement of 88%.



## Customers

Understanding the needs of our customers in order to build enduring relationships is critical to Softcat’s strategy.

### How we engaged and monitored

- Our annual customer experience survey requests honest feedback and the results are reported to the Board.
- Direct engagement between the Board and key customers of Softcat.
- The Board receives regular updates on any material customer disputes.
- The Board reviews regular management information which analyses important customer data and trends, such as growth in the customer base and the changes in the type of customer.
- The annual Board strategy review includes a focus on how the business will need to evolve to continue best serving our customers. Ongoing investment to ensure we serve our customers well is included in the annual operating budget, which is approved by the Board.
- Senior managers meet with the Board regularly to discuss strategic customer issues, such as the evolution of our customer propositions. This provides the Board with views of how Softcat’s relationships with its customers are expected to mature and improve.

### Key topics of engagement

- Understanding actions necessary for increasing customer satisfaction
- Technology propositions for customers
- Understanding customers’ IT priorities and main challenges
- Investment to ensure our employees have strong capabilities to support our customers
- Changes in the market which impact our relationship with our customers

### Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- A comprehensive action plan, developed from the annual customer experience survey, to further improve customer satisfaction.
- Approval of the annual budget which includes investment to better support ease of doing business with customers. The Board also continues to monitor the project to replace the existing sales system to ensure it meets the objective to better support our customers’ needs.

- Given the importance of customer satisfaction to the success of Softcat’s strategy, the Remuneration Committee of the Board includes a performance metric in the Executive Directors’ annual bonus on maintaining good customer satisfaction (see the Annual Report on Remuneration on pages 104 to 115).
- The Board welcomed as a successful metric 6,089 respondents to the customer survey with 98% customer satisfaction.



## Section 172 – Stakeholder engagement continued



### Suppliers and vendors

Softcat's strong relationships with its suppliers and vendors help it provide the best solutions and support for its employees and customers.

#### How we engaged and monitored

- Direct engagements between the Executive Directors and key vendors. Regular updates at Board meetings from the CEO reflect on recent engagements and also include matters such as major changes in technology offerings.
- Our dedicated internal 'vendor alliance teams' manage and maintain Softcat's relationships with key vendors. Any key market developments are informed to the CEO to discuss with the Board.
- Our sustainability team continues to enhance its engagement to better understand the sustainability commitments and net zero targets of our major suppliers and vendors. This is part of a Board-approved target to achieve a carbon net zero supply chain by 2040 (see page 54 for more information).

- Softcat is required to publish its performance in respect of the timeliness in which it pays its suppliers. The Board reviews the latest performance, providing oversight to ensure we maintain a good track record of paying our suppliers, thus protecting the business from reputational damage.

#### Key topics of engagement

- Market developments in respect of key suppliers and vendors
- Engagements between the Executive Directors and key suppliers and vendors
- Sustainability of products and services, and future goals and commitments
- Maintaining performance of payment practices for our suppliers

#### Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- The Board discussed potential channel and market changes which may impact the way in which

certain vendors operate. The Board requested and was provided with further updates from management on how the business is responding.

- The potential impacts of changes in technology, particularly in respect of AI, data and automation, were discussed regularly. This provided the Board with better insight on vendor offerings and how Softcat was engaging with vendors on products and services sold to customers. This equips the Board with the information it needs for future decisions.
- Sustainability measures and activities with vendors were noted. The Sustainability Committee in particular has asked management to provide further updates on the likelihood of vendors achieving net zero by 2040.
- Through robust procedures and systems, management demonstrated to the Board that payment times to suppliers continued to improve. The Board noted improvements in the performance to pay more of our suppliers in a timely manner.



### Investors

Investors are the owners of the business and have made a financial commitment to the success of Softcat.

#### How we engaged and monitored

- The CFO and CEO regularly engage with major shareholders and analysts in respect of Group performance. Investor feedback is given after investment roadshows, the results of which are discussed by the Board.
- The Chairman undertook his annual engagement programme with major shareholders, discussing governance matters, and shared feedback with the Board.
- Shareholder analysis is presented at each Board meeting on key shareholder movements and trends.
- Market analysts cover Softcat, providing their analysis of performance and expectations on future performance to current and prospective investors. Any key updates from the analysts are summarised to the Board.

- The Chair of the Remuneration Committee reached out to major shareholders on Softcat's 2025 Remuneration Policy.

#### Key topics of engagement

- Strategy
- Company performance
- Corporate governance
- Executive Director remuneration

#### Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- Each year, the Board reviews its capital allocation framework which defines priority areas for investment. The framework is closely associated with the dividend policy approved by the Board on the return of cash to shareholders by way of dividend payments. During the year, the

Board approved the operation of the framework and the policy. The final and special dividend for the year proposed by the Board is explained on page 77.

- Feedback from investors/analysts on Group performance and on our strategy.
- A better understanding of investor expectations in respect of corporate governance.
- Additional disclosures in the Annual Report to support our investors' understanding of the business.
- The Board welcomed as a metric the high level of shareholder support received on each resolution at the 2024 AGM.

## Communities and the environment

We recognise we are part of each community in which we operate and it is vital to make a meaningful commitment to long-term sustainability.

### How we engaged and monitored

- Softcat's sustainability strategy, progress and performance were regularly monitored at Board level through the Sustainability Committee.
- Our charity team, which reports to members of the Senior Leadership Team, has strong connections with local and national charities and volunteering networks and also engages with our employees. Material ESG issues are included in each Board report from the CFO.
- Through our sustainability governance framework, we have initiatives and localised green teams to support environmental activities.
- We maintain dialogues with local institutions, such as schools and colleges, to understand how we can help them and how we can encourage students to join our apprenticeship scheme.

- Approval of new offices is a matter reserved to the Board. Proposals for new offices include sustainability considerations which are factored into the Board's approval process.

### Key topics of engagement

- Softcat's sustainability strategy and goals
- Selection of charities and volunteering initiatives our employees wish to support
- How Softcat can best help local communities and groups

### Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- Operating a Sustainability Committee, which has delegated responsibility for setting Softcat's sustainability strategy, monitoring Softcat's performance against its emissions targets and oversight of sustainability initiatives and activities.

- Softcat works closely on a number of initiatives which support volunteering, charitable giving, social mobility, diversity and inclusion (please see page 38.). This further demonstrates our commitment to being a purpose and people-led business by boosting opportunities in the communities in which we operate.
- Given the importance of the success of Softcat's strategy of reducing our impact on the environment and further boosting employee inclusivity, the Remuneration Committee of the Board includes performance metrics in the Executive Directors' annual bonus plan in respect of environmental sustainability, employee satisfaction and social mobility. Please see the Annual Report on Remuneration on pages 104 to 115 for further details and outcomes.

### Case study

# Softcat's acquisition of Oakland

## Oakland

Stakeholders considered or impacted:



Softcat's growth has been organic since its incorporation. The Board, however, has discussed and agreed that inorganic growth, and or expanding into new areas or markets, is an option if there is a truly compelling opportunity to drive long-term shareholder value.

During the year, management presented to the Board an opportunity to acquire Oakland, a high-quality data services consultancy business that could accelerate Softcat's capabilities and market reputation in data, automation and AI. The Board considered, amongst other things:

- better serving customers who could benefit from our joint expertise and propositions;
- the impact and potential benefits for Softcat's employees of collaborating with Oakland on data, automation and AI opportunities;
- the strong employee cultural fit between the organisations;
- the longer-term benefits for investors through accelerated growth prospects; and
- further extending relationships with existing and new suppliers and vendors.

The Board considered the proposal including the potential beneficial impacts for relevant stakeholders. The Board reviewed extensive information about Oakland, including its financial performance, customer offerings and employee culture. The Board also considered how the deal could create value over the longer term. Following

further review, the Board agreed that the opportunity to acquire Oakland would be beneficial for the identified stakeholders and it approved the acquisition.

Section 172 factors were also part of the approval. In particular:

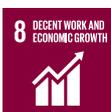
- Likely long-term consequences and relationships with customers, suppliers and others: Oakland's services complement and strengthens Softcat's ability to support customers and are strategically aligned to our offerings. This has the potential to drive greater longer-term value.
- Employee interests: being able to expand and collaborate on a wider market offering will be in the interests of the sales teams of both Oakland and Softcat. Oakland has a similar culture to Softcat and strong cultural alignment will benefit both organisations as we seamlessly progress our strategy.

# Driven to make a difference

This report details our commitment to both employees and sustainability, and outlines the responsible practices we implement across the business.

## Our sustainability vision

We strive for a sustainable future and one where our people and our planet can prosper

Environmental	Social	Governance
<p>Softcat operations</p> <p>Supply chain</p> <p>Customer solutions</p>	<p>People and community</p> <p>Education and economy</p> <p>Diversity and inclusion</p>	<p>Risk</p> <p>Reporting</p> <p>Compliance</p>
<b>Goals</b>		
<p>Carbon neutral since 2021</p> <p>100% renewable energy in offices where possible since 2023</p> <p>Net zero value chain by 2040</p>	<p>Gender workforce mix of 40% by 2030</p> <p>Increase ethnic minority representation</p> <p>Increase management team diversity</p>	<p>Maintain regulatory compliance</p> <p>Strong and effective governance</p> <p>Ethical and transparent</p>
<b>Updates and awards</b>		
<div style="display: flex; justify-content: space-around; align-items: center;">   </div> <p>Industry-leading Carbon Neutral Cisco Support Service</p> <p>Financial Times European Climate Leaders 2024</p>	<div style="display: flex; justify-content: space-around; align-items: center;">    </div> <p>We feature on the GPTW lists above</p> <p>£405k in charitable donations</p>	<div style="display: flex; justify-content: space-around; align-items: center;">   </div> <p>Completion of projects to comply with changes in legislation</p> <p>Good progress for more effective control environment</p>
<b>Alignment with the SDGs</b>		
<div style="display: flex; justify-content: space-around;">   </div>	<div style="display: flex; justify-content: space-around;">   </div>	<div style="display: flex; justify-content: space-around;">   </div>



## Highlights

- Continued improvements in diversity
- Refined and developed our climate-related opportunities
- Carbon removal of all of Softcat's scope 1, scope 2 and operational scope 3 emissions for FY2025
- Our climate emissions data has been externally assured



- Market-leading employee engagement results

- Non-Executive Directors of the Board engaged directly with each Softcat office

- Highly rated as a great place to work



- Softcat maintains its obligations to pay the right amount of tax as required by legislation and made a significant tax contribution to the UK economy of £191.6m for the year

# £191.6<sup>m</sup>

## Read more online



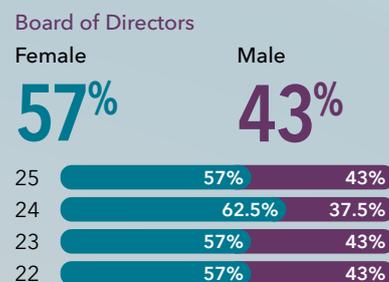
Scan to visit our website  
[www.softcat.com/about-us/sustainability](http://www.softcat.com/about-us/sustainability)



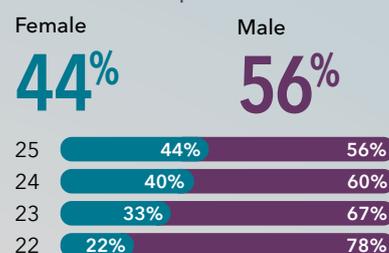
## Our people

### Diversity as at 31 July

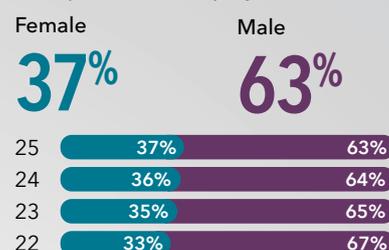
#### Gender breakdown



#### Senior Leadership Team



#### Total permanent employees



#### Ethnicity breakdown

##### Total permanent employees



# People

## Softcat excels due to its deep commitment to its people and unique culture.

### Introduction

Softcat excels due to its deep commitment to its people and unique culture. This powerful combination of a supportive environment and exceptionally talented individuals drives outstanding customer satisfaction, which remains at the heart of Softcat's ongoing success. Throughout the year, this dedication to employee engagement has shone through various initiatives, including incentive trips, volunteering opportunities, staff recognition programmes and open communication.

We also champion inclusivity, sustainability and active engagement through our employee-led groups. This includes our diversity and inclusion networks and the Founders Group which help employees connect to the Company's purpose and roots, and Love2Give, our charitable giving and volunteering initiative.

These groups help shape Softcat into a remarkable workplace. This commitment is further validated by numerous external awards and accolades, reinforcing Softcat's reputation as one of the best employers in the industry.

### External engagement

Engaging with our external partners, vendors and customers is a key pillar of our external engagement work.

For the first time, we used Softcat's annual Partner Forum as a springboard for a Sustainability symposium, featuring panels that discussed building partnerships with charities, ensuring roles at Softcat are accessible to all and reducing workplace inequality.

We regularly participate in industry events, such as CRN, and this year was no different. Highlights included the CRN Women and Diversity in Tech and Channel Festival, where 40 Softcat employees attended to discuss mentorship, diversity programmes, and policies for women during life milestones. We were once again pleased to win big at the CRN Women and Diversity in Channel Awards in October 2024, taking home the Cultural Inclusion Company of the Year Award and several individual awards.

Additionally, 56 Softcat saleswomen joined several female customers and vendors across London and the Birmingham offices for a day of networking, workshops and roundtable discussions. The event aimed to bring saleswomen from across the regions together to share experiences and gain insights on topics such as personal branding and career progression. The group also heard directly from customers on future IT trends, sustainability and ways to advance diversity efforts.

To further our commitment to disability inclusion, Softcat joined the Business Disability forum, providing access to events, networking opportunities and a practical online toolkit for managers and the HR team. Softcat maintains strong links and partnerships with Technology Channel for Racial Equality ('TC4RE') and Tech Channel Ambassadors ('TCA').

### Network milestones

Softcat has demonstrated a strong commitment to supporting the events organised by the diversity and inclusion networks throughout the year.

International Women's Day was celebrated with a week of events, including a Q&A with broadcaster Gabby Logan, local office activities, and panel sessions on career progression and customer conversations. Neurodiversity Celebration Week took place in March with events aimed at challenging stereotypes and supporting neurodivergent employees. Highlights included a Q&A on ADHD and a panel on the experiences of women who have been diagnosed with a neurodivergence later in life.

To celebrate LGBTQ+ History Month, Softcat partnered with Exertis and BCS to host an event focused on advancing LGBTQ+ inclusion in technology. The event featured workshops and panels on creating diverse teams and discussing the future of organisational LGBTQIA+ inclusion. The Ethnic and Cultural Diversity network celebrated Lunar New Year with an origami workshop and traditional Chinese food, in collaboration with our partners VIQU Recruitment, 11:11 Systems and Perspicuity.

The third Community and Network Lead celebration day was held to recognise the Network Leads for their contributions to strengthening Softcat's culture. The event featured reflections on achievements from FY2025, discussions on goals for FY2026, an 'Inclusion for All' workshop, and a team-building activity.

### Charitable causes

Throughout the year, our passion for fundraising and volunteering has shone through various activities organised by local offices and teams. Fifteen colleagues from our Armed Forces network, South Coast and Bristol offices, walked 110km around the Isle of Wight with support from Lenovo and Commvault, while another group of eight completed a



rain-soaked endurance trek across the South Downs, together raising a total of £11,965 for The Gurkha Welfare Trust and exemplifying the teamwork and culture that define Softcat.

Softcat's Chief Revenue Officer and Chief Technology Officer joined a group from the Manchester office to spend a day volunteering at Wythenshawe Hospital, supporting the 'Sow the City charity' to improve local woodland.

A group of 60 of our Softcat team, including Softcat's CFO and Operations Director, spent the day volunteering to support local schools in the Marlow area. Building on the success of previous years and enhancing the positive relationship between Softcat and the community, the voluntary day aimed to improve the school environment for both staff and students. Teams from Softcat have gone into local Marlow schools over the last few years and we plan to continue this commitment.

This year, we offered employees the chance to donate to charity instead of receiving a Softcat Christmas hamper, resulting in a generous donation of £5,503 in December.

### Internal impact

Significant progress has been made in the diversity of our early careers cohorts. Our most recent apprentice intake was made up of 35% women and 40% ethnic minority employees, both of which are increases on the previous year. In addition, our latest intern cohort comprises 58% women, far exceeding our Company average of 37% women. We held our annual apprentice graduation ceremony in February, celebrating 51 apprentices qualifying with over half achieving distinctions.

Improving the representation of women in sales is a key focus at Softcat. This year we conducted eight listening sessions with women in sales, co-chaired by Network Leads and senior sales leaders, to understand their experiences and challenges. The insights will help shape actions for FY2026.

We were pleased to announce the creation of a new role of Diversity and Inclusion Lead this year. Following an internal restructure, an internal candidate was hired into the role as part of the diversity, inclusion and talent acquisition team in March.

40

Employee attendance at the CRN Women and Diversity in Tech and Channel Festival

56

Softcat saleswomen joined several female customers and vendors across the London and Birmingham offices for a day of networking, workshops and roundtable discussions

£11,965

Money raised by our employees for The Gurkha Welfare Trust

£5,503

Employee donations to charity instead of receiving a Softcat Christmas hamper

58%

Latest intern cohort comprises 58% women

51

Softcat apprentices qualified during the year

### Health and wellbeing

This year Softcat launched a new benefits platform, 'Your Benefits', which better supports our employees across four wellbeing pillars:



The new platform is much easier to navigate and showcases the full range of benefits that Softcat offers. Benefits taster sessions were run to allow employees to find out more before enrolment. Positive feedback has been received, particularly on the enhanced value of the cycle to work scheme and the introduction of partner cover in the healthcare cash plan.

Mental health has continued to be a focus area for Softcat and a new employee assistance programme was launched this year. The benefits of the new partner, Telus, are an increased number of sessions per employee and a wider range of support offered.

## Social value continued People continued

Birmingham



Bristol



London



### Welcoming workplaces

FY2025 has seen a lot of activity in the property and workplace area, with three new office relocations in Birmingham, London and Bristol. Each new office reflects the significant headcount growth that Softcat has seen and allows room for further expansion in the future. The new spaces showcase the new Softcat branding, enhanced wellbeing and collaboration areas, and a focus on more centrally located and accessible premises.

# 3

office relocations

### Employee engagement

#### A look back

The annual employee satisfaction survey was conducted in October 2024 and resulted in an overall employee engagement score of 88%, with an employee net promoter score ('eNPS') of 55. These industry-leading results show the high level of engagement our employees feel with their roles and Softcat as an employer. The following employee comment from the survey reflects this sentiment:

**“ Fantastic place to work. The people, the work-life balance, the atmosphere in the offices. I never dread coming to work, which has never happened before in another workplace. ”**

Comment from employee satisfaction survey

Our employees recognise that by providing feedback in surveys they can help us make improvements, as evidenced by the following employee comment:

**“ Overall, Softcat really is a great place to work. Yes, there are some areas that can be improved, but that’s the point of surveys like this. ”**

Comment from employee satisfaction survey

We also conduct a quarterly management survey, which is sent to approximately 450 employees with people management responsibilities. This year we sought feedback from management survey recipients about how they engage with the survey and subsequently modified two questions to make them clearer. This will improve the validity of the results moving forward and demonstrates our commitment to listening to our people and taking meaningful action.

We share a breakdown of the survey results with our Senior Leadership Team who are individually scored by the managers for the value they are providing to the organisation. A summary of results and high-level themes are also shared with the wider management team, with a particular focus on notable trends.

This insight gives us a quarterly pulse on how our managers and their teams are feeling and creates a platform for continuous improvement. Teams which receive constructive feedback are encouraged to share where they have made improvements. We are looking forward to benefiting from further technology enhancements from the new engagement platform across all surveys.

The Softcat Board discusses the output of the management survey and the annual employee engagement survey. The importance of employee engagement as a key metric at Board level is demonstrated using the eNPS metric in the Executive Directors' annual bonus.

#### Looking to the future

People and culture are a main source of competitive advantage at Softcat and this year we have increased our focus on maintaining high levels of employee engagement by:

- Introducing an Employee Engagement Lead role. This role is dedicated to maintaining and improving our existing levels of employee engagement.
- The Employee Engagement Lead now reports to the Head of People Business Partners and Employee Engagement. This alignment further strengthens our focus on employee engagement through senior stakeholder relationships held by the team. Work is underway to build out an employee experience strategy over the next twelve months.
- We have invested in a new and upgraded employee experience platform. Once implemented, the new platform will improve the user experience, create efficiencies in reporting and also give us industry benchmarking and insight. AI capability within the platform will support leaders to drive and action insight from survey feedback.



# Softcat – a great place to work

## External recognition

We continue to participate in the external Great Place to Work survey and retain our status as a certified great place to work in the super-large category, ahead of featured reseller competitors.

We were able to act on feedback from our surveys with the launch of an exciting new 'Workation Policy' which gives employees the opportunity to work remotely from a selection of locations, combining work and leisure to enhance work-life balance and overall wellbeing.

The next employee engagement survey will launch to our employees in the first quarter of FY2026 and we look forward to incorporating the feedback into our employee experience strategy plans for the coming year.

## Internal recognition

Employee recognition remains a core element of our culture and we continue to celebrate, recognise and reward our people's efforts and achievements through celebrating milestones like birthdays and anniversaries. We also cast a vote for employee of the month and quarter with popular lunch of the quarter recognition places for our high performers. The annual Company awards are hotly contested and take pride of place in our Company Kick Off event each year. The day-to-day wins also matter and each week we share how our employees are living the values through our spotlight recognition hub and 'love email'.





## Social value continued Softcat – a great place to work continued



# 56%

of apprentices were awarded a distinction

### Developing our talent

Softcat has a dedicated learning and development ('L&D') team, providing a comprehensive range of career and personal development support, giving our employees the best opportunities to learn and grow. Our commitment to developing and nurturing our employees in their careers continues to be a priority for Softcat. A large proportion of our new starters every year are school and university leavers, which means that our early careers training programmes are vital in inducting them in a way that sets them up for future success.

This year we have made further investment into the team with the addition of a dedicated head to support with our multinational L&D offering, and a head to support the adoption of Microsoft Copilot AI across the business.

### Early careers focus

Our apprenticeship programme has continued to develop across the year. An impressive 56% of our apprentices were awarded a distinction on completion of their programmes. We were voted #1 Best Apprentice Employer in IT & Consultancy by Rate My Apprenticeship and have recently been ranked 49th in the Top 100 Apprenticeship Employers 2025 by the Department for Education, the first time we have featured on this prestigious list.

We have also seen an increase in employees undertaking upskill apprenticeships and have added qualifications including intelligence analyst, chartered manager degree and data-driven professional into our portfolio. We will continue to maximise our use of the apprenticeship levy by encouraging more employees to take advantage of upskilling apprenticeships.

Our overall commitment to developing employees was recognised this year by Great Places to Work ranking us #6 in the UK's Best Workplaces for Development 2025.

### Setting sales up for success

The L&D team remains committed to evolving and improving our sales learning programmes. The team has taken a leading role in strategic initiatives around the future skills of the sales organisation and the modernisation of our Sales Development Programme. This year we have launched a series of Client Director away days to support and develop those in our most senior sales roles. This new learning initiative was met with very positive feedback and we look forward to continuing this next year.

Our Leadership Foundations Programme ('LFP') for mid-level managers saw new cohorts successfully complete this year. LFP has gone from strength to strength over the years and is now firmly cemented as our flagship leadership programme. Since launching the programme just under 50% of the participants have been promoted into leadership roles.

To continue the development of our leadership talent we have launched an alumni group. The focus of the alumni is to allow past participants of the group to reconnect, share ideas and best practice and keep the energy of the programme alive. We will also be launching a new cohort of our Leadership Development Programme ('LDP') this year. As with previous years, our Senior Leadership Team will lead this programme to share real-world insight and value to the cohort.

### Charitable causes and volunteering

Softcat strives to be an ethical and responsible place to work supporting all our stakeholders, including our communities. We have a dedicated charity team which is responsible for managing fundraising at Softcat, with representatives from across the business providing input and representation.

FY2025 was a fantastic year for Softcat's charitable endeavours. We raised over £405k (2024: £540k) for charitable causes.

Our Love2Give programme continues to promote the importance of giving back through two Company-given employee volunteer or fundraising days each year. Softcat's charity team has redesigned the Love2Give programme to make it easier and more practical for our employees to support various charities and fundraising.

Charitable donations to date since Softcat was formed as a business now stand at a remarkable £3.5m.

# Ethical behaviour

**As the UK's largest value-added reseller, we strive to meet our customers', vendors' and shareholders' expectations by maintaining high standards of conduct. Our values (see page 10) are fully aligned to good ethical behaviour to create a positive environment, fulfil legal obligations and empower employees to operate our business in a customer-focused way.**

We have formal policies and our Employee Handbook (which is our Code of Conduct) also summarises the key expectations and behaviours we expect from all Softcat employees and those who work on behalf of Softcat. Our policies and our Employee Handbook provide a framework for all employees to comply with relevant laws, to behave in an ethical manner and to respect the rights of our employees and other stakeholders. Senior management regularly reviews our key policies and updates them to make sure they remain relevant and up to date. 'Responsibility' is a Softcat core value and this helps to underpin our approach to good ethics. Employees recognise that their actions, attitude and choices matter for our key stakeholders.

Potential human rights risks exist within any business and supply chain, including labour risks, unsafe workplace conditions and bribery and corruption. We therefore continue to be compliant with the annual reporting requirements of Section 54 of the Modern Slavery Act 2015. Our approach to preventing modern slavery forms part of our corporate responsibilities and we expect organisations with which we do business to adopt and enforce policies to comply with relevant legislation. We review the public disclosures of our largest vendors in respect of their practices to mitigate the risk of modern slavery to ensure they align to our values. We produced an updated modern slavery Statement this year and we also published our Modern Slavery policy which are on our website. Employee training is provided where appropriate, including at induction for new employees. We also provide additional disclosures if requested in respect of modern slavery and other

matters in respect of corporate responsibility when bidding for large public sector contracts.

We do not currently operate a specific human rights policy as most of our business is focused in the UK and in jurisdictions where human rights are well observed and already protected. Management is, however, keeping this under review.

Fraud is a constant threat which can have a considerable impact on our business and stakeholders and a key part of anti-fraud management comes from good awareness of the types of fraud perpetrated. Employees receive fraud awareness training to protect our business and important stakeholders such as our customers. The Audit and Risk Committee also receives regular reports from management on steps taken to detect and prevent any fraudulent attempts and it exercises oversight to ensure that robust anti-fraud controls are in place. Management also finished during the year a comprehensive programme to comply with the new corporate offence of a failure to prevent fraud introduced in the Economic Crime and Corporate Transparency Act 2023.

We operate a Speak Up hotline to widen employees' channels to raise any issues they may encounter. This provides an externally provided, secure and confidential channel to voice issues, in addition to internal channels already available. Employees may use this channel to raise issues anonymously.

We have a detailed anti-bribery, corruption and tax evasion policy, which is regularly reviewed by management to ensure it is comprehensive, relevant and practical. Employee training is provided where appropriate, including at induction. We have a zero-tolerance approach to bribery, corruption and tax evasion and are committed to acting professionally,

fairly and with integrity in all our dealings. The policy sets out examples of business conduct which are unacceptable and the procedures to prevent bribery, corruption and tax evasion. We also operate a register which requires all employees to seek approval from their line manager and to disclose any gifts or hospitality received or given which are valued over the applicable disclosure thresholds. Guidance on accepting or giving gifts and hospitality is contained in the policy and the gifts and hospitality register is reviewed regularly by management. If employees have any questions about the policy or the register, they are encouraged to talk to the Legal Director & General Counsel or the Company Secretary.

Softcat publishes twice-yearly details of its payment practices to its trade suppliers and these are reviewed by the Board as part of the Directors' responsibilities to its key stakeholders. We take these responsibilities seriously and the Board notes that management continues to maintain a good performance in respect of invoices paid within agreed terms.

The Group adopts an open and honest relationship when dealing with Government agencies. For example, the Board approves Softcat's tax strategy, which is published on our website ([www.softcat.com/corporate-responsibility](http://www.softcat.com/corporate-responsibility)). The tax strategy outlines our approach to dealing with HMRC and confirms our primary tax objective is to pay the right amount of tax, in the right jurisdiction, at the right time, as dictated by legislation.

Softcat's strong financial performance contributes to the UK economy. In the 2025 financial year, our total tax contribution to the UK economy was £191.6m. This includes corporation tax, payroll taxes, VAT and other business rates and taxes. In the last four years, Softcat's total tax contributions to the UK economy is approximately £0.7bn.

**Tax contributions 2025**



- Corporation tax: £46.9m
- Employment taxes: £82.2m
- VAT: £56.5m
- Other rates/taxes: £6.1m

**Tax contributions 2024**



- Corporation tax: £40.2m
- Employment taxes: £68.2m
- VAT: £67.1m
- Other rates/taxes: £4.2m



# Environment, climate change and Climate-related Financial Disclosures ('CFD')

**We remain committed to take action on greenhouse gas ('GHG') emissions, as explained below.**

## Introduction

This section explains our approach to sustainability and includes the disclosures required by the UK's Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ('CFD').

Our disclosures are also in line with the requirements of the UK Listing Rules published by the UK's Financial Conduct Authority.

We are monitoring developments with respect to the anticipated rollout of UK Sustainability Reporting Standards ('UK SRS') and we will take the required steps to comply once the requirements are confirmed.

We continue to make changes within the business to support our approach to climate change and have increased collaboration with our partners and supply chain, all of which will help our customers to make sustainable purchasing decisions. The Board has ultimate responsibility for maintaining relationships with Softcat's stakeholders and we have formally delegated authority to our Sustainability Committee to provide additional focus. This report should be read in conjunction with the report from the Sustainability Committee on pages 94 and 95.

**“ We continue to make changes within the business to support our approach to climate change and have increased collaboration with our partners and supply chain, all of which will help our customers to make sustainable purchasing decisions. ”**

Renewable energy across all Softcat locations where possible

**100%**

EV pool cars

**100%**

Customer survey responses on sustainability

**165**



**FTSE4Good**

Softcat is a constituent of the FTSE4Good Index Series - an index of companies that demonstrate strong environmental, social and governance practices, measured against globally recognised standards.



**SCIENCE  
BASED  
TARGETS**

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Softcat's net zero targets have been approved by the Science Based Targets initiative ('SBTi'). Softcat was the first IT reseller in Europe to receive this.



**Read more online**



More information about our approach to sustainability is on our website at [www.softcat.com/about-us/sustainability](http://www.softcat.com/about-us/sustainability)

## Key sustainability highlights and progress

These highlights reflect our ongoing commitment to integrating sustainable practices into our operations and creating long-term value for all stakeholders.

### Climate-related Financial Disclosures

We are making steady progress on a goal to reach full compliance with the Climate-related Financial Disclosures ('CFD') requirements.

→ Read more about our compliance on pages 43 and 44.

### Greenhouse gas ('GHG') emissions

We remain committed to taking action on GHG emissions. We have obtained independent external assurance on our emissions data. During the year, Softcat hosted a sustainability session at the Softcat Partner Forum. The event brought together industry experts to discuss a collective vision and expectations and to emphasise the need for stronger partnerships on our sustainability journeys within the IT resale channel.

→ Read more about our CO<sub>2</sub> targets on page 54.

### Reducing our carbon footprint

The solar panels at our head office in Marlow generated over 150MWh during FY2025, substantially contributing to the office's energy requirements.

# +150MWh

→ Find out more about our carbon reduction plans on page 55.



## Climate-related Financial Disclosures and sustainability continued

### Approach to sustainability

To make sure we considered the right aspects for our business, we started our journey by identifying the most relevant areas of the United Nations Sustainable Development Goals ('SDGs'). These areas have not changed since last year:

	<p><b>Achieve gender equality and empower all women to achieve their goals.</b></p>
	<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</b></p>
	<p><b>Reduce inequality within and among countries.</b></p>
	<p><b>Ensure sustainable consumption and production patterns.</b></p>
	<p><b>Take urgent action to combat climate change and impact.</b></p>
	<p><b>Strengthen the means of implementation and revitalise the global partnership for sustainable development.</b></p>

The outputs from the materiality assessment conducted in 2022 with employees, customers, suppliers and vendors helped to confirm our areas of focus.

### Key activities in FY2025

<b>Governance/strategy</b>	<p>The Sustainability Committee reviewed and endorsed the refinement of the sustainability strategy within the context of Softcat's overall strategy. This included further developing customer offerings and opportunities and recognising potential challenges of working with our supply chain vendors as explained in this report.</p>
<b>Strategy</b>	<p>We undertook an annual financial impact assessment of our climate-related risks and opportunities, building on previous work to improve our understanding of risks and opportunities facing Softcat. A summary of the process and results is provided on pages 49 to 52 and we consider the business remains resilient to the risk of climate change.</p>
<b>Risk management</b>	<p>We further refined our methodology for assessing climate-related risks and opportunities. Please see pages 49 to 52. Our Risk and Assurance team provided support to further strengthen controls on our assurance framework for ESG disclosures.</p>
<b>Metrics and targets</b>	<p>The annual bonus plan for Executive Directors retained its non-financial element which includes strategic or key operational actions on sustainability. Please see pages 105.</p> <p>We are more clearly defining our opportunity metrics and actions to take advantage of the move to a lower-carbon world. To fully realise the potential, we will need further actions and the ongoing support of other stakeholders, particularly our vendors.</p> <p>The vast majority of employees have undertaken training on climate change.</p> <p>Our overall reported greenhouse gas emissions and energy consumed for FY2025 are shown on page 58. These include explanations for year-on-year changes in reported emissions.</p>

### Action on climate change

The Board recognises that climate change has potential business and financial impacts. These include both risks and opportunities for Softcat and it is our responsibility to lessen and take advantage of these, respectively. We have taken steps to make our business more resilient to climate change and we continue to focus on and assess our achievement against the ambitious environmental targets that the Board approved in 2020. The Board fully supports the adoption of CFD as it will help Softcat's stakeholders to focus their efforts towards achieving net zero.

The following disclosures are aligned to the four thematic areas of the CFD: governance, strategy, risk management, and metrics and targets. We have provided a summary of our compliance against the recommended disclosures with a reference table detailing where disclosures are located in this report.

We will continue to refine our approach to identifying, assessing and managing our climate-related financial risks and opportunities. We will do this each year so we are resilient and prepared for reporting and we will refresh any detailed climate scenario analysis at least every three years.

## TCFD cross-reference and compliance table

Our disclosures are as required by the CFD. They also meet the requirements of the Financial Conduct Authority's ('FCA') Listing Rule 6.6.6R in respect of the recommended disclosures from the Task Force on Climate-related Financial Disclosures ('TCFD'). We have concluded that we comply with ten of the eleven recommended disclosures, as set out below, an improvement from the nine reported last year.

We cross-refer to where the disclosures, in relation to the CFD and Listing Rule 6.6.6R, are in this Annual Report, or provide reason for non-compliance. We plan to continue improving our compliance with these disclosures.

Thematic area	UK CFD required disclosures	FCA Listing Rule 6.6.6R - TCFD recommended disclosures	Cross-reference (within this Annual Report) or reason for non-compliance	Comments and next steps
<b>Governance</b>	A description of the governance arrangements of the Company in relation to assessing and managing climate-related risks and opportunities.	1) Board oversight of climate-related risks and opportunities.	(Pages 45 and 46) ● <b>Compliant</b>	The Sustainability Committee monitors climate-related risks, opportunities and disclosures and reports to the Board.
		2) Management's role in assessing and managing climate-related risks and opportunities.	(Pages 45 and 46) ● <b>Compliant</b>	The CFO is the executive lead for sustainability, supported by the Operations Director and our sustainability team. They form part of a comprehensive governance framework to manage climate change risks and opportunities.
<b>Strategy</b>	A description of: (i) the principal climate-related risks and opportunities arising in connection with the operations of the Company; and (ii) the time periods by reference to which those risks and opportunities are assessed.	3) Climate-related risks and opportunities the organisation has identified over the short, medium and long term.	(Page 48) ● <b>Compliant</b>	We have refreshed our scenario analysis in respect of climate change risks and opportunities. We have also undertaken a further financial impact assessment of our climate-related risks and opportunities, to improve our understanding and management of the risks and opportunities.
	A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the Company.	4) Impact of climate-related risks and opportunities on the business, strategy and financial planning.	(Pages 48 and 49) ● <b>Compliant</b>	No material or catastrophic net risk exposures have been identified in the time horizons assessed. We integrate climate-related planning into our key strategic planning. In particular, during the year the Sustainability Committee further considered opportunities to take advantage of customer sustainable choices and the IT circular economy.
	An analysis of the resilience of the business model and strategy of the Company, taking into consideration different climate-related scenarios.	5) Resilience of strategy, taking into consideration different future climate scenarios.	(Pages 48 and 49) ● <b>Compliant</b>	Through our climate scenario analysis of risks, mitigating actions and potential opportunities, we believe our business is resilient to climate change in the time horizons assessed. We continue to review how climate change may impact our strategy.
<b>Risk management</b>	A description of how the Company identifies, assesses and manages climate-related risks and opportunities.	6) Processes for identifying and assessing climate-related risks.	(Page 53) ● <b>Compliant</b>	We undertook a further financial impact assessment of our climate-related risks and opportunities, improving our understanding and management of them. As we evolve our offerings and work further with our supply chain, we will increase our level of knowledge on climate-related risks.
		7) Processes for managing climate-related risks.	(Page 53) ● <b>Compliant</b>	We explain in our assessment of climate-related risks the mitigating actions which we can take or have taken. Through the financial impact assessments, we have improved our understanding and management of our climate-related risks and opportunities.
	A description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the Company.	8) Processes for identifying, assessing and managing climate-related risks integrated into the organisation's overall risk management.	(Page 53) ● <b>Compliant</b>	We have conducted climate risk workshops to identify risks. Our process for assessing the materiality of our climate-related risks is consistent with the process for other corporate risks. We will continue to monitor and manage our climate-related risks.



## Climate-related Financial Disclosures and sustainability continued

### TCFD cross-reference and compliance table continued

Thematic area	UK CFD required disclosures	FCA Listing Rule 6.6.6R - TCFD recommended disclosures	Cross-reference (within this Annual Report) or reason for non-compliance	Comments and next steps
<b>Metrics and targets</b>	The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	9) Metrics used to assess climate-related risks and opportunities.	(Pages 54 to 56 and pages 96 to 127) <b>● Partially compliant</b> - we have not yet fully embedded opportunity metrics.	The annual bonus plan for Executive Directors includes a non-financial element in respect of the achievement of strategic or key operational steps on sustainability.  During FY2025, we progressed on setting and tracking our internal carbon pricing metric with the aim of further embedding this into the business in future years.  Our annual customer satisfaction surveys also collected valuable data and feedback to help us better define and realise opportunities.
		10) Scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions, and the related risks.	(Pages 54 to 56) <b>● Compliant</b>	We disclose our emissions, which cover scope 1, 2 and 3 with prior year data to support trend analysis.  Softcat's net zero targets have been approved by the SBTi, using our FY2021 emissions as our baseline year.
	A description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.	11) Targets used to manage climate-related risks and opportunities and performance against targets.	(Pages 54 to 56) <b>● Compliant</b>	We have a defined approach to risk appetite on the level of risk that we are willing to accept in the pursuit of a specific objective or strategy (see page 60).  Our sustainability team continues to review further opportunities, particularly the IT 'circular economy' and other opportunities to sell more sustainable products and services to our customers. Management has more clearly defined the next steps and dependencies to realise the opportunities.  Our net zero targets have been approved by the SBTi. Our ten in ten plan sets out various success criteria to help customers purchase sustainable products and services.

## Governance

The Board retains ultimate responsibility for the oversight of the Company's strategy. Sustainability is an important issue at Softcat and is discussed both by management and the Board. The Board's approach includes delegating authority to the Sustainability Committee for oversight of our approach to sustainability and climate change.

The Sustainability Committee meets twice per year and is chaired by Robyn Perriss. It is responsible for, on behalf of the Board, setting the sustainability strategy of Softcat, including goals, targets and objectives, and monitoring management's performance against these. Monitoring the effectiveness of management's processes for identifying, assessing and responding to climate-related risks and opportunities has also been delegated to the Sustainability Committee. A report from the Sustainability Committee is provided on pages 94 and 95.

Softcat operates a tiered governance approach on sustainability which ensures that all aspects get the right level of focus in the business. Below the Sustainability Committee we operate a framework which brings together senior managers to further enhance co-ordination on wider ESG issues.

Katy Mecklenburgh (CFO) is the executive lead for sustainability and she is supported by the Operations Director (who is a member of the Senior Leadership Team) who provides executive-level support on strategy and direction. Both Katy and the Operations Director are supported by a sustainability team, which has full-time responsibility for the day-to-day implementation of sustainability initiatives. The Operations Director and Sustainability Lead attend each meeting of the Sustainability Committee to ensure effective engagement with those responsible for day-to-day management of sustainability.

The sustainability team and the Company Secretary monitor changes in regulation and required disclosures in respect of climate change and discuss this with the Sustainability Committee. Updates on climate-related performance and initiatives are given at each meeting of the Sustainability Committee.

The sustainability team works with other teams in the business and with external stakeholders to ensure the effectiveness of the climate-related risk assessment process and to explore opportunities. This includes organising initiatives and actions to mitigate these risks and to capitalise on opportunities. The sustainability team is also supported by external specialists, particularly to ensure effective compliance with disclosures and obligations.

The business retains internationally recognised ISO accreditations including ISO 14001 (Environmental Management) and ISO 50001 (Energy Management) to support its approach to environmental matters. The ISO standards help Softcat to improve its environmental performance through more efficient use of resources, reduction of waste and an improved energy management system.

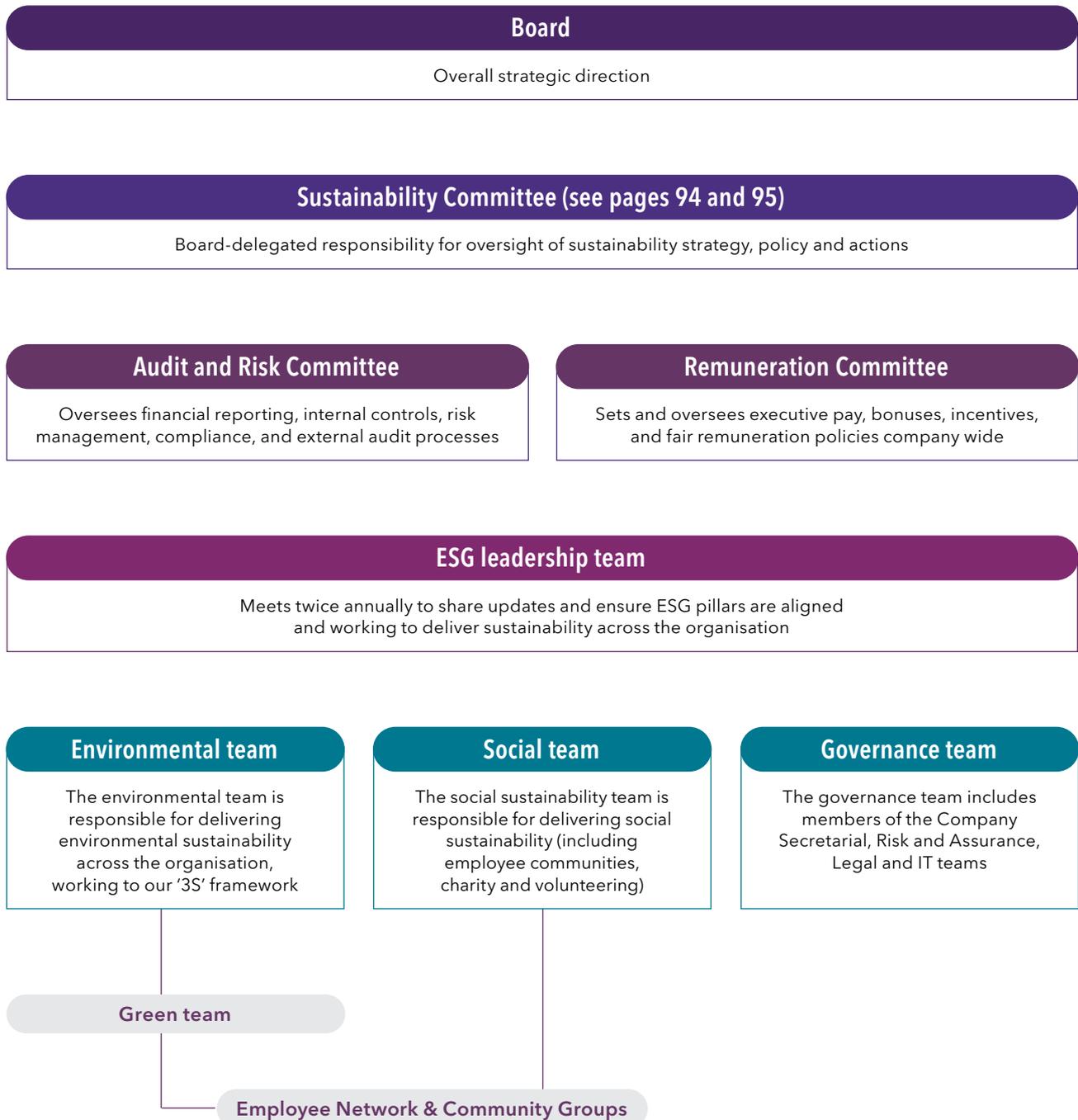
We undertake annual financial impact assessments of our climate-related risks and opportunities to improve our understanding of potential implications. Our process for assessing the materiality of our climate-related risks (on a gross and a mitigated net basis) is consistent with the process for other corporate risks. All material risks, together with plans to mitigate or manage such risks, are presented and reviewed by the Audit and Risk Committee as part of its responsibility for risk management oversight.





## Climate-related Financial Disclosures and sustainability continued

### Sustainability governance structure



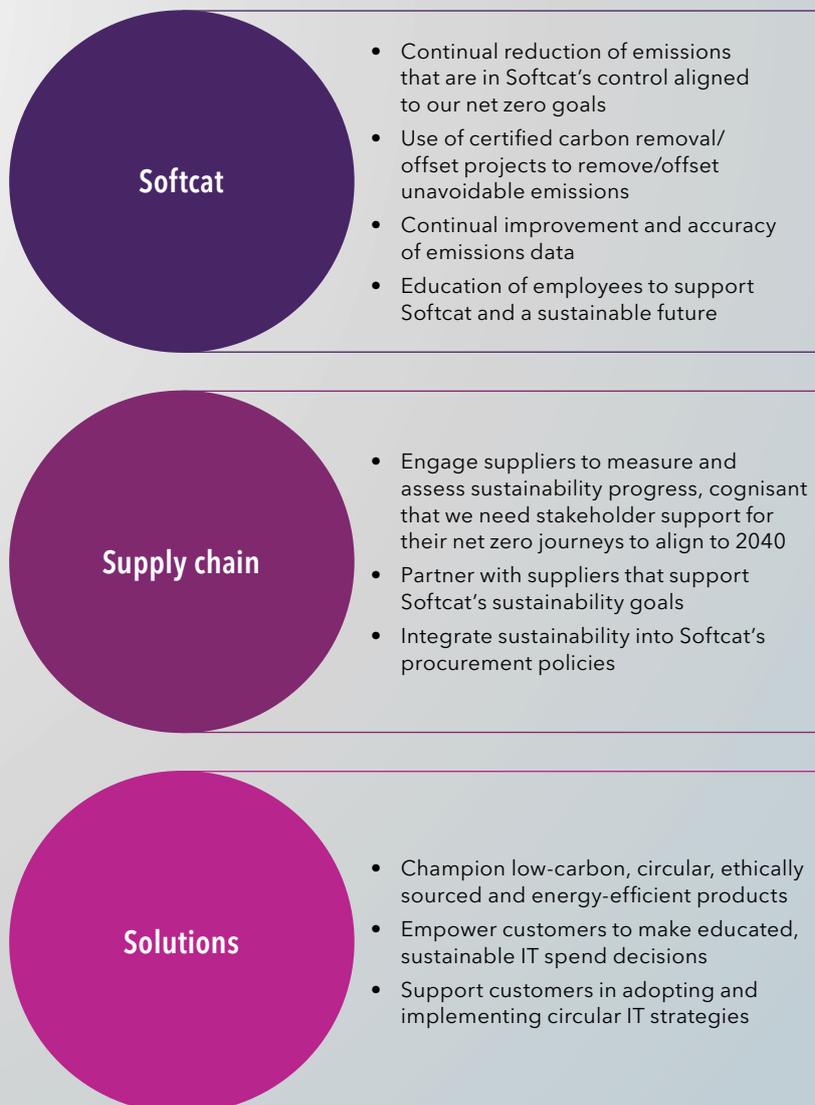
## Strategy

Our approach to sustainability is well aligned to our strategy.

Our exposure to climate-related risks and opportunities is largely indirect and principally related to goods and services procured from our vendors and sold to our customers, often together with value-added services and support. To keep delivering value for our stakeholders, we will continue with efforts to further embed sustainability in our business. During the year, the Sustainability Committee reviewed Softcat's sustainability strategy in the context of the overall strategy of the business. This provides a focused view of the resilience of the business to climate change and other sustainability challenges, as well as potential opportunities for growth.

Our framework for sustainability defines our approach, guides our actions and supports the steps we take to mitigate the impacts of climate change. It also supports our strategy to grow our customer base and sell more to existing customers, as we expect the importance of sustainability as an input to purchasing decisions for our customers to increase. This framework helps us to focus on relevant internal and external factors, better manage our scope 1, 2 and 3 emissions and work closely with identified stakeholders.

### Softcat's framework for sustainability



We do not envisage that material investments or changes to our business model are required to mitigate the risks of climate change or to take advantage of its opportunities. In particular, we do not envisage the need for additional access to capital to manage climate change and we do not incur any material research and development costs. Our operations are office based, and we work in modern, energy-efficient offices.

## Climate-related Financial Disclosures and sustainability continued

### Climate-based scenario analysis

In line with the CFD, since 2022 we have conducted annual climate scenario analyses to better understand the potential impacts and opportunities for Softcat against possible climate futures. We work with our external advisers to refresh the analysis and the process also considers progress made since the last year, rates the risks and opportunities and discusses any new topics.

We consider three key variables in our scenario analyses: the appropriate physical and transition climate scenarios, the geographical scope of the analysis, and time horizons. We have conducted an analysis of our office locations to determine their exposure to physical climate hazards.

For the scenario analysis to remain effective, we have followed the CFD recommendations to use a divergent range of scenarios. Our assessments are based on the climate scenarios from the Intergovernmental Panel on Climate Change ('IPCC') Sixth Assessment Report ('AR6'), which are known as Shared Socioeconomic Pathways ('SSPs'), as well as transition scenarios from the Network for Greening the Financial System ('NGFS'). The IPCC scenarios vary slightly from the scenarios used last year due to updated climate data and models. These changes do not materially affect the assessment's outcomes.

Physical scenarios	
<b>Low emissions scenario (SSP1-2.6)</b>	A predicted global temperature increase of 1.8°C by 2100, compared to pre-industrial levels. This would bring the world in line with the Paris Agreement of 1.5°C. This is commonly referred to as the best-case and most ambitious scenario.
<b>Medium emissions scenario (SSP2-4.5)</b>	A predicted global temperature increase of 2.7°C by 2100, in line with current climate change policies, pledges and commitments. If the world continues on its current trajectory, this is seen as the most likely scenario.
<b>High emissions scenario (SSP5-8.5)</b>	A predicted global temperature increase of 4.4°C by 2100, where carbon emissions continue growing unmitigated. With no mitigation, this is deemed the worst-case scenario.
Transition scenarios	
<b>Net zero 2050 scenario ('NZ2050')</b>	This is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation.
<b>Nationally determined contributions scenario ('NDCs')</b>	This scenario accounts for all Government-pledged climate targets, even if not yet backed up by implemented effective policies.
<b>Current policies scenario ('CPs')</b>	This is a pragmatic exploratory scenario, which assumes that only currently implemented policies are preserved into the future.

The UK is the most significant location for our operations and our revenue (representing over 95% of both headcount and revenue). Most of our key vendors also have operations in the UK. All office locations have been considered in the 2025 analysis. As part of our risk management framework, we conducted our analysis across three time horizons:

Term	Horizon	Milestone year
Short term	2025 to 2030	2027
Medium term	2030 to 2040	2035
Long term	2040 to 2050	2045

The short-term timeframe was selected to align with Softcat's targets approved by the SBTi to reduce GHG emissions by 45% by 2030. The long-term timeframe aligns to our 2040 net zero supply chain goal. The medium-term time frame is broadly a mid-point between the short and long term.

Consistent with CFD, our assessment covered the following:

#### Physical risks:

Resulting from climate change events and changes in weather. These can be acute (event driven) or chronic (long-term shifts)

#### Transition risks:

Associated with the implications from the measures taken to reach a low-carbon economy. These risks can be categorised as policy and legal, technological, market and reputational

#### Opportunities:

Realised capitalisation of benefits upon the low-carbon market and technological drivers. These can be from resource efficiencies, energy sources, new products or services, markets and resilience

## Climate-related risks and opportunities

We summarise below the most relevant climate-related risks and opportunities in respect of the emissions scenarios and the time horizons used. Through our analysis, no major or catastrophic net risk exposures were identified in the short-term time horizon. There are opportunities, which we continue to explore and develop. We will continue to assess the potential risks over the medium and long term, ensuring that mitigative actions are developed.

Our process for assessing the materiality of our climate-related risks uses the same definitions as for other corporate risks. This includes an assessment of the current potential financial impact:

Risk	Potential financial impact
● Insignificant	Up to £250k
● Minor	£250k-£1m
● Moderate	£1m-£5m
● Major	£5m-£30m
● Catastrophic	Greater than £30m

In 2025, we refreshed our qualitative financial impact assessment of our climate-related risks and opportunities, to further improve our understanding of the materiality of these risks and opportunities and how to manage them. The above financial impact definitions were increased during FY2025 and as a result the impact of some of the climate risks assessed have reduced. Our impact assessment involved

reviewing the identified risks and opportunities with key internal stakeholders and updating the financial impact ratings and associated mitigation measures to reflect the progress we have made since the previous year. These assessments also help to inform any inputs required into the annual operating budget, or other longer-term financial plans, as approved by the Board.

Following the review, we do not envisage that adaptation and transition to a lower-carbon world will require a fundamental shift to the way we do business or a major change to our business model (see pages 10 and 11). We also do not envisage that we will need to make major divestments, acquisitions or other significant capital allocation decisions to take climate change into consideration.

## Risks

Physical risk category	Identified risk and timeframe	Current or future control measure	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
<b>Acute</b>	<p>Increased frequency and intensity of extreme weather events which could disrupt Softcat's operations, supply chain and services.</p> <p><b>Link to principal risks:</b> Business interruption (see page 62).</p> <p><b>Timeframe of potential materialisation:</b> Medium, Long</p>	<p>Softcat's largest vendors (see page 3) have the resilience and investment to mitigate the future risk of climate-related risks. We work with a wide breadth of technology partners to reduce concentration risks.</p> <p>We also hold ISO 22301 for Business Continuity.</p> <p>As a reseller, any increases in supplier costs are typically passed through to the customer.</p> <p>Remote/hybrid working is available, providing flexibility during challenging conditions. Alternative workplaces are available if needed to avoid low-lying areas.</p> <p>Our offices are modern and energy efficient.</p> <p>Our insurance cover includes business interruption due to physical impacts.</p> <p>Our supply chain has previously shown resilience during periods of large-scale disruption, for example during the COVID-19 pandemic.</p>	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<p><b>Potential financial impacts include:</b></p> <ul style="list-style-type: none"> <li>reduced revenue from lower productivity, limited workforce availability, temporary office closures, and supply chain and transport disruptions;</li> <li>increased costs associated with office leases;</li> <li>increased costs for building repair, maintenance and insurance; and</li> <li>increased energy consumption costs.</li> </ul>						
<b>Chronic</b>	<p>Long-term temperature increases, rising sea levels, and periods of drought, leading to business disruptions or damaged infrastructure.</p> <p><b>Link to principal risks:</b> Business interruption (see page 62).</p> <p><b>Timeframe of potential materialisation:</b> Medium, Long</p>	<p>Softcat leases most of its premises, using modern spaces more resilient to climate change and leveraging energy efficiencies.</p> <p>Remote/hybrid working is available to all employees, providing flexibility during challenging conditions.</p> <p>Business interruption insurance coverage is in place.</p>	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<p><b>Potential financial impacts include:</b></p> <ul style="list-style-type: none"> <li>reduced revenue due to decrease in productivity, availability of workforce, and office access issues;</li> <li>increased costs associated with office leases;</li> <li>increased costs for building repair, maintenance and insurance;</li> <li>increased energy consumption costs; and</li> <li>downtime caused by overheating of equipment, insufficient cooling and shutdowns or outages at data centres.</li> </ul>						

Key to potential financial impact: ● Low ● Medium ● High



# Climate-related Financial Disclosures and sustainability continued

## Risks continued

Transition risk category	Identified risk and timeframe	Current or future control measure	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
<b>Policy and legal</b>	<p>Increasing policies and regulations that could place new requirements on Softcat, such as enhanced emissions reporting, regulation of critical minerals, and carbon taxes.</p> <p><b>Link to principal risks:</b> Regulatory and compliance.</p> <p><b>Timeframe of potential materialisation:</b> Short, Medium, Long</p>	<p>Softcat's current decarbonisation targets have been submitted to the SBTi.</p> <p>As a reseller, increases in input costs are passed on to the customer.</p> <p>Management oversees initiatives to ensure compliance with legislation, taxes, etc.</p> <p>The Sustainability Committee has oversight of sustainability reporting and emissions targets.</p> <p>Engagement with our suppliers and vendors on sustainability to mitigate potential risks to our supply chain.</p>	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<p><b>Potential financial impacts include:</b></p> <ul style="list-style-type: none"> <li>increased input costs incurred through vendor and partner products;</li> <li>increased property costs associated with enhanced building standards;</li> <li>reduced revenue from potential termination of relationships with suppliers unable to transition to net zero;</li> <li>costs from fines or increased carbon taxes; and</li> <li>reduced investment from non-compliance.</li> </ul>						
<b>Technology</b>	<p>The cost of transitioning to using low-carbon technology and energy sources in Softcat's operations.</p> <p><b>Link to principal risks:</b> N/A</p> <p><b>Timeframe of potential materialisation:</b> Short, Medium</p>	<p>We have signed up to the SBTi. Our offices use renewable energy where possible and we purchase renewable energy credits where we cannot use renewable energy.</p> <p>Our offices have modern amenities which are energy efficient.</p> <p>We operate an electric vehicle car fleet.</p> <p>We operate solar panels at our head office in Marlow.</p>	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<p><b>Potential financial impacts include:</b></p> <ul style="list-style-type: none"> <li>increased capital allocation to low-carbon technologies and to retrofit office spaces for low-carbon technology; and</li> <li>increased cost to accommodate changing energy tariffs.</li> </ul>						
<b>Market</b>	<p>Suppliers being unable to transition to a low-carbon economy at the same pace as Softcat, making Softcat unable to achieve its net zero goal and commitments.</p> <p><b>Link to principal risks:</b> Business interruption; failure to respond to market changes (see page 62).</p> <p><b>Timeframe of potential materialisation:</b> Medium</p>	<p>We work with our supply chain and with the wider IT industry as part of our framework for sustainability. We understand many of their goals to achieve net zero and consider how these align to our net zero supply target.</p> <p>We have mapped our largest vendors' alignment to our net zero targets. This allows us to identify parts of the supply chain where there is not alignment to our supply chain net zero target. We continue to monitor the target dates set by our vendors.</p> <p>We intend to offer more lower carbon products when available. We will also partner with suppliers that support Softcat's sustainability goals.</p>	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<p><b>Potential financial impacts include:</b></p> <ul style="list-style-type: none"> <li>reduced revenue due to a shift in consumer preference for low-carbon products; and</li> <li>reduced investment as a result of failure to achieve net zero target.</li> </ul>						
<b>Market</b>	<p>Risks associated with not having a carbon-literate workforce able to promote low-carbon technology to our customers could generate lower customer satisfaction and engagement.</p> <p><b>Link to principal risks:</b> Failure to respond to market changes (see page 62).</p> <p><b>Timeframe of potential materialisation:</b> Medium, Long</p>	<p>We have a Group-wide structure with Board-level oversight for sustainability, including climate-related issues, operational responsibilities assigned to appropriate senior management and activities and promotions undertaken by local teams.</p> <p>We operate Group-wide training and awareness on climate change. We will develop further improvements to our sales systems and support to promote the sale of lower-carbon products.</p> <p>Our sustainability team includes a Sustainability Customer Success Manager to provide support to our sales teams.</p>	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<p><b>Potential financial impacts include:</b></p> <ul style="list-style-type: none"> <li>reduced revenue from lower sales of low-carbon products;</li> <li>reduced capital and investment due to lower performance; and</li> <li>increased expenditure on employee upskilling.</li> </ul>						

Key to potential financial impact: ● Low ● Medium ● High



Transition risk category	Identified risk and timeframe	Current or future control measure	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
<b>Reputation</b>	Negative perceptions from stakeholders as a result of failure to embed sustainability into the business or take action on climate change.  <b>Link to principal risk:</b> Failure to respond to market changes (see page 62).  <b>Timeframe of potential materialisation:</b> Short, Medium	We have a clear climate change strategy and targets to reduce carbon emissions.  Softcat discloses climate-related and other environmental performance and information through its SBTi and Carbon Disclosure Project ('CDP') submissions.  We obtain external assurance in respect of our carbon emissions data and put the assurance statements on the Trust section of the Softcat website.	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<b>Potential financial impacts include:</b>		<ul style="list-style-type: none"> <li>reduced revenue from customers as a result of impacted market positioning; and</li> <li>reduced investment leading to impacted growth strategy and share prices.</li> </ul>				
<b>Reputation</b>	Failure to attract or retain employees due to being viewed as an unsustainable business.  <b>Link to principal risk:</b> Talent, capability and leadership (see page 62).  <b>Timeframe of potential materialisation:</b> Short, Medium, Long	Our sustainability team works extensively with the rest of the business. We widely communicate our goals and progress on ESG and encourage employees to take part in supporting community actions. We authorise up to two paid days each year for employees to take part in volunteering or charitable fundraising activities.  We have rolled out Group-wide sustainability training.  We have previously undertaken employee satisfaction surveys and received positive feedback on our approach to sustainability.	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<b>Potential financial impacts include:</b>		<ul style="list-style-type: none"> <li>increased expenditure on recruitment; and</li> <li>reduced revenue / slower business growth due to a less effective and less engaged workforce.</li> </ul>				
<b>Market</b>	Use of AI and energy intensive IT and data services causing an increase of energy usage and demand at data centres, and therefore risk of power outages.	This is a new risk item. It reflects the increased use of AI, IT and data services which are energy intensive.  Softcat has business continuity plans in place in the event of business interruption.	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<b>Potential financial impacts include:</b>		<ul style="list-style-type: none"> <li>increased energy consumption prices; and</li> <li>risk of power outages and therefore operational downtime.</li> </ul>				

## Opportunities

Category	Identified opportunity and timeframe	Current or future strategy	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
<b>Markets</b>	Engaging employees to understand Softcat's net zero ambitions, green skills and training.  <b>Timeframe of potential materialisation:</b> Short, Medium	Upskilling Softcat employees on the green skills required for a low-carbon economy can help Softcat strengthen its relations with stakeholders, building reputation and competitive advantage.  This can also support Softcat to improve its talent retention and development for its workforce. Ensuring we have a credible approach to sustainability provides a competitive edge to attract and retain talent. We support our employees to benefit from environmental initiatives, such as: the provision of a tax-efficient salary sacrifice scheme to enable employees to lease electric vehicles for their use; a cycle-to-work scheme; and flexible hybrid working, allowing employees to work some days at home, thus reducing carbon emissions arising from commuting.	Low	●	●	●
			Medium	●	●	●
			High	●	●	●

Key to potential financial impact: ● Low ● Medium ● High



# Climate-related Financial Disclosures and sustainability continued

## Opportunities continued

Category	Identified opportunity and timeframe	Current or future strategy	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
<b>Potential financial impacts include:</b> <ul style="list-style-type: none"> <li>increased revenue associated with improved reputation and competitive advantage; and</li> <li>lower expenditure on recruitment due to improved talent retention.</li> </ul>						
<b>Resource efficiency</b>	Investing in more sustainable technology to improve Softcat's day-to-day operations, such as utilising green energy tariffs and low-carbon office equipment.  Adapting working spaces to create a productive working environment in a warmer climate.  <b>Timeframe of potential materialisation:</b> Short, Medium, Long	Whilst most of our offices already use energy-efficient equipment, this will be kept under review for further opportunities. In the face of potentially rising fossil fuel prices, utilising renewable energy tariffs will also improve our resiliency.  All of Softcat's offices are ISO 50001 certified, with energy management systems in place.  Our Marlow office operates solar panels and we consider sustainability improvements when relocating offices. Our employee satisfaction surveys also provide feedback on our offices, allowing us to identify where further improvements can be made.	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<b>Potential financial impacts include:</b> <ul style="list-style-type: none"> <li>lower expenditure on energy, and increased resilience against rising fossil fuel prices.</li> </ul>						
<b>Products and services</b>	Promoting and encouraging the implementation of circular economy practices throughout the value chain. This includes leveraging Softcat's existing products and services, including promoting the sale of energy-efficient and sustainable IT solutions.  Positioning Softcat as a thought leader in the industry through engagement with stakeholders to build customer solutions and propositions.  <b>Timeframe of potential materialisation:</b> Short, Medium	Encouraging circular economy practices and behaviour change on the use of technology and natural resources will contribute to achieving net zero. Doing so presents a potentially strong case both environmentally and commercially with potential incremental commercial opportunities. Softcat already operates some of these services and anticipates further opportunities in the future.  Through our partners and vendors, we are making plans to better promote low-carbon products and services to our customers. We expect growth in demand for more energy-efficient and sustainable IT solutions. Taking advantage of this opportunity will also mitigate the risk of failing to evolve our technology offering with changing customer needs.	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<b>Potential financial impacts include:</b> <ul style="list-style-type: none"> <li>lower expenditure due to operational savings and longer lifespan of in-use products; and</li> <li>increased revenue or profit arising from expanding services or developing new services.</li> </ul>						
<b>Products and services</b>	Developing new sustainability offerings based on evolving needs in the market, including new products, platforms and services, to increase Softcat's revenue and competitiveness as society transitions to net zero.  <b>Timeframe of potential materialisation:</b> Short, Medium	We continue to work with our vendors and improve the ease for our customers to purchase sustainable products and services. This can improve our competitive position and capitalise on shifting consumer preferences.  Currently we have three services certified as 'Carbon Neutral' (PAS 2060) in our ten in ten plan (see page 55).	Low	●	●	●
			Medium	●	●	●
			High	●	●	●
<b>Potential financial impacts include:</b> <ul style="list-style-type: none"> <li>increased revenue associated with increased demand for low-carbon products and services, more energy-efficient and sustainable IT solutions and access to new customers; and</li> <li>better competitive position to reflect shifting consumer preferences.</li> </ul>						

Our approach to risk management is set out on pages 59 to 64. New risks, including emerging climate-related issues, are identified and assessed for materiality. There is a Board-approved definition and process for material emerging risks which requires the CFO to escalate promptly any such risk to the Board. Following our assessments of climate risk to Softcat, we are confident that our strategy is resilient against the impacts of climate change due to the nature of our business operations and the breadth of our global technology vendors.

We will refresh scenario analysis and test scenarios as needed, at least every three years or whenever there are significant changes to the assumptions and scenarios used. We re-evaluate our climate-related risks and opportunities annually to ensure Softcat remains resilient.

Key to potential financial impact: ● Low ● Medium ● High

## Risk management

Our risk management framework helps us to identify, assess, monitor and manage risks, including climate change. We recognise that climate change may have an impact on our strategy and operations and have considered these as part of our risk management process.

Climate change is already a component of the risk of failure to respond to market changes when considering the needs of our customers and how products, services and solutions might be affected by the drive towards carbon neutrality (see pages 62 to 64). We have robust plans to mitigate the impact of business interruption (which may occur, for example, due to extreme weather events) which is a mitigating action in our principal risks. Climate change also provides us with opportunities to help our customers to reduce their environmental impacts and to differentiate our offerings from competitors.

We continue to mature our risk management framework and approach. We operate a risk register for climate change which captures our climate-related risks and opportunities, and their associated business and potential financial impacts. We identify current or future mitigation measures and controls for the risks in order to reduce the impact and likelihood of each arising. We have updated our assessment of climate change risks and opportunities that could pose a financial impact to the business which helped to determine whether the risks and opportunities were still relevant since the last assessment and to reassess these based on our progress over the last year.

We have identified and added some new risks and opportunities, but these are not considered material. We incorporate climate-related risks into our overarching corporate risk management framework. Climate-related risks and their potential financial impacts were validated and scored through a risk review workshop attended by several senior managers in the business. A representative from our Risk and Assurance team (which is responsible for day-to-day management of the corporate risk register) also attended the workshop to ensure alignment of the approach between climate change risks and corporate risks. A summary of the key risks and opportunities was reviewed by the Sustainability Committee and will be incorporated into the climate risk and opportunity register.

Given the nature, locations and operation of our business and following our assessment of risks, we believe that the direct impact of climate change on Softcat will be low. Our current view is that we are not materially exposed to climate change as a business and that climate-related risks do not present a material threat to our strategy, long-term viability, liquidity or ability to operate.

Furthermore, none of the actions taken so far or planned to reduce our environmental impact, mitigate identified risks or take advantage of identified opportunities have resulted in a significant financial impact on our business. We will continue to assess the likely effects that climate change may have on our business to ensure our current assumptions remain valid. If we do identify material risks, these will be modelled into our scenario analysis and for longer-term viability assessment and disclosure in future Annual Reports.

The Board is comfortable that climate change has not had a material effect on our accounting judgements and estimates this financial year. It has also determined that climate change has had no material impact on our asset and liability valuations for the financial year. The impact of climate change risks is not currently considered by the Board as a key source of estimation uncertainty.

We are also conscious that there are 'emerging trends' that we do not currently expect to impact the business within our associated time horizons. Therefore, within the register, we have identified emerging trends that may impact the business in the future, and we will maintain a watching brief to track risks which may become of significance.

## Climate-related Financial Disclosures and sustainability continued

### Metrics and targets

We continue to review our metrics and targets, to ensure they are relevant and meaningful and they align with our overarching strategy. The data we disclose also allows our stakeholders to monitor Softcat’s environmental performance.

The Board has approved three key target commitments and the Sustainability Committee monitors progress. Our metrics focus on our GHG emissions and these are assessed through the intensity measurements set out on page 57. The Sustainability Committee has also endorsed the GHG emissions reduction targets approved by the SBTi. Our sustainability initiatives help us to make progress towards our targets:

- our aim is to implement initiatives throughout the business to reduce emissions where possible. We then use certified carbon removals on the residual impact to operate as a carbon neutral business;
- to use, where possible, renewable energy across all office locations;
- to work with our supply chain to help it become net zero (by 2040); and
- the SBTi has approved Softcat’s targets to reduce GHG emissions by 45% by 2030 for scope 1, 2 and 3 and to reduce GHG emissions by 90% by 2040 (relative to a FY2021 base year).

We are committed to improving the measurement of our carbon footprint which includes obtaining limited external assurance regarding the respective emissions scope data. Assurance statements are available to view on the Trust section of the Softcat website.

Like the majority of businesses, scope 3 emissions comprise most of our carbon footprint. We therefore understand that to transition to a low-carbon future and to achieve our stated net zero target by 2040 we will need further actions and the ongoing support of other stakeholders, particularly our vendors, and for their net zero journeys to align to 2040. For this reason the Sustainability Committee acknowledges that achieving Softcat’s net zero goals is ambitious but challenging. The Committee is regularly reviewing current and anticipated progress towards its targets to reduce gross emissions and to achieve net zero. Our emissions are disclosed on page 57. Energy consumed primarily relates to our offices and initiatives to reduce energy consumption are shown on page 57.

Given the activities of our business, the use of nature-related resources are not material metrics for Softcat. The Sustainability Committee has been informed of the recommendations of the Taskforce on Nature-related Financial Disclosures (‘TNFD’). It is also monitoring the development of potential reporting metrics under the UK Sustainability Reporting Standards.

### Progress on our targets on CO<sub>2</sub>

Softcat has made commitments and goals on the environmental impact of the business and its supply chain. As mentioned above, the Board approved a long-term target to become a net zero business, and this will be achieved primarily by completing three key stages. Below is a summary of the targets and the progress being made:

Timing	Goal	Summary and progress update
2022	Carbon neutral	Softcat has been operationally carbon neutral (self-certified) since 2022 and we currently use certified carbon removals to maintain neutrality.  ✔ Complete
2024	100% renewable electricity	Softcat uses where possible renewable electricity in our offices, which reduces scope 2 emissions and reduces the environmental impact of energy used. We purchase renewable energy credits where we cannot use renewable energy.  Softcat’s pool car fleet is fully electric.  Our head office in Marlow has solar panels which make a major contribution to the office’s energy requirements.  ✔ Complete
2040	Net zero supply chain	Softcat is working with its supply chain to help it become net zero. To achieve this target, we will need further actions and the ongoing support of other stakeholders, particularly our vendors, and for their net zero journeys to align to 2040. For this reason, achieving this goal is ambitious but challenging and we continue to review current and anticipated progress to reduce gross emissions and to achieve net zero.  The Government has set a net zero target for the UK by 2050.  ⊙ Work in progress

As part of our journey to net zero, Softcat has committed to the SBTi and had its net zero targets validated and approved by the SBTi. The targets approved cover emissions for scope 1, 2 and 3. The SBTi commits the business to reduce its GHG emissions in line with the Paris Agreement, limiting global warming to 1.5°C. Softcat’s science-based targets are in line with the emissions reductions required to achieve net zero emissions across its value chain by 2050.

Softcat has developed and updated a carbon reduction plan to support the achievement of the SBTi targets. This includes ten high-level steps over the next ten years (our ‘ten in ten’ plan; please see page 55), which will help us reduce emissions across all scopes. The ten in ten plan will be regularly reviewed and updated as we continue to refine our metrics and assess the most appropriate actions to reduce emissions over the longer term.



## Our ten in ten plan

Goal	Status	Year
Softcat to be carbon neutral across scope 1,2 and 3 (FERA, employee commuting, business travel, waste).		2022
Migration to 100% EV pool fleet.		2023
100% renewable electricity across all locations where possible.		2024
Managed supply chain (75% of revenue with SBTi or net zero target).		2025
Softcat 'Certified Carbon Neutral' services-PAS 2060 services migrated to new ISO 14068-1 standard.		2026
100% of deliveries to be completed using low-emission delivery services.		2027
>80% of customers to purchase sustainable products or services.		2028
All suppliers and partners to use 100% renewable electricity across their UK operations.		2029
40% reduction of scope 1 and 2 and 45% reduction of scope 3 emissions.		2030
Zero to landfill across Softcat UK locations.		2031

Key: Delivered In progress

### Remuneration

Since FY2023, the Remuneration Committee has included an assessment of performance against some of our key environmental targets and actions as part of the annual bonus plan for Executive Directors. Achievement against the actions is disclosed in the Annual Report on Remuneration on pages 104 to 115.

### Internal carbon prices

During FY2025 we have developed an approach to set metrics through internal carbon pricing, in order to pave the way to further embed this metric into the business in future years. In FY2026 the Sustainability Committee will discuss with management plans to further embed internal carbon pricing into the business. This will help to drive positive behaviours and decisions to further reduce our impact on climate change.

# Climate-related Financial Disclosures and sustainability continued

## Working with our stakeholders

### Partnerships

To help us achieve our net zero targets, we work closely with our supply chain, vendors and other industry and business forums and this helps to raise the profile and importance of reducing carbon emissions. Many of our vendors are dedicated to operating more sustainably and are making commitments towards tackling climate change and we collaborate with them so we can understand our respective journeys to net zero. We will need further actions and the ongoing support of our vendors for their net zero journeys to align to our net zero goal of 2040. For this reason the Sustainability Committee acknowledges that achieving our goal by 2040 is ambitious but challenging.

Softcat is accredited with the internationally recognised sustainable standards below:



Softcat is a participant of the UN SDGs. The SDGs are a collection of 17 interlinked global goals that are designed to be a 'blueprint to achieve a better and more sustainable future for all'.



ISO 14001 sets out the requirements for an environmental management system. It helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.



ISO 50001 specifies the requirements for establishing, implementing, maintaining and improving an energy management system.



Softcat has approved near and long-term science-based emissions reductions targets with the SBTi.

## Customers

Most of Softcat's reportable emissions are scope 3, which includes the supply of goods resold and services in our supply chain and on to customers. During FY2025 we have focused on gaining further insights from our customers through a sustainability 'Voice of the Customer' survey. The results confirm there is customer demand for sustainable products and services and it reinforces the strategy to provide them to our customers and to better empower customers to make educated, sustainable IT spend decisions. We believe this represents Softcat's biggest opportunity to reduce CO<sub>2</sub> emissions, by offering carbon-neutral services and by guiding customers towards sustainable products. However, we consider that there is room to improve the accuracy and consistency of emissions data for the products and services we resell. To address this, Softcat is working with our vendors and third-party carbon data platforms to enhance the sustainability information we provide to our customers both as part of pre-sales and invoicing solutions. This will help them with their choices throughout the lifecycle of products and services offered and we aim to make good progress on this in the future. The Sustainability Committee will consider progress on these matters during FY2026 with a view to further refining the scale of opportunities available.

## Employees

Our employees have a major role to play in the success of our response to climate-related risks and opportunities. Group-wide training has given employees awareness of climate-related issues and we will be acting on the feedback from the sustainability 'Voice of the Customer' responses to further support employees to meet the requirements of our customers.

Softcat has 'green teams' in its offices which help to drive awareness and co-ordinate events associated with sustainability.





## Regulatory and other disclosures

### GHG emissions

Our emissions have been calculated using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emissions factors from the Department for Environment, Food & Rural Affairs ('DEFRA') and the Department of Energy & Climate Change ('DECC').

- Scope 1: comprises emissions from our pool cars and natural gas burnt in boilers we control.
- Scope 2: comprises our electricity consumption in leased and owned buildings.
- Scope 3: comprises all indirect emissions (not included in scope 2) that occur across our value and supply chains.

### Softcat intensity measurements

We have chosen to present our emissions (scope 1 and 2 location-based) relative to the average number of employees in order to represent how our emissions are impacted by the growth of our business. We also present, for additional information, our emissions relative to our turnover. Commentary on the steps we take to reduce energy consumption and reduce our carbon footprint is provided elsewhere in this report.

	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019
tCO <sub>2</sub> e/£m	<b>0.14</b>	0.14	0.22	0.21	0.20	0.30	0.51
tCO <sub>2</sub> e/employee	<b>0.18</b>	0.16	0.26	0.28	0.23	0.22	0.39

### Energy consumption

This disclosure is made in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which requires certain companies to report on energy consumption and efficiency.

### Energy consumed Million kilowatt hours

# 2.21



The above figure relates to Softcat plc. It consists of the aggregate of the annual quantity of energy: (i) consumed from activities; and (ii) consumed resulting from the purchase of electricity or certain other energy products. The figure was calculated following UK Government Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting guidance (March 2019). The aggregate quantity of energy consumed from FY2024 includes energy consumed in our offices in Ireland and in the USA.



## Climate-related Financial Disclosures and sustainability continued

### Regulatory and other disclosures continued

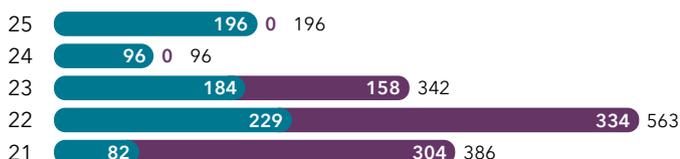
#### GHG emissions continued

GHG emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard, using UK Government GHG conversion factors 2023.

#### Scope 1 and scope 2 emissions

tCO<sub>2</sub>e

# 196



Key: ● Scope 1 ● Scope 2

#### Scope 3 emissions

tCO<sub>2</sub>e '000

# 363



The material increase in scope 1 emissions in FY2025 arose as a result of a coolant leak in one of our offices. Scope 3 emissions and the intensity measurement per employee for FY2024 have been restated in line with a maturing of our emissions data. This has resulted in a small decrease in each of the previously reported numbers.

Scope 2 emissions from FY2024 are market based. The zero figure shown for scope 2 for FY2024 follows the purchase of Energy Attribution Certificates ('EACs') in respect of our office locations where using renewable energy directly has not been possible. Scope 2 emissions shown prior to FY2024 are materially different as these relate to emissions before the purchase of EACs.

#### Assurance in respect of emissions data

Softcat engaged the independent firm NQA to provide assurance over selected sustainability indicators, including those contained in this Annual Report. The scope of work undertaken by NQA was limited assurance regarding the respective emissions scope data. Assurance statements are available in the Trust section of the Softcat website.

#### Energy efficiency

Measures taken to increase energy efficiency are described elsewhere within this section of the Annual Report. The following explains other actions taken to reduce emissions and to improve the measurement of emissions so that further actions can be considered:

- We utilise, where appropriate, technology such as video conferencing, which reduces business travel.
- Our flexible working policies, which include hybrid working, reduce employee commuting.
- Waste management and water are included within our emissions calculations. Given the nature and operation of our business, we do not consider impacts relating to biodiversity and use of land to be material.

#### Use of carbon removals

We work with accredited partners to remove the impact of our scope 1 and scope 2 emissions and operational scope 3 emissions (including waste, business travel and employee commuting). We use carbon credit approved removal schemes, making financial contributions to the equivalent of the emissions to be removed. All of these emissions for FY2025 have been removed.

Softcat invests in a Verified Carbon Standard carbon removal project to remove emissions from employee commuting, business travel, fuel and energy-related activities, and waste. The project's main objectives are wood production, land restoration and carbon sequestration through afforestation. Our aim is to invest in nature as well as to reduce greenhouse gas emissions, in line with the 'beyond value chain mitigation' approach from the Science-Based Targets initiative.





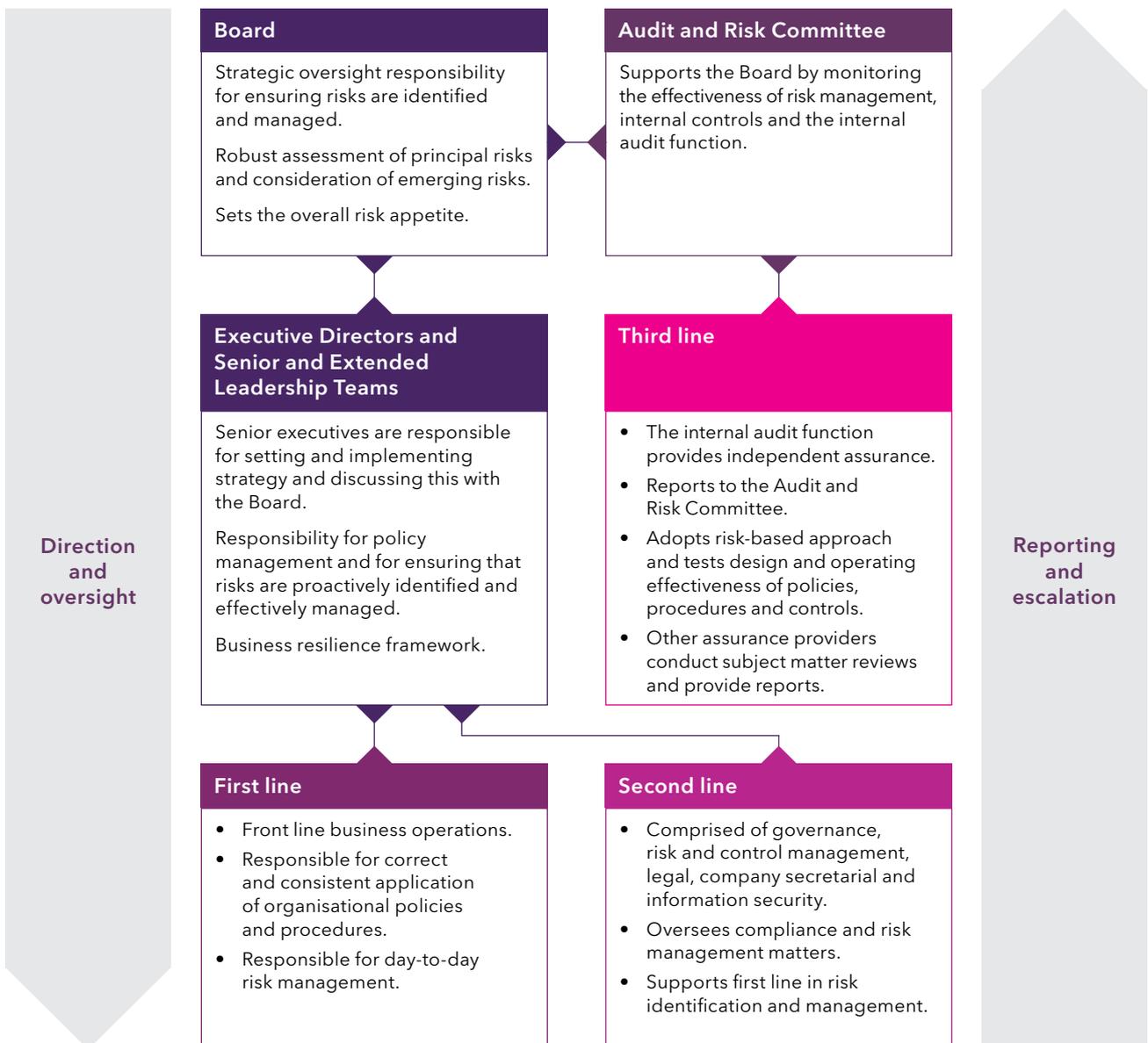
# Driving effective risk management

## Overview

**We adopt a strategic and structured approach to risk management, which proactively identifies and addresses risks. Our approach is based on elements of the widely recognised 'Internal Control - Integrated Framework' published by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO').**

We continue to mature and evolve our risk management approach, building on our three-tier architecture. This framework is embedded in the organisation, strengthening our second-line functions, engaging staff to promote a culture of risk awareness, and developing and deploying risk registers for key areas. More information on how we have continued to build on our effective risk management and assurance processes is provided in the report from the Audit and Risk Committee on pages 81 to 88.

## Risk governance



## Risk management continued

### Driving effective risk management continued

#### Risk appetite

We recognise the need for informed risk taking in order to deliver sustainable and profitable business growth in line with our values and strategy. Our 'risk appetite' is reviewed and approved by the Board each year. The Senior Leadership Team is responsible for operating the business within the risk appetite approved by the Board.

Our risk appetite ratings are defined as follows:

- **Low:** We aim to mitigate these risks to the fullest extent possible.
- **Balanced:** We accept broadly predictable risks where there are business benefits of carrying that risk.
- **High:** We seek out opportunities with attractive potential upsides, take considered risks and manage the consequences.

Assessing key risks against our risk appetite enables us to understand where we are operating within or outside the target risk appetite. This allows management to consider the actions required to achieve the target appetite. Our risk appetite varies across different principal risks, as set out on pages 62 to 64.

## Risk management methodology

### Our framework

**Integrated three lines model and COSO internal control framework:** The 'three lines' model helps organisations identify structures and processes that best assist in the achievement of objectives and facilitate strong governance and risk management. COSO's 'Internal Control - Integrated framework' outlines how internal controls can be operationalised to achieve an effective system of internal controls.

### Three-tier risk management architecture



Principal risks are often made up of one or more key risks. Key risks are linked to process level risks.

## Risk categories

Our risk categories help to identify, group and assign risks to the right leaders and managers in the business. This also enables a comprehensive assessment of the overall risk landscape. We identify our current key risks under these categories, which have not changed over the year.

### **A Business strategy**

Risks which have the potential to impede the achievement of our strategic goals or impact our business model.

### **B Operational**

Risks (both external and internal) that could impact day-to-day operations and prevent business-as-usual activities.

### **C Financial**

Risks that could impact the profitability or financial viability of the Group or increase economic exposure.

### **D People**

Risks that could impact our ability to attract, retain and motivate the very best employees.

### **E Regulatory and compliance**

Risks in respect of complying with ongoing and increasing regulatory and compliance requirements for Softcat.

→ Read more on pages 62 to 64.

## Process

Risk management is aligned to our strategy, and each principal risk and uncertainty is considered in the context of how it relates to the achievement of our strategic objectives and risk appetite. Ownership for each principal risk is assigned to a Director or senior leader based upon alignment with operational duties.

First line teams and leaders identify, evaluate, escalate and record risks. They also identify appropriate risk management activities and action them. Information on identification, assessments and actions are captured in operational risk registers. The second line function oversees the overall risk management and internal control process. It reviews the operational risk registers, updates the key risk register based on insights and interviews with risk owners and managers from across the business, updates principal and emerging risks, performs sample checks, provides feedback to first line teams, and undertakes a formal risk management and internal control effectiveness review at least twice a year.

The Audit and Risk Committee, on behalf of the Board, reviews the effectiveness of the risk management functions and receives assurances on the effectiveness of key controls in the business. This process provides a combined 'bottom-up' and 'top-down' approach to ensure risks have been considered from different perspectives. The key risk register is reviewed at least twice a year by management to ensure that it remains current, as the business and its markets evolve. Management is responsible for ensuring that risks remain within the target risk appetite and where gaps are identified that plans have been put in place to address them. Management also adds new risks and removes existing risks to risk registers as appropriate. The Risk, Assurance and Process Improvement team maintains oversight to ensure that identified remedial actions on risks are progressed. The Audit and Risk Committee reviews key risks, including emerging risks, the consideration of sustainability related risks and the overarching principal risks, at the half year and full year. The Audit and Risk Committee also reviews the Viability Statement, which considers the potential impact over the longer term of some of the key risk factors.



The Audit and Risk Committee receives reports from management and from internal audit on key areas of risk and control and challenges management on the timelines and effectiveness of corrective action. The Audit and Risk Committee also considers the findings and recommendations of the external auditor with regard to financial and certain other controls. The Audit and Risk Committee then makes a recommendation to the Board for final approval.

## Climate change

During the year, in line with the approach recommended by the published Climate-related Financial Disclosures ('CFD'), we conducted a formal assessment of the potential impact of climate change to our business and supply chain. Please see our report on CFD and sustainability on pages 40 to 58. Climate change is already a component of the risk of failure to respond to market changes when considering the needs of our customers and how products, services and solutions might be affected by the drive towards carbon neutrality. Our current analysis concluded that no other climate change-related risk is a principal risk which needs to be incorporated into the list of principal risks shown.

## Principal risks

The Board has identified the principal risks facing the Group and considered the likely impact that each could have on the business. There is a Board-approved definition for material emerging risks and a process is in place which requires the CFO to escalate promptly any such risk to the attention of the Board.

The Board's view of the principal risks currently facing the Group, along with commentary on how this might impact progress against our strategic goals, is on pages 62 to 64. We provide a view on the change in risk compared to the prior year's assessment.

Following review the Board agreed a change to the existing risk profile related to our principal risk 'cyber security risk and business interruption risk'. The risk profile rose primarily due to an increase in the threat landscape for cyber security events as seen more widely in the UK. These could impact either the business or our value chain. To address this risk, we already have mitigating actions in place. We are further strengthening these to be more prepared and to keep our business secure and operational.

In addition to principal risks, the Board noted an emerging risk in respect to a multinational expansion, acquisition and integration risk. As we continue to expand our multinational business, this increases our risk across performance, legal, compliance and operational models. M&A activity including the acquisition of Oakland also introduces potential integration, cultural alignment and execution risks.

Issues associated with the principal risks have been discussed by the Board or relevant Committee regularly. For example, there were regular reviews on cyber security, maintaining our special culture and potential market changes. The Board also considers other emerging external matters, for example changes in the geo-political landscape.

Some of the key risks are also reflected in scenario planning as part of the Group's assessment of viability over the longer term (see page 65 for further details).

An explanation of how the Group manages financial risks is provided in note 23 to the financial statements. An explanation of the Company's approach to critical accounting judgements and key sources of estimation uncertainty is also provided in note 1 to the financial statements.



# Principal risks and uncertainties

## A Business strategy risks

Failure to respond to market changes including technology offering, channel disintermediation, competitor landscape and customer needs

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
<p>No change</p>	<p>Low</p>	<ul style="list-style-type: none"> <li>Loss of competitive advantage</li> <li>Reduced number of customers and profit per customer</li> </ul>	<ul style="list-style-type: none"> <li>Insight from ongoing industry analysis and subscriptions input into annual strategy process</li> <li>Regular insights into customer priorities including climate related through the annual customer experience survey results and 'Voice of the Customer' surveys. Multi-layered relationship with strategic vendors and executive sponsor alignment</li> <li>Regular quarterly business reviews with vendors</li> <li>Regular meetings between senior representatives from sales, technology and vendor management teams to review technology and market trends and customer propositions</li> </ul>	 

## B Operational risks

Customer dissatisfaction

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
<p>No change</p>	<p>Low</p>	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>Loss of customers</li> <li>Financial penalties</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated customer experience team, which manages and escalates customer dissatisfaction cases</li> <li>ISO 20000-1 IT Service Management and ISO 9001 Quality Management certified</li> <li>Ongoing customer service excellence training</li> <li>'Big-deal review' process</li> <li>Investment in customer-supporting internal IT systems</li> </ul>	  

## Cyber security risk and business interruption risk

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
<p>Slightly increased</p>	<p>Balanced</p>	<ul style="list-style-type: none"> <li>Inability to deliver managed customer services</li> <li>Prolonged system outage may result in lost sales opportunities and failure to deliver on key business objectives</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Customer dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>ISO 27001 accredited processes. Group-wide information security policy and mandatory security-related training</li> <li>Regular testing of disaster recovery plans and business continuity plans</li> <li>Simulation exercises will be conducted in FY2026</li> <li>Established and documented processes for incident management, change of control, etc.</li> <li>Access controls aligned with zero trust principles</li> <li>Training and awareness including regular phishing tests</li> <li>Key software used is from large multinational companies which have a 99.9% SLA and which also provide us with SOC 2 reports that provide assurance on their processes and controls</li> <li>Annual penetration test by a third party</li> <li>Adoption of NIST 2.0 framework, a recognised cyber maturity framework</li> </ul>	 

Acquire more customers  
→ See page 16.

Sell more to existing customers  
→ See page 16.

People and culture  
→ See page 17.

Ease of doing business  
→ See page 17.

Maintain relevance and expand our addressable market  
→ See page 17.

## C Financial risks

Macro-economic factors, including geo-political conditions, impact on customer sentiment, inflationary pressures, interest and foreign currency volatility

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
No change	Balanced	<ul style="list-style-type: none"> <li>Short-term supply chain disruption</li> <li>Reduced margins</li> <li>Reduced customer demand</li> <li>Reduced profit per customer</li> <li>Higher operating costs</li> <li>Customer insolvencies and cash collection challenges</li> </ul>	<ul style="list-style-type: none"> <li>Customer base is well diversified in terms of both revenue concentration and public and commercial sector exposure</li> <li>Close dialogue with supply chain partners</li> <li>Market conditions are factored to our annual budgeting process</li> <li>Operating costs are budgeted and reviewed regularly</li> <li>Going concern and viability statements are underpinned by robust analysis of scenarios</li> <li>Policies and procedures to manage foreign exchange exposures</li> </ul>	 

Ineffective working capital management, including customer credit risk relating to both in-year and multi-year deals

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
No change	Balanced	<ul style="list-style-type: none"> <li>Increased bad debts</li> <li>Increased cost of operations</li> </ul>	<ul style="list-style-type: none"> <li>Robust credit assessment process including use of trade credit insurance</li> <li>Clear delegation of authority ensuring decisions are escalated appropriately including to the Board, where relevant</li> <li>Group-wide maximum credit exposure per customer (across invoiced and orders yet to be fulfilled inclusive of multi-year deals) of £75m where specific criteria are met</li> <li>Support from vendors for multi-year credit risk for unfulfilled orders is regularly sought</li> <li>Regular review of the aged debt position by management</li> <li>Defined treasury policy covering liquidity management processes and thresholds</li> <li>Regular cash forecasting, actual reporting and variance analysis to highlight any adverse trends and allow sufficient time to respond</li> </ul>	

Failure to retain competitive terms with our suppliers and/or to right-size our cost base compared to gross profit generated

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
No change	Balanced	<ul style="list-style-type: none"> <li>Uncompetitive pricing leading to loss of business</li> <li>Reduced profitability/margins</li> </ul>	<ul style="list-style-type: none"> <li>Budgeting process and regular reviews ensure costs are managed appropriately and in consideration of gross profit growth. Any out of budget spend needs management-level or Board approval</li> <li>Rebates form an important but only minority element of total operating profit. In addition, rebate programmes tend to be industry standard and not specific to the Group, while vendor alliance teams ensure we optimise available rebate structures</li> <li>Ongoing training of sales and operations teams to keep pace with new vendor programmes</li> </ul>	 

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→ See page 17.

## Risk management continued

### Principal risks and uncertainties continued

#### D People risks

##### Loss of culture

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
 No change	 Low	<ul style="list-style-type: none"> <li>Reduced staff engagement</li> <li>Negative impact on customer service</li> <li>Loss of talent</li> </ul>	<ul style="list-style-type: none"> <li>Culture sits at the heart of all changes that are made in Softcat. There is regular communication from Senior Leadership Team members to employees at 'Kick Off' and 'all hands' calls about the importance of culture</li> <li>Regional offices with empowered local management</li> <li>Quarterly management satisfaction survey and annual all-employee survey with feedback acted upon</li> <li>Regular staff events and incentives</li> <li>Enhanced internal communication processes and events</li> </ul>	

##### Talent, capability and leadership risk

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
 No change	 Low	<ul style="list-style-type: none"> <li>Lack of strategic direction</li> <li>Reduced staff engagement</li> <li>Loss of talent</li> <li>Loss of competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>Succession planning process in place</li> <li>Experienced and broad senior management team</li> <li>Investment in robust recruitment and selection processes</li> <li>Attrition tracked and action taken as necessary</li> </ul>	 

#### E Regulatory and compliance risks

##### Compliance with existing regulation/legislation and being prepared for emerging regulation/legislation

Change from 2024	Target risk appetite	Potential impacts	Management and mitigation	Link to strategy
 No change	 Low	<ul style="list-style-type: none"> <li>Financial penalties</li> <li>Reputational damage</li> <li>Loss of customers</li> </ul>	<ul style="list-style-type: none"> <li>Significant investment in a second line of defence function (Risk Assurance and Process Improvement, Information Security, Legal and Company Secretarial teams)</li> <li>Management committee in place to review second line progress and report to the Audit and Risk Committee</li> <li>Ongoing engagement with specialist third parties where required</li> </ul>	 

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→ See page 17.

Maintain relevance and expand our addressable market  
→ See page 17.

## Viability statement

**In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Company over a three-year period to 31 July 2028, which is a longer period than the twelve-month outlook required in adopting the going concern basis of accounting. This assessment period remains appropriate given the timescale of the Company's planning and investment cycle.**

The Directors confirm that they have performed a robust assessment of the principal risks facing the Company as detailed on pages 62 to 64, including those that will threaten its business model, future performance and solvency or liquidity.

The Company's gross invoiced income has grown on average 13.4% per year in the last three years. This has been achieved by gaining market share through increasing the number of customers as well as increasing spend per customer year on year. Against a backdrop of high inflation and interest rates which have put pressure on our customer base, the Company has displayed a large degree of resilience to challenging conditions, evidenced by an increase in gross profit of 18.3% in FY2025. The year-to-date trading to the end of September 2025 shows growth in line with the base case forecast.

As of September 2025, the principal challenges to short-term business performance are a downturn in the UK economy, resulting from higher broad-based inflation and interest rates which both affect our direct customers and limit the discretionary spend of the end users of their products and services. This may result in delayed decisions on non-critical projects as well as enhanced procurement processes which ultimately could push spend into future periods. Higher than normal risk of credit losses remains. These factors have been assessed within the Company risk review and discussed within the Strategic Report.

The assessment of the Company's viability considers severe but plausible scenarios aligned to the principal risks and uncertainties set out on pages 62 to 64, and the assessment was based on the severe but plausible scenario set out in our going concern assessment. The realisation of these risks, to the extent modelled, is considered highly unlikely.

The degree of severity applied in the viability scenarios was based on management's experience and knowledge of the industry to determine plausible changes in assumptions.

The most relevant potential impacts of the key risks on viability are:

- a substantial and sustained shortfall in revenue and gross invoiced income compared to the budget and strategic three year plan resulting from a significant and extended downturn in the UK economy and resulting fall in spend;
- a fall in achievable gross margins resulting from margin pressure associated with lower demand and increased competition for the remaining business;
- significantly increased levels of bad debt losses in the first year of the modelled period, to coincide with the challenges of higher inflation and interest rates and less discretionary spend for consumers; and
- an ongoing increase in the working capital cycle, specifically driven by a delay in customer payments versus historical levels.

The following stress testing over a three-year period has been performed: (i) against the budget approved by the Board for the 2026 financial year; and (ii) against the remaining two financial years (i.e. 2027 and 2028) of the three-year plan:

- an average 5% year-on-year reduction, compared to the original budget and three-year strategic plan, in revenue and gross invoiced income;
- reduced gross profit margins of 0.5% compared to the original budget and three-year strategic plan;
- savings in discretionary areas of spend;
- bad debt write offs of £4.8m above budgeted levels in FY2026, FY2027 and FY2028; and
- extending the length of debtor days by three days across the three years (thus negatively impacting working capital).

The Company benefits from a flexible business model with a high proportion of costs linked to performance, such as commission, no warehousing of unsold products and a low operating cost base, consisting of mostly staff costs.

On top of the natural reduction in some of these outflows as profitability reduces, management could, if necessary, take mitigating actions such as managing supplier payments, including the reduction of early payments benefiting from early settlement discount, as well as adjusting discretionary special dividends. In addition, management could make longer-term cost cutting decisions, if required.

Despite the minimum desired cash position being achieved in the severe but plausible scenario through a reduction in planned special dividends and delay payments to suppliers forgoing early settlement payments, the following options also exist for management:

- reduced salary costs, through recruitment restrictions on new heads and not replacing leavers;
- no interim dividend in H2 of FY2026 or thereafter;
- savings in discretionary areas of spend; and
- short-term supplier payment management.

The Company operates a flexible model in a resilient industry that incorporates an increasing level of non-discretionary spend from UK corporates as IT has become vital to establish competitive advantage in an increasingly digital age. In Public Sector, a fast growing area of the business, spending has also continued to be strong as investment in IT continues at pace in order to provide the best level of service to the public.

Financially, significant free cash flow generation and the strength of the Company's balance sheet provide comfort around the ability to absorb the impact of the stress tests outlined above.

### Confirmation of viability

Based on the analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

“ We operate a strong and effective system of governance which demonstrates good leadership and oversight of our responsibilities. ”

**Graeme Watt**  
Non-Executive Chairman



### Compliance with the UK Corporate Governance Code

#### Board leadership and Company purpose

The Board is responsible for establishing Softcat's purpose, building strong relationships with our shareholders and stakeholders, and promoting the long-term success of Softcat.

→ Read more on pages 67 to 69.

#### Division of responsibilities

The Board has clear divisions of responsibilities and promotes a culture of openness and debate.

→ Read more on page 70.

#### Composition, succession and evaluation

We regularly evaluate the composition and the succession of the Board to ensure we are effective, consider diversity and the balance of experience, skills, knowledge and independence.

→ Read more on pages 89 to 93.

#### Audit, risk and internal control

We present a fair, balanced and understandable assessment of Softcat's position and prospects. Our decisions are discussed within the context of the risks involved.

→ Read more on pages 81 to 88.

#### Remuneration

Director remuneration is designed to support Softcat's strategy, purpose and values, and promote the Company's long-term success.

→ Read more on pages 96 to 127.

#### Sustainability

We operate a Sustainability Committee to provide Board-level oversight on our sustainability strategy, targets and progress towards a lower-carbon business.

→ Read more on pages 94 and 95.

### Dear shareholder,

I am pleased to present this year's report on governance. It provides information on the role of the Board and its Committees, outlining the work we carried out in the last year. The report includes the good work undertaken on accountability, stakeholder engagement and oversight of Softcat's strategic direction.

The 2018 UK Corporate Governance Code (the 'Code') (a copy of which is available at [www.frc.org.uk](http://www.frc.org.uk)) applies to Softcat for the year ended 31 July 2025. Your Company complied with the principles and provisions of the Code during the year with one exception. In respect of Provision 9 of the Code, I was not independent on appointment as Non-Executive Chairman on 1 August 2023 as I was Softcat's previous Chief Executive Officer until 31 July 2023.

When deciding on my appointment as Chairman, the Board recognised that the Code states that the chair should on appointment meet the independence criteria and that ordinarily the chief executive should not go on to be the chair of the same company.

Prior to me becoming Chairman, detailed conversations were held with the Board and plans agreed to ensure that my role as Chairman was very clear to the Board, other stakeholders and to me. We remain conscious that it is not seen as best practice for a former CEO to be chair of the same company. However, the Board and the Nomination Committee believe we have a clear framework for the roles of the Chairman and of the CEO and there is a clear separation between those roles. The Board was unanimous that my knowledge of the business, the market and Softcat's culture are essential in the role of Chairman

to continue to best support the interests of all our stakeholders. I am not involved in any operational matters, but do act as a sounding board for the CEO which is best practice. We have a clear and successful operating model and an understanding that the CEO runs the Company, not the Chairman.

The other Non-Executive Directors are all independent, so we have a well-balanced composition which the Board believes is in the best interests of the Company's stakeholders. We operate a strong and effective system of governance which demonstrates good leadership and oversight of our responsibilities.

We are always looking for ways to improve and advance our effectiveness as a Board. This year we conducted an external Board effectiveness evaluation, in line with the recommendations of the Code. Jacqui Ferguson, our Senior Independent Director, also conducted a formal review of my performance and she led a discussion with the Board at which I was not present. Both reviews concluded that your Board continues to work well and I thank once again my fellow Directors for their enthusiasm and insights which contribute to such an effective Board.

If you have any questions or comments on the reports, I will be pleased to hear from you via the Company Secretary at [coscec@softcat.com](mailto:coscec@softcat.com).

**Graeme Watt**  
Non-Executive Chairman  
21 October 2025



# Your Board of Directors

→ Read biographies on pages 68 and 69.



## Board overview

### Tenure of Directors

1. G Watt	<b>7yrs 6mths</b>
2. G Charlton	<b>10yrs 7mths</b>
3. K Mecklenburgh	<b>2yrs 4mths</b>
4. J Ferguson	<b>1yr 9mths</b>
5. R Perriss	<b>6yrs 3mths</b>
6. L Weedall	<b>3yrs 5mths</b>
7. M Prakash	<b>2yrs 1mth</b>

### Allocation of time



### Directors' experience

Skills	Number of Directors
Finance	●●●● 4
Marketing	●●●● 4
Operations	●●●●●●● 7
Management	●●●●●●● 7
Technology	●●●● 4
VAR sector	●●● 3

### Board composition (%)



## Our business is led by our Board of Directors. Biographical and other details of the Directors as at 21 October 2025 are as follows:

### Board gender diversity (%)



- Male: 42.9%
- Female: 57.1%

#### Committee key

- (A) Audit and Risk Committee
- (N) Nomination Committee
- (R) Remuneration Committee
- (D) Disclosure Committee
- (S) Sustainability Committee
- Chair

1

### Graeme Watt

Non-Executive Chairman

#### Appointed to the Board:

1 April 2018 (and became Chairman on 1 August 2023)

#### Committee membership:

(N) (D) (S)

#### Key strengths

- Extensive knowledge of the sector, distribution and the reseller channel
- Strong commercial skills
- Business and system transformations
- Mergers and acquisition experience
- Strong leadership skills and delivery of growth in very sizeable business units
- Deep understanding of the Softcat business and culture
- Wealth of financial and risk knowledge

#### Current external commitments

Chairman, Infinigate Holding AG.

#### Previous roles

Graeme joined Softcat in April 2018 as CEO, a role which he held until 31 July 2023. On 1 August 2023 he was appointed Non-Executive Chairman. Graeme is also the non-executive chairman of Infinigate Holding AG. He has built over 35 years of channel experience in the IT distribution industry. Before he joined Softcat, Graeme was senior vice president EMEA, Advanced and specialist solutions, Tech Data Corporation ('Tech Data'), a position he held from March 2017. He was promoted to that role when Avnet's technology solutions business was acquired by Tech Data in early 2017. Prior to that, he was president for Avnet Technology Solutions, EMEA for almost seven years and a member of Avnet's global executive committee. He previously spent six years at Bell Micro (as president of global distribution) and his earlier career included roles at Tech Data (president EMEA) and Computer 2000 (managing director UK & Ireland). Graeme is a chartered accountant and graduated from Edinburgh University having read Physiology.

2

### Graham Charlton

Chief Executive Officer

#### Appointed to the Board:

19 March 2015 (and became CEO on 1 August 2023)

#### Committee membership:

(D) (S)

#### Key strengths

- Strong leadership skills
- Strong financial and commercial skills
- Extensive experience in both financial and general management
- Deep understanding of the Softcat business and culture
- Significant experience of financing and capital raising

#### Current external commitments

None.

#### Previous roles

Graham was CFO of Softcat between March 2015 and July 2023 and was appointed CEO in August 2023. Before Softcat, Graham spent four years as finance director at comparethemarket.com. Prior to that, Graham spent one year as finance director at See Tickets (the trading name of See Group Limited) and over five years in various roles, including group financial accountant, finance manager and finance director, decision analytics, at Experian Ltd. Graham is a chartered accountant and began his career with Andersen.

3

### Katy Mecklenburgh

Chief Financial Officer

#### Appointed to the Board:

19 June 2023

#### Committee membership:

(D) (S)

#### Key strengths

- Strong leadership skills
- Strong financial and commercial skills
- Extensive experience in commercial finance and audit matters
- Previous significant senior finance roles across a range of industries

#### Current external commitments

None.

#### Previous roles

Katy joined Softcat in June 2023. Previously, she was interim chief finance officer at ASOS plc. Prior to that, she spent three years as group financial controller at Inchcape plc. She has held various other positions across a range of industries and blue-chip firms. Katy was head of finance at Amazon and finance director at Serco and she spent over a decade at Procter and Gamble where she held a series of senior finance roles. Katy is a chartered management accountant. She earned a BSc in Pharmacology and a PhD in Respiratory Medicine, both from Edinburgh University.

4

### Jacqui Ferguson

Senior Independent  
Non-Executive Director

**Appointed to the Board:**  
1 January 2024

#### Committee membership:

**A N R S**

#### Key strengths

- Extensive experience as a non-executive director of listed companies
- Significant sector knowledge
- Extensive knowledge in the large scale, growth-oriented business-to-business technology environment

#### Current external commitments

Senior independent director and chair of the remuneration committee of Croda International plc, non-executive director of National Grid plc and deputy chair of Engineering UK.

#### Previous roles

Jacqui was chair of Tesco Bank and a non-executive director at John Wood Group PLC. She also held several significant executive roles at Hewlett Packard, including senior vice president and managing director, and she held executive roles at Electronic Data Systems, including director of EMEA strategic business planning.

5

### Robyn Perriss

Independent  
Non-Executive Director

**Appointed to the Board:**  
1 July 2019

#### Committee membership:

**A N R S**

#### Key strengths

- Wealth of financial, risk and governance knowledge
- Significant investor relations and capital markets experience
- Extensive experience of strategic roles, particularly within a dynamic and fast-paced progressive environment

#### Current external commitments

Non-executive director at Dr. Martens plc and Domino's Pizza Group PLC.

#### Previous roles

Robyn was a non-executive director at Next 15 Communications Group PLC. She was finance director at Rightmove plc, the UK's largest property portal. Prior to being finance director at Rightmove, Robyn also held senior roles as financial controller and company secretary. Before joining Rightmove, Robyn was group financial controller at the online media business Auto Trader.

She qualified as a chartered accountant in South Africa with KPMG and worked in both audit and transaction services.

6

### Lynne Weedall

Independent  
Non-Executive Director

**Appointed to the Board:**  
3 May 2022

#### Committee membership:

**A N R S**

#### Key strengths

- Significant experience of senior positions in human resources
- Extensive experience as a non-executive director of listed companies

#### Current external commitments

Non-executive director at Dr. Martens plc, Greggs plc and Stagecoach Group Limited.

#### Previous roles

Previous senior executive positions include group people & culture director of Selfridges Group, and group human resources & strategy director of Carphone Warehouse. Previous non-executive roles include Treatt plc, William Hill plc and Greene King plc.

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### Mayank Prakash CBE

Independent  
Non-Executive Director

**Appointed to the Board:**  
1 September 2023

#### Committee membership:

**A N R S**

#### Key strengths

- Significant experience of senior positions in various sectors
- A strong background across operations, technology and digital information and transformations

#### Current external commitments

Chief executive officer, Pivotal Group and non-executive director at Uber UK.

#### Previous roles

Mayank held senior executive positions including group chief operations officer of Evelyn Partners Group, chief consumer digital and information officer of Centrica plc, managing director, global wealth & investment management technology of Morgan Stanley, chief digital & information officer of DWP and UK chief information officer of Sage Group plc.



## Governance report

### Attendance at Board and Committee meetings

Details of Board and Committee attendance during the 2025 financial year are provided below. All Directors are expected to attend all relevant meetings.

	Board <sup>1</sup>	Audit and Risk Committee	Nomination Committee	Remuneration Committee	Sustainability Committee
<b>Meetings held</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>2</b>
<b>Meetings attended</b>					
Graeme Watt <sup>2</sup>	8	–	3	–	2
Graham Charlton <sup>2</sup>	8	–	–	–	2
Katy Mecklenburgh <sup>2</sup>	8	–	–	–	2
Vin Murria	8	5	3	5	2
Robyn Perriss	8	5	3	5	2
Lynne Weedall	8	5	3	5	2
Mayank Prakash	8	5	3	5	2
Jacqui Ferguson	8	5	3	5	2

#### Notes:

1. During the year, there were four meetings of the sub-Committee established by the Board to give final approval to the release of the Group's trading results.
2. Graeme, Graham and Katy are not members of the Audit and Risk or Remuneration Committees. Graham and Katy are not members of the Nomination Committee. Each is, however, usually invited to the meetings as an attendee. All Directors fully attended each meeting.



# Our governance framework

## Our Board

### Matters reserved for the Board

The Board has a schedule of matters reserved for its approval which is regularly reviewed and updated. Matters include:

- our strategy, business objectives and annual budgets to ensure we can deliver long-term value to our shareholders;
- annual and half-year results and our dividend policy;
- material acquisitions, disposals and contracts;

- major changes to internal controls, risk management or financial reporting policies and procedures;
- determining our risk appetite;
- oversight of strategic sustainability objectives;
- major changes to our capital, corporate or management structure; and
- succession planning for the Board and senior management.

Matters reserved can be found at [www.softcat.com/about-us/investor-centre/governance](http://www.softcat.com/about-us/investor-centre/governance).

The Code expects certain roles of the Board to be clearly set out. The Board has a formal document outlining the role of the Chairman, Chief Executive, Senior Independent Director ('SID'), Non-Executive Directors ('NEDs') and Designated Director for Workforce Engagement. This document is regularly reviewed and can be found at <https://www.softcat.com/about-us/investor-centre/governance>.

## Board Committees

The Committees support the work of the Board and provide the additional governance appropriate for a company listed on the London Stock Exchange. The Committees have remained unchanged since last year with no material change in their duties and responsibilities.

### Audit and Risk Committee

- Governance over the appropriateness of the Group's financial reporting.
- Review and recommendations on the performance and appointment of both the internal audit function and the external auditor.
- Reviews of the Company's system of internal control, risk management and compliance activities.

→ Read more on pages 81 to 88.

### Nomination Committee

- Evaluates Board composition and ensures Board diversity and a balance of skills.
- Reviews Board and executive succession plans and plans to improve diversity and inclusion in the business.
- Oversees the performance evaluation of the Board, its Committees and individual Directors.
- Reviews employee engagement and culture within the business.

→ Read more on pages 89 to 93.

### Remuneration Committee

- Sets, reviews and recommends the policy on remuneration of the Chairman, Executive Directors and Senior Leadership Team.
- Sets the pay of the Executive Directors and agrees their participation in bonus plans and certain share-based incentives.
- Reviews the use of share-based schemes in the Group.
- Sets a Remuneration Policy for approval by shareholders and then manages its implementation.

→ Read more on pages 96 to 127.

### Sustainability Committee

- Sets and approves the sustainability strategy of the Company.
- Reviews performance against climate-related goals and initiatives, and oversees compliance with climate-related regulations.
- Reviews the effectiveness of identifying and monitoring climate-related risks and opportunities.
- Reviews, on behalf of the Remuneration Committee, the achievement of any sustainability objectives set for the Executive Directors.
- Reviews other corporate responsibility issues as requested.

→ Read more on pages 94 and 95.

### Disclosure Committee

- Supports the Board in overseeing the accuracy and timeliness of Softcat's formal business disclosures, including disclosures made in Softcat's half and full-year results.

## Executive leadership

### Senior Leadership Team ('SLT')

The SLT is the nine most senior Executives in the business, including the CEO and the CFO. The SLT is led by the CEO and is responsible for leading the day-to-day operation of Softcat, including:

- strategy implementation
- operational, financial and competitive performance
- commercial developments
- succession planning below Board level
- organisational development
- maintaining Softcat's culture

# What the Board did this year

The Board annually reviews and approves various matters, including regular assessments of half-year and full-year results. Recurring topics, such as CEO and CFO updates, are addressed at each meeting. Directors dedicate time to prepare for meetings thoroughly, with the Chairman and Committee Chairs coordinating with management to ensure meetings are well-organised. The Chairman also stays in frequent contact with Board members and holds regular discussions with the CEO and Company Secretary regarding business developments and governance respectively.

Below is a summary of some key matters reviewed by the Board this year.

## Strategy

The development and implementation of Softcat's strategy remained a focus and was covered in various ways, including:

- strategy review discussions with the Board and senior Executives in February 2025;
- updates from the CEO on strategic priorities and KPIs throughout the year in the CEO report and in other Board discussions;
- considering and agreeing the acquisition of Oakland to accelerate our strategic objectives; and
- regular updates on key industry trends and activities.

## Performance monitoring

The Board operated a robust process to set expectations and then monitor business performance, which included:

- review and approval of a three-year plan at the same time as the strategy review to provide a comprehensive longer-term outlook. Forecasts in the three-year plan are refreshed during the year;
- approval of an annual budget, followed by regular updates comparing performance against budget;
- a standing report at each Board meeting from the CFO analysing performance and other financial metrics;
- consideration of year-end and half-year performance and subsequent review, approval and publication of the year-end and half-year results;
- setting of a dividend policy. Dividend payments are determined taking into account the Company's capital allocation framework (which is approved by the Board), the Company's financial situation, the needs of the business and any other relevant circumstances; and
- an update from the Company's brokers on investor themes and equity market matters.

## Stakeholder engagement

The Board recognises the significance of understanding the perspectives of its principal stakeholders, which include shareholders, employees, customers, vendors, and communities. Through the year, we engaged with these groups or took steps to understand their key issues, including:

- discussions and contact programmes with investors and analysts, including receiving their feedback following meetings and after the release of our trading results;
- reviewing the feedback from employee surveys. This includes quarterly surveys of the managers in the business and our annual all-employee survey to gauge the wellbeing and satisfaction of employees;
- a detailed review of the results and actions arising from our annual customer experience survey;
- a comprehensive discussion on Softcat's vendor management strategy as part of the Board annual strategy review; and
- an annual governance engagement programme with the Company's largest shareholders, led by the Chairman.

## Governance and risk

During the year, the Board:

- continued its focus on environmental strategy, targets and performance through the Sustainability Committee;
- monitored the impact of the macro-economic and political environment, considering the potential impact on the Company, its customers and suppliers;
- reviewed reports on governance and legal issues, including changes in legislation, developments in corporate governance and sustainability;
- undertook an external review of Board effectiveness. An effectiveness review of the Chairman was also led by the Senior Independent Director;
- reviewed the Company's risk appetite, principal risks and uncertainties; and
- considered and approved changes to the delegation of authorities to management.

## People, vision and values

During the year the Board:

- met with many of the members of the Senior Leadership Team ('SLT') and other senior managers in the business. The CEO provided regular updates to the Board on the SLT and any changes in key roles in the business;
- received regular updates on people matters, including capabilities and development, office workplace strategy, culture and diversity and inclusion;
- through the Non-Executive Directors, engaged with employees of each nominated Softcat office and discussed their observations with the Board.

## Other

The Board has also:

- approved the 2025 Annual Report and Accounts;
- approved the 2025 Notice of AGM; and
- regularly reviewed reports which analyse major changes in our shareholder base.



# Composition, succession and evaluation

## Composition and succession

This is discussed in the Report from the Nomination Committee on pages 89 to 93.

## Board effectiveness evaluation process

Each year the performance of the Board is assessed through an evaluation exercise. In accordance with the UK Corporate Governance Code, the process this year was conducted independently by an external company (the Board having last conducted an external evaluation in 2022). The Board appointed Sam Allen Associates ('SAA') to conduct the evaluation. SAA has no other connections with Softcat. The key stages of the process were:

### Stage 1: Selection and appointment

The Company Secretary and Chairman reviewed a shortlist of potential firms to provide the effectiveness evaluation and the calibre of each shortlisted firm was high. SAA was selected in view of their experience and good cultural fit with Softcat. SAA proposed their approach and timing for the Board evaluation exercise which the Chairman approved on behalf of the Board.

### Stage 2: Document review

SAA reviewed key documents to understand how the Board operates, including:

- Board and Committee papers and minutes; and
- governance documents such as Matters Reserved to the Board, the roles of the Board and the terms of reference for each Board Committee.

### Stage 3: Observation

SAA observed the Board and Committee meetings in July 2025. This provided useful insight into the dynamics and culture of the Board and its Committees.

### Stage 4: Questionnaires and interviews

SAA sent an online questionnaire to each Director, asking them to assess and to comment on a number of important areas, including:

- strategy and purpose;
- Board communication;
- relationships with wider stakeholders;

- Board composition, knowledge and succession;
- the work of Board committees;
- evaluation of the Chairman;
- evaluation of the Company Secretary.

SAA interviewed each Director and the Company Secretary to gain further insights.

### Stage 5: Board report

SAA prepared a comprehensive report from the questionnaire responses and interviews, with the individual responses anonymised. A draft of the report was discussed with the Chairman and distributed to the Board. SAA attended the September 2025 Board meeting to discuss its findings and recommendations.

### Stage 6: Action planning

An action plan was agreed to address points of recommended improvements. Progress will be tracked during the year.

## Outcome

The review found that the Board and its Committees operate effectively, address relevant issues, and behave transparently. The Company's and Board's values and culture remain strongly aligned. Key review points included:

- The Board is performing at a high level and is united and collegiate.
- Good work had been done on further clarifying Softcat's strategy.
- Each Board Committee is well-run.
- There is a very constructive and open dialogue among Board members both in and outside Board meetings, with a good balance of listening, proposing, supporting and challenging.
- There was positive sentiment from the Non-Executive Directors on their ability to provide input and each Board member continues to provide high-quality contribution to Board discussions.

In addition to the Board evaluation exercise, the Senior Independent Director ('SID') led a review of the Chairman. This was conducted over interviews with each Board member and the Company Secretary. A summary paper was prepared by the SID and the outcomes were discussed at a meeting of the Non-Executive Directors led by the SID without the Chairman present. The review confirmed that the Chairman remains very effective and highly engaged.

## Outputs and recommendations

The Board was pleased with the outcome of the Board evaluation, which reflects the Directors' commitment to the Board. SAA identified areas for further improvement, some of which the Board had already planned to address, including:

- Devoting further quality discussion time on Softcat's vision, purpose and strategy.
- Refining metrics and milestones to track strategic progress.
- Refining the content of certain papers to focus on key issues for the Board/ relevant Committee.
- Renaming the 'Audit Committee' the 'Audit and Risk Committee' to better reflect its oversight responsibilities.
- Board and senior executive succession planning over the longer term.
- Additional oversight and improved understanding on the key stakeholder requirements and metrics on sustainability.

An update on the above will be provided in next year's Annual Report.

Good progress was made on the actions from the internal Board evaluation conducted in 2024, including:

- Ongoing articulation of the Company's strategy.
- Additional time being allocated for Board discussion, for example, through informal Board dinners and an additional Board meeting.
- Terms of reference for each Committee were reviewed to ensure clarity of responsibilities.

“Softcat plc is a well-run business with an effective and engaged Board, providing strong leadership and oversight.”

Source: external evaluation report prepared by Sam Allen Associates



# Operation of the Board

## Softcat capital allocation framework ('CAF')

### Introduction and purpose

Softcat has a disciplined approach to the allocation of capital, which is primarily aligned to our purpose, vision, strategy and investment case (see pages 2, 5 and 16). Our CAF is used to prioritise the use of cash generated by Softcat while maintaining an appropriate capital structure for the business. The framework balances Softcat's investment requirements and commitments to regular dividend payments against the need to maintain appropriate levels of cash reserves and the maintenance of a strong balance sheet.

The Board believes that adopting this framework aligns to the Board's key objective of enhancing shareholder value over the long term. The CAF is reviewed by the Board annually to ensure it is relevant and aligned to the business' size, needs and strategy. Following review, the Board agreed that no material changes were needed to the CAF.

### Summary - investment and allocation priorities

Softcat's capital allocation framework is outlined below.

Invest for organic growth

Progressive ordinary dividend policy

Strategic investments

Return excess cash to shareholders

Our key priority is to invest for organic growth, as we believe this is the main driver of long-term shareholder value, and our second priority is to maintain our progressive ordinary dividend policy. Additional excess capital is then either allocated to strategic investments or returned to shareholders as a special dividend.

### Invest for organic growth

Our imperative is to prioritise long-term investment for organic growth. Investing in our people is at the core of our business model. This is our largest single and most important investment and is the key driver for ongoing growth. Expanding our headcount and capabilities enables us to fulfil our strategy of acquiring more customers and selling more to existing customers. We also prioritise investments in systems and processes which support our existing operations, mitigate risks and underpin business growth.

### Progressive ordinary dividend policy

Softcat's ordinary dividend policy is to distribute between 40% and 50% of reported profits after tax each financial year. Our dividend and distributions policy is on page 77.

### Strategic investments

We have the option to expand into new capabilities or markets. Any acquisition or entry into new areas or markets would need to provide a compelling opportunity to drive long-term shareholder value.

### Return excess cash to shareholders

We will return excess cash to shareholders, after taking into account cash reserves required to operate and grow the business. This has historically been achieved via a special dividend. The Board regularly reviews the level of cash reserves which should be retained in the business to preserve day-to-day operational flexibility. The Board also regularly reviews the most appropriate method to return excess cash to shareholders.

Softcat has a highly liquid and cash-generative business model. Our growth has been primarily organic, driven by increasing headcount, growing sales capabilities, opening new offices, and investing in IT systems, enabling us to successfully grow our customer base and spend per customer. Given our relatively modest UK market share and the size of the future organic opportunity available to Softcat, the Board will continue to prioritise investment in the UK market.

Given the nature of Softcat's business, spend on plant, machinery and other non-systems infrastructure continues to be relatively low. The Company's working capital is dominated by

short-term trade debtors and creditors, with very low levels of inventory held. Timings of trade outflows and inflows are typically closely aligned and therefore there is only a modest need to fund working capital as the business grows. The floor of the minimum cash holding in the business is reviewed annually to ensure it is appropriate relative to the size of these balances.

Softcat is debt-free with all of our growth funded from reinvesting the cash we generate. Whilst our current plans are to remain debt-free, the Board will consider all options to continue investing in its strategic priorities, including the most appropriate source of financing.

We do not envisage that transition to a lower-carbon world will require us to make major capital allocation changes (including access to capital or financing, if required). For further information, please see our Report on Climate Change and the Climate-related Financial Disclosures on pages 40 to 58.

### Capital allocation governance

The Board is responsible for reviewing and approving all key decisions in respect of capital allocation, including oversight of the CAF. In particular, the Board:

- sets Softcat's dividend and distributions policy;
- decides on the Company's capital and financing structure;
- approves a treasury policy for operation in the business;
- approves all other decisions in respect of capital allocation;
- will review the capital allocation priorities and refine them as required to achieve the Company's strategy;
- regularly reviews key performance metrics in the business given operational and capital allocations; and
- conducts post-investment reviews on major project investments so that future major projects can be optimised.

The Board considers capital allocation in the context of Company performance, risks and other relevant business information. In particular, each year the Board approves a budget for the coming financial year, which includes capital allocation and expenditures to drive our strategic investment priorities. The Board also annually approves a three-year plan, which is prepared when the Board reviews its strategy. The three-year plan gives a longer-term view of capital requirements and expenditures and supports the Board's decision making against relevant factors such as anticipated wider market trends. Capital allocation decisions and dividend distributions are also considered against the Company's going concern position and the Company's longer-term viability.

### Dividend and distributions policy

The Board is responsible for:

- setting Softcat's dividend policy;
- deciding on the Company's capital structure; and
- approving any key decisions in respect of capital allocation.

In respect of dividends, the Board approves the interim dividend and recommends the final and any special dividend for shareholders' approval. Softcat's ordinary dividend policy remains a progressive one which targets an annual dividend of between 40% and 50% of the Company's reported profits after tax in each financial year. Subject to any cash requirements for ongoing investment, the Board will consider returning excess cash to shareholders over time. In determining the level of dividend in any year in accordance with the policy, the Board also considers other factors that influence the proposed dividend, which include but are not limited to:

- the level of available distributable reserves in the Company;
- future cash commitments and investment needed to sustain the long-term growth prospects of the business; and
- potential strategic opportunities.

Softcat's constitution does not limit or oblige the Company to any minimum or maximum dividend payments. However, no dividend may exceed the amount recommended by the Directors and all dividends shall be paid in accordance with any relevant legislation.

The Audit and Risk Committee on behalf of the Board reviews management's confirmation that the Company has sufficient distributable reserves before a dividend payment is made or proposed. The Board then considers the Audit and Risk Committee's review as part of its process to approve or recommend dividends. Consideration is also made of the balance on the Company's retained earnings reserve, which as at 31 July 2025 amounted to £332.2m (as disclosed in the Company statement of financial position).

In addition to the reviews of distributable reserves prior to a dividend being paid or proposed, the Board regularly reviews the performance of the business, particularly in respect of cash flow and receivables. Each year, the Board reviews and approves a target minimum of cash to be held in the business and in 2023 agreed a target minimum cash holding of £75m. The minimum cash holding represents a desired forecast minimum cash balance held in Company funds across all accounts. The Board reviewed the matter and, given the continuing increase in the size and scale of the business, it agreed to increase this level to £90m.

The Directors have proposed a final dividend and a special dividend for the financial year ended 31 July 2025. The special dividend takes into account the increase in minimum cash holding in the business. Further information in respect of the proposed dividends is on page 132.

Softcat is well positioned to continue to fund its dividend which is well covered by the cash generated by the business. Details of the Company's viability and going concern is on page 65 and page 147 respectively. Details of total dividend distributions for the financial year is in note 6 to the financial statements.

The Company will seek shareholders' approval at the 2025 AGM to permit the Directors, should they consider exercising the authority, to repurchase up to 10% of the ordinary issued share capital. The Directors have no current intention of exercising this authority, which is sought in the best interest of shareholders, to allow the flexibility to react promptly if such market purchases become desirable.

## Governance report continued

### Board development and support

The Chairman is responsible, supported by the Company Secretary, for ensuring that Non-Executive Directors receive training and development. Directors are provided with briefings of relevant issues and a twelve-month forward plan is maintained by the Company Secretary so that topics which require further debate are scheduled. Topics discussed during the year included updates on industry trends and competitor performance, corporate governance and legislative reforms. The Board also receives updates on our public reporting commitments, such as pay gap reporting, tax strategy, creditor payment practices and risks of modern slavery. When a new Director has been appointed, their understanding of the business is accelerated by way of a tailored induction programme managed by the Company Secretary and approved by the Chairman.

All Directors may obtain advice from the Company Secretary who is appropriately qualified and highly experienced and is responsible for advising the Board on certain regulatory, legislative and governance matters. The role of the Company Secretary also includes:

- advising the Board of its key obligations as Directors of a public listed company;
- developing with the relevant Director the agenda for each meeting of the Board and its Committees;
- working with the Directors to develop the long-term agenda for the Board and its Committees to enable them to discharge their responsibilities effectively;
- supporting and briefing the Chairman on his governance engagement programme with the Company's largest shareholders;
- advising the Board on the resolutions to propose at each Annual General Meeting; and
- ensuring that the correct Board procedures are followed, in accordance with the Company's constitution, applicable legislation and good governance practice.

### Role of the Non-Executive Directors

Softcat's Non-Executive Directors are required to perform certain functions to improve the effectiveness of the Board. Their roles are reviewed regularly and summarised in a document which is approved by the Board and placed on the Group's website at [www.softcat.com/about-us/investor-centre/governance](http://www.softcat.com/about-us/investor-centre/governance). The document is reviewed with the support of the Company Secretary to ensure it reflects good practice. The role of the Non-Executive Directors includes:

- constructively challenging and contributing to the development of strategy;
- offering additional perspectives, advice and strategic guidance;
- scrutinising the performance of management in meeting agreed goals and objectives;
- exercising oversight to ensure compliance with key listed company requirements;
- through the Audit and Risk Committee, satisfying themselves that financial information is accurate and that internal controls and systems of risk management are robust;
- through the Remuneration Committee, taking responsibility for determining appropriate levels of remuneration for senior Executives;
- through the Nomination Committee, recommending the appointment and, where necessary, the removal of positions on the Board. Consideration is also given to diversity, succession planning, employee engagement and Softcat's culture; and
- through the Sustainability Committee, scrutinising management's activities and policies for pursuing Softcat's sustainability strategy and achieving its climate-related targets.

### Organisation of Board meetings

The following are key features of how our Board and Committee meetings are organised to support good governance:

- draft agendas for Board meetings are circulated to the Directors in advance. This provides an opportunity to comment on the proposed agenda or to propose further new items;
- Board meetings are scheduled to consider issues requiring Board oversight and adequate time for discussion of each agenda item is provided. Agendas are set to provide the Directors with opportunities to discuss the longer-term outlook of the business;
- each Board meeting includes a report from the CEO and the CFO. The reports provide a comprehensive overview of key matters and they provide a good foundation for many of the other topics to be discussed. Topics in the CEO and CFO reports include operational and financial performance, industry developments, employee matters and updates on priorities;
- an annual calendar of scheduled Board and Committee meetings is structured to allow the Board/Committees to review cyclical and ad hoc items, such as key projects;
- Non-Executive Board members make themselves available outside of scheduled meetings when needed. In particular, the Chairs of the Committees often hold planning discussions with management prior to a meeting;
- reporting packs are provided for each Board/Committee meeting, which are designed to be clear, analytical and concise. Papers are retained in an electronic portal managed by the Company Secretary;
- reporting packs are distributed by the Company Secretary to the Board typically seven days in advance of Board or Committee meetings. This enables the reporting packs to be as up to date as possible whilst allowing sufficient time for their review. Verbal updates cover any subsequent material developments;

- a summary of the actions arising at Board and Committee meetings is circulated by the Company Secretary following each meeting. The Company Secretary then ensures progress is made in respect of each action and updates the Board on the outcomes of each action;
- financial updates with commentary are distributed to the Board regularly. This allows the Directors to review performance and any emerging issues in 'real time'. The financial updates include an assessment of performance against the annual budget approved by the Board, giving the Board additional analysis on developing trends;
- the development of strategy is led by the Executives with input and constructive challenge from the Non-Executive Directors. A dedicated Board strategy review session is held annually to discuss, agree and sign-off on the strategy. The CEO provides regular updates throughout the year;
- additional time is allocated on occasion to facilitate more in depth discussion. For example, Board dinners are held to meet and to discuss business;
- a session is held with the Non-Executive Directors before each Board meeting to allow them additional time to identify their key areas of interest and to discuss any other matters arising;
- a 'wrap-up' session is held at the conclusion of the day to reflect on the meeting's highlights and issues which may need to be discussed at future meetings and to provide instant feedback on the day; and
- Board discussions are held in an open and collaborative atmosphere of mutual respect allowing for questions, scrutiny and constructive challenge. This supports decisions on which the Board seeks agreement.

## Independence and conflicts

The Board, excluding the Chairman, is currently comprised of four independent Non-Executive Directors and two Executive Directors and therefore complies with the independence requirements of the Code. Graeme Watt was formerly the Chief Executive Officer before being appointed as Chairman on 1 August 2023. The Board considers for the purposes of the Code that he was not independent when he was appointed Chairman and that he remains not independent.

The Nomination Committee reviews Non-Executive Directors' independence each year (see the Nomination Committee Report on pages 89 to 93). If a Director has a material conflict of interest, Board procedures ensure they do not vote or participate in related discussions unless the Board agrees otherwise.

During the year, all Directors confirmed they can allocate sufficient time to discharge their responsibilities effectively and all Directors continue to devote adequate time to their duties at Softcat. Directors are required to notify the Board of any major changes to their external commitments that arise during the year with an indication of the time commitment involved.



# Relations with shareholders

## Governance engagements

The Board maintains a programme of engagement with its stakeholders and recognises the important and valuable role that shareholders play, as owners of the Company. Further information on the Board's engagement with its stakeholders is provided on pages 26 to 31.

Part of the Chairman's role is to maintain regular engagement with our major shareholders, to understand their views on governance and on our Executive Directors. During the year, the Chairman undertook an engagement programme with the Company's largest shareholders on governance matters. Feedback from these sessions was discussed with the Board to make sure they fully understood shareholder views and the Board discussed whether any actions should be taken as a result.

As part of an ongoing investor relations programme, there is extensive interaction with institutional shareholders and market analysts. The Chief Financial Officer provides the Board with briefings and reports on these interactions and on any material changes in the shareholder base of the Company.

The Chairs of each of the Committees welcome the views and questions of shareholders at any time. Each of the Committee Chairs can be contacted via the Company Secretary at [cosec@softcat.com](mailto:cosec@softcat.com).

If shareholders have any concerns, which the normal channels of communication to the Chairman or Chief Executive have failed to resolve or for which such contact is inappropriate, our Senior Independent Director or any independent Non-Executive Director is available (via [cosec@softcat.com](mailto:cosec@softcat.com)) to address such issues. The Board makes itself available, when requested, for meetings with shareholders on issues relating to the Company's governance and strategy.

## Annual General Meeting

The 2025 AGM will be held on 15 December 2025 at Softcat plc, Fieldhouse Lane, Marlow SL7 1LW. Details of the meeting and the resolutions to be proposed are set out in the Notice of AGM which is available to download on our website ([www.softcat.com/about-us/investor-centre/calendar](http://www.softcat.com/about-us/investor-centre/calendar)).

The AGM gives shareholders an opportunity to vote on key aspects of Softcat's business and to ask questions to the Directors. Questions may be submitted to the Directors via email and details of how to do this are in the Notice of AGM.

## Shareholder meetings

Throughout the year, the Chief Executive, Chief Financial Officer, or Head of Investor Relations met with current and prospective shareholders to discuss trading performance and business strategy. Key shareholder feedback is documented and shared with the Board. To comply with market abuse regulations, protocols are followed to prevent disclosure of unpublished price-sensitive information during these meetings.

## Results presentation and investor roadshows

The Chief Executive and the Chief Financial Officer provide a briefing following the release of the full-year and half-year results. The briefing is primarily aimed at institutional shareholders and market analysts but all stakeholders, including shareholders and employees, are welcome to access the online briefing. Supporting material for the briefing is published on Softcat's website.

Following the release of our full-year and our half-year results, the Chief Executive, Chief Financial Officer and Head of Investor Relations undertake extensive investor engagement roadshows in person and virtually. Feedback from the roadshows and from reports by analysts, by industry experts and in the media are shared with the Board to improve the Board's understanding of their views.





# Accountability

“ The Committee has supported the business in monitoring the progress of key project activities. ”

**Robyn Perriss**  
Chair of the Audit and Risk Committee



## Allocation of time



## Introduction

As Chair of the Audit and Risk Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 31 July 2025. Members of the Committee are shown in the Board biographies on pages 68 and 69. Attendance at Committee meetings during the year is shown on page 70.

This report explains how the Committee has discharged its responsibilities during the year, considering important matters in respect of external financial reporting, the Group's control environment and the relationship with Softcat's external auditor. Key areas of focus for next year are also explained. The Committee also oversees the effectiveness of the risk management framework, which is on pages 59 to 64. At the October 2025 meeting, a decision was made to formally rename the Committee as the Audit and Risk Committee and to amend the terms of reference accordingly.

The Committee's agenda continues to be extensive as we fulfil the important role in the Group's governance framework to provide independent challenge and oversight. As explained elsewhere in this Annual Report, Softcat continues to make good progress on its strategy, growing organically and increasing its digital and data capability through the acquisition of Oakland and by making significant investments in modern technology, including a new sales system to underpin our future growth and scale ambitions and to drive efficiencies over the longer term. The Committee has supported the business in monitoring the progress of key project activities and the ongoing effectiveness of the key risks and the control environment as Softcat progresses its objectives.

The Financial Reporting Council ('FRC') published the 2024 UK Corporate Governance Code last year, which included recommendations under Provision 29 in respect of the effectiveness of internal controls. The business is making good progress to prepare for this and implementation plans have been reviewed by the Committee. I remain confident we will be ready when this applies to Softcat in FY2027.

The Committee received updates from both the Chief Information Officer and the Chief Revenue Officer at each of its meetings during the year on the progress of the sales system implementation, key project risks and opportunities, together with a latest view of likely cost estimates.

The Committee considered in detail the significant financial judgements made and any key accounting issues identified by management during the year. This included receiving a paper on the acquisition accounting for Oakland together with the judgement applied in estimating the contingent consideration element.

Given a number of larger one-off and non-recurring items in the year, a new focus area for the Committee was the categorisation and disclosure of non-underlying costs and ensuring that where management have chosen to present performance both on a statutory basis and on an underlying basis that this was appropriate, disclosed in sufficient detail and effective in aiding year-on-year comparability.

## Audit and Risk Committee report continued

### Introduction continued

Management presented detailed papers to the Committee on all of these areas and the Committee was satisfied with each of the recommended approaches to reporting. Further information is provided on pages 22 to 25.

The Committee has carried out a review of the independence and effectiveness of EY as external auditor. It is also good practice periodically to consider whether to appoint a new firm for the role of our co-sourced internal audit provider. Following a tender process during the year, BDO were appointed to replace Grant Thornton. I thank Grant Thornton for their service and support over the past years. We have recently appointed our first ever Internal Audit Manager as we scale our in house capabilities and he is working closely with BDO on our internal audit work.

Further information on the internal audit reviews conducted and planned are provided on pages page 88.

This report should be read in conjunction with the Independent Auditor's Report (see page 135 to 142) and the financial statements. Each year the Committee's programme of work covers a range of items that are of particular significance to the Group's financial statements or where it is necessary to exercise a high degree of judgement. Supported by management, the Committee reviewed the significant accounting issues, judgements and areas of estimation uncertainty relating to FY2025. Details of these and why they were considered important are set out on page 85, while further information on items that were identified as key audit matters is in the Independent Auditor's Report.

I would like to thank the Committee for their support and insights over the year as well as members of the management team for their hard work in maintaining a strong control environment in the business. I am available to engage with any shareholder if they would like to raise any matters with me in respect of the work of the Committee and our key focus areas for the coming financial year and I can be contacted via the Company Secretary at cosec@softcat.com. I will also be happy to answer any questions about the work of the Committee at the forthcoming AGM.

**Robyn Perriss**

Chair of the Audit and Risk Committee  
21 October 2025

### Areas of focus in FY2025 included:

- reviewing the appropriateness of our published half-year and full-year results, including the presentation of alternative performance measures;
- assessing the Group's going concern and viability statements;
- confirming that the Annual Report and Accounts is fair, balanced and understandable;
- commissioning, receiving and discussing internal audit reports on:
  - systems transformation governance;
  - customer and supplier contract compliance; and
  - sales processes and compliance in multinational;
- through regular Board updates, reviewing our cyber security and business continuity arrangements;
- discussing and approving important new policies (foreign exchange hedging and credit risk) as the business continues to scale;
- reviewing the effectiveness of internal controls, key and principle risks;
- preparations to comply with the revised Provision 29 on internal controls in the 2024 UK Corporate Governance (applies to Softcat in FY2027);
- implementation of plans to ensure compliance with the new offence of failure to prevent fraud;
- monitoring of progress to date as well as consideration of risks and governance in relation to the implementation of the new sales order system;
- the accounting treatment in respect of our acquisition of Oakland; and
- reviewing an assurance framework for Softcat's ESG disclosures.

### Focus areas for FY2026:

- management will continue to formalise the overall control environment and will finalise preparations to comply with Provision 29 of the 2024 UK Corporate Governance Code;
- as implementation of the new sales system continues into FY2026, the Committee will exercise oversight on project risks and governance; and
- consider emerging risks as appropriate for potential market disruptors, changes in macro-economic conditions and the ongoing development of certain technologies (for example AI).

## Responsibilities

The Committee's terms of reference are available at [www.softcat.com/about-us/investor-centre/governance](http://www.softcat.com/about-us/investor-centre/governance) and from the Company Secretary. These provide the framework for the Committee's work and can be summarised as providing oversight of:

- the appropriateness of the Group's external financial reporting;
- the relationship with, and performance of, the external auditor;
- the Group's system of internal control, including the risk management framework, key and emerging risks and the work of the internal audit function;
- appropriate controls to detect and prevent fraud; and
- the Group's system of compliance activities.

The terms of reference are reviewed at least annually and are updated to ensure the Committee's duties are clear. No material changes were made in FY2025, but in October 2025 the Committee agreed to change its name to the Audit and Risk Committee to better reflect its remit. During the year the Committee was updated in respect of all relevant statutory and non-statutory reform proposals so it can assess these in respect of its current and future responsibilities.

A whistleblowing policy and procedure for colleagues to raise issues regarding possible improprieties in matters of financial reporting or other matters is in place and operated throughout the year. The Group also operates anti-bribery and corruption procedures and a formal policy which supports compliance with relevant legislation. Employees undertake regular training and a copy of the policy is available to all employees. We operate a gifts and hospitality register and all gifts and hospitality (given or received) above applicable thresholds must be approved by the employee's line manager and entered on the register. Management monitors use of the gifts and hospitality register. The Committee provides oversight to ensure that management confirms appropriate policies and procedures are in place.

During the year the Committee reviewed the Company's published tax strategy and also discussed with management tax compliance and relationships with relevant tax authorities. An updated tax strategy was approved by the Committee and is available on the Group's website at [www.softcat.com/corporate-responsibility](http://www.softcat.com/corporate-responsibility). The Committee also noted the Company's good payment practices as shown in the reporting of payments to suppliers.

The Committee received updates from management on fraud resilience and associated controls in the business and noted ongoing employee training and awareness on this important topic. Management have followed the detailed guidance issued by the government on the new corporate offence of a failure to prevent fraud. A comprehensive process to comply with the legislation was concluded to ensure the business was ready for the introduction of the offence in September 2025.

## Membership

All Committee members are independent Non-Executive Directors of the Company. The Company Secretary acts as Secretary to the Committee, supported by the Company Secretarial Assistant.

The Committee's composition provides the range of financial and commercial expertise necessary to meet its responsibilities and the requirements of the UK Corporate Governance Code (the 'Code') and remains effective. Given my experience as a qualified Chartered Accountant and as a recent finance director of a listed UK company, I have been designated as the financial expert on the Committee for the purposes of the Code.

Jacqui Ferguson has considerable sector experience, in accordance with the provisions of the Code. Mayank Prakash has significant experience in technology and digital information, which is important given the Committee's oversight of IT general controls, our material investment in IT systems and cybersecurity controls.

## How the Committee operates

The Committee met five times in FY2025. The Company Secretary collates a twelve-month rolling plan to ensure the Committee reviews all matters to effectively discharge its duties. Draft agendas are discussed with both the Chair of the Committee and the Chief Financial Officer ('CFO') ahead of meetings to ensure they are comprehensive and that sufficient time is allocated.

The external auditor, EY, is invited to each Committee meeting together with the Company Chairman, the Chief Executive ('CEO') and the CFO, which means that each member of the Board is present. However, I shall, as needed, report to the Board as a separate agenda item on the activity of the Committee and matters of particular relevance to the Board regarding the conduct of the Committee's work.

The Board regularly reviews the performance of the business via monthly reporting packs and discusses reports from the CEO and CFO at each Board meeting. This provides the Committee with a good understanding of the business environment, risks and financial standing of the business ahead of the half-year and full-year results.

The Company Secretary, the Group Financial Controller, the Head of Risk, Assurance & Process Improvement and Internal Audit Manager also attend Committee meetings. BDO, as a co-source partner, provide third party subject matter assurance services and attend to report on the findings of assurance activities undertaken.

The Committee sets time aside at each meeting to seek the views of the external auditor, in the absence of management and to allow for a similar 'in camera session' with management, in the absence of the external auditor. The external auditor and management confirm for each meeting whether there is a need to hold a session. The Committee Chair keeps in regular touch with the CFO, other managers in the Finance team, the external auditor and the internal audit function as needed between Committee meetings.

## Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review with both management and the external auditor the appropriateness of the half-year and annual financial statements including:

- the quality and acceptability of accounting policies and practices;
- the impact of any material changes in accounting policies;
- material areas in which significant judgements have been applied or where significant issues have been discussed with the external auditor;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements, including the Code;
- any correspondence from regulators in relation to our financial reporting; and
- assisting the Board in an assessment of whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and prospects, performance, business model and strategy.

## Audit and Risk Committee report continued

### Accounting policies and practices

The Committee received reports from management in relation to the identification of critical accounting judgements, key sources of estimation uncertainty, significant accounting policies and proposed disclosure of these in the 2025 Annual Report.

The Group publishes its accounts in accordance with UK adopted international accounting standards ('IFRS'). However, the Directors believe that further non-statutory measures are helpful to understand the underlying trends, performance and the financial position of the Group. During the year management prepared a detailed policy on the use of adjusting items in financial reporting, proposing principles as to when certain items should be adjusted. The Committee carefully reviewed this, paying attention as to whether the proposed policy:

- enhances the clarity and usefulness of financial communications to readers;
- protects investors and stakeholders from potential misleading information; and
- ensures compliance with accounting standards, other regulatory requirements and good practice.

After considering these matters, the Committee approved the policy.

Earlier in the year Softcat completed the acquisition of Oakland and management presented proposals to the Committee in respect of the associated accounting treatment. The proposal covered the initial consideration cost including any goodwill recognised from the initial consideration and treatment of the contingent consideration. In respect of the latter, the proposals included the approach to estimate the fair value of the liability over the three year earnout period for the contingent consideration. The Committee closely reviewed the proposal, which was particularly important given this was Softcat's first acquisition. Following review, the Committee endorsed the proposals.

Critical accounting judgements and significant accounting policies and disclosures are set out in note 1 'Accounting policies' to the financial statements.

### Significant judgements and areas of focus

An important part of the Committee's responsibilities is to assess key issues in respect of published financial statements and the Committee pays particular attention to any matters which may affect the integrity of Softcat's financial statements, with a view to satisfying itself that each matter has been treated appropriately. Management presents to the Committee its approach and rationale on each significant judgement and issue. The significant areas of focus considered and the actions taken by the Committee are outlined below. There are only a few areas of significant judgement and no areas of material challenge were identified by the external auditor. However, the Committee is fully satisfied that the external auditor conducted a thorough and comprehensive review of the material areas which may impact the integrity of the financial statements. We discussed these with the external auditor and, where appropriate, these have been addressed as areas of audit focus as outlined in the Independent Auditor's Report on pages 135 to 142.



Matter considered	Action
<b>Going concern and viability</b>	<p>For the FY2025 financial statements, management prepared analysis modelling downside scenarios, having regard to the principal risks facing the business to assess the Group's viability and ability to continue as a going concern. The analysis, including budgets for FY2026 and three-year cash projections, was presented together with potential mitigating actions which could be taken if one or more of the downside scenarios occurred. The Committee noted the comprehensive set of scenarios modelled which thoroughly assessed the potential conditions which could, if they occurred, materially threaten the viability of the business.</p> <p>The Committee was satisfied with management's work and it supported the conclusions reached in respect of the Group's going concern and longer-term viability (see page 147 and page 65 respectively).</p>
<b>Revenue recognition and cut-off</b>	<p>The Committee has reviewed the Group's revenue recognition policy and discussed in detail with management the processes applied and systems utilised to accurately record revenue at period ends, particularly in relation to a large deal with an international component.</p> <p>The Committee concluded that the timing of revenue recognition is appropriate.</p>
<b>Presentation of revenue in respect of principal versus agent</b>	<p>Inappropriate application of IFRS 15 may result in inaccurate presentation and disclosure of revenue and cost of sales.</p> <p>Guidance on 'control' published by the IFRS Interpretations Committee ('IC'), which is used to determine whether companies should recognise revenue from the resale of standard software licences on a net basis under IFRS 15, has removed a significant element of judgement in relation to the recognition of software revenue. However, the nature of Softcat's current systems is to process all revenue streams gross, and a manual adjustment is made by management at year end to record revenue on a net basis where Softcat is the agent. Hence, due to the large number of transactions and manual nature of the net down adjustment, this remains an area of key audit focus. Management are progressing a project to increase the level of automation which will reduce manual adjustments.</p> <p>Management confirmed to the Committee that it has followed the relevant IC guidance and has taken appropriate action. They performed detailed work to ensure that revenue is reported accurately on a principal (gross) or agent (net) basis.</p> <p>EY has audited the manual net down adjustment and related disclosures under IFRS 15 and presented its results to the Committee. The above provided the Committee with comfort that an appropriate approach continues to be taken on the presentation of revenue.</p>
<b>Misstatement of rebate income</b>	<p>The Committee takes steps to understand the nature and quantum of supplier rebates received by the Group. Management presented current year levels of rebate income plus recent historical trends and factors to allow the Committee to analyse rebate income in context. The Committee noted that management continues to make improvements to the model which calculates the accrued income balance.</p> <p>The Committee is satisfied with management's ability to accurately record rebates earned within the financial period.</p>
<b>Non-underlying costs and presentation of alternative performance measures (APMs)</b>	<p>The identification of non-underlying costs and the presentation of APMs is a judgement in terms of which costs are not associated with the underlying performance of the Group and impact the comparability of results year-on-year. During FY2025 the Group incurred non-underlying costs of £7.2m in total in relation to the Oakland acquisition, the sales system project and the implementation of a new HR system.</p> <p>The Committee reviewed all items categorised as non-underlying costs through reports and discussions with management and the external auditors, including explanations of why they were not related to the underlying performance of the Group or impacted the comparability of the results year-on-year. The Committee also reviewed the FRC's guidance, considering the adjusting items used by the Group's peers and the external auditor's assessment of the adjusting items. The Committee also reviewed the prominence of the APMs disclosed, together with the narrative within the Annual Report. The Committee concluded it was satisfied with the assessments made and that the related disclosures were appropriate.</p>

## Audit and Risk Committee report continued

### External auditor appointment

A timeline setting out the tenure of EY as auditor and requirements on Softcat to next tender and change auditor is set out below:

- **Prior to July 2013**
  - Rayner Essex LLP conducted the external audit immediately prior to FY2013
- **July 2013**
  - EY appointed as auditor and conducted the external audit for FY2013
- **November 2015**
  - Softcat becomes a publicly listed entity
- **October 2017**
  - Mandatory change of EY lead audit partner
- **May 2022**
  - EY reappointed as auditor, following competitive tender process
- **October 2022**
  - Mandatory change of EY lead audit partner
- **2027**
  - Next mandatory change of EY lead audit partner
- **By July 2033**
  - Pursuant to legislation, mandatory audit firm rotation, being up to 20 years since appointment

The Committee will continue to review the auditor's appointment and the timing of the next tender for the audit, ensuring the Group's best interests are considered and ensuring compliance with the requirements of the UK Competition and Markets Authority. Accordingly, the Group confirms that it complied with the provisions of the Competition and Markets Authority's Order 2014 for the financial year under review. There are no contractual obligations restricting Softcat's choice of external auditor.

For FY2025, the Committee recommended to the Board that EY be reappointed under the current external audit contract and the Board has endorsed that recommendation. The Board has further proposed the reappointment of EY at the Annual General Meeting to be held in December 2025.

### Other matters

The Committee also undertook further activities in relation to the Group's accounting and external reporting, governance and controls in the year:

#### Fair, balanced and understandable

The processes and controls that underpin the Committee's assessment of whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and prospects, performance, business model and strategy include ensuring that:

- team members who provide a material contribution to drafting the Annual Report are familiar with the fair, balanced and understandable requirement;
- an experienced core team is responsible for the co-ordination of content submissions, verification, detailed review and challenge;
- the Committee receives a detailed quality of earnings analysis highlighting any larger accounting adjustments. This provides consistent year-on-year trend analysis against which to assess the narrative reporting;

- the Annual Report and Accounts follows a framework which supports the inclusion of key messaging, market and performance overviews, principal risks and other governance disclosures. Sufficient forward-looking information is provided and a balance is sought between describing potential challenges and opportunities;
- information in the different parts of the Annual Report and Accounts is consistent;
- the Annual Report and Accounts is written to avoid jargon where possible and is presented free of unnecessary clutter;
- senior management confirms that the content in respect of its areas of responsibility is considered to be fair, balanced and understandable; and
- the Committee receives an early draft of the Annual Report and Accounts to enable timely review and comment.

Following its review, the Committee is of the opinion that the 2025 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. This allows the Committee to provide positive assurance to the Board to assist it in making the statement required by the Code.

### Going concern and viability statements

The Committee has reviewed the Group's ability to continue to operate as a going concern for the 12-month period from the date of this report and the Group's assessment of viability over a period greater than twelve months. In assessing viability, the Committee has considered the Group's position presented in the annual budget and the three-year plan approved by the Board. The Committee also considered a number of scenarios modelled by management to assess the strength of the Group's liquidity position. The Committee has concluded that the assumptions and mitigating actions are appropriate. Further details are set out in the statements on page 65 and page 147 of this Annual Report. Following review, the Committee has recommended both statements for approval by the Board.

## External audit

The Committee oversees the relationship with, and performance of, the external auditor. This includes making the recommendation on the appointment, reappointment and removal of the external auditor, assessing its independence and negotiating the audit fee. The Committee is also responsible for considering the most appropriate time and circumstances to conduct a tender for the external audit. EY was first appointed as the Group's auditor in 2013 and was reappointed following a competitive tender (in accordance with the 2014 Competition and Markets Authority Order) in 2022. In accordance with the Auditing Practices Board's Ethical Standards, the term limit of an audit engagement partner is five years. Marcus Butler of EY is the lead audit engagement partner for Softcat and he is independent from Softcat, with no known conflicts of interest.

## Audit risk

At the start of the audit cycle we received and discussed with EY its detailed audit plan identifying the audit scope, planning materiality and assessment of key audit risks. EY further updates planning materiality thresholds following a refreshed assessment of Softcat's forecasted results, thus ensuring that EY reviews all relevant transactions in excess of the threshold.

The audit risk identification process is important for an effective audit by EY, and the key risks for FY2025 closely align to the significant judgements and issues above. The key risks identified included:

- revenue recognition and cut-off;
- presentation of revenue in respect of IFRS 15;
- misstatement due to fraud or error; and
- misstatement of rebate income.

EY's audit plan also outlines additional areas of focus which they wish to draw to the attention of the Committee. These typically reflect standing matters usually associated with an external audit each year and additional matters which reflect potential changes in Softcat's risk profile. The Committee can request for additional areas to be reviewed if relevant for the integrity of Softcat's financial statements. No such additional areas were considered necessary for FY2025.

## Working with the external auditor

The external auditor attended all Committee meetings in FY2025 and received all Committee reading papers and minutes. After Committee meetings, we allow time to hold a private meeting with the external auditor, which provides additional opportunity for open dialogue and feedback from the Committee and the auditor without management being present. The external auditor has direct access to the Committee Chair to raise any concerns and maintains a regular dialogue with the Committee Chair. Matters typically discussed include:

- auditor views on the resourcing of internal functions responsible for Softcat's financial reporting or internal controls;
- the external auditor's assessment of business risks;
- the transparency and openness of management;
- confirmation that there has been no restriction in scope placed on it by management; and
- the independence of its audit and how the auditor has exercised professional scepticism.

The Committee Chair, if appropriate, will discuss with management any actions arising from the private meetings with the external auditor.

## Effectiveness of the external audit process

The Committee reviewed the quality of the external audit throughout the year and considered the performance of EY. The effectiveness of the external audit includes the quality, continuity, experience and training of audit personnel, business understanding, technical knowledge and the degree of rigour applied in the review processes of the work undertaken, communication of key accounting and audit judgements, together with appropriate audit risk identification at the start of the audit cycle. The Committee also took into account an assessment of the firm-wide Audit Quality Inspection ('AQI') report issued by the FRC in July 2025 together with EY's responses to that report. The Committee noted the FRC's comments that EY continued to build upon substantial progress made in audit quality over recent years. The Committee noted EY's published response to the FRC and its plans to further enhance the audit quality.

An external Board evaluation was conducted during FY2025 and there were no points of concern raised in respect of the external auditor. Furthermore, following the conclusion of FY2025, the Committee conducted an effectiveness evaluation of the external auditor. The evaluation was led by the Committee Chair and involved issuing a tailored evaluation questionnaire for completion by the Committee. A meeting was held between the Chair of the Committee with selected managers to gain further feedback from those most closely involved with EY in the year-end process. The results were discussed with the Committee and EY to ensure effectiveness of the external audit remains optimal.

## Independence and objectivity

The Committee has a policy governing the engagement of the external auditor to provide non-audit services. This precludes EY from providing certain services. The policy is reviewed annually and was last updated in July 2025 when minor revisions were agreed to clarify the level of non-audit costs which may be incurred. The latest version can be found on the Group's website at: [www.softcat.com/about-us/investor-centre/governance](http://www.softcat.com/about-us/investor-centre/governance). All non-audit services and costs provided by the external auditor are reported to the Committee and monitored. The Committee also received confirmation from EY that there are no relationships between Softcat and EY that may have a bearing on its independence.

In respect of the audit of the 2025 financial statements, the Committee considered a fee proposal from EY and reviewed the quantum and rationale relating to proposed audit costs. Following the receipt of formal assurance that its fees were appropriate for the scope of the work required, the Committee agreed a base audit fee that was broadly unchanged from the previous year. The Committee also agreed a fee of £50,000 in respect of EY's review of the 2025 half-year results, which is classified as a non-audit fee. Further details of the fees paid for audit and non-audit services to EY for the 2024 and 2025 financial years can be found in note 3 to the financial statements.

## Audit and Risk Committee report continued

### Independence and objectivity continued

The Committee adheres to the requirements of the Statutory Auditors and Third Country Auditors Regulations 2016. These provide for a cap on non-audit services of 70% of the average of the audit fees paid on a rolling three-year basis. The three-year measurement period covers the 2023, 2024 and 2025 financial years and is under 6%, which remains considerably below the cap.

Taking the above into consideration, the Committee has concluded that EY remains independent and objective and that appropriate safeguards and controls are in place to assess independence and objectivity.

### Internal control and risk management

The Committee oversees the Group's system of internal control, including the risk management framework and the work of the internal audit function. During the year the Committee closely monitored the Group's internal control and risk management systems and received regular reports from management and from the Risk, Assurance and Process Improvement team (the 'Risk and Assurance' team), and from the internal audit function. Updates received covered major risks and/or events faced by the business.

### Assessment of the Group's system of internal control, including the risk management framework

The Group's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. Our activity is driven primarily by the Group's assessment of its principal risks and uncertainties (see pages 62 to 64).

The Group has in place an internal control environment to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls over financial reporting and the Committee has responsibility for ensuring the effectiveness of these financial controls.

The Committee has completed its review of the effectiveness of the Group's system of internal control, including risk management, during the year and up to the date of this Annual Report, in accordance with the requirements of the Guidance on Risk Management, Internal Control and Related Financial and

Business Reporting published by the FRC applicable for the year under review. As part of the financial year-end process, management presented to the Committee an overview of the existing control framework and it summarised the key controls in operation which underpinned the financial control environment during FY2025.

Management had considered the financial control environment and concluded that in its view the controls had been operating effectively throughout the year and, taken together, provided a high degree of assurance that the financial statements are free from material misstatement.

Through these processes, the Committee has considered all significant aspects of the Group's risk management and internal control systems for the year and up to the date of this Annual Report, allowing it to provide positive assurance to the Board to assist it in making the statements required by the UK Corporate Governance Code. No significant failings or weaknesses were identified as a result of the review that may significantly impact the financial statements. However, had there been any such failings or weaknesses, the Committee and the Board confirm that necessary actions would have been taken to remedy them.

### Internal audit

The aim of the Risk and Assurance team (including internal audit) includes providing independent and objective assurance on the adequacy and effectiveness of internal controls, risk management and governance processes. During FY2025, the Group increased its internal audit resourcing as we continue to strengthen capabilities across all three 'lines of defence'.

BDO LLP (BDO) were appointed during the year and replaced Grant Thornton LLP as a co-sourced partner. Working with a newly appointed in house Internal Audit Manager, BDO provide additional subject matter expertise as needed. Monitoring and review of the scope, extent and effectiveness of internal audit is regularly considered by the Committee. During the year, management discussed with the internal audit function the selection of appropriate areas within the business for internal audit reviews and an internal audit plan for the year as subsequently approved.

The Committee receives an audit report on each audit undertaken, which includes the results of the audits, recommendations for changes and management action plans to address any unsatisfactory audits or recommendations. The Internal Audit

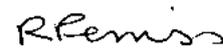
Manager works closely with the business to ensure that audit actions are progressed in a timely manner and reports progress back to the Committee.

The internal audit plan is formulated taking into account a number of factors, including consideration of the material risks facing Softcat. As part of the development of the in-house internal audit function, an enhanced internal audit planning process has been introduced to develop the FY2026 plan. The plan will be reviewed on a rolling basis from the end of the first half of FY2026 to ensure that this is responsive to the needs of the business. The agreed audits for the first half of FY2026, to be delivered through a combination of in-house internal audit and subject matter experts, are:

- an advisory review of our data strategy. This aims to enhance Softcat's data quality and the insights the business is able to leverage from this data;
- a review of the IT processes in place for joiners, movers and leavers; and
- a review of Softcat's managed services offering, focused on understanding whether the business has established the risk of delivering the service, whether service descriptions align to internal capabilities, and establishing any third-party liability in the event of a cyber incident.

### Effectiveness of the internal audit process

The internal audit function has access to the relevant documentation, premises, functions and employees to enable them to perform their activities. A round table call was held with the Committee Chair, the Head of Risk, Assurance and Process Improvement, members of management involved in internal audit reviews during FY2025 to gain their feedback on both the reviews performed by the Softcat internal team and the ways of working with BDO since their appointment. Based on this feedback the function was concluded to be effective.



**Robyn Perriss**

Chair of the Audit and Risk Committee  
21 October 2025



# Effectiveness

“ The extensive changes in Board composition in previous years has bedded-in well, resulting in an effective and well-engaged Board. ”

Lynne Weedall  
Chair of the Nomination Committee



## Allocation of time



## Committee Chair's introduction

I am pleased to present this report for the year ended 31 July 2025 as Chair of the Nomination Committee (the 'Committee'). Members of the Committee are shown in the Board biographies on pages 68 and 69 and attendance at Committee meetings for the year is shown on page 70. In this report we explain the work of the Committee and the key areas we continue to review and discuss.

The Committee takes a long-term approach to succession planning. The extensive changes in Board composition in previous years has bedded-in well, resulting in an effective and well-engaged Board with the right skills and qualities to provide the leadership and oversight required to drive the business forward.

The Committee operates an established cadence of items on succession planning, employee culture and engagement, diversity, equality and inclusion and we continue to make progress across these points. We are aware that we need to do more to increase gender and ethnic representation in some roles and in management positions and management continue their efforts on this endeavour. This will remain a long-term effort, as there are no quick solutions. More details are provided in the Social Value section of this Annual Report.

Below Board level, during the year the Committee reviewed and discussed with the Executive Directors the succession plans for the Senior Leadership Team (the most senior level of management below the Board).

## Membership, meetings and operation of the Committee

All members of the Committee are Non-Executive Directors and the Committee is chaired by an independent Director. The Chief Executive, Chief Financial Officer, Chief People Officer and Head of Diversity, Inclusion and Talent Acquisition are invited to attend meetings where appropriate. The Committee met three times during the year. If needed, the Committee Chair will report to the Board, as a separate agenda item, on the actions taken by the Committee. The Company Secretary acts as Secretary to the Committee.

The key responsibilities of the Committee are to advise on appointments to the Board, to review Board composition and to review succession planning both for the Board and senior management. The Committee also reviews and provides feedback on the initiatives to improve diversity, equality and inclusion. Carrying out these responsibilities is critical to ensure the Board and wider business have plans in place for the best available talent and that there is Board-level oversight to ensure we retain an inclusive environment for all employees and prospective employees.

Any Director who intends to join the Board is required to disclose all significant outside commitments prior to appointment. On joining the Board, Non-Executive Directors receive a formal appointment letter, which, amongst other things, identifies the time commitment expected of them. Each Director continues to devote sufficient time to meet their Board responsibilities.

The Committee considered and recommended that each Director willing to stand for election or re-election be proposed for reappointment at the 2024 AGM. The Board endorsed all the reappointment recommendations of the Committee.

## Nomination Committee report continued

### Board changes, composition and succession planning

The only change in Board composition during the year was the retirement of Vin Murria, an independent Non-Executive Director who had reached the conclusion of her nine-year tenure. Well before Vin's retirement, the Committee considered the future needs of the Board. The Committee had concluded that the following additional skills or experiences would be particularly beneficial to complement the Board to continue providing the very best oversight and leadership:

- sector knowledge;
- seasoned listed company experience;
- operations; and
- technology, digital and associated transformations.

We had undertaken a thorough search process using an external search firm with a strong track record of searching for a truly diverse range of potential candidates. The appointments of Mayank Prakash in 2023 and Jacqui Ferguson in 2024 are a result of the above process. Following Vin's retirement, the Board reviewed and refreshed its skills matrix to re-check as before that we have the right skills around the Board. Post these two appointments and Vin's retirement, the Committee confirms that the composition of the Board remains effective. We continue to have a diverse Board which has a strong range of the right skills, complementary experience, differing lengths of tenure and varying backgrounds. The process of the previous Board changes commenced in 2022 are reaping the benefits of taking a long term and orderly approach to succession planning. The current composition also provides the right mix of challenge, fresh thinking, retained corporate memory and support to the business. We will continue to keep the Board's composition under review to ensure it is optimal.

If a Board appointment is being contemplated, we will usually only engage with search firms which demonstrate good practice in searching for a diverse range of candidates. Certain search firms subscribe to voluntary codes, which commit to good diversity practices in the conduct of a candidate search. By using firms which demonstrate good practices, the Committee can maximise the chances to consider a diverse and inclusive range of suitable candidates.

Our Non-Executive Chairman Graeme Watt was formerly Softcat's CEO until 31 July 2023. The Committee acknowledges that the appointment

of the former CEO into the role of the Non-Executive Chairman is not in line with the recommendations of the UK Corporate Governance Code (the Code). The Board remains unanimous that Graeme's deep knowledge of the business and Softcat's culture and its markets made him the ideal person to support the interests of all of Softcat's stakeholders. Further information is provided in the statement on compliance with the Code on page 66.

Graeme was first appointed to the Softcat Board as CEO in April 2018 and the Committee notes the recommendation in the Code that a chair should not remain in post beyond nine years from the date of their first appointment to the board (i.e. to April 2027). The Committee will formally discuss the matter well ahead of the end of Graeme's tenure. We will listen to the views of our shareholders who, like the rest of the Board, remain very positive on Graeme's appointment and contribution. We will also consider other matters such as the Code, overall Board composition and consider these in the round for the best interests of the Company's stakeholders.

The Committee keeps a watching brief on the likely retirement dates of the other Board members, particularly in respect of the tenure provisions in the Code. This is conducted as part of the Committee's longer-term routine succession planning and Board composition refreshment.

Below Board level, the Committee works with the Chief People Officer and the CEO and reviews annually the plans which are in place for orderly succession planning of our Senior Leadership Team ('SLT'). The succession plans identify both internal and external potential successor candidates. We retain a strong internal talent pipeline and our annual review also includes updates on leadership development plans and on efforts to develop a more diverse pipeline for leadership roles.

### Board member review processes

The Company Chairman conducts an annual review of the CEO and each Non-Executive Board member and the CEO performs a similar process with the CFO. The reviews gather additional feedback to support the good running of the Board. The Board also arranged an externally-facilitated Board effectiveness review which concluded that the Board was highly effective. Some minor areas for further improvement were highlighted and will be actioned. More information on this year's effectiveness review is on pages 74 and 75. Jacqui Ferguson is the Senior Independent Director ('SID'), who is

### Key activities during the year

The calendar of activities below provides an overview of the key topics covered by the Committee:

#### ● October 2024

- Approval of the 2024 Nomination Committee Report
- Recommendation to reappoint Directors at the 2024 AGM
- Retirement of Vin Murria and assessment of Board composition post-retirement

#### ● December 2024

- Review of the results of the annual employee satisfaction survey and planned actions
- Discussion on senior management and Board succession planning
- Review of a social mobility and inclusivity objective as part of the Executive Director's annual bonus plan

#### ● May 2025

- Update on diversity, equality and inclusion

#### ● Regular or standing items include:

- Approval of previous Committee meeting minutes and review of follow-up on outstanding actions
- Governance updates for Committee discussion or approval
- Review of and updates to the Committee's terms of reference

responsible for conducting a review of the performance of the Company Chairman. Jacqui spoke with each other members of the Board and with the Company Secretary, gathering feedback. She then led a meeting of the Non-Executive Directors, without the Company Chairman present, to discuss the Company Chairman's performance. The Non-Executive Directors confirmed that they continued to be happy with the Company Chairman's performance and remain fully supportive. Minor points were agreed from the feedback for action.

The Chairman also conducts a short review at the end of the day for each Board meeting to collate in 'real time' positive feedback and any areas for improvement.

As a result of the above points and following further consideration by the Committee, we have recommended to the Board that each Director be proposed for reappointment at the 2025 AGM.

### Diversity and inclusion

We work hard to make Softcat a great workplace and our success shows it, please see pages 37 and 38 for more details. As part of this endeavour, the Board and the Committee devote significant time on diversity and inclusion as we realise the importance and benefits of creating a more diverse workforce at all levels. This continues to be a long-term endeavour. The Committee also recognises the importance of diversity and inclusion for the effective functioning of the Board, which has a diverse range of experience, expertise and background, all of which can contribute to better decision-making.

The most recent report from FTSE Women Leaders provides recommended aspirational targets for gender diversity in FTSE 350 companies by the end of 2025:

FTSE Women Leaders: targets for FTSE 350 companies by the end of 2025	Current Softcat position
<b>Boards to comprise at least 40% women.</b>	Achieved. The Board currently comprises 57.1% women.
<b>Boards to have at least one woman in the chair or senior independent director role, and/or one woman in the chief executive or finance director role.</b>	Achieved. Katy Mecklenburgh is the CFO and Jacqui Ferguson is the Senior Independent Director.
<b>Leadership teams (as defined) to comprise at least 40% women.</b>	Softcat reported women comprising 34.4% of leadership roles (as defined).

I am pleased that Softcat meets two of the above three targets. We recognise that we must maintain momentum in respect of greater diversity at leadership level and management is working hard to improve this. As already noted, it may take some time to see the results of management's endeavours.

The Board meets the recommendation set by the Parker Review that boards should have at least one person of colour. The Parker Review also asked companies to provide data on its senior management (as defined) and to set a target for the proportion of ethnic minorities employees in senior management by the end of 2027. We have provided all the required information to the Parker Review and we have set target of at least 10% ethnic minority employees in senior management by the end of 2027.

Whilst we have reached some of the above targets, it is not the policy of the Committee to set a quota in terms of the gender or ethnic diversity mix on the Board or its Committees. Our policy, which we have implemented, is:

- the primary criterion for an appointment is that it is made on merit;
- the appointment achieves the best fit with the Board and its Committees; and
- to keep in mind the benefits of the Board and its Committees having a diverse range of skills, experience and professional backgrounds.



## Nomination Committee report continued

### Diversity disclosures pursuant to UK Listing Rule 6.6.6R

The UK Financial Conduct Authority ('FCA') requires listed companies to disclose in a prescribed format information on the diversity of their board and executive committee. The UK Listing Rules require listed companies to state whether they have met certain targets on board diversity. The information in the table below is at 31 July 2025, which is the selected reference date within the Company's accounting period. The targets set out in the UK Listing Rules are that:

- at least 40% of the individuals on its board of directors are women;
- at least one of the following senior positions on its board of directors is held by a woman:
  - the chair; or
  - the CEO; or
  - the CFO; or
  - the SID; and
- at least one individual on its board of directors is from a minority ethnic background.

As at the reference date, the Board of Softcat met all of the above targets.

### Gender diversity reporting

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in Executive management	Percentage of Executive management
Men	3	42.9%	2	6	60.0%
Women	4	57.1%	2	4	40.0%
Not specified/prefer not to say	–	–	–	–	–

### Ethnic background diversity reporting

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in Executive management	Percentage of Executive management
White British or other White (including minority White groups)	6	85.7%	4	9	90.0%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	14.3%	–	–	–
Black/African/Caribbean/Black British	–	–	–	1	10.0%
Other ethnic group, including Arab	–	–	–	–	–

#### Notes:

1. The UK Listing Rules require disclosure at the applicable reference date, which as noted above was 31 July 2025. The composition of the Board has not changed between 31 July and 21 October 2025, being the date at which this report is approved. The composition of the Board as at 21 October 2025 still meets the above requirements.
2. 'Executive management' is defined above using the definition in the UK Listing Rules. This is defined as the most senior executive or managerial body below the Board, including the Company Secretary. At Softcat, this is the Senior Leadership Team ('SLT'), which has day-to-day responsibility for the operation of the business, and the Company Secretary. The SLT includes the Executive Directors.

The human resources team had previously conducted a voluntary survey to all employees asking them to confirm how they should be identified for gender and for ethnic background. New employees are requested to make such a confirmation. This survey/information request includes Executive management (as defined) and has also been extended to the Board, including the Non-Executive Directors. Responses were received from each member of the Board and Executive management which confirmed how they should be identified and the above data was collated from those survey responses.

**“ The...Committee...realises the importance and benefits of creating a more diverse workforce at all levels in the Group. ”**

## Inclusion

The Committee has also received briefings on the initiatives to improve inclusion in the business and the Company employs a dedicated manager to co-ordinate our diversity, equality and inclusion efforts. The briefings received by the Committee included not only diversity regarding gender, but also on ethnicity, sexual orientation, disability, social mobility and updates on various inclusion activities. More information about diversity, equality and inclusion in the business can be found in this Annual Report on pages 32 to 39.

## Assessment of the independence and conflicts of the Non-Executive Directors

The Committee and the Board are satisfied that the external commitments of the Company Chairman and the other Non-Executive Directors do not conflict with their duties and commitments as Directors of the Company. Our Directors must:

- report to the Board any material changes to their commitments;
- notify the Company Secretary of actual or potential conflicts or a change in circumstances relating to an existing authorisation; and
- complete an annual conflicts questionnaire.

Any conflicts identified are considered and, as appropriate, authorised by the Board. Each year the Committee reviews the independence of the Non-Executive Directors. All Non-Executive Directors, excluding the Company Chairman, are currently considered independent. All Non-Executive Directors also affirm as part of the annual conflicts questionnaire that they continue to be able to devote sufficient time to discharge their duties in respect of their Board appointment at Softcat.

## Documents available for inspection

Non-Executive Directors are appointed for an initial three-year term, extendable by a further two additional three-year terms. The letters of appointment for Non-Executive Directors and the service contracts of the Executive Directors are available to shareholders for inspection at the Company's registered office during normal business hours. Letters of appointment and service contracts will be available for inspection at the 2025 AGM.

The formal responsibilities of the Committee are set out in the terms of reference. During the year, the Committee reviewed the terms of reference and concluded that no amendments were required. The Committee's terms of reference are available at [www.softcat.com/about-us/investor-centre/governance](http://www.softcat.com/about-us/investor-centre/governance).

## Shareholder engagement

If any shareholders or proxy voting advisory agencies would like to raise any matters with me in respect of the Committee, I can be contacted via the Company Secretary at [cosec@softcat.com](mailto:cosec@softcat.com).



**Lynne Weedall**  
Chair of the Nomination Committee  
21 October 2025





# Corporate responsibility

“ Management have dedicated much time and effort to further refine our sustainable strategy and customer opportunities. ”

**Robyn Perriss**  
Chair of the Sustainability Committee



## Allocation of time



## Introduction

I am pleased to present my first report as Chair of the Sustainability Committee (the ‘Committee’). I took over as Chair in December 2024 from Vin Murria, who retired from the Board and I would like to thank Vin for so ably chairing the Committee until her retirement.

This report outlines the key responsibilities delegated by the Board to the Committee, the work it has done over the financial year and the focus of the Committee going forward. The Committee has responsibility for the monitoring and oversight of sustainability matters at Softcat. Its focus has remained on Softcat’s sustainability strategy and I am pleased with the progress we are making. This report should be read in conjunction with our sustainability report on pages 40 to 58 of this Annual Report.

I would like to thank each of the Committee members for their contributions and enthusiasm on this important area for Softcat. Members of the Committee are shown in the Board biographies on pages 68 and 69 and attendance at Committee meetings for the year is shown on page 70.

Management have dedicated much time and effort to further refine our sustainable strategy, customer opportunities and to more clearly consider areas of challenge, particularly in relation to scope 3 emissions, where Softcat is less able to influence our journey to net zero. This is important in the assessment of our longer term sustainability goals, to highlight the best ways forward of working with our partners and to maximise the opportunities of being a more sustainable business.

## Operation of the Committee

The Committee has oversight for the sustainability governance structure in the business with the CFO being the executive lead at Softcat for sustainability. We have dedicated internal resource with appropriate expertise, including our Sustainability Lead. The Operations Director, who is a member of the Senior Leadership Team, has day-to-day senior management of sustainability in her remit. Both the Sustainability Lead and the Operations Director attend the meetings of the Committee so that the Committee is kept fully apprised and can discuss matters with those most responsible for sustainability in the business.

The Company Secretary acts as Secretary to the Committee. He also takes responsibility for briefing the Committee on material changes in legislation, disclosure requirements and our sustainability obligations.

Two meetings of the Committee were held in FY2025 which we consider to be sufficient in order to carry out our duties. As the CFO has the executive lead at Softcat for sustainability, she also includes an update on sustainability as part of her report at each Board meeting, which allows the Board to discuss any material developments between Committee meetings.

## The Committee's key responsibilities

The key responsibilities of the Committee are:

- setting the sustainability strategy of Softcat;
- oversight and monitoring of the performance of the Company against its sustainability-related strategy, goals and targets;
- monitoring the effectiveness of management's processes for identifying and assessing climate-related risks and opportunities;
- reviewing, on behalf of the Remuneration Committee, the achievement of any sustainability objectives which form part of the annual bonus plan for the Executive Directors;
- oversight of the Company's sustainability compliance obligations;
- reviewing our formal public disclosures relating to sustainability; and
- oversight of other areas of corporate social responsibility, if requested by the Board.

For more on the Committee's responsibilities, the Committee's terms of reference are available on our website at: [www.softcat.com/about-us/investor-centre/governance](http://www.softcat.com/about-us/investor-centre/governance).

## Committee areas of focus in FY2025

In FY2025 the Committee considered Softcat's evolving strategy on sustainability, the Company's longer term journey to net zero and relevant metrics to measure our performance on greenhouse gas emissions. The Committee also discussed with management their plans to further develop and refine opportunities to resell sustainable products and services to our customers.

Like the majority of businesses, our scope 3 emissions comprise most of our carbon footprint and much of this is outside of Softcat's direct control. To transition to a low-carbon future and to achieve our stated net zero target by 2040 we will need further actions and the ongoing support of other stakeholders, particularly our vendors, and for their net zero journeys to align to 2040. For this reason, whilst we remain fully committed to reducing emissions, the Committee acknowledges that achieving Softcat's net zero goals is ambitious but challenging. The Committee is regularly reviewing current and anticipated progress towards its targets to reduce gross emissions and to achieve net zero.

Softcat continues to grow in terms of revenue and scale, bringing additional challenges in reducing emissions year-on-year on an absolute basis. The Committee noted a modest increase in FY2025 total emissions compared to the prior year and reviewed management's ongoing focus on addressing the challenge in decoupling emissions from growth. The Committee considers it is important for other sustainability measurements, such as intensity measures, to be kept in mind. In particular, Softcat also reports its scope 1 and 2 emissions relative to its headcount and its turnover, as this correlates how our emissions are impacted by growth. There was a small increase this year in these emissions relative to headcount, but the general long-term trend for both of these measures show a decrease (see page 57 for further details).

The Committee recognises the importance of the business accurately recording its emissions and noted that this is an area which continues to mature, with increasing focus from management. As part of its oversight, the Committee welcomed the external limited assurance provided on our emissions data. Work led by Softcat's Risk & Assurance team also provided additional comfort which will improve the robustness of the controls in respect of Softcat's ESG public disclosures.

Management have spent considerable time evolving the sustainability strategy to develop the best opportunities to make it easier for our customers to make more sustainable decisions and discussed these with the Committee. We noted feedback from customer surveys which confirmed there is customer demand to be more sustainable. Our focus on the customer is on providing a choice of carbon neutral services, giving better access to product emissions data, providing circular end-of-life options and supporting customers in reducing emissions across their IT estates. The Committee noted and supported current initiatives in relation to sustainable customer journeys which are being further developed and assessed.

Management have now embedded annual cycles to consider the risks, opportunities and the potential impact on business strategy posed by climate change. The Committee noted the output of a workshop conducted by management (with input from the Company's external sustainability advisors) which once again concluded that climate change does not pose a material risk to the delivery of our corporate strategy.

## Committee areas of focus for FY2026

We anticipate for FY2026 that the Committee will further consider the evolution of Softcat's sustainability strategy and that we will closely monitor the likely trajectory of our environmental performance over the longer term. As already noted, most of our emissions are in scope 3, so there will be more focus on how we can work with and influence our vendors and supply chain partners. This will include a sharper focus on the expectations on sustainability behaviours to which we would like our suppliers to adhere.

Softcat's strategic framework on sustainability is set out on page 47. Management are preparing more detailed medium term action plans against this framework and the Committee will review management's delivery on these important actions.

The Company already complies with most of the recommendations under the UK Climate-related Financial Disclosures regulations (see pages 43 and 44). Over the longer term, management intend to comply with all of the regulations and the Committee will monitor progress on this in FY2026.

The Committee has been tracking for some time potential changes in reporting frameworks on sustainability, in particular the UK Sustainability Reporting Standards on which the government is currently consulting. The Committee will monitor developments and will exercise its oversight on management's actions to observe any new requirements.

## Shareholder engagement

More details on sustainability, including our annual report on sustainability, can be found on our website at [www.softcat.com/about-us/sustainability](http://www.softcat.com/about-us/sustainability).

If any shareholders would like to raise any matters with me in respect of the work of the Committee, please let the Company Secretary know via [cosec@softcat.com](mailto:cosec@softcat.com).

I will be happy to answer any questions about the work of the Committee at the forthcoming AGM.



**Robyn Perriss**  
Chair of the Sustainability Committee  
21 October 2025



# Letter from the Chair of the Remuneration Committee



“ Following review, the Committee concluded that some material changes were required to the existing Policy and how it is implemented to support future growth and to fairly reward and motivate our outstanding Executive Directors.”

Lynne Weedall  
Chair of the Remuneration Committee

## Allocation of time



## Dear shareholder, Introduction

I am very pleased to present this report as Chair of Softcat’s Remuneration Committee (the ‘Committee’). Members of the Committee are shown in the Board biographies on pages 68 and 69 and attendance at Committee meetings for the year is shown on page 70. This report explains the work of the Committee during the year and its key discussions, decisions, proposals and approvals. Information about the remuneration of Directors is provided in accordance with applicable statutes, regulations and good governance.

## Business performance

Softcat has once again performed strongly, with record operating profit and good performance against other key financial measures. This excellent outcome is all the more impressive, and gives us confidence for future, as it was supported by very good performance in key non-financial metrics such as employee satisfaction and customer engagement. These metrics are leading indicators for Softcat where we passionately believe that engaged employees deliver great service to our customers which in turn delivers superior business performance.

I would like to highlight some key performance indicators (‘KPIs’) that illustrate the business’ performance:

- Gross profit growth: 18.3%
- Underlying operating profit growth: 16.9%<sup>1</sup>
- Employee net promoter score: 55
- Customer net promoter score: 64

### Note:

1. Please see pages 22 to 25 for an explanation of underlying measures.

These KPIs reflect the abilities, culture and commitment of our employees, who are ably led by the Executive Directors. Further details on our KPIs are on pages 20 and 21. Management have delivered the above outcomes whilst successfully executing strategically important actions to support longer term growth. In particular, Softcat completed its first ever acquisition during the year and has invested significant time to upgrade some of our most critical internal IT systems.

## Core principles of our remuneration

The Group’s core principles of remuneration are:

- to ensure top executives are attracted, retained and motivated to drive the Group in its next stage of development;
- to incentivise management in extending the Group’s leadership in the IT infrastructure solutions industry; and
- to deliver long-term sustainable growth.

In line with these principles, the majority of our executive remuneration outcomes are based on financial metrics. We also include people, customer and other important non-financial measures in the annual incentive given their strategic significance to the business and our unique culture.

## 2025 Remuneration Policy (the ‘Policy’)

### Introduction

In line with the normal triennial review, a revised Policy will be put to shareholders for binding approval at the Annual General Meeting (AGM) to be held in December 2025. Our current Policy was approved by shareholders at the 2022 AGM with a vote of 98.5% which is a high level of support.

As part of the review of the Policy, the Committee has carefully considered Softcat’s remuneration philosophy and principles to ensure they remain aligned to our values and culture and continue to support the execution of our strategy:

- there should be a strong link between Softcat’s strategy, performance and reward to align the interests of senior executives with those of our shareholders;
- pay should be simple and easy to understand for both participants and shareholders;
- management should share in the success of the business and have the ability to earn fairly where strong performance is delivered; and
- remuneration arrangements should support the unique culture of the business and should be driven by what is right for the business.

The above parameters allowed the Committee to ensure that any changes were considered holistically and a comprehensive review was undertaken, alongside a review of arrangements for the wider workforce.

Over the past few years, Softcat has undertaken a thorough review of the reward offering across the workforce to ensure that it continues to attract and retain the best talent to deliver on the strategy and is reflective of the increased size and scale of the business. The underlying remuneration principles are aligned across the workforce. Management and the Committee firmly believe that all colleagues should have the ability to share in the success of the business and that total compensation should be in line with market median, where performance is delivered. A methodical review of the pay offering of different populations was undertaken. This started with our front-line colleagues, recognising the pivotal role they play in the success of the business, and resulted in increases to their performance-linked pay and wider pay offering. The Committee has also reviewed in detail the pay offering of the Senior Leadership Team and approved enhancements and simplifications to our reward offering for this population, recognising their calibre and experience.

The Committee believes that the time is now right to review the arrangements of the Executive Directors to ensure fairness across the organisation. Following review, the Committee concluded that some material changes were required to the existing Policy and how it is implemented to support future growth and to fairly reward and motivate

our outstanding Executive Directors. The Committee believes that these changes ensure that our remuneration arrangements remain fit for purpose and maintain a strong alignment internally and between our shareholders and our management team as they continue to drive Softcat forward.

### Summary of proposed Policy and implementation for FY2026

The table below summarises the proposed changes for the Policy and proposed implementation.

Element	Current approach	Proposed Policy and implementation for FY2026
<b>Salary</b>	For FY2025: <ul style="list-style-type: none"> <li>• CEO: £584,983</li> <li>• CFO: £381,100</li> </ul>	For FY2026: <ul style="list-style-type: none"> <li>• CEO: £675,000 (+15%)</li> <li>• CFO: £455,000 (+19%)</li> </ul>
<b>Pension</b>	Maximum contribution in line with the contribution of other employees in the Group, currently 5% of salary.	No change
<b>Annual bonus</b>	Maximum 200% of salary as determined by the Committee. FY2025 maximum opportunities: <ul style="list-style-type: none"> <li>• CEO: 150% of salary</li> <li>• CFO: 150% of salary</li> </ul> For FY2025 awards performance based on: <ul style="list-style-type: none"> <li>• 80% operating profit</li> <li>• 20% non-financial goals</li> </ul> 33% deferred into shares up to 100% salary, all deferred above 100% salary.	No change to policy maximum. For FY2026, maximum opportunities: <ul style="list-style-type: none"> <li>• CEO: 175% of salary (+25% of salary)</li> <li>• CFO: 150% of salary (no change).</li> </ul> No change to performance measures for FY2026. 33% deferred into shares until shareholding requirements met. Once requirements met, no deferral.
<b>LTIP</b>	Normal circumstances: Policy maximum of 200% of salary as determined by the Committee. FY2025 awards: <ul style="list-style-type: none"> <li>• CEO: 150% of salary</li> <li>• CFO: 150% of salary</li> </ul> Maximum award in exceptional circumstances of 250%. For FY2025 awards, performance based on: <ul style="list-style-type: none"> <li>• 60% EPS</li> <li>• 40% relative TSR vs. the FTSE 250 (excluding real estate and investment trusts)</li> </ul>	Increase to normal maximum award opportunities from 150% to: <ul style="list-style-type: none"> <li>• CEO: 225% of salary (+75% of salary)</li> <li>• CFO: 180% of salary (+30% of salary)</li> </ul> Maximum award in exceptional circumstances of 275%. For FY2026 awards performance based on: <ul style="list-style-type: none"> <li>• 70% EPS</li> <li>• 30% relative TSR vs. the FTSE 350 (excluding investment trusts)</li> </ul>
<b>Shareholding requirements</b>	The minimum share ownership requirement is 200% of salary for Executive Directors. Post employment requirement to hold 100% of in-post shareholding requirement for two years following departure.	The minimum share ownership requirement will increase to 225% of salary for the CEO. No change for the CFO. No change to the post-employment shareholding requirement.

# Remuneration Committee report continued

## Letter from the Chair of the Remuneration Committee continued

### 2025 Remuneration Policy (the 'Policy') continued

#### Current positioning of remuneration

Since our IPO in 2015, Softcat has grown and evolved significantly as a result of the effective execution of our strategy. In particular:

- Our market capitalisation has grown from £472m at IPO to over £3bn and we are now at the very top end of the FTSE 250. Annual operating profit grew over the same period from £39.6m to £180.1m (underlying), an increase of over 350%.
- We have delivered total shareholder returns of c.900% since IPO.
- The business has also grown significantly in terms of headcount, from c.800 in 2015 to nearly 2,700 today.
- As noted elsewhere in this report, we have consistently delivered excellent customer satisfaction and employee engagement scores which are key differentiators in our business model.
- We have opened our first overseas office in the US and now have branches in six international locations allowing us to better serve our multinational customers but adding additional complexity into business operations.
- We have developed our technical proposition, giving one of the widest offerings in the market and, recently, to supplement this we have completed our first acquisition, a data services company which will position us well to accelerate growth of our Data and AI capabilities.

We have delivered 20 consecutive years of gross invoiced income and profit growth.

Despite this strong performance and the significant value generated for our shareholders, the Policy has not changed materially and actual incentive opportunities for the CEO are lower (as a percentage of base salary) than they were in 2015. As a result, remuneration opportunities now considerably lag other comparable FTSE companies.

As part of the review, the Committee considered in detail market data to understand Softcat's current positioning as compared to other UK-listed firms of a similar size and complexity. The Committee invested significant time in reviewing potential benchmarking comparator groups and considered carefully the approach to take. In particular, the Committee was mindful that whilst Softcat has a relatively large market capitalisation, which places us just outside of the FTSE 100, that the business could be considered as less complex when looking more broadly at other complexity indicators, such as geographical spread, number of

employees and revenue, when compared to other companies of a similar size.

As part of the review, the Committee took a thoughtful and balanced approach to considering the market data to ensure that the information reviewed was a fair reflection of the size and complexity of our organisation. The Committee reviewed market data for multiple comparator groups to provide a rounded and robust understanding of Softcat's relative positioning.

The comparator groups used were based on:

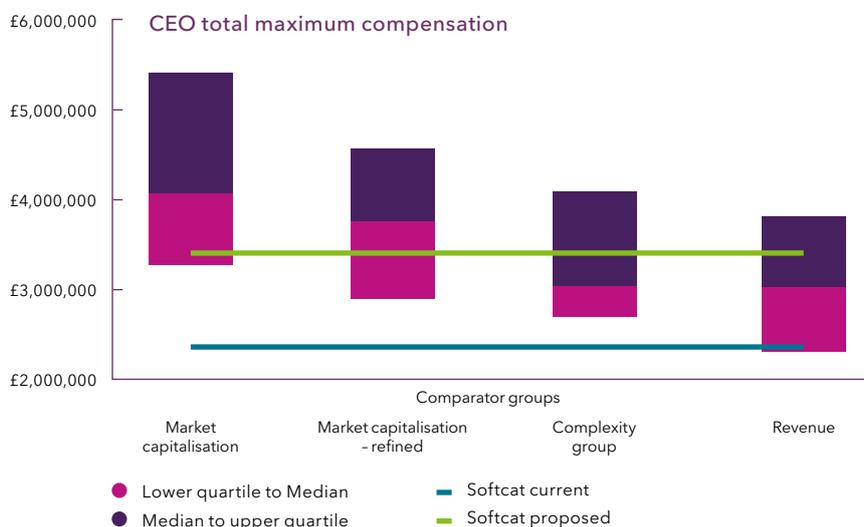
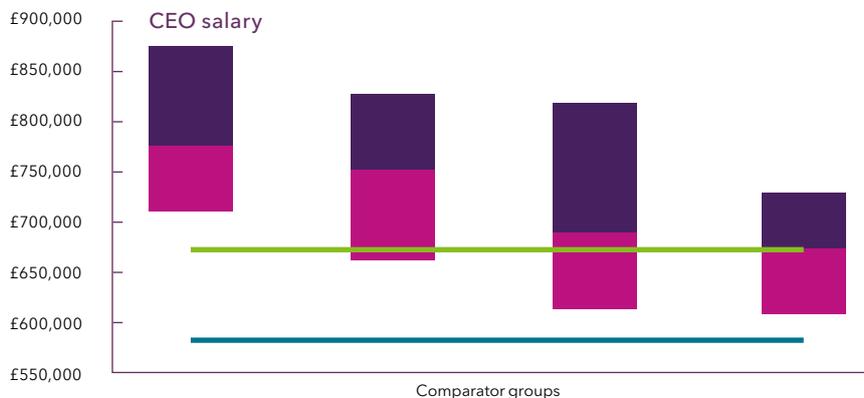
- market capitalisation: a cross sectoral group of companies (excluding financial services) where Softcat's market capitalisation was at the middle of the group;
- a refined market capitalisation group: same as the above but excluding companies which are significantly more complex than Softcat;
- complexity: a bespoke group taking into account Softcat's size and complexity; and
- revenue: based on firms with revenues where Softcat's revenue was around the middle of the range.

It was evident following review that Softcat's current remuneration positioning is well behind market practice across the different comparator groups, from both a salary, incentive opportunity and total compensation perspective. As an illustration, the charts below show market positioning for the CEO role compared to the four comparator groups.

#### Proposed changes

The Committee is satisfied that the existing remuneration structure is appropriate, as it is simple and incentivises management to deliver financial and strategic progress over the short and long-term. However, there is a material gap to market on overall quantum, meaning that our current remuneration arrangements no longer align to our remuneration principles.

The Committee concluded that increasing the Long Term Incentive Plan ('LTIP') opportunity, which is most closely aligned to the experience of shareholders, was the most appropriate way to primarily address the gap. However, given the pay positioning is below market across pay elements, adjustments were appropriate in other areas also, as explained below, to ensure that the package remained appropriately balanced.



**Salary increases:** As Executive Director salaries were positioned towards the bottom end of market practice, and are the main driver for the positioning of total remuneration opportunities, following shareholder consultation, the Committee implemented the salary increases shown in the above summary table from August 2025. Whilst the Committee acknowledges that these are material increases, above levels that would typically be seen, a larger one-off correction was needed to more fairly reflect the size of Softcat and scope of the role and experience of our Executive Directors.

The Committee did consider implementing the pay rise over more than one year. However, given base pay was already considerably below a competitive range, and the pay increases already implemented elsewhere in the organisation, it was agreed that it was not fair or appropriate to further delay the required correction.

We do not anticipate the need for a further material adjustment during the life of this Policy and expect future base pay rises during the life of the Policy to be broadly in line with the workforce, as has been the case in previous years. Even after these increases, base salaries will remain towards lower quartile and substantially below median across the market reference groups.

**Increase in annual bonus opportunity:** The current Policy maximum annual bonus opportunity is 200% of salary, however, in recent years the annual maximum award has been set at 150% of salary. Whilst the Policy maximum will remain at 200%, the annual maximum award for the CEO will increase to 175%.

**Increase in LTIP maximum opportunity:** Like the annual bonus, whilst the normal LTIP maximum opportunity is 200% of salary, the maximum grant in recent years has been 150%. It is appropriate for the emphasis to remain on performance-based pay over the long-term and on ensuring strong alignment between executive pay and shareholder interests. Therefore, it is proposed that the maximum LTIP award opportunity for the CEO and CFO is increased to 225% and 180% of salary respectively. We propose to increase the maximum overall limit under the Policy to 275% of salary to provide flexibility and retain headroom in exceptional circumstances.

If LTIP opportunities are increased alongside the proposed salary increases above, the total maximum remuneration opportunities for Executive Directors would still be positioned around median versus the comparator reference groups (please see the graph on page 98).

**LTIP performance measures:** The current measures of EPS and TSR remain effective and aligned to business priorities and shareholder interests. Following review, we will rebalance the weighting to 70% EPS and 30% TSR. Whilst TSR remains an important performance metric and a key focus, we believe that the best way to drive long-term shareholder value is to focus management on continuing to accelerate our profit performance. EPS is a simple measure of success to which management have strong line of sight and therefore the Committee considers that increasing its weighting best supports shareholder value creation.

TSR performance has previously been measured compared to the FTSE 250 (excluding real estate and investment trusts). However, Softcat is now one of the largest firms in the FTSE 250 and the Committee no longer considered that the FTSE 250 was the most appropriate comparator. We are therefore proposing to change to the FTSE 350 (excluding investment trusts) for FY2026 awards onwards. We have also simplified our approach to calculating threshold levels of vesting and aligned it to market practice. Currently 20% of the award vests at threshold for the EPS portion of the award and 30% vests at threshold for the TSR portion. In future, 25% of each element will vest for the delivery of threshold performance.

**Shareholding requirements:** This will increase to 225% of base salary for the CEO to reflect the increased LTIP award level and will remain at 200% for the CFO, with a period of two years for holding and for post-employment.

**Reduction in bonus deferral:** The Committee reviewed the current bonus deferral policy, whereby one-third of the bonus is deferred up to 100% of salary and 100% deferred above this level, and concluded that this approach is complex and relatively onerous compared to the market. It is appropriate to allow for a relaxation of the bonus deferral provisions where the shareholding guideline has been exceeded. As a result, it is proposed that the bonus deferral requirements fall away where the shareholding guideline has been met in full. A flat rate of 33% deferral will be applied where the guideline has not yet been met.

### Conclusion

The Committee is fully aware that executive pay must be appropriate, aligned with the experience of shareholders, employees and other stakeholders and also that pay opportunities must be fair for participants, reflecting the size and complexity of the role.

Softcat has grown significantly since IPO and has delivered significant value to shareholders. With this, the scope and complexity of the Executive Director roles have continued to evolve, but remuneration opportunities have not moved at the same pace. The proposals outlined above are therefore necessary to provide a fair reward for the roles, and to support the retention of our outstanding Executive Directors. The changes also bring executive pay close to the principles for market positioning that we use for other Softcat employees and help to support alignment across the business.

As a result of these changes, the proposed remuneration opportunities for the Executive Directors would be positioned just below between median and lower quartile compared to the average of our reference points. The Committee believes that this market positioning would be a fairer reflection of the scope of these roles and the size and complexity of Softcat. As already noted, our pay philosophy features a strong link between Softcat's strategy, performance and reward to align the interests of senior executives with those of our shareholders. This will continue and the Committee is ensuring that stretching performance targets will be set taking the new Policy into account. Targets will be disclosed as usual in the remuneration report.

### Remuneration outcomes during the year

During the year, the Board/relevant Board Committee regularly reviewed Softcat's financial and operational performance. We confirmed in trading updates during the year that:

- the Group performed well and once again delivered growth in gross profit and operating profit;
- operational metrics, such as cash generation, were excellent; and
- our customer base and gross profit per customer once again grew.

We also reviewed key non-financial metrics which were set at the beginning of the financial year, including:

- the outcomes of our annual customer experience survey and our employee engagement survey, together with actions to further maintain engagement;
- a quarterly survey from managers in respect of each member of the Senior Leadership Team and the key operational functions in the business;
- work undertaken to improve social mobility inclusion; and
- delivery of a robust assurance plan in respect of ESG disclosures.

## Remuneration Committee report continued

### Letter from the Chair of the Remuneration Committee continued

#### Remuneration outcomes during the year continued

The strong financial and non-financial performances are reflected in a strong achievement of many of the Group's KPIs and resulted in the following for the annual bonus plan for FY2025:

- financial metrics (underlying operating profit) account for 80% of the annual bonus for FY2025. Underlying operating profit of £180.1m exceeded target but was below the maximum target set by the Committee, leading to 90.67% of the maximum annual bonus for this element being earned by the Executive Directors; and
- non-financial metrics account for 20% of the annual bonus for FY2025. Important areas of focus were set at the beginning of FY2025 which included most of the above-mentioned key non-financial areas.

The Committee assessed actions taken by management during the year on the above and noted recommendations from the Nomination, Audit and Risk and Sustainability Committees for the bonus elements in respect of employee satisfaction, assurance of ESG disclosures and actions to improve social mobility. Following review, the Committee concluded that strong performance had been delivered on each of the non-financial metrics and that 88.9% of the maximum annual bonus for this element had been achieved by the Executive Directors. As a result, the overall annual bonus outcome this year was 90.32% of maximum for each Executive Director.

Awards made under our LTIP have a three year vesting period and therefore measure performance over a sustained period. In late 2024, the LTIP awards granted in November 2021 to Graham Charlton (who was CFO at the time of grant) and to Graeme Watt (who was CEO at the time of grant) vested. An independent vesting report was prepared by the Committee's external remuneration advisers and the Committee assessed the vesting outcomes of the LTIPs. The Committee concluded that:

- the maximum goal had been achieved in respect of the earnings per share ('EPS') element of the award;
- the metric in respect of the total shareholder return ('TSR') element of the award achieved threshold.

Accordingly, 65% of the total 2021 LTIP award vested.

During the year, the Committee concluded that all long-term incentive and annual bonus outcomes were appropriate and no discretion was exercised to amend any remuneration outcomes for the Executive Directors.

This conclusion was reached after considering relevant matters, such as:

- the performance of the business;
- the overall investor experience, which the Committee believes over several years represents exceptional performance by management;
- an assessment of the 'quality of earnings' in respect of underlying operating profit for the year. This included an assessment of operating profit, adjusted to remove non-underlying items, as described in more detail in note 1 to the financial statements; and
- any potential benefit from windfall gains experienced over the three-year vesting period.

The LTIPs granted in 2022 are due to vest in late 2025 and the performance conditions were set and announced at the time of grant. Based on our reported performance, the maximum EPS target has been achieved. In respect of the TSR element, based on our current share price performance, it is likely that this element will be between median and upper quartile. It will be necessary to perform a final calculation of the TSR element post vesting, assessing Softcat's performance against the comparator group to determine achievement of that part of the performance condition. In respect of all LTIPs, the Committee will, as usual consider all relevant matters before formally concluding on the vesting outcome.

The Committee will approve an LTIP grant in respect of FY2026 to the Executive Directors (see page 109). Subject to the approval of the revised Remuneration Policy, the LTIP award will be 225% of salary and 180% of salary for the CEO and CFO respectively. The Committee considered movements in the Company's share price during the year and concluded that there is no reason to reduce the proposed awards. However, the Committee will review at vesting, as it has done in recent years, whether there have been any windfall gains.

#### What we have done during the year

The main activities for FY2025 summarise the areas of focus for the Committee.

The Committee is also responsible for oversight of the Group's employee share plans. We operate the Annual and Deferred Bonus Plan for Executive Directors and the Long-Term Incentive Plan for Executive Directors and selected senior management. Both plans were approved for renewal for a further ten years by shareholders at the 2024 Annual General Meeting.

#### Main activities during FY2025

##### October 2024

- Consideration and approval of grants of LTIPs to Executive Directors for FY2025 and other share-based awards to senior managers below Board level
- Review and determination of vesting outcomes for LTIPs granted in 2021
- Review of impact of share-based awards on shareholder dilution
- Review and approval of the annual bonuses awarded to Executive Directors and Senior Leadership Team ('SLT') members for FY2024
- Consideration of the annual bonus arrangements for the Executive Directors and SLT members for FY2025
- Review of achievement against share ownership targets for the Executive Directors
- Approval of the 2024 Annual Report on Remuneration
- Discussion regarding employee share ownership

##### March 2025

- Review of approaches to the 2025 Remuneration Policy
- Workforce pay review
- Review of salaries for the Executive Directors and SLT

##### May 2025

- Interim update report on performance of annual bonus plan and outstanding LTIPs
- Further discussion on the 2025 Remuneration Policy
- Chairman fee review for FY2026

##### June 2025

- Further discussion on the 2025 Remuneration Policy
- Remuneration feedback following Chairman corporate governance engagement with material shareholders

##### July 2025

- Update on workforce remuneration
- Next steps on 2025 Remuneration Policy and engagement with material shareholders
- Review of proposed approach to target setting for FY2026 annual bonus and LTIP awards
- Review of remuneration trends and remuneration-related corporate governance developments for listed companies
- Update on all employee share schemes and workforce engagement on remuneration

### Regular or standing items at each Committee meeting include:

- approval of Committee minutes and review of follow-up actions;
- governance updates;
- review of and updates to the Committee's terms of reference; and
- review of the outcomes of shareholder voting on remuneration-related resolutions.

The Company Secretary also prepares a twelve-month rolling plan for the Committee so that matters can be planned and considered over the longer term.

### Changes in Chairman fee

The Committee also reviewed the Chairman's fee, applying the market-positioning principles used to determine salary changes for the Executive Directors to ensure a consistent and fair approach. The review concluded that the Chairman's pay was well below that of companies of a similar size to Softcat. Following further consideration, the Committee agreed, given the ongoing importance of the role, that material increases should be applied within the existing Policy over the next two financial years to place the Chairman's fee slightly above the lower quartile of companies of a similar size to Softcat. The Committee agreed an increase of 17.2% for FY2026, which will bring the Chairman's fee to £280,000. A further increase of 7.1% will be applied for FY2027, bringing the Chairman's fee to £300,000. Further details are provided in the Annual Report on Remuneration.

### Wider workforce context

As noted above, over the past few years, Softcat has undertaken a holistic review of the reward offering across the workforce to ensure that it continues to attract and retain the best talent to deliver on the strategy and is reflective of the increased size and scale of the business. The underlying remuneration philosophy is aligned across the workforce and consistent with those proposed for the Executive Directors and aims to recognise and reward all employees through fair remuneration.

#### Notes:

This report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended and the provisions of the 2018 Corporate Governance Code (which is applicable for the year under review) and the UK Listing Rules. The report consists of three sections:

- the Annual Statement by the Remuneration Committee Chair;
- the Annual Report on Remuneration, incorporating:
  - an 'at a glance' section; and
  - details of payments made to the Directors and details of the link between Group performance and remuneration for the 2025 financial year; and
- the Directors' Remuneration Policy.

The Chair's Annual Statement and the Annual Report on Remuneration will be subject to an advisory vote at the AGM to be held on 15 December 2025. The Directors' Remuneration Policy will be subject to a binding vote at the AGM. If approved, the Policy will formally supersede the previous Policy with immediate effect.

The Committee notes in particular the actions taken by management to ensure workforce pay reviews are closely aligned to reflect individual performance.

During the year, the Committee maintained its awareness of pay across the business and discussed proposals to award rises across the workforce. This remains important given cost-of-living pressures for many employees. The Committee also receives updates on general external pay trends, which keeps the Committee well-informed. The Non-Executive Directors have an extensive engagement programme which includes each Softcat office. No engagement topic is 'off-limits', including our approach to pay at all levels of the business. The Committee noted during the engagement programme employee feedback on their employee benefits and discussed this with management, who were also aware of some issues. As a result, management implemented improvements to better communicate the attractive benefits available. Also, the Committee's engagement highlighted a matter on how best to further engage and reward employees who are critical in supporting our culture and performance, recognising some challenges in this most important of roles. Following further discussion with management, who were aware of the issue, we agreed to extend participation in the LTIP to employees meeting this criteria, which better recognises their contribution to the business.

### Corporate governance

Last year the Financial Reporting Council ('FRC') issued an updated version of the UK Corporate Governance Code (the 'Code'), under which remuneration-related aspects will apply for accounting periods commencing from 1 January 2025. The Committee assessed this and no material Policy amendments are required for the updated Code. Under the updated Code, additional disclosures are required in the Annual Report on Remuneration on the malus and clawback provisions which apply to the remuneration of Executive Directors. Our disclosures already cover nearly all these new requirements and,

given that only minor additional information is required to be fully compliant, this information is included in this year's report.

### Looking forward

The Committee has been focused on ensuring that our remuneration arrangements remain fit for purpose for the future and aimed at ensuring alignment of both shareholders and our management team as they continue driving the business forward. We consulted with our 25 largest shareholders who account for more than 70% of our issued share capital. We also consulted with certain proxy advisory agencies, including Glass Lewis, ISS and the Investment Association. We have carefully considered all feedback received and have obtained significant shareholder support in respect of the key elements of our proposed Remuneration Policy and how we will implement it. I would like to thank the members of the Committee and those that support the Committee for their help during a busy year.

The Annual Report on Remuneration (pages 104 to 115) including this letter, will be subject to an advisory shareholder vote at the AGM on 15 December 2025. The revised Remuneration Policy (page 103) will be subject to a binding vote at the AGM. I trust that we will continue to have your support on these resolutions. If shareholders do wish to discuss any issues in this report, I can be contacted via the Company Secretary at cosec@softcat.com.



**Lynne Weedall**  
Chair of the Remuneration Committee  
21 October 2025

# Part A – At a glance

## Introduction

In this section, we set out a summary of our performance and remuneration outcomes for the 2025 financial year and a summary of how we intend to implement our proposed Remuneration Policy for the 2026 financial year. Our proposed Remuneration Policy is included in full in Part C (pages 116 to 127).

## Single figure remuneration for our Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of FY2025.

	Salary	Taxable benefits <sup>3</sup>	Pension	Total fixed <sup>1</sup>	Bonus <sup>2,4</sup>	LTIP <sup>2</sup>	Total variable	Total
G Charlton (CEO) <sup>5,6</sup>	£584,983	£5,927	£29,249	<b>£620,159</b>	£792,500	£333,968	<b>£1,126,468</b>	<b>£1,746,627</b>
K Mecklenburgh (CFO) <sup>7</sup>	£381,100	£4,296	£19,055	<b>£404,451</b>	£516,291	–	<b>£516,291</b>	<b>£920,742</b>

**Notes:**

- Fixed pay consists of salary, taxable benefits and pensions as set out above.
- Variable pay consists of bonus and LTIP. Further details on the LTIPs which vested and were exercised by Graham are set out in part B of this report.
- See part B of this report for details of the benefits provided.
- Details of the bonus targets, their level of satisfaction and the resulting bonus earned, including proportion deferred into shares, in FY2025 are set out in part B of this report.
- LTIP awards made on 30 November 2021 to Graham Charlton vested during FY2025. The number of shares awarded was calculated by reference to a share price of £18.63, which was the prevailing market price of an ordinary share on the business day preceding the grant. Details of the performance condition (relative TSR and EPS targets) were disclosed in an announcement to the London Stock Exchange at the time of grant.
- As a result of partial achievement of the performance criteria, nil-cost options over 18,322 shares vested and were subsequently exercised by Graham during FY2025. The share price at the date of vesting (closing price on 29 November 2024, being the closest business day to the third anniversary of the grant) was £15.78 and the LTIP value shown above reflects this. The total value shown above comprises £289,121 (the value of the award at vesting) plus a dividend equivalent of £44,847. The value of the LTIP that is attributable to share price appreciation between grant and vest is nil as the share price was higher at the time of grant.
- Katy Mecklenburgh was appointed CFO on 19 June 2023 and had no LTIP vesting during FY2025.

## Summary of FY2025 annual bonus outcomes

Performance condition	Weighting	Actual as a % of maximum opportunity	Annual bonus payout	
			Graham Charlton	Katy Mecklenburgh
<b>Underlying operating profit</b>	80%	90.67%	£636,485	£414,652
<b>Progress on strategic non-financial metrics and actions</b>	20%	88.90%	£156,015	£101,639
<b>Overall outcome</b>		90.32%	£792,500	£516,291

## Our revised Remuneration Policy

The key elements of the Group's strategy and how its successful implementation is linked to the Group's Remuneration Policy are set out in the following table. In respect of the implementation in FY2026 below, a revised Remuneration Policy will be proposed at the 2025 AGM and where applicable the implementation will be subject to the new Remuneration Policy being approved by shareholders.

Remuneration Policy	Strategic priorities				
	Generate sector-leading value for shareholders	Growth in profit from existing customers	Win new customers	Equity ownership and retention of shares	Attract, retain and reward executive team to deliver the strategy
<p><b>Annual bonus</b></p> <p>The maximum bonus (including any part of the bonus deferred) under the Annual Bonus Plan ('ABP') will not exceed 200% of a participant's annual base salary.</p> <p>For FY2026:</p> <ul style="list-style-type: none"> <li>the maximum bonus opportunity is 175% and 150% for the CEO and CFO respectively; and</li> <li>the annual bonus measures include 80% based on Underlying operating profit and 20% based on robust non-financial metrics.</li> </ul>	✓	✓	✓	✓	✓
<p><b>Underlying operating profit</b></p> <p>The key performance indicator for the Group. The Committee believes that the Directors should focus on this key metric during the financial year to maintain high profit growth and the success of the business to deliver value for our shareholders.</p> <p>Growth in this metric is a direct demonstration of the successful execution of our business strategy, including winning new customers and growth of profit from existing customers.</p>					
<p><b>Non-financial measures</b></p> <p>The Committee also believes in the importance of strategic non-financial metrics to measure the success of a business. The Committee will consider appropriate measures linked to strategic priorities.</p>					
<p><b>LTIP</b></p> <p>For FY2026, the normal annual award to the CEO and CFO is 225% and 180% of salary respectively.</p> <p>Awards will vest at the end of three years.</p> <p>The performance conditions for awards comprise financial and performance measures, currently:</p> <ul style="list-style-type: none"> <li>underlying earnings per share ('EPS') growth; and</li> <li>comparative total shareholder return ('TSR').</li> </ul> <p>For FY2026, the LTIP award will be weighted 70% EPS and 30% TSR.</p>	✓	✓	✓	✓	✓
<p><b>EPS and TSR</b></p> <p>The success in maximising profit growth will be measured through the long-term EPS growth targeted by the LTIP. In addition, sustained value generation will be reflected in the share price of the Company, which will be measured through the Company's TSR performance under the LTIP.</p>					
<p><b>TSR</b></p> <p>The generation of profit growth targeted by the annual bonus will help enhance the value of the Group, which will be measured through the success of the Company's TSR performance against its comparators.</p>					
<p><b>EPS</b></p> <p>An incentive to grow in the longer term is provided through EPS growth targeted by the LTIP. The success of this element of the strategy should be reflected in long-term TSR performance.</p>					
<p><b>Share Incentive Plan ('SIP')</b></p>				✓	✓
<p><b>Minimum shareholding requirements from FY2026</b></p> <ul style="list-style-type: none"> <li>CEO: 225% of salary</li> <li>CFO: 200% of salary</li> </ul>				✓	

# Part B – Annual report on remuneration

## Single total figure of remuneration (audited)

### Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of FY2025 and FY2024.

	Salary		Taxable benefits <sup>3</sup>		Pension		Total fixed <sup>1</sup>		Bonus <sup>2,4</sup>		LTIP <sup>2</sup>		Total variable		Total	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
G Charlton (CEO)	585.0	567.9	5.9	4.5	29.2	28.4	620.1	600.8	792.5	660.6	334.0	346.5	1,126.5	1,007.1	1,746.6	1,607.9
K Mecklenburgh (CFO) <sup>5</sup>	381.1	370.0	4.3	2.7	19.1	18.5	404.5	391.2	516.3	430.4	–	–	516.3	430.4	920.8	821.6

#### Notes:

- Fixed pay consists of salary, taxable benefits and pensions as set out above.
- Variable pay consists of bonus and LTIP. Further details on the LTIPs which vested and were exercised by Graham are set out below.
- See section below setting out details of the benefits provided.
- Details of the bonus targets, their level of satisfaction and the resulting bonus earned, including proportion deferred into shares, in FY2025 are set out below.
- Katy Mecklenburgh was appointed CFO on 19 June 2023 and no LTIPs vested for her either during FY2024 or FY2025.

### Taxable benefits

Benefits in the year for the Executive Directors comprised health benefits such as private health insurance, health cash plan, critical illness, income protection and dental and life cover. Figures are reported where appropriate.

### Pension entitlements (audited)

The Group operates a defined contribution pension scheme which the Executive Directors can participate in, or they can take a cash supplement in lieu of pension.

In FY2025, Graham Charlton and Katy Mecklenburgh were entitled to 5% of salary either as an employer pension contribution into the defined contribution scheme or as a pension cash allowance. This is in line with employer pension contributions available for the general workforce.

None of the Directors receive an entitlement under a defined benefit plan.

### FY2025 annual bonus outcomes (audited)

In respect of FY2025, the bonus awards payable to Executive Directors were agreed by the Committee, having carefully reviewed:

- financial performance (80% weighting): the Committee considered the Group's year-end results and any relevant associated factors in respect of underlying performance; and
- non-financial performance (20% weighting): the Committee considered progress against key actions in respect of non-financial actions (employee engagement, customer satisfaction, sustainability and employee social mobility) and noted the ongoing strong performance.

The performance measures and targets under the Annual and Deferred Bonus Plan for FY2025 and the extent to which they were satisfied are set out below:

Performance condition	Weighting	Threshold	Target	Maximum	Actual	Actual as a % of maximum opportunity	Annual bonus payout	
							Graham Charlton	Katy Mecklenburgh
<b>Underlying operating profit<sup>1</sup></b>	80%	£151.2m	£168m	£184.8m	£180.1m	90.67%	£636,485	£414,652
<b>Progress on strategic non-financial metrics and actions</b>	20%		See below			88.90%	£156,015	£101,639
<b>Overall outcome</b>						90.32%	<b>£792,500</b>	<b>£516,291</b>
<b>Portion of overall outcome paid in cash<sup>2</sup></b>							£389,989	£254,067
<b>Portion of overall outcome deferred into shares<sup>2</sup></b>							£402,511	£262,224

#### Note:

- Following review, the Committee confirmed that no adjustment was required to take account of the acquisition of Oakland Group Services Ltd during the year, as the FY2025 impact on underlying operating profit was not considered material for the purpose of determining the bonus outcome.
- In respect of the bonus payout up to 100% of salary, two-thirds will be paid in cash and one-third will be paid by way of deferred shares. In respect of the bonus payout above 100% of salary, all of this shall be by way of deferred shares.

## Non-financial: employee engagement, customer satisfaction, sustainability and social mobility

Priorities and rationale for selection      Achievements and outcome

### Employee engagement

Maintain our high level of success on employee engagement. Highly engaged employees are vital to the success of Softcat. We receive frequent feedback that our culture is the vital ingredient to providing outstanding service which helps to retain and delight our existing customers and to win new customers.

The Committee set a target at the beginning of the financial year for industry-leading employee net promoter scores ('NPS') to be achieved in the all-employee survey for the year. The employee NPS for this year's survey was 55, which is an excellent result and above market norms.

The Committee also took into account other relevant factors as part of its determination, including the below.

- Management sought regular employee feedback with the annual engagement survey and through quarterly management surveys. The results of each survey were discussed with the Board/Nomination Committee, together with management's plans which addressed areas of concern.
- An action plan was created and followed up from the annual survey results.
- Overall employee engagement remained high at 88%.
- The Group once again achieved excellent external rankings and awards for its workplace environment (see the 'People' section on pages 32 to 24).

### Customer satisfaction

Continue our attention on market-leading customer excellence. Customer excellence is a vital underpin to our strategy to acquire more customers and to sell more to existing customers.

The Committee set a target at the beginning of the financial year for industry-leading customer NPS to be achieved in the annual customer satisfaction survey. The customer NPS for this year's survey was 64, which is an excellent result and above market norms.

The Committee also took into account other relevant factors as part of its determination, including the below.

- Management undertook its most extensive ever annual customer experience survey (6,089 respondents in FY2025, compared to 5,663 in FY2024).
- An impressive level of customer satisfaction was achieved at 98%.
- The Board reviewed the results of the customer survey and management's plan to make improvements for even better customer service.

### Sustainability

Create a robust sustainability assurance plan. This will provide a strong underpin on our path to net zero with rigorous governance and processes to assure our sustainability disclosures.

This exercise complements a wider project to prepare for the new 'failure to prevent fraud' corporate offence and for Provision 29 of the 2024 UK Corporate Governance Code which requires Directors to confirm that they have effective internal controls in place.

- Management developed an environmental sustainability assurance plan with the support of the Sustainability team and the Risk & Assurance function.
- Key sustainability disclosures were identified and an assurance plan in respect of each was developed, which included process maps and risk and control matrices for each disclosure. The results of the assurance exercise were presented to the Audit and Risk Committee.
- A formal process is now in place for the Risk & Assurance team to deliver assurance reports that support senior leaders and the Audit and Risk Committee by providing insights into control effectiveness.
- The report which is the outcome of the assurance plan was reviewed and endorsed by the Audit and Risk Committee. The Sustainability Committee concluded, on behalf of the Remuneration Committee, that good performance had been attained in respect of this element of the bonus.

### Social mobility

Support our social value objectives by aiming to close the gap on social mobility within our early career roles. This assessment supports our desire to be a fully inclusive place to work.

- Management, through working with our People team, made good progress on actions. During the year Softcat engaged with schools in locations close to our offices in Manchester, Birmingham, London and Marlow.
- The engagements included activities such as insight days, work experience placements, mock interviews to better prepare students for job applications and recruitment fairs. Our 'Love2Volunteer' programme was also engaged, promoting volunteering tied to school engagement and charity partners.
- A social mobility benchmarking exercise was undertaken during the year which concluded that good work had been undertaken by the business on its endeavours to be a fully inclusive place to work. Management have undertaken to follow-up on recommended actions from the exercise.
- Management is monitoring data for jobs applied, which already shows an increase, compared to prior financial year, in candidates from lower socio-economic backgrounds.
- The Committee was pleased with the actions taken to date to improve social mobility and welcomed the increase in job applications from lower socio-economic backgrounds, recognising that this is a longer term endeavour. The Committee was satisfied that strong achievement had been attained for this element of the bonus.

## Remuneration Committee report continued

### Part B – Annual report on remuneration continued

#### Single total figure of remuneration (audited) continued

##### Non-financial: employee engagement, customer satisfaction, sustainability and social mobility continued

In respect of the non-financial measures, the Committee agreed at the beginning of the performance period a range of illustrative outcomes to consider at threshold, target and maximum to determine whether meaningful progress had been made across the metrics. This would be taken into account along with any other relevant actions or progress. The Committee reviewed the illustrative outcomes against the progress made at the end of the performance period, to ensure that a fair and comprehensive review of progress had been undertaken. The Committee concluded, overall, that excellent customer satisfaction and employee engagement outcomes were delivered and that tangible progress had been made on the sustainability and social mobility metrics. The Committee determined an award of 88.9% of the maximum opportunity in respect of these measures.

No discretion was exercised by the Committee in relation to the outcome of any part of the annual bonus awards.

##### Long term incentives vested in FY2025 (audited)

Awards under the Group's LTIP granted in November 2021 to Graham Charlton and to Graeme Watt (at which time Graeme was CEO) vested and were exercised in FY2025. Katy Mecklenburgh was appointed CFO in June 2023 and so did not participate in this LTIP. Vesting of the awards was subject to the following performance conditions (which were disclosed at the time of grant):

Measure	Weighting	Details
Adjusted EPS	50%	<ul style="list-style-type: none"> <li>No vesting of this element for adjusted EPS at end of performance period of below 49.5p</li> <li>20% vesting (threshold) for achieving 49.5p</li> <li>67% vesting for achieving 53.8p</li> <li>Full vesting for achieving 59.4p or above</li> <li>Straight-line vesting between 20% and 67% and between 67% and full vesting</li> </ul>
Relative TSR – assessed against the constituents of the FTSE 250 (excluding real estate and equity investment trusts)	50%	<ul style="list-style-type: none"> <li>No vesting for below median performance against the comparators</li> <li>30% vesting (threshold) for median performance</li> <li>Full vesting for upper quartile performance</li> <li>Straight-line vesting between threshold and full vesting</li> </ul>

EPS for FY2024 was 59.4p per share and this element of the performance condition was achieved in full. TSR was ranked at threshold and as a result 30% of this element of the performance condition was achieved. Following formal review by the Committee, no discretion was applied to the LTIP vesting outcome.

As a result of the partial achievement of performance conditions, the table below details the LTIP granted in November 2021, the number of shares lapsed and the number vested and exercised. When Graeme retired as CEO on 31 July 2023, the Committee treated him as a 'good' leaver and he retained his LTIP awards subject to pro-rating from the date of retirement to the respective vesting dates.

Director	LTIP options granted in November 2021	LTIP options lapsed	LTIP options vested and exercised
G Watt <sup>1</sup>	42,282	27,013	15,269
G Charlton	28,188	9,866	18,322

##### Note:

1. These lapsed options shown for Graeme Watt consist of 8,221 shares which lapsed as the performance condition was not achieved in full and 18,792 shares which lapsed due to pro-rating on Graeme's retirement as CEO.

Vested LTIP awards are subject to a two-year holding period post-vesting in line with our Remuneration Policy.

The share price at the date of vesting (closing price on 29 November 2024, being the closest business day to the third anniversary of the grant) was £15.78 and the LTIP value shown above reflects this. The total value shown above comprises £289,121 (the value of the award at vesting) plus a dividend equivalent of £44,847. The value of the LTIP that is attributable to share price appreciation between grant and vest is nil as the share price was higher at the time of grant.

### Long term incentives vesting in FY2026

Awards under the Group's LTIP granted in November 2022 to Graham Charlton and to Graeme Watt (at which time Graeme was CEO) will vest on 30 November 2025. Vesting of the awards is subject to the following performance conditions (which were disclosed at the time of grant):

Measure	Weighting	Details
Underlying EPS	60%	<ul style="list-style-type: none"> <li>No vesting of this element for EPS at end of performance period of below 55.8p</li> <li>20% vesting (threshold) for achieving 55.8p</li> <li>67% vesting for achieving 59.6p</li> <li>Full vesting for achieving 67.0p or above</li> <li>Straight-line vesting between 20% and 67% and between 67% and full vesting</li> </ul>
Relative TSR - assessed against the constituents of the FTSE 250 (excluding real estate and equity investment trusts)	40%	<ul style="list-style-type: none"> <li>No vesting for below median performance against the comparators</li> <li>30% vesting (threshold) for median performance</li> <li>Full vesting for upper quartile performance</li> <li>Straight-line vesting between threshold and full vesting</li> </ul>

2022 awards were based 60% on EPS performance and 40% on TSR performance. Based on our underlying EPS performance for FY2025 (see Note 1 to the consolidated financial statements) of 69.1p (diluted), the maximum EPS target has been achieved. TSR performance will be assessed to the third anniversary of awards. Based on our current share price performance, it is likely that this element will be between median and upper quartile, and based on TSR performance to 29 September 2025 the estimated TSR vesting is 74.1% of maximum, giving an overall estimated vesting outcome of c.90% of maximum. It will be necessary to perform a final calculation of the TSR element post vesting, assessing Softcat's performance against the comparator group to determine achievement of that part of the performance condition. In respect of all LTIPs, the Committee will, as usual consider all relevant matters before formally concluding on the vesting outcome. Based on the current estimated vesting levels and the three month average share price to 31 July 2025 of £17.42, this award would have a value of £669k for Graham Charlton (excluding dividend equivalents) and £223k for Graeme Watt (excluding dividend equivalents). The award to Graeme was pro-rated following him stepping down as CEO.

### Non-Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director.

Non-Executive Director	2025 fees	2025 other	2024 fees	2024 other	Roles
G Watt <sup>1</sup>	<b>£238,960</b>	<b>£243,437</b>	£232,000	£433,041	Chairman
V Murria <sup>2</sup>	<b>£28,006</b>	–	£76,800	–	Former Independent Non-Executive Director, Designated Director for Workforce Engagement and Chair of the Sustainability Committee
L Weedall <sup>2</sup>	<b>£93,654</b>	–	£101,925	–	Chair of the Remuneration Committee and Chair of the Nomination Committee
M Prakash <sup>2</sup>	<b>£63,654</b>	–	£56,650	–	Independent Non-Executive Director
J Ferguson <sup>2</sup>	<b>£77,154</b>	–	£39,425	–	Senior Independent Director
R Perriss <sup>2</sup>	<b>£88,313</b>	–	£76,800	–	Independent Non-Executive Director, Chair of the Audit and Risk Committee and the Chair of the Sustainability Committee

#### Notes:

- Graeme's Chairman fee for the year was £238,960. 2024 and 2025 'other' for Graeme relate to the gain on the exercise of LTIPs which were awarded to him when he was CEO. As previously reported, Graeme continues to receive his health benefits as Chairman. The cost of providing this cover during FY2025 and other P11D benefits was £4,935. This figure is included in 'other'.
- Vin retired from the Board on 9 December 2024 and fees were pro-rated for the period served. Robyn assumed the Chair of the Sustainability Committee upon Vin's retirement. Mayank and Jacqui joined the Board on 1 September 2023 and 1 January 2024 respectively. Jacqui assumed the role of SID on 1 May 2024 from Lynne who had held it previously on an interim basis.

## Remuneration Committee report continued

### Part B – Annual report on remuneration continued

#### Payments to past Directors/payments for loss of office (audited)

There were no payments for loss of office made to Directors or to past Directors in the year.

##### Graeme Watt share awards as former CEO

Graeme Watt was appointed Non-Executive Chairman with effect from 1 August 2023. Prior to that he was CEO and participated in Softcat's LTIP and Annual Bonus Plan, which included awards of deferred shares. As previously explained, the Committee approved that Graeme's outstanding LTIPs when he retired as CEO would be pro-rated for time served and that the deferred bonus shares shall not be pro-rated. LTIP and deferred share awards made in 2021 to Graeme vested during FY2025.

Details of Graeme's 2021 LTIP awards are set out above on page 107.

All of the 2021 deferred share awards over 21,354 ordinary shares vested and were exercised by Graeme during FY2025. The share price at the time of exercise was approximately £15.75 per share, resulting in a gain of approximately £336,238.

Executive Director participants in the LTIP and deferred share awards may also receive a cash payment representing the value of dividends (a dividend equivalent) on the shares over the performance period. A cash dividend equivalent payment was made to Graeme upon vesting of both the 2021 LTIP and 2021 deferred share awards of £21,035 and £29,430 respectively.

#### Scheme interests awarded during the financial year (audited)

##### Long Term Incentive Plan awarded in FY2025 (audited)

On 25 November 2024, the following annual awards of nil-cost options under the Group's Long Term Incentive Plan ('LTIP') were made to the CEO and CFO:

Director	Award type	Basis of award (% of salary)	Face value of award £	Number of shares granted	Date of grant	Date of vesting	Share price <sup>1</sup>
G Charlton	Nil-cost options	150%	877,472	54,842	25/11/24	25/11/27	£16.00
K Mecklenburgh	Nil-cost options	150%	571,648	35,728	25/11/24	25/11/27	£16.00

**Note:**

1. The share price used to determine the award was calculated by reference to the prevailing market price of an ordinary share on the business day prior to the award.

40% of the award is subject to the Company's relative TSR performance against the FTSE 250 (excluding real estate and investment trusts) over a three-year performance period to the end of FY2027 and 60% subject to adjusted EPS targets at the end of the period. These conditions are set out below:

Measure	Weighting	Details
Underlying EPS	60%	<ul style="list-style-type: none"> <li>Nil vesting of this element for EPS for FY2027 of less than 65.9p</li> <li>20% vesting (threshold) for achieving 65.9p</li> <li>67% vesting for achieving 73.6p</li> <li>Full vesting for achieving 79.7p or above</li> <li>Straight-line vesting between 20% and 67% and between 67% and full vesting</li> </ul>
Relative TSR - assessed against the constituents of the FTSE 250 (excluding real estate and equity investment trusts)	40%	<ul style="list-style-type: none"> <li>Nil vesting for below median performance against the comparators</li> <li>30% vesting (threshold) for median performance</li> <li>Full vesting for upper quartile performance</li> <li>Straight-line vesting between threshold and full vesting</li> <li>TSR performance is assessed over the three-year period from the date of grant</li> </ul>

The EPS targets were set following the end of the 2024 financial year based on an assessment of the business and were included in the 2024 Annual Report on Remuneration. The adjusted earnings per share for the purposes of the LTIP performance measure is calculated as earnings per share in accordance with IAS 33, adjusted for exceptional items as determined by the Committee.

##### Deferred Bonus Plan awarded in FY2025 (audited)

On 25 November 2024, awards under the Group's Deferred Bonus Plan ('DBP') were made as set out below, in respect of achievement under the Annual Bonus Plan in FY2024. Deferred shares are not subject to further performance conditions and vest following a three-year holding period, subject to continued employment.

Director	Award type	Face value of award £	Number of shares granted	Date of grant	End of deferral period	Share price <sup>1</sup>
G Charlton	Nil-cost options	281,968	17,623	25/11/24	23/11/27	£16.00
K Mecklenburgh	Nil-cost options	183,696	11,481	25/11/24	23/11/27	£16.00

**Note:**

1. The share price used to determine the award was calculated by reference to the prevailing market price of an ordinary share on the business day prior to the award.

## Long Term Incentive Plan to be awarded in FY2026

Awards will be granted, as appropriate, subject to the approval of the Remuneration Policy which will be proposed at the AGM to be held on 15 December 2025. Vesting of the awards will be subject to the following performance conditions:

Measure	Weighting	Details
Underlying EPS	70%	<ul style="list-style-type: none"> <li>No vesting of this element for EPS for FY2028 of below 74.1p</li> <li>25% vesting (threshold) for achieving 74.1p</li> <li>62.5% vesting for achieving 80.2p</li> <li>Full vesting for achieving 91.9p or above</li> <li>Straight-line vesting between 25% and 62.5% and between 62.5% and full vesting</li> </ul>
Relative TSR - assessed against the constituents of the FTSE 350 (excluding investment trusts)	30%	<ul style="list-style-type: none"> <li>No vesting for below median performance against the comparators</li> <li>25% vesting (threshold) for median performance</li> <li>Full vesting for upper quartile performance</li> <li>Straight-line vesting between threshold and full vesting</li> <li>TSR performance is assessed over the three-year period from the date of award</li> </ul>

## Share Incentive Plan ('SIP')

There were no free shares awarded in FY2025 (FY2024: Nil). Free shares were awarded under the SIP on 11 December 2015, and became free of any restrictions on the fifth anniversary following the award. Graham was awarded 301 free shares in 2015, which he has retained.

The Executive Directors have an entitlement to purchase partnership shares under the SIP. Graham Charlton purchased 113 partnership shares and Katy Mecklenburgh purchased 112 partnership shares during the year. The total SIP holdings are included in the table below.

## Statement of Directors' shareholding and share interests (audited)

Director	Shareholding requirement (% of salary) <sup>1</sup>	Current shareholding (% of salary) <sup>2</sup>	Beneficially owned <sup>3</sup>	Other shares held		Options			Shareholding requirement met?
				LTIP interests subject to performance conditions	Deferred shares not subject to performance conditions <sup>4</sup>	Vested and unexercised	Unvested	Exercised	
<b>Executive Directors</b>									
G Charlton	200	460	135,417 <sup>3</sup>	166,389	55,690	–	–	–	Yes
K Mecklenburgh <sup>5</sup>	200	31	191	80,486	13,500	–	–	–	No
<b>Non-Executive Directors</b>									
G Watt	n/a	n/a	154,330	14,281	57,101	–	–	–	n/a
J Ferguson	n/a	n/a	3,038	n/a	n/a	n/a	n/a	n/a	n/a
M Prakash	n/a	n/a	–	n/a	n/a	n/a	n/a	n/a	n/a
L Weedall	n/a	n/a	1,300	n/a	n/a	n/a	n/a	n/a	n/a
R Perriss	n/a	n/a	15,000	n/a	n/a	n/a	n/a	n/a	n/a

### Notes:

- The Committee has adopted formal shareholding guidelines that encourage the Executive Directors to build up, over a five-year period, and then subsequently hold, a shareholding equivalent to at least 200% of base salary (this is being increased to 225% of base salary for the CEO under the revised Policy). The shareholding requirement is calculated as follows:
  - shares owned by the Executive Director (and their associates) count towards the ownership target;
  - shares which have vested, but which remain subject to a holding period and/or clawback, count towards the ownership target;
  - unvested shares, which are not subject to a further performance condition, count towards the ownership target on a net of tax basis. This includes deferred awards under the annual bonus plan; and
  - unvested awards and unexercised options which have performance conditions attached do not count towards the ownership target.
- This is based on a closing share price of £16.33 on 31 July 2025 and the year-end salaries of the Executive Directors. The calculation includes the value of deferred shares not subject to performance conditions on a net of tax basis, based on the tax rates applicable on 31 July 2025. Values are not calculated for Non-Executive Directors as they are not subject to executive shareholding requirements.
- This includes investment in partnership shares under the SIP. Graham purchased 28 partnership shares between the year end and the date of this report and Katy purchased 29. Neither of these post-year end purchases are included above. There have been no other changes in beneficial ownership of shares between the year end and the date of this report.
- This is in respect of previous awards of nil-cost options granted under the Deferred Share Bonus Plan.
- Katy Mecklenburgh was appointed to the Board in June 2023. In line with the shareholding guidelines for Executive Directors, she has a five-year period to build up her shareholding to the target of 200% of salary.

## Remuneration Committee report continued

### Part B – Annual report on remuneration continued

#### Comparison of overall performance and pay

The graph below shows the value of £100 invested in the Company's shares since listing compared with the FTSE 250 index. The graph shows the total shareholder return generated by both the movement in share value and the reinvestment over the same period of dividend income.

The Committee considers that the FTSE 250 is the appropriate index because the Company has been a member of this since the first review of the index since the IPO. This graph has been calculated in accordance with the Regulations. It should be noted that the Company listed on 18 November 2015 and therefore only has a listed share price for the period of 18 November 2015 to 31 July 2025.



#### Chief Executive's historical remuneration

The table below sets out the total remuneration delivered to the Chief Executive valued using the methodology applied to the single total figure of remuneration.

Chief Executive	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
G Charlton	<b>£1,746,627</b>	£1,607,879	–	–	–	–	–	–	–	–
G Watt <sup>1</sup>	–	–	£1,837,361	£2,867,134	£2,588,093	£991,372	£919,518	£305,539	–	–
M Hellawell <sup>1</sup>	–	–	–	–	–	–	–	£532,716	£774,908	£562,117
G Charlton	<b>90</b>	78	–	–	–	–	–	–	–	–
G Watt <sup>1</sup>	–	–	83	96	100	72	100	100	–	–
M Hellawell <sup>1</sup>	–	–	–	–	–	–	–	100	100	99
G Charlton	<b>65</b>	92	–	–	–	–	–	–	–	–
G Watt <sup>1</sup>	–	–	97	100	100	n/a	n/a	n/a	n/a	n/a
M Hellawell <sup>1</sup>	–	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Note:**

1. Martin Hellawell and Graeme Watt retired as Chief Executive on 31 March 2018 and 31 July 2023 respectively.

#### Relative importance of the spend on pay

The table below sets out the relative importance of spend on pay in the 2025 financial year. All figures provided are taken from the relevant Group accounts.

	Disbursements from profit in 2025 financial year	Disbursements from profit in 2024 financial year
Profit distributed by way of dividend	<b>£95.7m</b>	£76.0m
Total tax contributions <sup>1</sup>	<b>£71.5m</b>	£61.2m
Overall spend on pay, including Executive Directors	<b>£239.0m</b>	£207.3m

**Note:**

1. Includes corporation tax and employer's National Insurance contributions. The total tax contributions have been included because of the size of the contributions in comparison to other payments.

## Change in the Directors' remuneration compared with employees

The table below sets out the annual change in Directors' remuneration from the previous year compared to the average annual change in remuneration for all other employees. The notes beneath this table describe how we have calculated the year-on-year change.

	% increase/(decrease) in remuneration in 2020 compared with remuneration in 2019			% increase/(decrease) in remuneration in 2021 compared with remuneration in 2020		
	Salary or fees	Bonus <sup>1</sup>	Benefits <sup>2</sup>	Salary or fees	Bonus <sup>1</sup>	Benefits <sup>2</sup>
Graeme Watt <sup>3</sup>	3%	12%	0%	3%	43%	37%
Graham Charlton <sup>3</sup>	3%	12%	(9)%	3%	43%	37%
Martin Hellawell	3%	0%	1%	0%	0%	1%
Vin Murria <sup>5</sup>	23%	0%	0%	4%	0%	0%
Robyn Perriss	0%	0%	0%	3%	0%	0%
Karen Slatford	n/a	n/a	n/a	6%	0%	0%
Lynne Weedall <sup>6</sup>	n/a	n/a	n/a	n/a	n/a	n/a
All employees <sup>9</sup>	5%	(14)%	(14)%	3%	12%	1%

	% increase/(decrease) in remuneration in 2022 compared with remuneration in 2021			% increase/(decrease) in remuneration in 2023 compared with remuneration in 2022			% increase/(decrease) in remuneration in 2024 compared with remuneration in 2023		
	Salary or fees	Bonus <sup>1</sup>	Benefits <sup>2</sup>	Salary or fees	Bonus <sup>1</sup>	Benefits <sup>2</sup>	Salary or fees	Bonus <sup>1</sup>	Benefits <sup>2</sup>
Graeme Watt <sup>3</sup>	10%	6%	12%	5%	(9)%	(1)%	(57)%	–	(5)%
Graham Charlton <sup>3</sup>	10%	6%	12%	5%	(9)%	(1)%	54%	45%	(3)%
Katy Mecklenburgh <sup>3,4</sup>	n/a	n/a	n/a	n/a	n/a	n/a	0%	(15)%	–
Martin Hellawell	5%	–	–	23%	–	(1)%	n/a	n/a	n/a
Vin Murria <sup>5</sup>	(7)%	–	–	18%	–	–	2%	–	–
Robyn Perriss	3%	–	–	18%	–	–	2%	–	–
Karen Slatford	11%	–	–	12%	–	–	n/a	n/a	n/a
Lynne Weedall <sup>6</sup>	n/a	n/a	n/a	42%	–	–	13%	–	–
Mayank Prakash <sup>7</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–
Jacqui Ferguson <sup>7</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–
All employees <sup>9</sup>	5%	7%	34%	8%	(44)%	(3)%	2%	8%	(3)%

	% increase/(decrease) in remuneration in 2025 compared with remuneration in 2024		
	Salary or fees	Bonus <sup>1</sup>	Benefits <sup>2</sup>
Graeme Watt <sup>3</sup>	1%	–	14%
Graham Charlton <sup>3</sup>	3%	20%	33%
Katy Mecklenburgh <sup>3,4</sup>	3%	20%	58%
Vin Murria <sup>5,8</sup>	2%	–	–
Robyn Perriss <sup>8</sup>	15%	–	–
Lynne Weedall <sup>6</sup>	(8)%	–	–
Mayank Prakash <sup>7</sup>	3%	–	–
Jacqui Ferguson <sup>7</sup>	14%	–	–
All employees <sup>9</sup>	5%	77%	53%

### Notes:

- Excludes commissions for employees.
- Includes private medical insurance only for employees.
- For the Directors, the percentage change reflects the figures set out in the single figure table on page 104. Figures are on an annualised basis where the Director joined or left during the year. The decreases in salary/fees and bonus for Graeme in FY2024 reflects a change of his role from Chief Executive to Non-Executive Chairman from 1 August 2023.
- Katy Mecklenburgh joined the Board of Softcat in June 2023, however, she did not receive any benefits in FY2023.
- In respect of 2020/21, Vin Murria stepped down as Chair of the Nomination Committee during the year. Fees receivable for these duties were in addition to the fees payable as a Non-Executive Director.
- Lynne Weedall joined the Board of Softcat in May 2022. Following the retirement of Karen Slatford in January 2023, Lynne was appointed interim Senior Independent Director ('SID') and Chair of the Nomination Committee. Jacqui Ferguson succeeded Lynne as the SID during FY2024.
- Mayank and Jacqui joined the Board during FY2024.
- In respect of FY2025, Vin retired from the Board in December 2024. Vin was the Chair of the Sustainability Committee until the time of her retirement, following which Robyn assumed the role.
- For employees, figures represent Softcat plc. Details are in respect of the average percentage change in respect of the remuneration of employees on a full-time equivalent basis. In order to make the comparisons meaningful, the average percentage change in respect of each of salary, bonus and benefits for employees is a per capita figure. For FY2025, the increase in bonus is due mostly to improved performance versus targets for senior management and non sales employees when compared to the prior year. The FY2025 benefits values have fluctuated due to change in premiums.

## Remuneration Committee report continued

### Part B – Annual report on remuneration continued

#### CEO pay ratios

The UK Government requires certain companies with over 250 employees to disclose annually the ratio of their CEO's single figure total remuneration to that of the UK workforce. CEO pay ratio data is presented below for 2025, with comparative figures since 2019, which were disclosed in previous Directors' Remuneration Reports. The data shows how the CEO's single figure remuneration for 2025 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentiles.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
<b>2025</b>	<b>Option A</b>	<b>59:1</b>	<b>37:1</b>	<b>21:1</b>
2024	Option A	57:1	37:1	21:1
2023	Option A	72:1	44:1	24:1
2022	Option A	100:1	64:1	36:1
2021	Option A	89:1	57:1	32:1
2020	Option A	33:1	21:1	12:1
2019	Option A	35:1	22:1	12:1

The Government's methodology of Option 'A' has been used to calculate the remuneration of 2,636 employees (FY2024: 2,472) who were employed on the assessment date of 31 July for each respective financial year. All individuals in employment at this date were included in the calculation, with applicable components of individual remuneration annualised for employees not employed for the full twelve months. This option was selected given as it was considered to be the most efficient and robust approach in respect of gathering the required data and in particular was considered to be the most accurate way of identifying the best equivalents of the 25th, 50th and 75th percentiles.

We calculated our total remuneration for full-time equivalent employees to include:

- annual salary and allowances;
- annual bonus earnings (for the period relating to the respective financial year);
- gains realised from exercising awards granted under the SIP or LTIP share plans; and
- the value of taxable benefits (including pension contributions).

The increase in ratio after 2020 primarily reflects the value of LTIP awards which vested and were exercised by the relevant CEO. No LTIPs had vested up to 2020. Further information on the Company's remuneration philosophy, its approach to reward across the business and how this aligns with executive remuneration is provided in the letter from the chair of the Committee on pages 96 to 101.

Pay in respect of the CEO and UK workforce is shown in the table below.

	CEO	All employees		
	(See single figure table, page 104)	25th percentile	Median	75th percentile
2025 salary	£584,983	£24,361	£28,684	£42,982
2025 total pay	£1,746,627	£29,711	£47,240	£82,436

#### Executive Director contracts and letters of appointment for Chairman and Non-Executive Directors

##### Executive Directors

Name	Date of service contract	Nature of contract	Notice periods		Compensation provisions for early termination
			From Company	From Director	
G Charlton	29 October 2015	Rolling	Twelve months	Twelve months	None
K Mecklenburgh	1 December 2022	Rolling	Twelve months	Twelve months	None

##### Non-Executive Directors

Name	Date of letter of appointment
G Watt	11 July 2022
R Perriss	21 May 2019
L Weedall	21 March 2022
M Prakash	31 July 2023
J Ferguson	31 July 2023

##### Note:

The Committee's policy for setting notice periods is that a twelve-month period will apply for Executive Directors.

The Non-Executive Directors (including the Chairman) do not have service contracts. The Non-Executive Directors are appointed by letters of appointment. Each independent Non-Executive Director's term of office runs for a three-year period. The Chairman is subject to three months' notice from either the Company or the Chairman. The other Non-Executive Directors do not have notice periods.

The initial terms of the Non-Executive Directors' positions are subject to their re-election by the Company's shareholders at the AGM and to re-election at any subsequent AGM at which the Non-Executive Directors stand for re-election. All Directors who wish to be re-elected will be put forward for re-election by shareholders on an annual basis.

## Committee governance and considerations of pay across the Group

The Board has delegated to the Committee, under agreed terms of reference, responsibility for the Remuneration Policy and for determining specific packages for the Executive Directors, other selected members of the senior management team and the Chairman’s fee. The Group consults with key shareholders in respect of the Remuneration Policy and the introduction of new incentive arrangements.

The terms of reference for the Committee are available on the Group’s website, [www.softcat.com/about-us/investor-centre/governance](http://www.softcat.com/about-us/investor-centre/governance), and from the Company Secretary at the registered office.

Our main responsibilities are:

- to determine and agree with the Board the broad Remuneration Policy for the Executive Directors and other selected members of the senior management team;
- to review the ongoing appropriateness and relevance of the Remuneration Policy; and
- to review any major changes in employee benefit structures throughout the Group and to administer all aspects of any share scheme.

The Committee receives assistance from the Company Secretary, who attends meetings. The Chief Executive Officer, the Chief Financial Officer, the Chief People Officer and the Head of Reward, Payroll and People Services attend by invitation and when appropriate.

In setting the Remuneration Policy for Directors, the pay and conditions of other employees of the Group are taken into account, including any base salary increases awarded and the level of employer pension contribution. During the year, the Committee received updates on pay and benefits across the general workforce and a wider briefing on external pay trends. The Committee also reviews and approves the remuneration structure for the management-level tier below the Executive Directors and the proposed framework for annual pay rises and uses this information to ensure consistency of approach.

The Group does not use remuneration comparison measurements. A formal employee forum has been established within the business where staff can raise any issue they feel to be relevant with the Designated Non-Executive Director for Workforce Engagement (Lynne Weedall). There are also regular employee engagement meetings led by the CEO and CFO. The Non-Executive Directors also between them engage directly with each of the Softcat offices and report back to the Board following their engagements.

The Committee Chair directly engaged with employee representatives on a number of topics including the Group’s remuneration philosophy. Feedback from some employees indicated a good interest in participating in employee share schemes. Softcat already operates a Share Incentive Plan for all eligible employees. The Committee regularly reviews our approach to employee share ownership.

Workforce engagement and regular updates received by the Committee on pay throughout the business provides further assurance that executive remuneration is well aligned with the Group’s wider philosophy on pay, particularly in respect of the importance of setting appropriate benchmarks for fixed pay and on the importance of variable pay as an incentive to drive stretching performance. The Committee believes there is strong alignment between executive pay, wider workforce pay, the Group’s culture and strategy.

## Advisers to the Remuneration Committee

During the financial year, following a tender process Deloitte was appointed as the Committee’s advisers, replacing PwC. The Committee is satisfied that no conflict of interest exists or existed in the provision of Deloitte’s services. Deloitte advises the Committee on all aspects of the Remuneration Policy for Executive Directors and selected members of the senior management team.

Deloitte is a member of the Remuneration Consultants Group and adheres to its Voluntary Code of Conduct that body is designed to ensure objective and independent advice is given to remuneration committees. During FY2025, Deloitte also provided tax advisory and compliance services, M&A and transaction advisory services, and other consulting services. The following fees during the year relate to remuneration advice received:

- PwC: £35,750 (excluding VAT) (2024: £61,500)
- Deloitte: £124,000 (excluding VAT)

## Statement of voting at general meeting

The table below shows the binding vote approving the Directors’ Remuneration Policy at the 2022 AGM and the advisory vote on the Annual Report on Remuneration at the 2024 AGM.

	Votes for	%	Votes against	%	Votes withheld
Directors’ Remuneration Policy (2022 AGM)	169,094,250	98.50	2,569,431	1.50	88
Annual Report on Remuneration (2024 AGM)	170,596,744	98.40	2,773,416	1.60	4,266

## Remuneration Committee report continued

### Part B – Annual report on remuneration continued

#### Statement of implementation of the Remuneration Policy in FY2025

The Committee has reviewed and considered the key components of remuneration to ensure that the Remuneration Policy (summarised below) is fit for purpose, continues to drive success for Softcat and meets relevant shareholder and governance expectations. In respect of the implementation in 2025/26 below, a revised Remuneration Policy will be proposed at the 2025 AGM and where applicable the implementation will be subject to the new Remuneration Policy being approved by shareholders.

	Implementation in 2025/26	What was implemented in 2024/25
<b>Base salary</b>	<p>For FY2026, base salaries for the CEO and CFO will be £675,000 and £455,000 respectively.</p> <p>This represents increases of 15% and 19% respectively for the CEO and CFO. An explanation for these increases is provided in the letter from the Committee Chair on pages 96 to 101.</p>	<p>For FY2025, base salaries for the CEO and CFO were £584,983 and £381,100 respectively.</p>
<b>Pension</b>	No change.	5% of salary.
<b>Benefits</b>	No change.	All Directors, including Non-Executive Directors, may participate in a salary sacrifice scheme for electric vehicles for personal use and commuting.
<b>Annual bonus plan ('ABP')</b>	<p>For FY2026, maximum opportunities will be:</p> <ul style="list-style-type: none"> <li>• Cash</li> <li>• Deferred share award</li> </ul>	<p>Maximum opportunity: 150% of salary for the CEO and for the CFO.</p>
	No change	<p>Measures:</p> <ul style="list-style-type: none"> <li>• 80% on underlying operating profit; and</li> <li>• 20% on robust non-financial goals.</li> </ul>
	No change	<p>If the Group had made a corporate acquisition during the year, operating profit growth would normally only be assessed by the Committee in respect of the performance of the business during the financial year, excluding the acquisition (unless the acquisition was considered not have a material impact). In the event of an acquisition, the Committee would have re-assessed the setting of the operating profit targets for the following financial year, to ensure they remain relevant and stretching.</p>
	<p>In line with the revised Policy, once the Directors' minimum shareholding requirement is met, no element of the ABP will be deferred. Prior to the guideline being met then one-third of the bonus will be deferred into shares for three years.</p>	<p>Deferral of 33% of the ABP up to 100% of salary and full deferral for any amounts above this.</p>
<b>LTIP</b>	<p>FY2026 LTIP awards:</p> <ul style="list-style-type: none"> <li>• 225% and 180% of salary for the CEO and CFO respectively.</li> <li>• Measures against TSR (30%) versus the FTSE 350 (excluding investment trusts) and underlying EPS (70%).</li> </ul>	<p>FY2025 LTIP awards:</p> <ul style="list-style-type: none"> <li>• 150% of salary for the CEO and for the CFO.</li> <li>• Measures against TSR (40%) versus the FTSE 250 (excluding real estate and investment trusts) and underlying EPS (60%).</li> </ul>
	No change	<p>If the Group had made a corporate acquisition during the vesting period, EPS growth would normally only be assessed in respect of the performance of the business during the vesting period, excluding the acquisition (unless the acquisition was considered not have a material impact). In the event of an acquisition, the EPS targets for the grant in respect of the following financial year would have been re-assessed, to ensure they remain relevant and stretching.</p> <p>Targets are shown on pages 104 to 107.</p>

	Implementation in 2025/26	What was implemented in 2024/25
<b>Shareholding requirements</b>	<p>225% and 200% of salary for CEO and CFO respectively.</p> <p>No change in the calculation of the shareholding requirement.</p>	<p>200% of salary for CEO and for CFO. The shareholding requirement is calculated as follows:</p> <ul style="list-style-type: none"> <li>• shares owned by the Executive Director count towards the ownership target;</li> <li>• shares which have vested, but which remain subject to a holding period and/or clawback, count towards the ownership target; and</li> <li>• unvested shares, which are not subject to a further performance condition, count towards the ownership target on a net of tax basis. This includes deferred awards under the ABP.</li> </ul>
<b>Chair and Non-Executive fees</b>	<p>Chairman fee: £280,000</p> <p>Board fee: £66,200</p> <p>Senior Independent Director fee: £14,040</p> <p>Committee Chair fee (per Committee): £15,600.</p> <p>Fee for the Designated Director for Workforce Engagement (which includes Chair of the Nomination Committee): £15,600.</p>	<p>Chair fee: £238,960.</p> <p>Board fee: £63,654.</p> <p>Senior Independent Director fee: £13,500.</p> <p>Committee Chair fee (per Committee): £15,000.</p> <p>Fee for the Designated Director for Workforce Engagement (which includes Chair of the Nomination Committee): £15,000.</p>

**Lynne Weedall**  
 Chair of the Remuneration Committee  
 21 October 2025

# Part C – Directors' remuneration policy

## Introduction

In accordance with the remuneration reporting regulations, the Directors' Remuneration Policy (the 'Policy') as set out below will become formally effective at the AGM on 15 December 2025, subject to shareholder approval, and will apply until the 2028 AGM unless a new Policy is approved by the Company's shareholders prior to this time.

The Company's core principles of remuneration are:

- there should be a strong link between Softcat's strategy, performance and reward to align the interests of senior executives with those of our shareholders;
- pay should be simple and easy to understand for both participants and shareholders;
- management should share in the success of the business and have the ability to earn fairly where strong performance is delivered; and
- remuneration arrangements should support the unique culture of the business and should be driven by what is right for the business.

The Committee will review annually all elements of remuneration, including: the base salary, annual bonus levels and annual and long-term incentive performance conditions for the Executive Directors and selected members of the senior management team, drawing on trends and adjustments made to all employees across the Company and taking into consideration:

- our business strategy;
- overall Company performance;
- market conditions;
- views of key stakeholders of the business;
- the size and scale of the business relative to relevant comparator groups;
- corporate governance considerations; and
- changing views of institutional shareholders and their representative bodies.

The Remuneration Committee is comprised wholly of independent Non-Executive Directors. The Committee operates within terms of reference which:

- authorise it to review and implement the Policy; and
- provide a framework to avoid conflicts of interest.

## Our Remuneration Policy and its link to our Company strategy

The Company's strategy is laid out on page 16 and 17.

Ensuring the alignment of the proposed Policy to the Company strategy was key for the Remuneration Committee in refining the existing Policy proposed below. The key elements of the Company's strategy and how its successful implementation is linked to the Company's remuneration are set out in the below table.

As part of its review of the proposed Policy and remuneration practices, the Committee has considered the factors set out in provision 40 of the 2018 UK Corporate Governance Code. In the Committee's view, the proposed Policy addresses those factors, which were set out in the previous Remuneration Policy. The Committee notes that the 2024 UK Corporate Governance Code has removed provision 40.

## Remuneration Policy table

### Remuneration Policy aim

The Committee has developed a remuneration framework and policy which adhere to practice that is fit for purpose for a listed company of its size and scale. The Committee's objective is to operate this policy to ensure that our Executive Directors have a remuneration structure and total remuneration opportunity that is aligned to Softcat's business and is competitive when assessed against the market we compete for talent in.

### Summary of Policy changes

During the year, the Committee undertook a detailed review of the Directors' Remuneration Policy and its implementation to ensure that the Policy supports the execution of strategy and the delivery of sustainable long-term shareholder value. The Committee discussed the content of the Policy at Remuneration Committee meetings during the year.

Throughout the review process, the Committee took into account the UK Corporate Governance Code, wider workforce remuneration and best practice in relation to Executive Director remuneration. The Committee also considered input from management and our independent advisers. The Committee continues to consider that the overall remuneration framework - based on an annual bonus plan plus a performance share plan - remains appropriate to continue to incentivise management to drive long-term sustainable performance for shareholders. It was however evident upon a detailed review of market data that there was a material gap to market on overall quantum for both executives, meaning that our current remuneration arrangements no longer align to our remuneration principles. The Committee therefore considered that the following changes to the Policy were appropriate at this time:

- Increase in the LTIP normal maximum opportunity from 200% to 225% of salary and from 250% to 275% of salary for the exceptional maximum.
- Commensurate increase in the shareholding guideline for the CEO from 200% to 225% of salary.
- Simplification of the bonus deferral mechanism from 33% up to 100% of salary and full deferral for any amounts above this to a flat deferral of 33% of the annual bonus earned. In addition, the removal of required bonus deferral once shareholding guidelines have been met.

In addition, other changes have been made to the wording of the Policy to aid operation and to increase clarity and flexibility.

## Remuneration Committee report continued

### Part C – Directors' remuneration policy continued

#### Remuneration Policy table continued

##### Summary of Policy changes continued

Element of remuneration	Salary
How it supports the Company's short and long-term strategic objectives	Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.
Operation	<p>An Executive Director's basic salary is set on appointment and normally reviewed annually or when there is a change in position or responsibility or in other exceptional circumstances.</p> <p>When determining an appropriate level of salary, the Committee considers:</p> <ul style="list-style-type: none"> <li>• remuneration practices within the Company;</li> <li>• the general performance of the Company;</li> <li>• salaries within the ranges paid by the companies in the comparator group(s) used for remuneration benchmarking;</li> <li>• any change in scope, role and responsibilities; and</li> <li>• the economic environment.</li> </ul>
Maximum opportunity	<p>Whilst there is no maximum salary, increases will normally be in line with the increases awarded to other employees in the Group. However, increases may be above this level in certain circumstances such as:</p> <ul style="list-style-type: none"> <li>• where an Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, larger increases may be awarded to move salary positioning closer to typical market levels as the Executive Director gains experience;</li> <li>• where an Executive Director has been promoted or has had a change in responsibilities;</li> <li>• where there has been a significant change in market practice;</li> <li>• where there has been a change in the size and complexity of the organisation; and</li> <li>• other exceptional circumstances.</li> </ul>
Element of remuneration	Benefits
How it supports the Company's short and long-term strategic objectives	Provides a benefits package in line with the market to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Company's strategy.
Operation	<p>The Executive Directors receive benefits which include, but are not limited to, private health insurance, health cash plan, critical illness, income protection, dental cover, life insurance and death in service benefit.</p> <p>The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel to deliver the Company strategy. Additional benefits may therefore be offered (including the tax cost where applicable).</p> <p>Where an Executive Director is required to relocate to perform their role, the appropriate one-off or ongoing expatriate benefits may be provided (e.g. housing, schooling etc).</p>
Maximum opportunity	There is no maximum benefit value, however, the value of benefits is set at a level which the Committee considers to be appropriate, taking into account the overall cost to the Company, individual circumstances, benefits provided to the wider workforce and market practice.
Element of remuneration	Pensions
How it supports the Company's short and long-term strategic objectives	Provides a pension provision to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Company's strategy.
Operation	The Company operates a defined contribution ('DC') scheme. The Executive Directors are entitled to receive a maximum employer contribution into the DC scheme and/or a salary supplement in lieu of pension which is in line with the employer contribution for the wider workforce.
Maximum opportunity	The maximum contribution into the defined contribution plan or a salary supplement in lieu of pension will be in line with the wider workforce, which is currently 5%.

Element of remuneration	Annual and Deferred Share Bonus Plan (the 'Bonus Plan')
<b>How it supports the Company's short and long-term strategic objectives</b>	<p>The Bonus Plan provides an incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.</p> <p>In particular, the Bonus Plan supports the Company's objectives, allowing the setting of annual targets based on the business strategy at the time.</p> <p>Bonus deferral applies until the shareholding guideline has been met to ensure alignment between Executives and shareholders and to ensure an effective retention tool.</p>
<b>Operation</b>	<p>The maximum bonus deliverable in respect of a financial year under the Bonus Plan will be up to 200% of a participant's annual base salary.</p> <p>To the extent performance conditions are met, the annual bonus will normally be paid in cash and, where required, deferred shares. 33% of the bonus will be deferred into shares until the relevant shareholding requirement is met. Once the requirements is met, there will normally be no deferral. The Committee retains discretion to determine whether the shareholding guideline has been met.</p> <p>Deferred bonus awards will normally be granted in the form of a conditional share award or nil-cost option. Any deferred bonus share award normally vests:</p> <ul style="list-style-type: none"> <li>• after a minimum deferral period of three years, during which no performance conditions will apply; and</li> <li>• subject to the participant's continued employment at the end of the deferral period unless he/she is a good leaver.</li> </ul> <p>The Committee may award dividend equivalents on those shares to plan participants to the extent that they vest.</p>
<b>Maximum opportunity</b>	<p>The maximum bonus deliverable in respect of a financial year under the Bonus Plan will be up to 200% of a participant's annual base salary. 20% of the bonus is normally earned for delivering threshold performance. 100% of the bonus is earned for delivering maximum levels of performance.</p> <p>The Committee may determine that an alternative payout schedule may apply if appropriate.</p>
<b>Performance measures</b>	<p>An award under the Bonus Plan is normally subject to satisfying financial targets and may also include strategic/operational/personal performance conditions and targets measured over a period of one financial year.</p> <p>Normally at least a minimum of 50% of the bonus shall be based on financial performance measures. Measures and weightings will be disclosed in the Annual Report on Remuneration for the year ahead.</p> <p>The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed targets used for the annual bonus, disclosing precise targets for the Bonus Plan in advance would not be in shareholders' interests. Targets and performance achieved will normally be published at the end of the performance period so shareholders can fully assess the basis for any payouts under the Bonus Plan.</p> <p>In exceptional circumstances the Committee retains the discretion to:</p> <ul style="list-style-type: none"> <li>• change the performance measures and targets and their weightings during a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate; and</li> <li>• make downward or upward adjustments to the amount of bonus earned resulting from the application of the performance measures, if the Committee believes that the bonus outcomes are not a fair and accurate reflection of business performance.</li> </ul> <p>Any adjustments or discretion applied by the Committee will be disclosed in the following year's Remuneration Report.</p> <p>The Bonus Plan contains clawback and malus provisions.</p>

## Remuneration Committee report continued

### Part C – Directors' remuneration policy continued

#### Remuneration Policy table continued

##### Summary of Policy changes continued

Element of remuneration	Long Term Incentive Plan ('LTIP')
<b>How it supports the Company's short and long-term strategic objectives</b>	<p>The purpose of the LTIP is to incentivise and reward Executive Directors in relation to long-term performance and achievement of Company strategy.</p> <p>This aligns Executive Directors' interests with the long-term interests of the Company and act as a retention mechanism.</p>
<b>Operation</b>	<p>Awards are normally granted annually to Executive Directors in the form of a conditional share award or nil-cost option.</p> <p>Awards will normally vest at the end of a three-year performance period subject to satisfaction of the performance conditions as determined by the Committee prior to grant.</p> <p>The Committee may award dividend equivalents on awards to the extent that awards vest.</p> <p>Awards are normally subject to a two-year holding period post. The total time period between award and release of shares is therefore normally five years.</p>
<b>Maximum opportunity</b>	<p>The normal maximum award in respect of a financial year is 225% of base salary.</p> <p>In exceptional circumstances the Committee may grant an award with a maximum of up to 275% of salary.</p> <p>Across the LTIP award metrics up to 25% of the award will normally vest for threshold performance. 100% of the award will normally vest for maximum performance.</p>
<b>Performance measures</b>	<p>LTIP awards maybe based on financial, share price-related or strategic performance measures. The Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate.</p> <p>Details of the performance conditions for each award will normally be disclosed in the Annual Report on Remuneration for the year ahead.</p> <p>In exceptional circumstances the Committee retains the discretion to:</p> <ul style="list-style-type: none"> <li>vary, substitute or waive the performance conditions applying to LTIP awards if the Board considers it appropriate and the new performance conditions are deemed reasonable and are not materially less difficult to satisfy than the original conditions; and</li> <li>make downward or upward adjustments to the amount vesting under the LTIP if the Committee believes that the outcomes are not a fair and accurate reflection of business performance.</li> </ul> <p>Any adjustments or discretion applied by the Committee will be disclosed in the following year's Remuneration Report.</p> <p>The LTIP contains clawback and malus provisions.</p>
Element of remuneration	All employee share plans
<b>How it supports the Company's short and long-term strategic objectives</b>	<p>Softcat currently operates a SIP. The SIP is an all-employee share ownership plan which has been designed to encourage all eligible employees to become shareholders in the Company and thereby align their interests with shareholders.</p>
<b>Operation</b>	<p>The Executive Directors are eligible to participate in the SIP (which is in line with HMRC legislation and is open to all eligible staff).</p> <p>The Executive Directors will also be eligible to participate in any other all-employee arrangement implemented by the Company, on the same terms as other employees.</p>
<b>Maximum opportunity</b>	<p>The maximums set by legislation from time to time.</p>
<b>Performance measures</b>	<p>The Company, in accordance with the legislation, may impose objective conditions on participation in the SIP for employees.</p>

**Element of remuneration**      **Shareholding guidelines**

**How it supports the Company's short and long-term strategic objectives**

The Committee has adopted shareholding guidelines that encourage the Executive Directors to build up, over a five-year period, and then subsequently hold, a shareholding equivalent to a percentage of base salary.

Executive Directors are normally expected to retain all vested share-based awards (net of taxes and brokerage costs) as part of the build-up towards their respective target (although the Committee retains the discretion to allow executives to sell shares if appropriate). This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned.

A post-cessation shareholding requirement also applies whereby Executives must hold the lower of 100% of their shareholding requirement or actual holding for two years post stepping down from the Board. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.

**Maximum opportunity**

The following table sets out the minimum shareholding requirements:

Role	Shareholding requirement (% of salary)
Chief Executive Officer	225%
Chief Financial Officer	200%

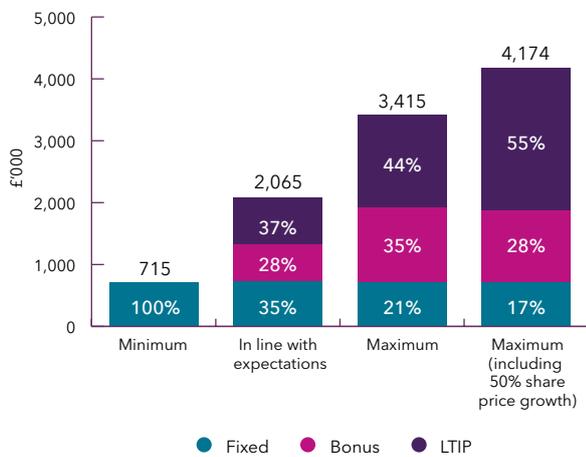
The Committee retains the discretion to increase the shareholding requirements.

**Illustrations of the application of the Remuneration Policy**

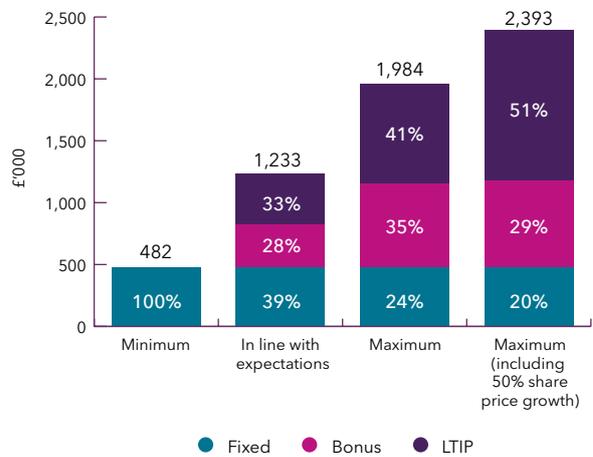
The charts below illustrate the remuneration that would be paid to each of the Executive Directors for the 2026 financial year under three different performance scenarios: (i) minimum; (ii) in line with expectations; and (iii) maximum. The elements of remuneration have been categorised into three components: (i) fixed; (ii) annual bonus (including deferred bonus); and (iii) LTIP.

In line with the regulations on policy scenarios, we have also included an additional reference point to show indicative share price growth of 50% over three years (being the performance period of the LTIP) at maximum.

**Chief Executive Officer (Graham Charlton)**



**Chief Financial Officer (Katy Mecklenburgh)**



## Remuneration Committee report continued

### Part C – Directors' remuneration policy continued

#### Illustrations of the application of the Remuneration Policy continued

The table below sets out the assumptions used to calculate the elements of remuneration for each of the scenarios set out in the charts on the previous page.

Element	Description	Minimum	In line with expectations	Maximum	Maximum including 50% share price growth
<b>Fixed<sup>1</sup></b>	Salary, benefits and pension	Included	Included	Included	Included
<b>Annual bonus<sup>2</sup></b>	Annual bonus (including any deferred shares). Maximum opportunity of 175% of salary for the CEO and 150% for the CFO	No annual variable	50% of the maximum bonus	100% of the maximum bonus	100% of the maximum bonus
<b>LTIP<sup>2,3</sup></b>	Award under the LTIP of 225% of salary for the CEO and 180% for the CFO (being each's respective maximum annual award in the first year of the policy)	No LTIP	50% of the maximum award	100% of the maximum award	100% of the maximum award plus 50% share price growth

#### Notes:

- Based on FY2025 benefits values as per the single figure table. Salaries and pension entitlement reflect expected FY2026 values for the CEO and CFO.
- Share price growth has been included in the final illustration in accordance with required regulations. Dividend equivalents have not been added to the deferred share bonus and LTIP share awards.
- Participation in the SIP has been excluded given the relative size of the opportunity levels.

#### Malus and clawback

The following describes the malus and clawback provisions which apply to the Company's incentive plans:

- Malus is the reduction or cancellation of unpaid bonus, outstanding LTIP awards and unvested deferred share bonus awards under the Bonus Plan as a result of the occurrence of one or more circumstances listed below. The adjustment may result in the value being reduced up to and including zero.
- Clawback is the recovery of payments under the Bonus Plan or vested LTIP awards as a result of the occurrence of one or more of the circumstances listed below.

The circumstances in which malus and clawback could apply are:

- the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group members; and/or
- the discovery that the assessment of any performance target or condition in respect of a bonus award or LTIP award was based on error, or inaccurate or misleading information; and/or
- the discovery that any information used to determine the number of ordinary shares subject to a bonus award or LTIP award was based on error, or inaccurate or misleading information; and/or
- the action or conduct of a holder of a bonus award or LTIP award which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
- events or behaviour of a holder of a bonus award or LTIP award leading to the censure of the Company by a regulatory authority or having a significant detrimental impact on the reputation of the Company, provided that the Board is satisfied that the relevant holder of a bonus award or LTIP award was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him or her; and/or
- the Company, or entities representing a material proportion of the Group, becomes insolvent or otherwise suffers a corporate failure.

	Annual Bonus Plan	Deferred Share Bonus Plan	Long Term Incentive Plan
<b>Malus</b>	Up to the date of payment of a cash bonus	To the end of the three-year deferral period	To the end of the three-year vesting period
<b>Clawback</b>	Three years post the bonus determination	n/a	Two years post-vesting

## Discretion

The Committee has discretion in several areas of the policy as set out in this report.

The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

## Recruitment policy

The Company's principle is that the remuneration of any new Executive Director recruited will be assessed in line with the same principles as for the incumbent Executive Directors, as set out in the Remuneration Policy table above. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as considering the appropriateness of any performance measures associated with an award.

The Company's detailed policy when setting remuneration for the appointment of new Directors is summarised in the table below:

Remuneration element	Overview of policy
<b>Salary, benefits and pension</b>	These will be set in line with the policy for existing Executive Directors.
<b>Annual bonus</b>	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 200% of salary.
<b>LTIP</b>	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 275% of salary.
<b>'Buyout' of incentives forfeited on cessation of employment</b>	Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities.  When determining any such "buyout", the guiding principle would be that awards would generally be on a "like for like" basis unless this is considered by the Committee not to be practical or appropriate.
<b>Maximum variable remuneration</b>	The maximum variable remuneration which may be granted in normal circumstances is 475% of salary.

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would normally be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would normally be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Remuneration Report for the relevant financial year.

## Remuneration Committee report continued

### Part C – Directors' remuneration policy continued

#### Payment for loss of office

The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses and do not contain a fixed term of appointment. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. The Company may also make additional payments in connection with the termination of employment, including legal costs, relocation costs and outplacement fees. The Committee will ensure that such payments are not excessive.

Element	Overview of policy
<b>Principles</b>	<p>The Committee will honour Executive Directors' contractual entitlements.</p> <p>If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case.</p>
<b>Salary, benefits and pension</b>	<p>These will be paid over the notice period. In addition, provision is retained to make a payment in lieu of notice for any reason the Committee deems fit. Any such payments would normally be subject to mitigation.</p>
<b>Cash bonus awards</b>	<p><b>Good leavers:</b> performance conditions will normally be measured at the normal bonus measurement date. Bonuses will normally be pro-rated for the period worked during the financial year.</p> <p><b>Other leavers:</b> no bonus payable for year of cessation.</p> <p><b>Discretion:</b> the Remuneration Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> <li>to determine that an Executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case; and</li> <li>to determine whether to pro-rate the bonus to time. The Remuneration Committee's normal policy is that it will pro-rate bonus for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case.</li> </ul>
<b>Share bonus awards</b>	<p><b>Good leavers:</b> all subsisting deferred share awards will normally vest at the end of the original deferral period.</p> <p><b>Other leavers:</b> lapse of any unvested deferred share awards.</p> <p><b>Discretion:</b> the Remuneration Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> <li>to determine that an Executive is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case;</li> <li>to vest deferred shares at the end of the original deferral period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and</li> <li>to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will not pro-rate awards for time. The Committee will determine whether to pro-rate based on the circumstances of the Executive Director's departure.</li> </ul>
<b>LTIP</b>	<p><b>Good leavers:</b> normally pro-rated to time and performance in respect of each subsisting LTIP award.</p> <p><b>Other leavers:</b> lapse of any unvested LTIP awards.</p> <p><b>Discretion:</b> the Remuneration Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> <li>to determine that an Executive is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case;</li> <li>to measure performance over the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and</li> <li>to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case.</li> </ul>
<b>Other contractual obligations</b>	<p>There are no other contractual provisions other than those set out above.</p>

A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill health;
- injury or disability;
- redundancy;
- retirement;
- transfer of employment to a company which is not a Group company; and
- at the discretion of the Committee (as described above) other than in cases of gross misconduct.

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

## Change of control

The Committee's policy on the vesting of incentives on a change of control is summarised below:

Name of incentive plan	Change of control	Discretion
<b>ABP cash awards</b>	Pro-rated to time and performance to the date of the change of control.	The Committee has discretion regarding whether to pro-rate the bonus to time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case.
<b>ABP deferred share awards</b>	Subsisting deferred share awards will vest on a change of control.	The Committee has discretion regarding whether to pro-rate the award to time. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control.
<b>LTIP</b>	The number of shares subject to subsisting LTIP awards will vest on a change of control, subject to performance.	The Committee will determine the proportion of the LTIP award which vests taking into account the extent to which any applicable performance conditions have been satisfied at that time. The Committee retains the discretion on whether to pro-rate the award for time.

## Remuneration Committee report continued

### Part C – Directors’ remuneration policy continued

#### Non-Executive Director remuneration

Element of remuneration	How it supports the Company’s short and long-term strategic objectives	Operation	Opportunity	Performance metrics
<p><b>Non-Executive Director and Chair fees</b></p> <p><b>Changes from previous policy:</b> none.</p>	<p>Provides a level of fees to support recruitment and retention of Non-Executive Directors and a Chair with the necessary experience to advise and assist with establishing and monitoring the Company’s strategic objectives.</p>	<p>The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Committee is responsible for setting the Chair’s fees.</p> <p>Non-Executive Directors are paid an annual fee and additional fees for additional responsibilities or time commitments. For example, chairing Committees or additional responsibilities, including but not limited to, Designated Non-Executive Director responsible for wider workforce engagement. The Chair does not receive any additional fees for membership of Committees.</p> <p>Fees are reviewed annually although this may not result in an increase.</p> <p>Non-Executive Directors and the Chair do not participate in any variable remuneration arrangements. Non-Executive Directors and the Chair do not currently participate in benefits arrangements, with the exception of benefit programmes available to employees which have the purpose of reducing environmental emissions. Reasonable additional benefits may be introduced and/or provided if considered appropriate and it should be noted, as previously reported, that the Committee agreed the current Chairman shall continue to receive his health benefits following his retirement as CEO.</p> <p>The Company will pay reasonable expenses incurred by the Non-Executive Directors and the Chair and may settle any tax incurred in relation to these.</p>	<p>There is no maximum fee. In general, the level of fee increase for the Non-Executive Directors and the Chair will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce.</p> <p>The Company will pay reasonable expenses incurred by the Non-Executive Directors and the Chair and may settle any tax incurred in relation to these.</p>	<p>None.</p>

#### Statement of considerations of employment conditions elsewhere in the Company

The remuneration policy for all employees is determined in terms of best practice and ensuring that the Company is able to attract and retain the best people. This principle is followed in the development of our Policy.

The remuneration strategy of the Company has been designed to ensure all employees share in its success through performance-related remuneration and share ownership. Two remuneration arrangements operate: the LTIP for Executive Directors and for some members of the senior team and annual bonus deferral for Executive Directors. Awards under both these plans will provide alignment between senior leaders and our shareholders based on overall corporate performance of the business.

For all employees, the Company operates a SIP. Under the SIP, eligible employees will have the opportunity to purchase shares in the Company subject to certain restrictions.

The Company does not use remuneration comparison measurements. The Board has designated a Non-Executive Director responsible for general workforce engagement. The Chair of the Remuneration Committee has directly engaged with a group of employee representatives to explain how executive remuneration aligns with wider Company pay policy. The engagement provided useful feedback and further assurance to the Committee that executive remuneration is considered to be well-aligned with the Company’s wider philosophy on pay, particularly in respect of the importance of setting appropriate benchmarks for fixed pay and on the importance of variable pay as an incentive to drive stretching performance. The Committee believes there is strong alignment between executive pay, wider workforce pay, the Company’s culture and strategy.

In setting and operating the Policy, the pay and conditions of other employees of the Company are taken into account, including any base salary increases awarded and any changes in pension and benefits. The Committee is provided with data on the remuneration structure for management-level tiers below the Executive Directors and uses this information to ensure a fair and consistent approach. The Committee is also informed of the proposed remuneration of Softcat’s Company Secretary.

## Link to objectives

The following table demonstrates how key objectives are reflected consistently in plans operating at various levels within the Company and how our incentive schemes support the Company strategy.

Plan	Purpose	Eligibility	Strategic objectives				
			Generate sector-leading value for shareholders	Growth in profit from existing customers	Win new customers	Equity ownership and retention of shares	Attract, retain and reward Executive team to deliver the strategy
<b>SIP</b>	To broaden share ownership and share in corporate success over the medium term	All eligible employees				✓	✓
<b>Annual bonus</b>	Incentivise and reward short-term performance. For Executive Directors, an element of bonus is deferred in shares subject to achieving minimum shareholding targets	Executive Directors, senior executives, senior managers and managers	✓	✓	✓	✓	✓
<b>LTIP</b>	Incentivise and reward long-term performance	Executive Directors and senior executives	✓	✓	✓	✓	✓

In setting the Remuneration Policy for Directors, the pay and conditions of other employees of the Company are taken into account, including any base salary increases awarded and the level of employer pension contribution. During the year the Committee received updates on pay and benefits across the general workforce. The Committee also reviews and approves the remuneration structure for the management-level tier below the Executive Directors and the proposed framework for annual pay rises and uses this information to ensure a consistent and fair approach.

## Statement of consideration of shareholder views

The Committee takes the views of the shareholders seriously and these views are taken into account in shaping Remuneration Policy and practice. Shareholder views are considered when evaluating and setting the remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its Remuneration Policy.

The Committee has consulted with major shareholders in advance of the new Remuneration Policy, explaining the rationale for the proposed changes which will be voted on at the Company's 2025 AGM. We believe we have obtained significant shareholder support as a result of the consultations, for which the Committee is grateful. The Committee also consulted with certain proxy voting advisory bodies, including Institutional Shareholder Services ('ISS'), the Investment Association and Glass Lewis. Responses were provided to any questions or comments raised with the Committee.

## Historical arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) prior to admission on the London Stock Exchange in 2015; (ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes, "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than at the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

## Policy on external appointments

Executive Directors are permitted to accept appropriate outside non-executive director appointments so long as the overall commitment is compatible with their duties as Executive Directors and is not thought to interfere with the business of the Company. Any fees received in respect of these appointments are retained directly by the relevant Executive Director.

**Lynne Weedall**  
Chair of the Remuneration Committee  
21 October 2025

## The following is the report of the Directors of the Company for the financial year ended 31 July 2025.

### Non-Financial and Sustainability Information Statement

In accordance with Sections 414CA and 414CB of the Companies Act 2006, the following chart summarises where you can find further information in this Annual Report on each of the key areas of disclosure that these sections require.

#### Environmental, social and employee-related matters

- We provide disclosure on Softcat's environmental commitments, including reporting on the Climate-related Financial Disclosures ('CFD'). Our green teams continue to raise awareness of the importance of environmental issues through their activities.
- Our positive and inclusive culture, as well as good employee engagement, is integral to Softcat's success. Both the Board and management understand this and a considerable amount of time is spent ensuring these are maintained.
- We discuss each of these areas in the report on Social Value and in the report on CFD and Sustainability on pages 32 to 58. This includes the sustainability disclosures required to comply with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31). Please also see the Governance Report on pages 70 to 80.

#### Human rights and anti-bribery-related matters

- Human rights abuse and modern slavery risks are not considered a material issue for the Company.
- We operate anti-bribery, corruption and tax evasion procedures which support compliance with the UK Bribery Act and other legislation.
- We discuss each of these areas in the report on Social Value on pages 32 to 39.

#### Diversity policy and approach

- We put great importance on the positive benefits that diversity of gender, ethnicity, experience, background and viewpoints bring to the business.
- We support numerous initiatives to help improve diversity and inclusion. Progress on these is monitored by both senior management and the Board. The Board acknowledges there is more we need to do to improve diversity in areas of our business and we will continue with our efforts.
- We discuss some of the actions taken in response to employee engagement in the Section 172 Statement on pages 26 to 31 of this report, and our approach to diversity in the report on Social Value on pages 32 to 39, and in the Nomination Committee Report on pages 89 to 93.

#### Business model, policies, principal risks and KPIs

- We operate a business model which includes non-financial inputs and outputs. Our business model is underpinned by our straightforward strategy.
- Risks, including financial and non-financial risks, are monitored by management and by the Audit and Risk Committee. The Audit and Risk Committee also considers the key internal controls for the business.
- The Board regularly reviews both financial and non-financial KPIs, which are relevant for monitoring the performance of the business and have a clear link to delivering against our strategy. We disclose performance against our key KPIs.
- We discuss our business model on pages 10 and 11 and key risks on pages 59 to 64 and selected KPIs are reported on pages 20 and 21. Our strategy is discussed in various places in the Strategic Report, including pages 16 to 19.

### Directors' Report

The Directors present their report for the year to 31 July 2025.

Softcat plc is a public company limited by shares, incorporated in England and Wales, and its shares are traded on the equity shares (commercial companies) segment of the Main Market of the London Stock Exchange.

## Disclosures incorporated by reference

For the purposes of compliance with Disclosure Guidance and Transparency Rules ('DTR') DTR 4.1.5 R (2) and DTR 4.1.8 R, the required content of the 'Management Report' can be found in the Strategic Report and this Directors' Report. The following disclosures required to be included in this Directors' Report have been incorporated by way of reference to other sections of this report and should be read in conjunction with this report:

- Corporate Governance Statement - refer to page 66 of this report;
- statement explaining how the Directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Group during the financial year - refer to pages 26 to 31 of this report;
- strategy and relevant future developments - refer to pages 12 to 15 and pages 16 to 19 of the Strategic Report; and
- financial risk management objectives and policies - refer to the 'Risk management' section included in the Strategic Report on pages 59 to 64 and note 23 to the financial statements.

The information in respect of the Non-Financial Reporting Directive appearing in this Directors' Report is also incorporated by reference as required in the Strategic Report.

## Directors of the Company

The following Directors have held office since 1 August 2024, except Vin Murria who retired at the last Annual General Meeting on 9 December 2024:

Name	Position	Date of appointment
G Watt	Chairman	Appointed as Chief Executive on 1 April 2018 and Chairman on 1 August 2023
G Charlton	Chief Executive	Appointed Chief Financial Officer on 19 March 2015 and Chief Executive on 1 August 2023
K Mecklenburgh	Chief Financial Officer	Appointed 19 June 2023
V Murria	Independent Non-Executive Director	Appointed 3 November 2015. Retired on 9 December 2024.
R Perriss	Independent Non-Executive Director	Appointed 1 July 2019
L Weedall	Independent Non-Executive Director	Appointed 3 May 2022
M Prakash	Independent Non-Executive Director	Appointed 1 September 2023
J Ferguson	Independent Non-Executive Director	Appointed 1 January 2024

Biographies of the Directors as at 21 October 2025 can be found on pages 68 and 69.

## Powers of Directors

The general powers of the Directors are contained within UK legislation and the Company's Articles of Association (the 'Articles'). The Directors are entitled to exercise all powers of the Company, subject to any limitations imposed by the Articles or applicable legislation.

## Directors' interests

The interests of the Directors in the issued shares of the Company at 31 July 2025 are disclosed in the Remuneration Report on page 109. The Remuneration Report also sets out details of any changes in those interests between the year end and up to the date of this report.

No Director had a material interest in any contract of significance with the Group at any time during the financial year.

## Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in the Articles. They provide that Directors may be appointed by ordinary resolution of the members or by a resolution of the Directors. Any Director so appointed must retire and put themselves forward for election at the next Annual General Meeting ('AGM'). Directors wishing to continue to serve as members of the Board will seek re-election annually in accordance with the UK Corporate Governance Code (the 'Code').

In accordance with the Code, at the 2025 AGM, all Directors that are eligible will stand for re-election.

## Indemnification of Directors

The Directors have the benefit of an indemnity provision contained in the Articles. The provision was in force during the year ended 31 July 2025 and remains in force and relates to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Company. In addition, Directors and officers of the Company and its subsidiaries are covered by directors' and officers' liability insurance.

## Directors' report continued

### Compensation for loss of office and change of control

There are no agreements in place with any Director that would provide compensation for loss of office or employment resulting from a change of control. Change of control provisions for the Group's share plans may cause options and awards granted under such plans to vest on a takeover.

The Company is not party to any other significant agreements that take effect after, or terminate upon, a change of control.

### Articles of Association

The Articles may be amended by a special resolution of the members. At the AGM held on 12 November 2015, shareholders approved by special resolution the amended Articles which took effect at the date of the initial public offering ('IPO') on 18 November 2015.

### Share capital and control

The Company's ordinary issued share capital as at 31 July 2025 was 199,946,262 ordinary shares of 0.05p each, which have a listing on the equity shares (commercial companies) segment of the Main Market on the London Stock Exchange. The ordinary share class represents over 99.9% of the Company's total issued share capital.

In addition to the ordinary shares, the Company also has a class of 18,933 deferred shares which were created following the share capital reorganisation at IPO and which are not admitted to trading on a regulated market.

Shares acquired through the Group's share schemes and plans rank equally with the other shares in issue and have no special rights. The Group has a Share Incentive Plan Trust ('SIP Trust') for the benefit of employees of the Group. As at 31 July 2025, the SIP Trust held 116,539 shares (2024: 133,538) awarded to employees as part of the free share award, subject to service conditions. A further 505,558 shares (2024: 369,513) were held on behalf of employees who have taken part in the Group's voluntary partnership share purchase programme. The SIP Trust also held 51,041 unallocated shares (2024: 51,041).

During the year ended 31 July 2025, share options were exercised pursuant to the Long Term Incentive Plan and the Annual and Deferred Bonus Plan, resulting in the additional listing and allotment of 181,801 new ordinary shares.

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company, and to appoint one or more proxies and, if they are corporations, corporate representatives who are entitled to attend general meetings and to exercise voting rights.

The deferred shares carry no voting rights or rights to receive any of the profits of the Group available for distribution by way of dividend or otherwise. On a return of capital on a winding up of the Group (but not otherwise), the holder is entitled only to the repayment of the amount paid up on that share after payment of the capital paid up on each other share in the capital of the Company and the further payment of £10,000,000 on each such share. The deferred shares represent less than 0.01% of the Company's total issued share capital.

Further information on the Company's issued share capital can be found in note 18 to the financial statements.

The Company passed the following resolutions on 9 December 2024:

- an ordinary resolution providing the Directors with authority to:
  - (i) allot ordinary shares up to a maximum nominal amount of £33,294, to be reduced by the nominal amount allotted or granted under paragraph (ii) below in excess of such sum; and
  - (ii) allot ordinary shares up to a maximum nominal amount of £66,588 in connection with a pre-emptive offer by way of a rights issue, such amount to be reduced by any allotments made under paragraph (i) above;
- special resolutions providing the Directors with authority to:
  - (i) allot shares or sell treasury shares for cash up to a maximum nominal amount of £9,988 (with additional authority for the purposes of making a follow-on offer up to an additional aggregate amount equal to 20% of any allotment under the resolution); and

- (ii) allot shares or sell treasury shares for cash up to a maximum nominal amount of £9,988 (with additional authority for the purposes of making a follow-on offer up to an additional aggregate amount equal to 20% of any allotment under the resolution), in connection with an acquisition or other capital investment;

otherwise than to existing shareholders pro-rata to their shareholding; and

- a special resolution providing the Directors with authority to make market purchases of up to 19,976,649 of the Company's ordinary shares.

These authorities are due to expire at the Company's AGM to be held on 15 December 2025 and proposals for the renewal of the authority to allot ordinary shares and to make market purchases of the Company's own ordinary shares are set out in the Notice of the Annual General Meeting. The Directors have no current intention of exercising the authority in respect of the purchase of the Company's own shares, which is sought in the best interests of shareholders to allow the flexibility to react promptly where such market purchases may be desirable.

There are no restrictions on the transfer or limitations on the holding of ordinary shares and no requirements to obtain approval prior to any transfers other than: certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); pursuant to the Market Abuse Regulation and the Company's own rules whereby Directors and certain employees of the Company require the approval of the Company to deal in the ordinary shares; and pursuant to the Articles where there is default in supplying the Company with information concerning interests in the Company's ordinary shares. There are no special control rights in relation to the Company's ordinary shares.

There are no agreements between holders of securities that are known to the Company which may result in restrictions on the transfer of securities or on voting rights.

## Substantial shareholders

The substantial shareholdings in the table below represent those interests notified to the Company as at 31 July 2025 in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, and those holdings may have changed since notification to the Company.

	As at 31 July 2025		As at 21 October 2025	
	Ordinary shares	Voting rights	Ordinary shares	Voting rights
Peter Kelly <sup>1</sup>	64,976,058	32.5%	64,976,058	32.5%
Mawer Investment Management Limited	9,946,370	4.9%	9,943,553	4.9%
Capital Group	9,938,753	4.9%	9,938,753	4.9%

**Note:**

1. The ordinary shares held by Peter Kelly include shares held beneficially via various entities or connected persons.

## Principal shareholder and Relationship Agreement

Set out below is a statement describing the Relationship Agreement entered into by Softcat plc with its principal shareholder (the 'Relationship Agreement'). As at 21 October 2025, Peter Kelly, the founder of Softcat plc, held 32.5% of the issued ordinary share capital of the Company.

On 13 November 2015, Softcat plc and Peter Kelly entered into the Relationship Agreement. The principal purpose of the Relationship Agreement is to ensure that the Group will be capable of carrying on its business independently of Peter Kelly and certain persons deemed to be connected with him ('Connected Persons').

Pursuant to the Relationship Agreement, Peter Kelly, inter alia:

- shall procure that all transactions, agreements or arrangements entered into between the Group and Peter Kelly (or any of his Connected Persons) are conducted on an arm's length basis and on normal commercial terms. Peter Kelly shall abstain from voting on any resolution relating to a transaction with Peter Kelly (or any of his Connected Persons) as the related party; and

- shall (and shall procure that each of his Connected Persons shall) (i) not take any actions that would reasonably be expected to have the effect of preventing the Group from complying with its obligations under the UK Listing Rules or be prejudicial to the Group's status as a listed company or the Group's eligibility for listing; (ii) not propose or procure the proposal of a shareholder resolution that would circumvent or appear to circumvent the proper application of the UK Listing Rules; and (iii) not exercise his voting rights or other rights to procure any amendment to the Articles which would be contrary to the maintenance of the Group's independence, including its ability to operate and make decisions independently from Peter Kelly, or otherwise inconsistent with the provisions of the Relationship Agreement.

Furthermore, it is agreed that for so long as Peter Kelly (together with any of his Connected Persons) holds 10% of the issued share capital in Softcat plc, he shall be entitled to appoint one Non-Executive Director, although no such Director has been appointed as at the date of this Annual Report.

The Relationship Agreement will remain in effect for so long as: (a) Peter Kelly (and/or any of his Connected Persons) holds at least 10% of the issued share capital; and (b) the ordinary shares are admitted to the equity shares (commercial company) segment of the Official List maintained by the Financial Conduct Authority.

The Group has and, in so far as it is aware, Peter Kelly and his Connected Persons have complied with the independence provisions set out in the Relationship Agreement from the date of the agreement.

## Risk regarding financial instruments

The financial risk management objectives and policies are disclosed in note 23 to the financial statements.

## Research and development

The Group did not carry out any research and development activities during the 2025 financial year (2024: £Nil).

## Political donations

The Company did not make any political donations during the 2025 financial year (2024: £Nil).

A resolution to authorise the Company to make political payments up to an aggregate amount of £100,000 has been included for shareholder consideration in the Notice of AGM for 2025. The Group does not intend to make any payments to political organisations or to incur other political expenditure; however, this resolution has been proposed to ensure there is authority under the wide definition used in the Companies Act 2006 of matters constituting political donations.

## Greenhouse gas emissions and energy consumption

Information relating to the following is detailed in the report on CFD and Sustainability, on pages 40 to 58 of the Strategic Report:

- greenhouse gas emissions; and
- energy consumption and energy efficiency.

## Corporate social responsibility

Details on our commitment to corporate social responsibility can be found in the report on Social Value on pages 32 to 59 of the Strategic Report.

## Directors' report continued

### Equality and diversity

The Group operates an equal opportunities policy which endeavours to treat individuals fairly and not to discriminate on the basis of gender, disability, race, national or ethnic origin, sexual orientation or marital status. Applications for employment are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

The Group is committed to ensuring that adequate policies and procedures are in place to enable disabled applicants to receive training to perform safely and effectively and to provide development opportunities to ensure they reach their full potential. Where an individual becomes disabled during their employment, we will seek to provide, wherever possible, continued employment on normal terms and conditions.

Adjustments will be made to the environment and duties or, alternatively, suitable new roles within the business will be secured with additional training where necessary.

Details of the Group's gender and ethnicity breakdown are given in the report on Social Value on page 33.

We place considerable value on the involvement of employees and continue to keep them informed on matters affecting them as employees. This is undertaken through a variety of methods including, but not limited to, regular meetings, team briefings, emails and the intranet. Lynne Weedall serves as the Designated Non-Executive Director for Workforce Engagement.

At team meetings, managers are responsible for ensuring that information sharing, discussion and feedback take place on a regular basis. As a result of these meetings, management can communicate the financial and economic factors affecting the business and ensure that the views of employees are taken into account in Group decisions which are likely to affect their interests.

### Post-balance sheet events

#### Dividend

The Board recommends a final ordinary dividend of 20.4p per ordinary share and a special dividend of 16.1p per ordinary share to be paid on 16 December 2025 to all ordinary shareholders who were on the register of members at the close of business on 7 November 2025. Shareholders will be asked to approve the final and special dividends at the AGM on 15 December 2025.

The Group's dividend and distributions policy is detailed in the Governance Report on page 77.

### Requirements of the UK Listing Rules

The following table provides references to where the information required by UK Listing Rule 6.6.1R is disclosed:

UK Listing Rule requirement	Location in Annual Report
A statement of the amount of interest capitalised during the period under review and details of any related tax relief.	Not applicable.
Information required in relation to the publication of unaudited financial information.	Not applicable.
Details of any long-term incentive schemes and Directors' interests.	Directors' Remuneration Report, pages 96 to 127.
Details of any arrangements under which a Director has waived emoluments, or agreed to waive any future emoluments, from the Group.	Directors' Remuneration Report, pages 96 to 127.
Details of any non-pre-emptive issues of equity for cash.	Directors' Report, page 130.
Details of any non-pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking.	No such share allotments.
Details of parent participation in a placing by a listed subsidiary.	Not applicable.
Details of any contract of significance in which a Director is or was materially interested.	Not applicable.
Details of any contract of significance between the Company (or one of its subsidiaries) and a controlling shareholder.	Not applicable.
Details of waiver of dividends by a shareholder.	Not applicable.

## Auditor

Ernst & Young LLP ('EY') has signified its willingness to continue in office as auditor and the Group is satisfied that EY is independent and that there are adequate safeguards in place to safeguard its objectivity. A resolution to reappoint EY as the auditor will be proposed at the 2025 AGM.

## Subsidiaries and branches

The Group operates five subsidiary companies, one in the UK, one in Germany, one in Canada and two companies in the United States of America. Softcat also has branches in Australia, the United States of America, the Netherlands, Singapore, Hong Kong and Ireland.

## Going concern

The Group and Company financial statements have been prepared on a going concern basis. The Directors' assessment is based on detailed trading and cash flow forecasts, using the same assumptions and methods as the viability assessment.

The going concern assessment covers at least the 12-month period from the date of the signing of the financial statements, and the going concern basis is dependent on the Group maintaining adequate levels of resources to operate during the period. To support this assessment, detailed trading and cash flow forecasts were prepared for the 15-month period to 31 October 2026. Based on the going concern assessment (which is provided in note 1 of the financial statements), the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Disclosure of information to the auditor

The Directors in office at the time of approval of the Directors' Report are listed on pages 68 and 69 and have each confirmed that:

- so far as he or she is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any such relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

## 2025 Annual General Meeting

The Company's 2025 AGM will take place on 15 December 2025 at the Company's registered office: Softcat plc, Fieldhouse Lane, Marlow, Buckinghamshire SL7 1LW.

The Chairman of the AGM intends for a poll to be called in respect of each of the resolutions to be voted on at the AGM. In the event of a show of hands every holder of ordinary shares who is present in person or by proxy at a general meeting has one vote on each resolution and, on a poll, every holder of ordinary shares who is present in person or by proxy has one vote on each resolution for every ordinary share of which he/she is the registered holder. The Notice of AGM specifies deadlines for exercising voting rights. The Notice of AGM can be found in the Investor Centre section of the Group's website, [www.softcat.com](http://www.softcat.com), and is being posted at the same time as this Annual Report. The Notice of AGM sets out the business of the meeting and provides explanatory notes on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

A holder of ordinary shares may usually vote personally or by proxy at a general meeting. Any form of proxy must be delivered to the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote (for this purpose, the Directors may specify that no account shall be taken of any part of a day that is not a working day). A corporation which is a holder of ordinary shares in the Company may authorise such persons as it thinks fit to act as its representatives at a general meeting.

No holder of ordinary shares shall be entitled to attend or vote, either personally or by proxy, at a general meeting in respect of any ordinary share if any call or other sum presently payable to the Company in respect of such ordinary share remains unpaid or in certain other circumstances specified in the Articles where there is default in supplying the Company with information concerning interests in the Company's ordinary shares. The results of each of the resolutions to be voted on at the 2025 AGM will be published to the London Stock Exchange and will be available on the Group's website.

The AGM is the principal forum for communication with private shareholders and the Directors recognise its important role. The Chairman of the Board and the Chairs of the Committees, together with the other Directors, will be available to answer shareholders' questions at the meeting. Additionally, shareholders will be given the opportunity to submit questions via email to the Directors ahead of the meeting. Questions may be submitted to [cosec@softcat.com](mailto:cosec@softcat.com) or by letter addressed to the Company Secretary at the registered office. Questions should be received up to 24 hours in advance of the meeting and a response will be provided. Further information and requirements can be found within the Notice of AGM.

## Directors' report continued

### Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group's financial statements in accordance with UK-adopted International Accounting Standards ('IFRSs'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement which comply with applicable laws and regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

### Fair and balanced reporting

Having taken advice from the Audit and Risk Committee, the Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

### Responsibility statement pursuant to FCA's Disclosure Guidance and Transparency Rule 4 ('DTR 4')

Each Director of Softcat plc (whose names and functions appear on pages 68 and 69) confirms that (solely for the purpose of DTR 4) to the best of his or her knowledge:

- the financial statements, prepared in accordance with UK-adopted International Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face; and

- they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The responsibility statement has been approved by the Board of Directors and is signed on its behalf by:

**Graham Charlton**  
Chief Executive Officer  
21 October 2025

**Katy Mecklenburgh**  
Chief Financial Officer  
21 October 2025

The Directors' Report has been approved by the Board of Directors and is signed on its behalf by:

**Luke Thomas**  
Company Secretary  
21 October 2025

# Independent auditor's report

## To the members of Softcat plc

### Opinion

In our opinion:

- Softcat plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 July 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Softcat plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 July 2025 which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 July 2025	Company statement of financial position as at 31 July 2025
Consolidated statement of profit and loss and other comprehensive income for the year then ended	Company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes A to T to the financial statements including material accounting policy information
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 28 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding management's process and controls related to the assessment of going concern;
- checking the arithmetical accuracy of the cash flow forecast models and assessing the Group's historical forecasting accuracy;
- obtaining management's going concern models which included a base case (testing for consistency with the board approved three-year plan), a severe yet plausible downside cash flow scenario, and a reverse stress test covering the going concern assessment period. These forecasts include an assessment of available cash balances given the Company has no external debt arrangements as well as understanding how the impact of the ongoing macro- economic uncertainty had been reflected in the forecasts;
- considering the downside scenarios, including the reverse stress case, identified by management, independently assessing whether there are any other scenarios which should be considered, and assessing the quantum of the impact on the available cash flows of the downside scenarios in the going concern period;
- challenging management's assumptions within the cash flow forecasts in relation to the forecast revenue growth rates, operating cost inflation and working capital in the going concern period, including searching for sources of contradictory evidence in our assessment of management's forecasting, such as assessing historical budgeting accuracy and comparing the forecast with analyst expectations and other external data sources. Due to uncertainty in the economy, we have focused our work on further sensitivities to the severe but plausible scenario and whether the reverse stress test scenario is considered remote;

## Independent auditor's report continued

### To the members of Softcat plc

#### Conclusions relating to going concern continued

- assessing the reasonableness of management's potential mitigating actions, principally the removal of forecast, undeclared dividends;
- assessing whether any material climate-related risks that should be incorporated into Softcat's forecasts to 31 October 2026;
- assessing the adequacy of the going concern assessment period until 31 October 2026, considering whether any events or conditions foreseeable after the period indicated a longer review period would be appropriate;
- inquiring of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern;
- comparing management's forecasts to actual results through the subsequent events period and performing enquiries to the date of this report; and
- assessing if the going concern disclosures in the financial statements are appropriate and in accordance with the revised ISA (UK) 570 going concern standard.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period to 31 October 2026.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

#### Overview of our audit approach

<b>Audit scope</b>	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of Softcat Plc, with the exception of Oakland Group Services Limited</li> </ul>
<b>Key audit matters</b>	<ul style="list-style-type: none"> <li>• Overstatement of performance through the misstatement of revenue recognised at or near year end</li> <li>• Presentation of revenue in respect of principal versus agent</li> <li>• Misstatement of rebate income at period end through a misstatement of rebate income accrual</li> </ul>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>• Overall Group materiality of £9.2m which represents 5% of profit before tax adjusted for acquisition costs and major system development costs</li> </ul>

#### An overview of the scope of the parent company and Group audits

##### Tailoring the scope

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

The Group's operations are primarily based in the United Kingdom with a single head office and finance function and therefore all audit procedures are completed by one audit team at this location.

We determined that centralised audit procedures can be performed on the entire consolidated financial statements, with the exception of Oakland Group Services Limited which was acquired during the period and was not identified as an individually relevant component. All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

##### Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations will be from business interruption driven by extreme climate or failure to evolve technology product offerings in line with consumer and investor demands. These are explained on pages 49 to 52 in the required Task Force On Climate Related Financial Disclosures and on pages 62 to 64 in the principal risks and uncertainties. They have also explained their climate commitments on pages 54 to 55. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

## An overview of the scope of the parent company and group audits continued

### Climate change continued

The Group has explained in note 1, the basis of preparation, how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. There are no significant judgements or estimates relating to climate change in the notes to the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 40 to 44. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
<p><b>Overstatement of performance through the misstatement of revenue recognised at or near year-end (2025: £1,458.4m, 2024: £962.6m)</b></p> <p><i>Refer to the Audit and Risk Committee Report (page 81); Accounting policies (page 147); and Note 2 of the Group Financial Statements (page 159 to 160)</i></p> <p>Management's process for accounting for certain revenue transactions, particularly the review process at year end to record revenue in the appropriate period, is mostly manual and therefore susceptible to error (either deliberate or without intent). The accounting is made more challenging due to the reliance on suppliers to notify the Company of delivery, and for international shipments which results in a longer delivery lead time needing to be built into the assumptions utilised by management. There is a risk that revenue is recognised prematurely or fictitiously.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>Performed walkthroughs to update our understanding of the revenue recognition processes and key controls.</li> <li>Updated our understanding of management's cut off assessment, including the delivery lead time assumptions utilised, which we validated to historic averages.</li> <li>Tested revenue cut off by obtaining management's sales cut off assessment and independently testing a sample of transactions therein by vouching to invoices and proof of delivery.</li> <li>Tested unbilled receivables by obtaining management's analysis and independently testing a sample of transactions therein by vouching to invoices and proof of delivery.</li> <li>Tested an independent sample of transactions invoiced in the two weeks either side of the year end. We stratified the population between revenue type and selected our sample based on the following criteria: <ul style="list-style-type: none"> <li>Key items based on a quantitative threshold or specific qualitative factors;</li> <li>Statistical sample of items invoiced within the seven days prior to the balance sheet date, which we considered to be of higher risk based on average delivery lead times</li> </ul> </li> </ul> <p>We tested our sample by vouching to invoices and proof of delivery, to confirm these had been recorded in the correct period.</p> <ul style="list-style-type: none"> <li>To address the risk of management override, we tested a sample of journal entries recorded at or near year end as well as top-side adjustments by verifying to appropriate supporting documentation in order to verify that the entry is supported by an appropriate business rationale, authorisation and has been accounted for correctly.</li> <li>Tested a statistical sample of sales transactions deferred at the year end. We recalculated the split of revenue recognised and the deferred elements based on a review of the supporting documentation to obtain assurance over the recognition of revenue. We also selected a sample of invoices from billing data and assessed whether the revenue was appropriately recognised or deferred, based on completion of the performance obligation.</li> <li>Analysed sales related journal entry data to track sales from revenue through to accounts receivable through to cash collection using data analytics tools. We used this analysis to validate the appropriateness of transaction flows and tested a sample of transactions to determine if the journals accurately reflected the substance of transactions recorded.</li> <li>Assessed appropriateness of disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under IFRS 15.</li> </ul>

# Independent auditor's report continued

## To the members of Softcat plc

### Key audit matters continued

#### Key observations communicated to the Audit and Risk Committee

We concluded that the revenue recognised at or near year end was properly accounted for and that revenue has appropriately been recognised in accordance with IFRS.

We concluded that management's disclosures in relation to revenue, including disclosed accounting policies and those relating to critical accounting judgements, are appropriate.

Risk	Our response to the risk
<p><b>Presentation of revenue in respect of principal versus agent (2025: £1,458.4m, 2024: £962.6m)</b></p> <p><i>Refer to the Audit and Risk Committee Report (page 81); Accounting policies (page 147); and Note 2 of the Consolidated Financial Statements (pages 159 to 160)</i></p> <p>There is a risk that the reported revenue may be incorrectly presented on a gross basis as a result of the incorrect assessment of whether the Company has control over the products or services sold and consequently if the Company is principal or agent in its arrangements with customers. As products and services offered continually evolve the assessment of control needs to be revisited on an ongoing basis.</p> <p>The nature of the current systems is to process all revenue streams gross, and a manual adjustment is made by management at year end to record revenue on a net basis where Softcat are the agent in the arrangement.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Performed walkthroughs to update our understanding of the revenue recognition processes and key controls.</li> <li>• Updated our understanding of management's judgement over the classification of transactions between gross and net presentation.</li> <li>• Assessed management's judgement made for any significant new product types by independently assessing the nature of such products and meeting with key members of the sales and solutions teams to develop an understanding of Softcat's responsibilities in relation to the sale. We challenged whether Softcat has primary responsibility for fulfilling the promise of the goods or service and whether Softcat is exposed to inventory risk during the delivery period, in order to help ascertain the exercise of control of goods prior to their delivery, and ultimately concluded if the principal (gross) or agent (net) treatment applied was appropriate according to the criteria set out within IFRS 15 and management's revised accounting policies.</li> <li>• Tested a sample of transactions across the year to determine the Company's control over the product or service including:</li> <li>• Verifying the product type to external sources, such as supplier websites, and met with key members of the sales and solutions teams to develop an understanding of Softcat's responsibilities in relation to the sale. For each sample selected, we challenged whether Softcat has primary responsibility for fulfilling the promise of the goods or service and whether Softcat is exposed to inventory risk during the delivery.</li> <li>• Corroborating the related cost for each sample item to supporting purchase invoices.</li> <li>• Assessing if principal (gross) or agent (net) treatment should be applied and compared this to management's conclusion to determine if this was appropriate according to the criteria set out within IFRS 15.</li> <li>• Reperformed management's calculation of the adjustment to record revenue on a net basis.</li> </ul> <p>Assessed appropriateness of disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under IFRS 15</p>

## Key audit matters continued

### Key observations communicated to the Audit and Risk Committee

We concluded that the judgements made by management are consistent with the evidence we have observed, the presentation and disclosure of revenue is materially correct, and has been recognised in accordance with IFRS.

We concluded that managements disclosures in relation to revenue, including disclosed accounting policies and those relating to critical accounting judgements, are appropriate.

Risk	Our response to the risk
<p><b>Misstatement of rebate income to overstate reported results at or near year-end (2025: £17.6m, 2024: £10.3m)</b></p> <p><i>Refer to the Audit and Risk Committee Report (page 81); Accounting policies (page 147); and Note 12 of the Consolidated Financial Statements (pages 166 to 167)</i></p> <p>Rebates are recorded through a primarily manual process. While most rebates are agreed with the supplier and received during the year, there is an opportunity to misstate results through adjustments to the balance sheet rebate receivable.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Performed walkthroughs to update our understanding of the rebate processes and key controls.</li> <li>• Tested key controls within the rebate process.</li> <li>• Obtained confirmations from a sample of sales and vendor management personnel to confirm no rebate agreements outside of standard practise.</li> <li>• Tested the year end accrued income by confirming a statistical sample of rebates due from suppliers to third party source documentation.</li> <li>• Analysed the rebate receivable by vendor and compared the largest vendor level balances (making up 82% of the balance) against the 31 July 2024 comparative balances to identify unusual movements that are not in line with our expectation or understanding of the business. We performed analysis to understand the drivers of increases or decreases in the underlying balances.</li> <li>• Assessed the cash conversion of rebates accrued at the year end and tested a sample to subsequent receipts.</li> <li>• Tested a statistical sample of rebate transactions recorded in the statement of profit and loss throughout the year and obtained underlying support to consider whether the transactions have been recorded in the correct period.</li> <li>• Assessed appropriateness of disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards</li> </ul>

### Key observations communicated to the Audit and Risk Committee

We concluded that the rebate receivable and corresponding income are materially correct and have been recognised in accordance with IFRSs.

We concluded that management's disclosures in relation to accrued income, including disclosed accounting policies, are appropriate.

As part of our procedures, we noted no indication of deliberate or other manipulation of accrued income or management override.

## Independent auditor's report continued

### To the members of Softcat plc

#### Our application of materiality

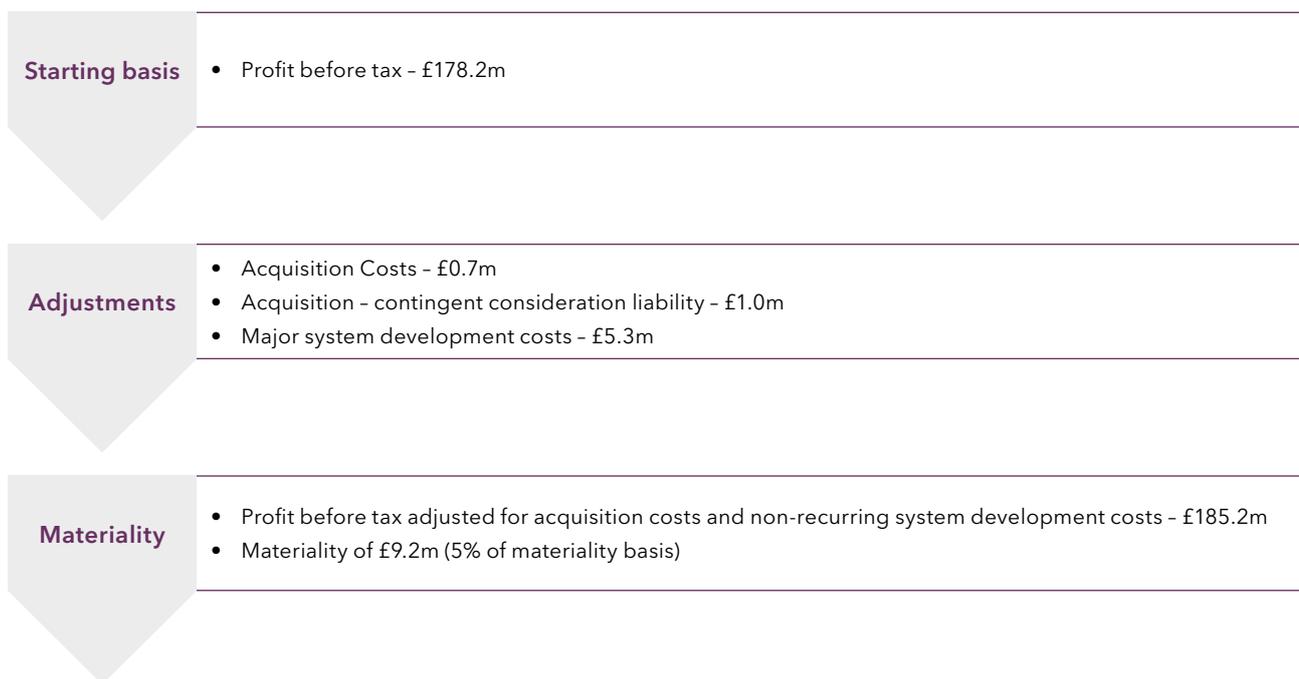
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

##### Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £9.2 million (2024: £7.9 million), which is 5% of profit before tax adjusted for acquisition costs and major system development costs (2024: 5% of profit before tax). We believe that profit before tax adjusted for acquisition costs and major system development costs provides us with the most appropriate basis as it drives shareholders returns and it a key measure of the Group's performance.

We determined materiality for the Parent Company to be £9.1 million (2024: £7.9 million), which is 5% of Profit before tax adjusted for acquisition costs and non-recurring system development costs (2024: 5% of profit before tax).



During the course of our audit, we reassessed initial materiality and it was concluded profit before tax adjusted for acquisition costs and major system development costs was a more appropriate materiality basis than the prior year basis (profit before tax) following management implementing a non-underlying items policy to process acquisition costs and other exceptional items during FY25.

##### Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2024: 50%) of our planning materiality, namely £4.6m (2024: £4.0m). We have set performance materiality at this percentage to reflect the quantum of audit adjustments identified in the prior period.

##### Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.46m (2024: £0.4m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Other information

The other information comprises the information included in the annual report set out on pages 1 to 134, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

## Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 147 to 149;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 65;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 65;
- Directors' statement on fair, balanced and understandable set out on page 134;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 59;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 59; and
- The section describing the work of the Audit and Risk Committee set out on page 81.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 134, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report continued

### To the members of Softcat plc

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The

risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those related to the reporting framework (IFRS, the Companies Act 2006 and the UK Corporate Governance Code 2018), relevant tax compliance regulations in the UK, relevant employment law in the UK and the Data Protection Act 2018. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements, being the Listing Rules of the London Stock Exchange.
- We understood how Softcat plc is complying with those frameworks by making inquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes, discussions with the Audit and Risk Committee and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. The key audit matters section above addresses procedures performed in areas where we have concluded the risks of material misstatement are highest (including where due to the risk of fraud). In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, review of board minutes to identify non-compliance with such laws and regulations, review of reporting to the Audit and Risk Committee on compliance with regulations, review of reporting of internal audit, enquires of the Company Secretary and management and review of any instances of whistleblowing reporting.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee we were appointed by the company on 13 December 2022 to audit the financial statements for the year ending 31 July 2023 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is thirteen years, covering the years ending 2013 to 2025.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Marcus Butler (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor London  
21 October 2025



## Consolidated statement of profit or loss and other comprehensive income

### For the year ended 31 July 2025

	Notes	2025 £'000	2024 £'000
<b>Revenue</b>	2	<b>1,458,411</b>	962,633
Cost of sales		(964,133)	(544,880)
<b>Gross profit</b>		<b>494,278</b>	417,753
Administrative expenses		(314,147)	(263,689)
<b>Underlying operating profit</b>		<b>180,131</b>	154,064
Non-underlying costs	1	(7,231)	–
<b>Operating profit</b>	3	<b>172,900</b>	154,064
Finance income	4	7,350	5,778
Finance cost	4	(2,048)	(443)
<b>Profit before tax</b>		<b>178,202</b>	159,399
Income tax expense	5	(45,194)	(40,355)
<b>Profit for the year</b>		<b>133,008</b>	119,044
<b>Other comprehensive income</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Foreign exchange differences on translation of foreign branches and subsidiaries		(885)	(620)
Net (loss)/gain on cash flow hedge		(26)	514
<b>Total other comprehensive loss</b>		<b>(911)</b>	(106)
<b>Total comprehensive income for the year</b>		<b>132,097</b>	118,938
Profit attributable to:			
Owners of the Parent Company		133,008	119,044
Total comprehensive income attributable to:			
Owners of the Parent Company		132,097	118,938
<b>Earnings per ordinary share (p)</b>			
Basic	20	66.6	59.7
Diluted	20	66.2	59.4

The Consolidated statement of profit or loss and other comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 147 to 183 form part of these consolidated financial statements.



## Consolidated statement of financial position

As at 31 July 2025

	Notes	2025 £'000	2024 £'000
<b>Non-current assets</b>			
Property, plant and equipment	7	16,898	9,832
Right-of-use assets	8	31,790	10,066
Intangible assets and goodwill	9	20,632	11,608
Investments		50	–
Deferred tax asset	17	843	2,571
		<b>70,213</b>	<b>34,077</b>
<b>Current assets</b>			
Inventories	11	151,901	2,916
Trade and other receivables	12	713,149	585,302
Income tax receivable		1,776	–
Contract fulfilment assets	13	72,606	–
Cash and cash equivalents	16	182,282	158,454
		<b>1,121,714</b>	<b>746,672</b>
<b>Total assets</b>		<b>1,191,927</b>	<b>780,749</b>
<b>Current liabilities</b>			
Trade and other payables	14	(471,465)	(430,082)
Contract liabilities	15	(333,206)	(31,980)
Income tax payable		–	(1,141)
Lease liabilities	8	(4,279)	(2,253)
		<b>(808,950)</b>	<b>(465,456)</b>
<b>Non-current liabilities</b>			
Contract liabilities	15	(13,284)	(9,151)
Lease liabilities	8	(30,911)	(8,105)
		<b>(44,195)</b>	<b>(17,256)</b>
<b>Total liabilities</b>		<b>(853,145)</b>	<b>(482,712)</b>
<b>Net assets</b>		<b>338,782</b>	<b>298,037</b>
<b>Equity</b>			
Issued share capital	19	100	100
Share premium account		4,979	4,979
Cash flow hedge reserve		(311)	(285)
Foreign exchange translation reserve		1,853	2,738
Retained earnings		332,161	290,505
<b>Total equity</b>		<b>338,782</b>	<b>298,037</b>

The notes on pages 147 to 183 form part of these consolidated financial statements.

The financial statements on pages 143 to 146 were approved by the Board of Directors and authorised for issue on 21 October 2025.

On behalf of the Board

**Graham Charlton**  
Chief Executive Officer

**Katy Mecklenburgh**  
Chief Financial Officer

Softcat plc company registration number: 02174990



## Consolidated statement of changes in equity

### For the year ended 31 July 2025

#### Equity attributable to owners of the Parent

	Share capital £'000	Share premium account £'000	Cash flow hedge reserve £'000	Foreign exchange translation reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 August 2023</b>	100	4,979	(799)	3,358	243,807	251,445
Profit for the year	–	–	–	–	119,044	119,044
Impact of foreign exchange on reserves	–	–	–	(620)	–	(620)
Net gain on cash flow hedge	–	–	514	–	–	514
<b>Total comprehensive income/(expense) for the year</b>	–	–	514	(620)	119,044	118,938
Share-based payment transactions	–	–	–	–	3,612	3,612
Dividends paid	–	–	–	–	(76,048)	(76,048)
Dividend equivalents paid	–	–	–	–	(98)	(98)
Tax adjustments	–	–	–	–	182	182
Other	–	–	–	–	6	6
<b>Balance at 31 July 2024</b>	100	4,979	(285)	2,738	290,505	298,037
Profit for the year	–	–	–	–	133,008	133,008
Impact of foreign exchange on reserves	–	–	–	(885)	–	(885)
Net loss on cash flow hedge	–	–	(26)	–	–	(26)
<b>Total comprehensive (expense)/income for the year</b>	–	–	(26)	(885)	133,008	132,097
Share-based payment transactions	–	–	–	–	4,188	4,188
Dividends paid	–	–	–	–	(95,704)	(95,704)
Dividend equivalents paid	–	–	–	–	(95)	(95)
Tax adjustments	–	–	–	–	259	259
Other	–	–	–	–	–	–
<b>Balance at 31 July 2025</b>	<b>100</b>	<b>4,979</b>	<b>(311)</b>	<b>1,853</b>	<b>332,161</b>	<b>338,782</b>

The notes on pages 147 to 183 form part of these consolidated financial statements.

The share capital and share premium accounts represent the nominal value and premium arising on the issue of equity shares.

During the year ended 31 July 2025, 181,801 share options (2024: 244,109) were exercised and new shares were issued to satisfy this exercise. Proceeds of £Nil (2024: £Nil) were realised from the exercise of these share options.

As at 31 July 2025, the SIP Trust held 116,539 shares (2024: 133,538) awarded to employees as part of the free share award, subject to service conditions. A further 388,425 shares (2024: 369,513) were held on behalf of employees who have taken part in the Group's voluntary partnership share purchase programme. The SIP also held 51,041 unallocated shares (2024: 51,041).



## Consolidated statement of cash flows

### For the year ended 31 July 2025

	Notes	2025 £'000	2024 £'000
<b>Net cash generated from operating activities</b>	21	<b>140,714</b>	115,608
<b>Investing activities</b>			
Finance income	4	7,350	5,778
Acquisition of subsidiaries, net of cash acquired	10	(7,417)	–
Acquisition associated costs		(722)	–
Purchase of property, plant and equipment	7	(11,783)	(1,115)
Purchase of intangible assets	9	(3,444)	(6,017)
<b>Net cash used in investing activities</b>		<b>(16,016)</b>	(1,354)
<b>Financing activities</b>			
Issue of share capital		–	–
Dividends paid	6	(95,704)	(76,048)
Payment of principal portion of lease liabilities	8	(395)	(1,929)
Payment of interest portion of lease liabilities	4,8	(2,048)	(443)
<b>Net cash used in financing activities</b>		<b>(98,147)</b>	(78,420)
<b>Net increase in cash and cash equivalents</b>		<b>26,551</b>	35,834
Cash and cash equivalents at beginning of year	16	158,454	122,621
Exchange losses on cash and cash equivalents		(2,723)	(1)
<b>Cash and cash equivalents at end of year</b>	16	<b>182,282</b>	158,454

The notes on pages 147 to 183 form part of these consolidated financial statements.

# Notes to the consolidated financial statements

## For the year ended 31 July 2025

### 1 Material accounting policies

#### 1.1 Corporate information

The principal activity of Softcat plc (the 'Company') and its subsidiaries (together the 'Group') is that of a value-added IT reseller and IT infrastructure solutions provider to the corporate and public sector markets.

The Company is a public limited company incorporated and domiciled in England and Wales and whose shares are publicly traded. The registered office is Solar House, Fieldhouse Lane, Marlow, Buckinghamshire SL7 1LW, in the United Kingdom.

The registered number of the Company is 02174990.

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 1.2 Basis of preparation

The Group has prepared the consolidated financial statements in accordance with UK-adopted international accounting standards (IFRS) in accordance with the requirements of the Companies Act 2006. IFRS includes the application of International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee ('IFRIC') interpretations.

The consolidated financial statements of the Group have been prepared under the historical cost convention and are presented in the Group's presentational and functional currency of Pound Sterling and all values are rounded to the nearest thousand ('£'000'), except when otherwise stated.

During the year, the Group completed the acquisition of Oakland Group Services Limited and its subsidiary. The financial statements include the results of the acquired entities from the acquisition date.

The Group applied all standards and interpretations issued by the IASB that were effective as at 1 August 2024. The accounting policies set out below have, unless otherwise stated (see below), been applied consistently to all periods presented in these financial statements.

The consolidated financial statements include the results of Softcat plc, a company registered in the UK, and all its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Softcat plc. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with, the investee and has the ability to use its power over the investee to affect its returns.

#### Consideration of climate change matters

The potential climate change-related risks and opportunities to which the Group and Company are exposed, as identified by management, are disclosed in the Group's Task Force on Climate-related Financial Disclosures ('TCFD') disclosures in the Annual Report. Management has assessed the potential financial impacts relating to the identified risks and exercised judgement in concluding that there are no material financial impacts of the Group and Company's climate-related risks and opportunities on the financial statements. These judgements will be kept under review by management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Group and Company's control which are not all currently known.

#### Going concern

##### Overview

The consolidated Group and Company financial statements have been prepared on a going concern basis covering at least the twelve-month period from the date of signing the financial statements.

In considering the going concern basis for preparing the financial statements, the Directors consider the Group and Company's objectives and strategy, their principal risks and uncertainties in achieving their objectives and their review of business performance and financial position, which are all set out in the Strategic Report (see pages 16 to 19) and Chief Financial Officer's Review sections (see pages 22 to 25 of this Annual Report). Given the current macro-economic environment and considering the latest guidance issued by the FRC the Directors have undertaken a fully comprehensive going concern review.

The Group has modelled three scenarios in its assessment of going concern. These are:

- the base case;
- the severe but plausible case; and
- the reverse stress test case.

Further details, including the analysis performed and conclusion reached, are set out below.

The Directors have reviewed detailed financial forecasts for a twelve-month period from the date of this report (the going concern period) until 31 October 2026. All the forecasts reflect the payment of the FY2025 dividend of £73.0m which will be paid in December 2025 subject to approval at the AGM.

# Notes to the consolidated financial statements continued

## For the year ended 31 July 2025

### 1 Material accounting policies continued

#### 1.2 Basis of preparation continued

##### Going concern continued

##### *Liquidity and financing position*

At 31 July 2025, the Group held instantly accessible cash and cash equivalents of £182.3m, with net current assets of £312.8m. Note 1 to the financial statements in the Annual Report includes the Group's objectives, policies and processes for managing its capital, its financial risk management and its exposures to credit risk and liquidity risk. Operational cash flow forecasts for the going concern period are sufficient to support the business with the £90.0m cash floor set by the Board not being breached.

There is a sufficient level of liquidity headroom post-mitigation across the going concern forecast period in base and severe but plausible scenarios considered and outlined in more detail below.

##### *Challenging economic environment*

Management has, in all three scenarios, considered the principal challenges to short-term business performance which are expected to be:

- an economic downturn in the UK economy, aided by high broad-based inflation and interest rates; and
- a higher risk of credit losses.

Despite the challenging economic environment, the Group and Company have traded well, delivering double-digit year-on-year growth in gross profit and operating profit growth ahead of expectations. The Board continue to monitor the economic environment and organise operations accordingly.

##### *Base case*

The base case, which was approved by the Board in October 2025, takes into account the FY2026 budget process which includes estimated growth and increased cost across the going concern period and is consistent with the actual trading experience through to September 2026. The key inputs and assumptions in the base case include:

- continued GII growth;
- rebate income continues to be received in proportion to cost of sales as in FY2025;
- employee commissions are incurred in line with the gross margin; and
- increased levels of cost to reflect continued investment in our people and the business' IT infrastructure.

The Group has taken a measured approach to the base case and has balanced the expected trading conditions with available opportunities in an increasingly resilient area of customer spend, which is supported by the current financial position. In making our forecasts we balanced our customer needs alongside employee welfare. Year to date trading to the end of September 2025 is consistent with the base case forecast.

##### *Severe but plausible case*

Given the current economic challenges facing our customer base and supply chain, we have modelled a severe but plausible scenario. In this case we have modelled a decline in revenue, versus the base case, which is below any recent historic trend or recent event. Further impacts of this scenario such as reduced margins and greater credit losses have also been considered.

The key inputs and assumptions, compared to the base case, include:

- an average 5% reduction in revenue;
- reduced gross profit margins of 0.5% in the period;
- additional bad debt write offs of £4.8m across the forecast period;
- an average 5% reduction in rebates;
- extending the debtor days from historic levels achieved and no change to historic supplier payment days by an additional three days;
- paying a reduced interim dividend in line with lower profitability but still within the range set out in the dividend policy; and
- commission cost adjusted downwards in line with reduced profitability and cost of sales, but at the same percentage rates as in the base case.

The purpose of this scenario was to consider if there was a significant risk that the Group and Company would move to being cash negative in any of the months in the going concern period. Even at these lower levels of activity, which the Directors believe is a highly unlikely outcome, the Group continues to be profitable and maintains a positive cash balance at all times. Despite this, management has modelled further cost saving and working capital action (see mitigating actions) that will enable the Group to mitigate the impact of reduced cash generation further and achieve the Board's desired minimum cash position, should this scenario occur. The Directors are confident that they can implement these actions if required.

## 1 Material accounting policies continued

### 1.2 Basis of preparation continued

#### Going concern continued

##### *Mitigating actions*

There are several potential management actions that have not been included in the severe but plausible forecast, including significant cost reduction measures and additional annual working capital savings. The actions, which if implemented would offset the reduced activity, include:

- savings in discretionary areas of spend;
- delayed payment to suppliers foregoing early settlement discount; and
- short-term supplier payment management.

The mitigations are deemed achievable and reasonable as the Group benefits from a flexible business model with a high proportion of costs linked to performance.

##### *Reverse stress test*

The Directors have performed an analysis of each variable used in the severe but plausible case that would, standalone, trigger a threat to the going concern status of the business. This reverse stress testing goes beyond what is considered in the severe but plausible scenario to understand the limits of the business model and does not incorporate any mitigating actions.

Before a negative cash balance within the going concern period is likely, the following key inputs and assumptions, compared to the base case, would be required:

- a reduction in sales of 90%;
- a reduction in gross margin of 8%; and
- extending the debtor days by an additional eight days.

The Board considers the forecasts and assumptions used in the reverse stress tests, as well as the events that could lead to them, to be remote.

##### *Going concern conclusion*

Based on the forecast and the scenarios modelled, together with the performance of the Group and Company to date, the Directors consider that the Group and Company have sufficient liquidity headroom to continue in operational existence for the twelve-month period from the date of this report (the going concern period) until 31 October 2026. Accordingly, at the October 2025 Board meeting, the Directors concluded from this analysis it was appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements. Should the impact of these conditions be even more prolonged or severe than currently forecast by the Directors under the severe but plausible case scenario, the Group and Company would need to implement additional operational or financial measures.

In relation to the identified potential climate change-related risks and opportunities, the Directors do not believe there would be a material impact on cash flows in the going concern period.

##### *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 July 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

# Notes to the consolidated financial statements continued

## For the year ended 31 July 2025

### 1 Material accounting policies continued

#### 1.3 Adoption of new and revised standards

A number of new or amended standards became applicable for the current reporting period. These standards, amendments or interpretations have not had a material impact on the Group in the current or future reporting periods:

- Amendments to IAS 1 Presentation of financial statements: non-current liabilities with covenants.
- Amendments to IFRS 16 Lease liability in a sale and leaseback.
- Amendments to IAS 7 and IFRS 7 Supplier finance arrangements.

#### New standards and interpretations not yet applied

The following new or amended IFRS accounting standards, amendments and interpretations are not yet adopted and it is expected that, where applicable, these standards and amendments will be adopted on each respective effective date:

- Amendments to IAS 21 Lack of Exchangeability.
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments.
- Annual improvements to IFRS accounting standards – Volume 11.
- Amendments to IFRS 9 and IFRS 7 Contracts referencing nature-dependent electricity.
- IFRS 18 Presentation and disclosure in financial statements.
- IFRS 19 Subsidiaries without public accountability.

With the exception of IFRS 18, these standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods. The Group is currently assessing the impact of IFRS 18, which is effective for periods beginning on or after 1 January 2027.

#### 1.4 Critical accounting judgements and key sources of estimation uncertainty

When applying the Group's accounting policies, management must make a number of key judgements involving estimates and assumptions concerning the future. These estimates and judgements are based on factors considered to be relevant, including historical experience that may differ significantly from the actual outcome. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

##### Revenue cut-off

The Group's management information systems are configured to recognise revenue upon notification of dispatch from the supplier or distributor which in instances, especially regarding physical shipments, may not be aligned to when control has been transferred to the customer and the performance obligation has been met by the Group. Management therefore performs an exercise to capture items that may have been dispatched from the distributor but not delivered in the financial year, and subsequently defers the recognition of revenue and associated cost into the following year. This gives rise to a deferred income, which is recognised as a contract liability, and associated inventory in the Consolidated statement of financial position. The exercise applied includes assumptions, which management believes are reasonable, in order to identify items that fit the criteria for deferral. Separately, management reviews individual large transactions on a case-by-case basis, which reduces the opportunity for error.

The key judgements that are made in the cut-off process are as follows:

- When identifying transactions to review in the cut-off process, management limits the review period to a fixed number of days before and after the period end and validates the date of dispatch.
- Management incorporates a one-day shipment delay assumption onto the sale of hardware items to reflect the time taken between vendor shipment and customer delivery. Management further assesses a five-day risk window for international hardware shipments.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### Principal versus agent

Significant judgement is required in determining whether the Group is acting as principal, reporting revenue on a gross basis, or agent, reporting revenue on a net basis. Softcat evaluates each revenue stream against the following indicators when determining whether it is acting as principal or agent in a transaction: (i) primary responsibility for fulfilling the promise to provide the specified goods or service; (ii) inventory risk before the specified good or service has been transferred to a customer; and (iii) discretion in establishing the price for the specified good or service. Certain revenue streams present a more balanced judgement than others when assessed against the above criteria and the conclusion may be reliant on the weighting applied to the responses to these criteria. When applying the weighting and concluding on whether principal or agent treatment is appropriate, the Group exercises significant levels of judgement due to the balanced nature of the assessment. The specific judgements made for each revenue category are discussed in the accounting policy for revenue as disclosed below.

## 1 Material accounting policies continued

### 1.5 Revenue recognition

Revenue is recognised based on the completion of performance obligations at the transaction price allocated to the performance obligation. The transaction price is determined by the price specified in the underlying contract or order. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the standalone selling prices. There are no variable price elements arising from discounts or returns offered to customers. All performance obligations are separately listed as individual items on the order and the price is allocated on this basis. A performance obligation is satisfied when control of the promised good or service is transferred to the customer. The following indicators are used by the Group in determining when control has passed to the customer:

- (i) the Group has a right to payment for the product or service;
- (ii) the customer has legal title to the product;
- (iii) the Group has transferred physical possession of the product to the customer;
- (iv) the customer has the significant risks and rewards of ownership of the product; and
- (v) the customer has accepted the product.

#### Principal versus agent

The Group evaluates the following indicators amongst others when determining whether it is acting as a principal or agent in the transaction and recording revenue on a gross, or net, basis:

- (i) the Group is primarily responsible for fulfilling the promise to provide the specified goods or service;
- (ii) the Group has inventory risk before the specified good or service has been transferred to a customer; and
- (iii) the Group has discretion in establishing the price for the specified good or service.

#### Hardware revenue

The Group sells hardware that is sourced from and delivered by multiple vendors and distributors. Revenues from sales of hardware products are recognised on a gross basis as the Group is acting as a principal in these transactions, with the gross value of the consideration from the customer recorded as revenue with the exception of public sector partner business revenue as explained below. The Group is acting as principal as it has primary responsibility for the acceptability of goods sold following the provision of consulting services which are not considered to be separately identifiable. Softcat is also exposed to inventory risk during the delivery period and establishes the selling price itself. Revenue from the sale of these goods is recognised when the control has passed to the buyer and therefore the Group has satisfied its performance obligation. In line with industry standard terms, payment is generally due 30 days after the invoice date.

Vendors typically provide standard warranties on most of the hardware products the Group sells. These manufacturer warranties are assurance-type warranties and are not considered separate performance obligations. The warranties are not sold separately and only provide assurance that products will conform with the manufacturer's specifications.

#### Software revenue

Revenue from software licence sales is recognised on a net basis as the Group is acting as an agent in these transactions at the point the software licence is delivered to the customer. The Group is deemed to be acting as agent in these transactions as these products are intangible, customer specific and in most cases sent directly to customers by the vendor electronically, removing inventory risk for the Group prior to delivery. Despite the ability to set pricing, the lack of inventory risk and the vendor having primary responsibility for the product meeting customer specifications, through largely standardised products, underline that these sales should be recorded as agent.

The revenue associated with the licence sale is recognised upon the transfer of the licence, or licencing confirmation, to the customer. At this point Softcat has satisfied its performance obligations. Payment is generally due 30 days from the invoice date.

The Group sells cloud computing solutions which include Software as a Service ('SaaS'). SaaS solutions utilise third-party partners to offer the Group's customers access to software in the cloud that enhances office productivity, provides security or assists in collaboration. As the Group has satisfied its performance obligations by arranging the transfer of the licensing to the customer, revenue is recognised in full at that point on a net basis as the Group is acting as an agent in the transaction, with an invoice subsequently raised. Payment is generally due within 30 days of the invoice date.

The Group offers access to corporate enterprise agreements, a specific licensing programme for eligible customers, exclusively through a single vendor. For these transactions the Group introduces the customer to the vendor which then fulfils the sale, including transfer of licensing, invoicing and cash collection, without further involvement of the Group. In return for this introduction the vendor compensates the Group with a fee as the Group has satisfied its performance obligations at the point of initial transaction being completed between the vendor and the customer. This fee is recognised net as the Group is acting as an agent in these transactions. Payment is generally due within 30 days of the initial transaction between the vendor and the customer.

#### Service revenue

Softcat sells professional services days which are fulfilled by either Softcat's own internal team of consultants or by consultants provided by third parties. The Group recognises the revenue on these transactions, irrespective of whether they are fulfilled internally or externally, when confirmation has been received from the customer that the work has been satisfactorily completed. In most cases there is a short timeframe between a customer order and subsequent delivery of the sold service days. As such, the Group does not recognise revenue on a percentage completion basis as this would not have a material impact.

# Notes to the consolidated financial statements continued

## For the year ended 31 July 2025

### 1 Material accounting policies continued

#### 1.5 Revenue recognition continued

##### Principal versus agent continued

##### *Service revenue continued*

On rare occasions the Group will sell professional service days which cover an extended period. For these transactions, management assesses the individual contract and, if required, recognises the revenue over time according to the output method. Softcat recognises revenue on the basis of direct measurements of the value to the customer which for professional days would be days completed as a percentage of total days. Revenue is recognised on a gross basis; the Group is deemed to be acting as principal in these transactions as it is responsible for selecting the external party, where relevant, for the acceptability of the services and for determining the price charged to the customer.

The Group also provides hosted managed services to its customers offering Infrastructure as a Service ('IAAS') and managed print services among others. The Group hosts these services using internal resources and recognises revenue on a straight-line basis over the contractual service period. The Group recognises the respective revenue on a gross basis as the Group is acting as a principal in the transaction as it has both managerial involvement and effective control over the services being provided throughout the contract period.

Softcat also sells extended or enhanced warranty products provided by third parties. These warranties are sold separately to hardware and provide the customer with a service in addition to assurance that the product will function as expected. For these enhanced warranty products, the Group is arranging for those services to be provided by the third party over an extended period and therefore is acting as an agent in the transaction and records revenue on a net basis at the point of sale. Revenue from such services is recognised in full at the point of service commencement as the Group has no ongoing obligation in relation to delivery of the underlying service.

Payments for these goods are generally received on industry standard terms of 30 days from the date of invoice.

##### *Public sector partner business revenue*

The Group transacts with several partners in the public sector where the partner is responsible for the solution and customer relationship. These transactions incorporate the provision of hardware, software or services to the end customer. For this business, the Group's responsibilities of invoicing and cash collection are more aligned to those of an agent and therefore this business is recognised as agent and presented net of cost of sales.

Revenue is recognised in full on satisfactory completion of the work by the partner, as this is the point the Group has satisfied its performance obligations. Payment is generally due within 30 days from completion of the work.

##### *Contract fulfilment assets*

IFRS 15 requires certain costs to fulfil a contract to be recognised as a separate asset. Contract fulfilment assets relate to goods or services delivered to the customer, but which do not meet the revenue recognition criteria under IFRS 15. These costs are deferred until the performance obligation to which they relate has been met. Contract fulfilment assets are measured at the purchase price of the associated goods or services received. Contract fulfilment assets are released from the Consolidated statement of financial position in line with the recognition of revenue on the specific transaction. There are no significant or material judgements made by management in the measurement or recognition of these deferred costs, as costs are matched to an associated sale and the period of deferral is typically short.

##### *Deferred costs*

IFRS 15 requires certain costs to fulfil a contract to be recognised as a separate asset. Deferred costs relate to goods or services billed by the vendor, but not yet shipped. These costs are deferred until the performance obligation to which they relate has been met. Deferred costs are measured at the purchase price of the associated goods or services received. Deferred costs are released from the Consolidated statement of financial position in line with the recognition of revenue on the specific transaction. There are no significant or material judgements made by management in the measurement or recognition of these deferred costs, as costs are matched to an associated sale and the period of deferral is typically short.

Commissions have been incurred in respect of contracts whereby the performance obligation has not yet been satisfied; however, the Group has applied the practical expedient and recognised the commission as an expense when incurred given that the period over which the commission would have been recognised is less than a year.

##### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which Softcat has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Softcat transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). This occurs infrequently and is usually to support the wishes of the customer who sometimes may prefer to provide funds up front which can then be allocated to future orders. Contract liabilities are recognised as revenue when Softcat performs obligations under the contract. Further details of contract balances are provided in note 15.

#### 1.6 Cost of sales

The Group recognises cost of sales at the point at which it recognises revenue as explained above. Cost of sales predominantly relates to the cost of goods or services purchased from suppliers and then sold to customers. In addition to these costs, the following elements are also included within cost of sales:

##### **Rebates**

Included within cost of sales are rebates received from commercial partners. Further details are provided on rebates in note 1.7 below.

## 1 Material accounting policies continued

### 1.6 Cost of sales continued

#### Managed service infrastructure costs

The Group operates its own network operating centre which facilitates the selling of Softcat hosted managed services. The costs of maintaining this capability include, but are not limited to, the rental of space in data warehouses, energy and licensing costs. These costs represent the cost of sale of selling hosted managed service solutions and are included within cost of sales.

#### Funded training costs

The Group carries out numerous funded training programmes, activities and schemes that aim to educate its sales force and internally promote the products the business resells. The costs of these funded activities are recognised within cost of sales.

#### Early settlement discounts

Through the normal course of business, the Group receives credits from distributors and suppliers for the prompt settlement of invoices. Softcat recognises these discounts in cost of sales as they are considered to be a reduction in the cost of goods sold.

### 1.7 Rebates

Rebates from suppliers and distributors are accounted for in the period in which they are earned and are based on commercial agreements with suppliers. Rebates earned are mainly sales volume related and are generally short term in nature, with rebates earned but not yet received typically relating to the preceding quarter's trading. Other forms of rebate received from commercial partners include income from training provided to staff. Rebate income is recognised in cost of sales in the Consolidated statement of profit or loss and other comprehensive income and rebates earned but not yet received are included within accrued income in the Consolidated statement of financial position.

### 1.8 Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

### 1.9 Property, plant and equipment

Property, plant and equipment other than freehold land is stated at cost, net of accumulated depreciation and/or impairment losses, if any. If the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Freehold buildings	fifty years straight line
Building improvements	ten years straight line, or the lease term if shorter
Computer equipment	three to five years straight line
Fixtures, fittings and equipment	six years straight line
Motor vehicles	three years straight line

Land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement when the asset is derecognised.

Building improvements relate to expenditure on improving both leasehold property and the freehold property of Solar House in Marlow. Improvements to Solar House are depreciated over a ten-year period, which represents their useful life. Leasehold improvements are depreciated over their useful life which is the lesser of the remaining length of the lease or ten years.

The residual values, useful lives and methods of depreciation are reviewed for reasonableness at each financial year end and adjusted for prospectively if appropriate.

### 1.10 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is provided for at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Customer relationships	four years straight line
Brands	three years straight line
Computer software	three to fifteen years straight line

# Notes to the consolidated financial statements continued

## For the year ended 31 July 2025

### 1 Material accounting policies continued

#### 1.10 Intangible assets continued

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### 1.11 Impairment of assets

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances suggest that the carrying amount may not be recoverable.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that have suffered an impairment are reviewed at the end of each reporting period for possible reversal of the impairment.

Management takes into account the different nature of the Group's operations in determining the most appropriate methods for assessing the recoverable amounts of CGU assets. When testing goodwill for impairment, goodwill is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the business combination from which it originally arose.

#### 1.12 Cloud software licence agreements

Licence agreements to use cloud software are treated as service contracts and expensed in the Group's income statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases, the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Group's income statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

#### 1.13 Leases

A lease is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group's leases, which predominantly relate to property leases, are recognised in line with IFRS 16.

The leases policy under IFRS 16 is as follows:

##### i) Right-of-use assets

Softcat recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property lease assets	three to ten years straight line
Motor vehicles	two to five years straight line

The right-of-use assets are also subject to impairment reviews.

##### ii) Lease liabilities

At the commencement date of the lease, Softcat recognises lease liabilities measured at the present value of lease payments to be made over the lease term adjusted for any termination options. The lease payments include fixed payments, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Payments to be made under the reasonably certain extension option are also included.

In calculating the present value of the lease payments, Softcat uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments from a change in index or rate, or a change in the assessment of an option to purchase the underlying asset.

## 1 Material accounting policies continued

### 1.13 Leases continued

#### iii) Short-term leases and leases of low-value assets

Softcat applies the short-term lease recognition exemption to any short-term leases it enters into (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). Softcat also applies the lease of low-value assets recognition exemption to leases that are considered to be low value and under £5,000. Lease payments on low-value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

### 1.14 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Inventories include goods in transit and other products ordered to fulfil customer orders where the right of ownership is yet to transfer.

### 1.15 Financial instruments

#### Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

#### i) Trade receivables

Trade receivables are recognised and measured at the transaction price less allowance for expected credit losses. Trade receivables do not carry interest.

The simplified approach on expected credit losses ('ECLs') for trade receivables and contract fulfilment assets has been used as there is not a significant financing component to these assets. In accordance with the simplified approach for impairment of trade receivables and accrued income under IFRS 9, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses and includes a forward-looking element as well as an assessment based on history and experience. Factors considered when assessing the expected credit losses include prior experience, specific customer credit ratings, communication quality, industry factors and the current economic climate.

Due to the size of the receivables ledger and the volume of smaller balances, it is not possible to review all balances individually and therefore a portion of the ledger is reviewed collectively and provided for as such. More material or higher risk balances are reviewed individually looking at specific circumstances including payment history, the forecast of economic conditions in the sector the customer operates in, communication quality and responsiveness, to determine future expected credit losses, and are provided for individually with respect to the perceived level of risk. In addition, any entities that are in administration or have been passed to debt collection are provided for individually.

Unbilled receivables are recognised when a contract results in completion of a performance obligation in advance of the customer being invoiced.

#### ii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, call deposits and bank overdrafts. Cash and cash equivalent balances have a maturity of three months or less and are subject to an insignificant level of risk to change in value.

#### iii) Accrued income

Accrued income predominantly relates to supplier rebates and is recognised according to both rebate agreements and supplier spend in the financial year.

As accrued income has a contractual right to receive cash, it is a financial asset and therefore also subject to loss allowances under IFRS 9. The loss allowance for accrued income is measured at an amount equal to lifetime expected credit losses and includes a forward-looking element as well as an assessment based on history and experience. Factors considered when assessing the expected credit losses include prior experience, supplier credit ratings, communication quality, industry norms and the current economic climate.

#### Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. The Group's financial liabilities comprise trade and other payables. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### i) Trade payables

Trade payables are initially measured at fair value. Trade payables due after one year are measured at amortised cost using the effective interest rate method.

#### Derecognised financial instruments

Softcat can act as an intermediary to provide financing arrangements between the customer and a third-party financing provider. Following the delivery of the goods or services, which represents our performance obligation in full, Softcat receives settlement of the customer invoice, by the third-party financing company. Receivables are derecognised only when Softcat has transferred the receivable, meaning that it has retained the contractual rights to the cash flows, but has assumed an obligation to pay those cash flows to the finance provider, in the case where all three of the following conditions are met:

- Softcat has no obligation to pay amounts to the finance provider unless it collects equivalent amounts from the receivable;
- Softcat is prohibited from selling or pledging the receivable; and
- Softcat has an obligation to remit the cash received without material delay.

# Notes to the consolidated financial statements continued

## For the year ended 31 July 2025

### 1 Material accounting policies continued

#### 1.15 Financial instruments continued

##### Derecognised financial instruments continued

The transfer described above qualifies for derecognition as Softcat has transferred substantially all the risks and rewards of ownership of the receivable. Its only continuing involvement following delivery is to act as agent in the receipt and transfer of cash payments and, in line with the derecognition criteria set out above, the customer receivable is derecognised. Softcat does not retain or regain ownership of any assets at the end of these arrangements and the finance provider takes on the credit risk of future cash flows from the customer.

Cash flows in respect of these arrangements are recognised within cash generated from operations and typically result in a £Nil impact given that the Group acts as agent in the receipt and transfer of cash payments.

#### 1.16 Pensions

The pension costs charged in the financial statements represent the contributions payable by the Group during the year on the defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amounts charged to the income statement represent the contributions payable to the scheme in respect of the accounting period and represent the full extent of the Group's liability.

#### 1.17 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For deferred tax on leases, under the general approach of IAS 12, the depreciation of the right-of-use asset is regarded as reducing the temporary difference that arose on initial recognition of the asset, and therefore gives rise to no tax effect. However, the accretion of the finance costs on the liability gives rise to an additional deductible temporary difference arising after initial recognition of the liability, requiring recognition of a deferred tax asset. This gives rise to an immaterial deferred tax asset for the years ended 31 July 2024 and 31 July 2025.

#### 1.18 Current taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Softcat applies judgement in identifying uncertainties over income tax treatments and considers whether it has any uncertain tax positions and determines that it is highly probable that its tax treatments will be accepted by the taxation authorities. Where it is not probable that an uncertain tax treatment will be accepted the most likely amount or expected amount is recognised depending on which method better predicts the resolution of the uncertainty.

#### 1.19 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

The assets and liabilities of foreign operations are translated into Pounds Sterling at the rates of exchange ruling at the balance sheet date. Income and expense items are translated using average exchange rates, which approximate to actual rates, for the relevant accounting period. Exchange differences arising, if any, are classified as other comprehensive income and recognised in the foreign exchange translation reserve in the Consolidated statement of financial position.

#### 1.20 Share-based payments

During the year the Group operated the following equity-settled share option schemes:

##### Share Incentive Plan ('SIP')

The Group operates a SIP for employees who were awarded free shares following the initial public offering in November 2015. Shares were allocated to employees on the basis of length of service. Free shares awarded to an employee under the SIP are subject to a minimum holding period of three years following the date on which beneficial interest in the relevant ordinary shares is conferred by the SIP Trustee to the employee.

## 1 Material accounting policies continued

### 1.20 Share-based payments continued

#### Share Incentive Plan ('SIP') continued

The fair value of the SIP shares was determined by the share price at date of grant, on 9 December 2015. A fair value charge was recognised as an expense in the income statement over the vesting period with a corresponding increase in equity. The charge was recognised only on the expected number of shares to vest. The assumption used for expected leavers within three years from the date of award was calculated with reference to historical employee retention rates.

In addition, the Group's voluntary partnership share purchase programme, which is open to all eligible employees, is administered through the SIP. Through this programme, employees have the option to purchase shares from their gross income, the cost of which is not borne by the Group.

#### Long Term Incentive Plan ('LTIP')

Details in relation to the Softcat LTIP awards to Executive Directors are included in the Directors' Remuneration Report on page 96.

LTIP awards will only vest and become exercisable upon achievement of performance targets, linked to earnings per share and total shareholder return, as well as being conditional upon continued employment with the Group. The fair value is measured using a suitable valuation model where appropriate. Non-market vesting conditions are taken into account by adjusting the number of LTIP shares expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of LTIP shares that will eventually vest. Market vesting conditions are factored into the fair value of the LTIP shares granted. The cumulative expense is not adjusted for failure to meet a market vesting condition. The resulting fair value charge is charged as an expense in the income statement over the vesting period with a corresponding increase in equity. Employer's National Insurance contributions are payable, on exercise, on the market value of the award and are accrued for within the share-based payments expense in the Consolidated statement of profit or loss and other comprehensive income.

#### Deferred shares

One-third of the Executive Directors' annual target bonus is paid in deferred shares. The Group accrues for the cost of the non-cash bonus over a four-year period, including the year in which the bonus targets are assessed and the following three-year vesting period. Employer's National Insurance contributions are payable, on exercise, on the market value of the award and are accrued for within the share-based payments expense in the Consolidated statement of profit or loss and other comprehensive income.

### 1.21 Adjusted Performance Measures

The Group uses a number of non-Generally Accepted Accounting Practice ('non-GAAP') financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, set out below, assist in providing additional useful information on the underlying trends, sales performance and position of the Group.

Consequently, non-GAAP measures are used by the Directors and management for performance analysis, planning and reporting. These non-GAAP measures comprise gross invoiced income, underlying cash conversion, underlying operating profit, underlying profit before tax, underlying profit for the year, and underlying basic and diluted earnings per share.

**Gross invoiced income** reflects gross income billed to customers adjusted for deferred and accrued revenue as reported in the IFRS measure. A reconciliation of IFRS revenue to gross invoiced income is provided within note 2, Segmental information.

Gross invoiced income is a measure which correlates closely to the cash received by the business and therefore aids the user's understanding of working capital movements in the Consolidated statement of financial position and the relationship to sales performance and the mix of products sold.

**Underlying operating profit** reflects statutory operating profit, adding back non-underlying costs.

**Non-underlying costs** comprise items which, in the opinion of management, should be identified and excluded to provide a consistent and comparable view of the underlying performance of the Group's ongoing business. They are unusual because of their size, nature (one-off, non-trading costs) or incidence.

When evaluating the nature of an item, management considers the following factors, both individually and in combination:

- whether the item is related to activities outside the Group's primary business activities;
- the specific circumstances that led to the recognition of the item;
- the likelihood that the item will recur; and
- whether an item is cash or non-cash.

	Notes	2025 £'000	2024 £'000
<b>Non-underlying costs</b>			
Acquisition costs	10	722	–
Acquisition - contingent consideration liability	26	1,026	–
Acquisition - amortisation of acquired intangibles	9	214	–
Major system development costs		5,269	–
<b>Total</b>		<b>7,231</b>	–

Acquisition costs are professional and advisory fees related to the acquisition.

# Notes to the consolidated financial statements continued

## For the year ended 31 July 2025

### 1 Material accounting policies continued

#### 1.21 Adjusted Performance Measures continued

Acquisition - contingent consideration liability comprises the fair value of the contingent consideration with service conditions, which is not classified as consideration transferred under IFRS 3 and is disclosed as Other Employment costs. Acquisition - amortisation of acquired intangibles comprises the amortisation on the Customer Relationships and Brand acquired. Major system development costs is comprised of costs associated with the implementation of the new HR system and cloud-based sales order system, neither of which meet the criteria for capitalisation under IAS 38.

A reconciliation between operating profit and underlying operating profit for the year is provided below:

	2025 £'000	2024 £'000
<b>Operating profit</b>	<b>172,900</b>	154,064
Non-underlying costs	7,231	–
<b>Underlying operating profit</b>	<b>180,131</b>	154,064

**Underlying cash conversion ratio** comprises net cash generated from operating activities before taxation and any acquisition related cash flows, including deferred consideration outflows, net of capital expenditure, as a percentage of underlying operating profit. Underlying cash conversion is an indicator of the Group's ability to convert profits into available cash.

In the year ended July 31 2024 the cash conversion ratio did not incorporate underlying costs, acquisition cash flows and deferred consideration cash flows; however, as these were £Nil no prior year restatement is required.

A reconciliation to the adjusted measure for underlying cash conversion is provided below:

	Notes	2025 £'000	2024 £'000
<b>Net cash generated from operating activities</b>	21	<b>140,714</b>	115,608
Income taxes paid	21	46,775	39,226
<b>Cash generated from operations</b>		<b>187,489</b>	154,834
Purchase of property, plant and equipment	7	(11,783)	(1,115)
Purchase of intangible assets	9	(3,444)	(6,017)
<b>Cash generated from operations, net of capital expenditure</b>		<b>172,262</b>	147,702
Underlying operating profit		180,131	154,064
Cash conversion ratio		95.6%	95.9%

Net cash generated from operating activities includes £5.3m of non-underlying costs. Acquisition related cash flows not included in the underlying cash conversion ratio are the acquisition of subsidiaries net of cash acquired of £7.4m and acquisition fees of £0.7m, both of which are included in investing activities.

**Underlying basic earnings per ordinary share and underlying diluted earnings per ordinary share** reflect statutory basic and diluted earnings per ordinary share, adjusted for the profit after tax impact of non-underlying costs.

	2025 p	2024 p
<b>Underlying earnings per share</b>		
Underlying basic earnings per ordinary share (pence)	69.5	59.7
Underlying diluted earnings per ordinary share (pence)	69.1	59.4

The calculation of the underlying basic earnings per share and underlying diluted earnings per share is based on the following data:

	2025 £'000	2024 £'000
<b>Earnings</b>		
Earnings for the purposes of earnings per share, being profit for the year	133,008	119,044
Non-underlying costs	7,231	–
Tax effect of non-underlying costs	(1,371)	–
<b>Underlying earnings for the purposes of earnings per share, being profit for the year</b>	<b>138,868</b>	119,044

The tax effect on non-underlying costs varies depending on the nature of the costs.

	2025 '000	2024 '000
The weighted average number of shares is given below:		
Number of shares used for basic earnings per share	199,690	199,490
Number of shares expected to be issued at nil consideration following exercise of share options	1,163	1,026
<b>Number of shares used for diluted earnings per share</b>	<b>200,853</b>	200,516

## 1 Material accounting policies continued

### 1.22 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value, and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses. The measurement of non-controlling interest is at the proportionate share of the acquiree's net identifiable assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the income statement in accordance with IFRS 9.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

## 2 Segmental information

The information reported to the Group's Chief Executive, who is considered to be the chief operating decision maker for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is that of 'value-added IT reseller and IT infrastructure solutions provider'. The Group's revenue, results and assets for this one reportable segment can be determined by reference to the Consolidated statement of profit or loss and other comprehensive income and Consolidated statement of financial position. An analysis of revenues by product, which form one reportable segment, is set out below:

Revenue by type:	2025 £'000	2024 £'000
Software	227,242	213,520
Hardware	985,724	561,238
Services	245,445	187,875
	<b>1,458,411</b>	<b>962,633</b>

Gross invoiced income by type:	2025 £'000	2024 £'000
Software	2,074,532	1,807,468
Hardware	992,184	568,450
Services	550,243	476,233
	<b>3,616,959</b>	<b>2,852,151</b>

Revenue and gross invoiced income can also be disaggregated by type of business<sup>1</sup>:

Revenue by type of business:	2025 £'000	2024 £'000
Small and medium	914,190	473,985
Enterprise	318,380	298,434
Public sector	225,841	190,214
	<b>1,458,411</b>	<b>962,633</b>

**Note:**

1. Types of business are split by entity staff size. Small and medium business represents workforces of up to 2,000 seats. Enterprise is above 2,000 seats and public sector represents government and other public bodies.

Gross invoiced income by type of business:	2025 £'000	2024 £'000
Small and medium	1,730,301	1,157,007
Enterprise	675,629	597,320
Public sector	1,211,029	1,097,824
	<b>3,616,959</b>	<b>2,852,151</b>

Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue items. Softcat continues to report gross invoiced income as an alternative financial KPI as this measure allows a consistent, year-on-year understanding of gross income billed, business performance and position and correlates closely to working capital movements. The impact of IFRS 15 and principal versus agent consideration is an equal reduction to both revenue and cost of sales.



# Notes to the consolidated financial statements continued

## For the year ended 31 July 2025

### 2 Segmental information continued

	2025 £'000	2024 £'000
Gross invoiced income	3,616,959	2,852,151
Income to be recognised as agent under IFRS 15	(2,158,548)	(1,889,518)
Revenue	1,458,411	962,633

The total revenue for the Group for the year has been derived from its principal activity as an IT reseller.

During the period there was one direct customer (2024: none) that individually accounted for greater than 10% of the Group's total revenue, and a considerably lower proportion of gross profit. Revenue generated from this customer in FY2025 was £326.7m. The revenues related to this direct customer were predominantly derived within the US subsidiary of the Group. Substantially all of the remaining revenue relates to trading undertaken in the United Kingdom.

### 3 Operating profit

	2025 £'000	2024 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	3,117	2,631
Depreciation of right-of-use assets	3,818	2,429
Amortisation of intangible assets	3,551	1,564
Low-value asset and short-term lease expense	297	57
Foreign exchange loss/(gain)	5,115	(757)
Inventories expensed in the year	856,418	457,426
Movement in trade receivables provision as potentially uncollectable, recovered or written off during the year	1,328	(798)
<b>Auditor's remuneration</b>		
Fees payable for the audit of the Company's annual accounts and consolidated annual statements	759	759
Fees payable for audit-related services	–	–
<b>Total for statutory audit services</b>	759	759
Fees payable for the half-year review of the condensed financial statements	50	45
<b>Total for non-audit-related services</b>	50	45

For details on employee numbers and employee costs, please see note 26.

### 4 Finance income and finance cost

	2025 £'000	2024 £'000
Bank interest income	7,350	5,778
Lease liability interest cost	(2,048)	(443)

## 5 Income tax

The major components of the income tax expense for the years ended 31 July 2025 and 31 July 2024 are:

	2025 £'000	2024 £'000
<b>Consolidated statement of profit or loss</b>		
Current income tax charge in the year	44,142	40,338
Adjustment in respect of current income tax of previous years	(332)	(465)
Foreign tax relief/other relief	(381)	(39)
Foreign tax suffered	436	123
<b>Total current income tax charge</b>	<b>43,865</b>	<b>39,957</b>
<b>Deferred tax</b>		
Current year	1,054	(49)
Adjustments in respect of prior periods	275	447
<b>Deferred tax charge</b>	<b>1,329</b>	<b>398</b>
<b>Total tax charge</b>	<b>45,194</b>	<b>40,355</b>
<b>Reconciliation of total tax charge</b>		
Reconciliation of tax expense and accounting profit multiplied by the Group's domestic tax rate for 2025 and 2024:		
Profit on ordinary activities before taxation	178,202	159,399
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 25% (2024: 25%)	44,551	39,850
Effects of:		
Non-deductible expenses	637	399
Adjustment to previous periods	(57)	(19)
Effects of overseas tax rates	28	69
Share options	41	56
Other differences	(6)	–
	<b>643</b>	<b>505</b>
<b>Income tax charge reported in profit or loss</b>	<b>45,194</b>	<b>40,355</b>

In the year ended 31 July 2025, £65,090 (2024: £211,310) of current tax was credited to equity and £193,592 (2024: £29,020 debit) of deferred tax was credited to equity.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% for large groups for financial years beginning on or after 31 December 2023.

Based on an initial analysis, the Group expects that all of its territories will qualify for the safe harbours, with the exception of Ireland. Although Ireland is not expected to fall within the safe harbour thresholds, the Group does not anticipate any top-up tax to arise in that jurisdiction as the branch profits are fully taxed in the UK.

The Group continues to monitor developments in the implementation of Pillar Two and will update its assessment as further guidance and legislation become available.

## 6 Dividends

	2025 £'000	2024 £'000
<b>Declared and paid during the year</b>		
Special dividend on ordinary shares (20.9p per share (2024: 12.6p))	41,752	25,113
Final dividend on ordinary shares (18.1p per share (2024: 17.0p))	36,158	33,965
Interim dividend on ordinary shares (8.9p per share (2024: 8.5p))	17,794	16,970
	<b>95,704</b>	<b>76,048</b>

A final dividend of 20.4p per share has been recommended by the Directors and if approved by shareholders will be paid on 16 December 2025. The final ordinary dividend will be payable to shareholders whose names are on the register at the close of business on 7 November 2025. Shares in the Company will be quoted ex-dividend on 6 November 2025. The last day for dividend reinvestment plan ('DRIP') elections is 25 November 2025.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 16.1p has been proposed. If approved this will also be paid on 16 December 2025 alongside the final ordinary dividend.

The Board recommends the final and special dividend for shareholders' approval.

## Notes to the consolidated financial statements continued

### For the year ended 31 July 2025

#### 6 Dividends continued

Softcat's ordinary dividend policy remains a progressive one which targets an annual dividend of between 40% and 50% of the Group's profits after tax in each financial year before any exceptional items. In determining the level of dividend in any year in accordance with the policy, the Board considers a number of other factors that influence the proposed dividend, which include but are not limited to:

- the level of available distributable reserves in the Company;
- future cash commitments and investment needs to sustain the long-term growth prospects of the business; and
- potential strategic opportunities.

Softcat's constitution does not limit or oblige the Group to any minimum or maximum dividend payments. However, no dividend may exceed the amount recommended by the Directors and all dividends shall be paid in accordance with any relevant legislation.

The Audit Committee on behalf of the Board reviews the distributable reserves of the Group as part of its half-year and full-year reviews. The Board then considers the Audit Committee's review as part of its process to approve or recommend dividends.

Softcat intends to continue to fund its dividends through the cash generated by the business. Details of the Group's continuing viability and going concern can be found on page 65 and pages 147 to 149 respectively.

#### 7 Property, plant and equipment

	Note	Freehold land and buildings £'000	Building improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>							
At 1 August 2023		2,817	9,026	2,264	5,331	773	20,211
Additions		556	34	315	210	–	1,115
Disposals		–	–	–	–	(103)	(103)
At 31 July 2024		3,373	9,060	2,579	5,541	670	21,223
Additions		16	8,146	1,830	1,791	–	11,783
Acquired through business combinations	10	–	–	30	55	–	85
Disposals		–	(1,318)	(4)	(717)	(47)	(2,086)
<b>At 31 July 2025</b>		<b>3,389</b>	<b>15,888</b>	<b>4,435</b>	<b>6,670</b>	<b>623</b>	<b>31,005</b>
<b>Depreciation</b>							
At 1 August 2023		281	4,226	1,649	2,500	207	8,863
Disposals		–	–	–	–	(103)	(103)
Charge for the year		46	1,143	488	743	211	2,631
At 31 July 2024		327	5,369	2,137	3,243	315	11,391
Disposals		–	(1,171)	(4)	(479)	(47)	(1,701)
Impairment charge		1,300	–	–	–	–	1,300
Charge for the year		98	1,527	559	734	199	3,117
<b>At 31 July 2025</b>		<b>1,725</b>	<b>5,725</b>	<b>2,692</b>	<b>3,498</b>	<b>467</b>	<b>14,107</b>
<b>Net book value</b>							
<b>At 31 July 2025</b>		<b>1,664</b>	<b>10,163</b>	<b>1,743</b>	<b>3,172</b>	<b>156</b>	<b>16,898</b>
At 31 July 2024		3,046	3,691	442	2,298	355	9,832

Additions to Building improvements, Computer equipment, and Fixtures, fittings and equipment related to the new office fit outs in the year.

Freehold land amounting to £1.4m (2024: £1.4m) has not been depreciated.

An impairment charge of £1.3m has been recognised against the freehold office building to reflect current market value.

There is no material difference between the carrying and fair value of the underlying assets as at both 31 July 2025 and 31 July 2024.

Clydesdale Bank Plc holds a fixed and floating charge over the assets acquired through business combinations, being that of Oakland Group Services Limited, in respect of secured liabilities/debenture (2024: no assets were subject to restrictions on title or were pledged as security for liabilities).

## 8 Right-of-use assets and lease liabilities

### Leases - as a lessee

Softcat has lease contracts for various offices across the country and overseas used for its operations. Property leases generally have lease terms of between three and ten years. A number of these contracts include extension and termination options which are discussed below.

Softcat also has lease contracts for electric vehicles to facilitate an employee benefit programme, which generally have lease terms of between two and five years.

Set out below are the carrying amounts of right-of-use assets recognised and movements during the year:

	Note	2025 £'000	2024 £'000
Opening right-of-use asset as at 1 August		10,066	9,969
Lease additions and modifications		27,607	2,526
Acquired through business combinations	10	1,133	–
Disposals		(3,198)	–
Depreciation		(3,818)	(2,429)
<b>Closing right-of-use asset as at 31 July</b>		<b>31,790</b>	<b>10,066</b>

The weighted average incremental borrowing rate as used for the period is 4.8% (2024: 3.8%)

Set out below are the carrying amounts of lease liabilities included under current and non-current liabilities and the movements during the period:

	Note	2025 £'000	2024 £'000
Opening lease liability as at 1 August		10,358	9,761
Lease additions and modifications		27,607	2,526
Acquired through business combinations	10	1,133	–
Disposals		(3,513)	–
Accretion of interest		2,048	443
Payments		(2,443)	(2,372)
<b>Closing lease liability as at 31 July</b>		<b>35,190</b>	<b>10,358</b>
Split as:			
Short term		4,279	2,253
Long term		30,911	8,105

Lease additions in the year related to new property and electric vehicle leases.

Lease disposals in the year related to the exit of a property lease.

Softcat had no variable lease expenses charged or income from sub-leases credited to the Consolidated statement of profit or loss and other comprehensive income, nor any sale and leaseback transactions.

Softcat has several lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio to align to business needs. Management exercises judgement in determining whether these options are reasonably certain to be exercised.

As at 31 July 2025, the undiscounted potential future rental payments relating to periods following the exercise date of termination options that are not included in the lease term were £Nil (2024: £Nil). The total value of lease charges for low-value and short-term leases charged to the Consolidated statement of profit or loss and other comprehensive income for the year was £297,485 (2024: £56,811).

## Notes to the consolidated financial statements continued

### For the year ended 31 July 2025

## 9 Intangible assets

	Note	Goodwill £'000	Customer relationships £'000	Brands £'000	Software under development £'000	Computer software £'000	Total £'000
<b>Cost</b>							
At 1 August 2023		–	–	–	–	9,757	9,757
Additions		–	–	–	3,804	2,213	6,017
At 31 July 2024		–	–	–	3,804	11,970	15,774
Additions		–	–	–	671	2,773	3,444
Acquired through business combinations	10	6,730	1,900	501	–	–	9,131
Reclassifications		–	–	–	(3,804)	3,804	–
Disposals		–	–	–	–	(488)	(488)
<b>At 31 July 2025</b>		<b>6,730</b>	<b>1,900</b>	<b>501</b>	<b>671</b>	<b>18,059</b>	<b>27,861</b>
<b>Amortisation</b>							
At 1 August 2023		–	–	–	–	2,602	2,602
Charge for the year		–	–	–	–	1,564	1,564
At 31 July 2024		–	–	–	–	4,166	4,166
Charge for the year		–	158	56	–	3,337	3,551
Disposals		–	–	–	–	(488)	(488)
<b>At 31 July 2025</b>		<b>–</b>	<b>158</b>	<b>56</b>	<b>–</b>	<b>7,015</b>	<b>7,229</b>
<b>Net book value</b>							
<b>At 31 July 2025</b>		<b>6,730</b>	<b>1,742</b>	<b>445</b>	<b>671</b>	<b>11,044</b>	<b>20,632</b>
At 31 July 2024		–	–	–	3,804	7,804	11,608

Software under development capitalised relates to enhancements to existing capitalised software, along with new systems being designed and built internally. This includes the implementation of a new IT service management and customer service system.

The material asset included within computer software relates to the enterprise resource planning ('ERP') system that went live in FY2022. The net book value on this asset as at the end of the year was £5.3m (2024: £6.1m). The remaining useful economic life is four years.

The amortisation of intangible assets is included in administrative expenses within the Consolidated statement of profit or loss and other comprehensive income. See note 3.

### Goodwill

An impairment review has been performed over the goodwill attributable to the Group's Oakland business. The impairment review has been based on the value in use of the Oakland cash generating unit, which was acquired in FY2025. In assessing value in use, the impairment review draws on the business's three-year plan. Post acquisition the business performed broadly in line with expectations. Other key assumptions in the cash flow projections are those regarding revenue growth and EBITDA margins. Long-term growth rates are set no higher than the long-term economic growth projections of the UK, which is where the business operates. Management applies pre-tax discount rates in the value in use estimation that reflect current market assessments of the time value of money and the risks specific to the CGUs and businesses under review. The discount rates and long-term growth rates applied in the annual impairment reviews conducted in the current and prior year are as follows:

	Long-term growth rate	Discount rate
Oakland	2.0%	12.5%

For the year ended 31 July 2025, no impairment has been recognised against the goodwill. The valuation based on the current three-year plan results in a recoverable amount that exceeds the asset value, with significant headroom available.

## 10 Business combinations

### Acquisitions in the period:

On 4 April 2025, the Group acquired 100% of the share capital of Oakland Group Services Limited, a non-listed company based in the United Kingdom and specialising in the provision of data platform, data strategy, data governance, data analytics and artificial intelligence consultancy. The Group acquired Oakland Group Services Limited because it significantly enhances the Group's capability in providing these services to existing and new customers.

## 10 Business combinations continued

### Acquisitions in the period: continued

The details of the business combination are as follows:

Fair value of consideration transferred	2025 £'000
Amount settled in cash	7,998
Fair value of contingent consideration	1,450
<b>Total</b>	<b>9,448</b>
Acquisition costs charged to expenses	722

The fair value of the identifiable assets and liabilities of Oakland Group Services Limited as at the date of acquisition was:

	Notes	Fair value recognised on acquisition £'000
<b>Non-current assets</b>		
Property, plant and equipment	7	85
Right-of-use assets	8	1,133
Intangible assets	9	2,400
Investments		50
		3,668
<b>Current assets</b>		
Trade and other receivables	12	2,015
Income tax receivable		21
Cash and cash equivalents	16	581
		2,617
<b>Total assets</b>		<b>6,285</b>
<b>Current liabilities</b>		
Trade and other payables	13	(1,764)
Lease liabilities	8	(272)
		(2,036)
<b>Non-current liabilities</b>		
Deferred tax liability	17	(671)
Lease liabilities	8	(861)
		(1,532)
<b>Total liabilities</b>		<b>(3,568)</b>
<b>Total identifiable net assets at fair value</b>		<b>2,717</b>
<b>Goodwill on acquisition</b>		<b>6,731</b>
<b>Consideration transferred settled in cash</b>		<b>(7,998)</b>
<b>Cash and cash equivalents acquired</b>		<b>581</b>
<b>Net cash outflow on acquisition</b>		<b>(7,417)</b>

#### Consideration transferred

The acquisition of Oakland Group Services Limited was settled in cash amounting to £8.0m. The purchase agreement included additional contingent consideration with service conditions and contingent consideration without service conditions.

The additional contingent consideration without service conditions of up to £1.6m is payable only if the average profit performance for Oakland's 2026, 2027 and 2028 financial years exceeds targeted levels agreed by both parties. The additional contingent consideration will be payable on 31 March 2027 and 31 March 2028. The additional contingent consideration liability recognised, of £1.5m, represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's probability-weighted estimate of achieving the base case, downside case and upside case targets. The liability for additional contingent consideration with service conditions of £1.0m, therefore not classified as consideration transferred under IFRS 3, is disclosed as other employment costs (Note 26).

As at 31 July 2025, there have been no changes in the estimate of the probable cash outflow. Acquisition-related costs amounting to £0.7m are not included as part of consideration transferred and have been recognised as an expense in the Consolidated statement of profit or loss and other comprehensive income, as part of administrative expenses.

## Notes to the consolidated financial statements continued

### For the year ended 31 July 2025

## 10 Business combinations continued

### Acquisitions in the period: continued

#### Consideration transferred continued

In the post-acquisition period Oakland has contributed £1.8m to revenue and £0.3m to loss before tax to the Group results before amortisation of acquired intangibles. If acquired on 1 August 2024 Oakland would have contributed net revenue of £7.1m and loss before tax of £1.0m to the Group results before amortisation of acquired intangibles.

#### Identifiable net assets

The fair value of the trade and other receivables acquired as part of the business combination amounted to £2.0m. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to £0.01m.

As part of the acquisition, the Group obtained a minority equity interest in a private limited company. The investment does not provide the Group with control or significant influence over the investee and has therefore been recognised as a financial asset.

## 11 Inventories

	2025 £'000	2024 £'000
Finished goods and goods for resale	151,901	2,916

The increase in inventories at the period end is predominantly driven by stock held and in transit for a specific customer order yet to be delivered. As control of the goods has not passed to the customer at the period end, the revenue and cost of sale have not been recognised.

The amount of any write down of inventory recognised as an expense in the year was £Nil (2024: £Nil).

## 12 Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	547,398	504,488
Provision against receivables	(4,450)	(3,122)
Net trade receivables	542,948	501,366
Unbilled receivables	59,412	40,487
Prepayments	10,336	6,982
Accrued income	17,579	10,279
Deferred costs	82,874	26,188
	713,149	585,302

The increase in deferred costs is predominantly driven by a specific order where Softcat have settled the purchase invoice, the supplier has not yet shipped the goods and Softcat have not yet fulfilled their contractual obligation to the customer at the period end.

The provision against receivables follows the expected credit loss model under IFRS 9. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The ageing profile of trade receivables was as follows:

	2025 £'000	Related provision £'000	Net £'000	2024 £'000	Related provision £'000	Net £'000
Current	425,787	(2,319)	423,468	396,096	(1,691)	394,405
0-30 days	82,482	(686)	81,796	65,936	(416)	65,520
31-60 days	18,637	(155)	18,482	18,255	(127)	18,128
61-90 days	7,939	(298)	7,641	12,954	(152)	12,802
Over 90 days	12,553	(992)	11,561	11,247	(736)	10,511
Total due	547,398	(4,450)	542,948	504,488	(3,122)	501,366

The Group provides against its trade receivables using the forward-looking expected credit loss model under IFRS 9. An impairment analysis is performed at each reporting date. Provisions against future recoverability are set to reflect probability-weighted outcomes, analysis of prior events and current conditions. Further details on how the Group manages its credit risk can be found in note 23. Movement in the provision for trade receivables was as follows:

	2025 £'000	2024 £'000
Balance at beginning of year	3,122	3,920
Increase for trade receivables regarded as potentially uncollectable	3,064	1,193
Decrease in provision for trade receivables recovered, or written off, during the year	(1,736)	(1,991)
<b>Balance at end of year</b>	<b>4,450</b>	<b>3,122</b>

## 12 Trade and other receivables continued

Set out below is the information about the credit risk exposure on Softcat's trade receivables:

31 July 2025	Current £'000	<30 days £'000	31-60 days £'000	61-90 days £'000	>91 days £'000	Total £'000
Expected credit loss rate	0.54%	0.83%	0.83%	3.75%	7.90%	0.81%
Estimated total gross carrying amount at default	425,787	82,482	18,637	7,939	12,553	547,398
Expected credit loss	(2,319)	(686)	(155)	(298)	(992)	(4,450)

31 July 2024	Current £'000	<30 days £'000	31-60 days £'000	61-90 days £'000	>91 days £'000	Total £'000
Expected credit loss rate	0.43%	0.63%	0.69%	1.17%	6.54%	0.62%
Estimated total gross carrying amount at default	396,096	65,936	18,255	12,954	11,247	504,488
Expected credit loss	(1,691)	(416)	(127)	(152)	(736)	(3,122)

Unbilled receivables and accrued income have been reviewed by management and have been determined to have an immaterial impact on our expected credit losses. The Group does not hold collateral as security.

As part of our assessment of expected credit losses, we assess for specific potentially uncollectable debt as well as wider macro-economic factors that may require provision. See note 23 for details on how the Group approaches its exposure to credit risk.

## 13 Contract fulfilment assets

	2025 £'000	2024 £'000
Contract fulfilment assets	72,606	–

The increase in contract fulfilment assets at the period end is driven by a specific order where Softcat have delivered goods to the customer but have not yet met the revenue recognition criteria under IFRS 15.

## 14 Trade and other payables

	2025 £'000	2024 £'000
Trade payables	285,893	290,869
Other taxes and social security	20,814	17,009
Accruals	163,989	121,919
Other creditors	769	285
	471,465	430,082

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

## 15 Contract liabilities

	2025 £'000	2024 £'000
Deferred income	346,490	41,131

Deferred income is split as follows:

	2025 £'000	2024 £'000
Short-term deferred income	333,206	31,980
Long-term deferred income	13,284	9,151
	346,490	41,131

### Contract balances

Deferred income includes short-term and long-term goods or services to be delivered to a customer by Softcat for which there is a contractual obligation arising from receipt of consideration or amounts due from the customer. Of this balance the majority relates to a single customer advance. During the current year, £32.0m (2024: £23.9m) has been recognised in revenue resulting from these contract liabilities existing as at 31 July 2024. As at 31 July 2025, £337.3m remains on the Consolidated statement of financial position as a contract liability resulting from transactions arising from the year to 31 July 2025. Softcat expects that £333.2m of the balance as at 31 July 2025 will be released in FY2026 with the balance released within two to five years of the end of FY2025.



## Notes to the consolidated financial statements continued

### For the year ended 31 July 2025

#### 16 Cash and cash equivalents

	2025 £'000	2024 £'000
Cash at bank and in hand	182,282	158,454

Cash and cash equivalents comprise cash at bank and cash in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates. All cash held is accessible and is not restricted for any period of time.

#### 17 Deferred tax

The deferred tax asset is made up as follows:

	2025 £'000	2024 £'000
Accelerated capital allowances	(2,134)	(572)
Share-based payments	2,676	2,231
Other temporary differences	833	912
Intangibles acquired in the year	(532)	–
<b>Deferred tax assets</b>	<b>843</b>	<b>2,571</b>

	2025 £'000	2024 £'000
<b>Reconciliation of deferred tax asset</b>		
Balance at beginning of year	2,571	2,997
Adjustment in respect of prior years	(275)	(446)
Profit and loss account	(1,054)	49
Credit/(charge) to equity	194	(29)
Movement arising from the acquisition of business	(593)	–
<b>Balance at end of year</b>	<b>843</b>	<b>2,571</b>

The Group recognises all deferred tax movements in the year within the income statement, except for £193,592 charged (2024: £29,020 debited) to equity in relation to deferred tax movements on share-based payments.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

	2025			2024		
	Income statement £'000	SOCIE £'000	Total £'000	Income statement £'000	SOCIE £'000	Total £'000
<b>Current tax</b>						
Movement in respect of prior years	(332)	–	(332)	(465)	–	(465)
Movement in respect of current year	44,197	(65)	44,132	40,422	(211)	40,211
<b>Total current tax</b>	<b>43,865</b>	<b>(65)</b>	<b>43,800</b>	<b>39,957</b>	<b>(211)</b>	<b>39,746</b>
<b>Deferred tax</b>						
Movement in respect of prior years	275	–	275	–	–	–
Movement in respect of current year:						
Share options	(252)	(194)	(446)	(291)	29	(262)
Fixed assets	1,279	–	1,279	260	–	260
Other temporary differences	27	–	27	429	–	429
<b>Total deferred tax</b>	<b>1,329</b>	<b>(194)</b>	<b>1,135</b>	<b>398</b>	<b>29</b>	<b>427</b>
<b>Total tax</b>	<b>45,194</b>	<b>(259)</b>	<b>44,935</b>	<b>40,355</b>	<b>(182)</b>	<b>40,173</b>

## 18 Pension and other post-retirement benefit commitments

### Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. At the year end, pension contributions of £1.1m (2024: £0.9m) were outstanding.

	2025 £'000	2024 £'000
Contributions payable by the Group for the year	4,971	4,422

## 19 Share capital

### Authorised share capital

In accordance with the Companies Act 2006, the Company no longer has authorised share capital. The Company's Articles of Association have been amended to reflect this change.

	2025 £'000	2024 £'000
<b>Allotted and called up</b>		
199,946,262 (2024: 199,764,461) ordinary shares of 0.05p each	100	100
18,933 (2024: 18,933) deferred shares of 1p each	–	–
	<b>100</b>	<b>100</b>

#### Note:

At 31 July 2025 deferred shares had an aggregate nominal value of £189.33 (2024: £189.33).

In the year ended 31 July 2025, 146,211 (2024: 216,014) new ordinary shares were issued to satisfy the exercise of share options and 35,590 ordinary shares (2024: 28,095) were issued to satisfy exercises under the Deferred Share Bonus Plan.

No issued ordinary shares of 0.05p each were unpaid at 31 July 2025 (2024: £Nil unpaid).

All ordinary shares rank pari passu in all respects.

Deferred shares do not have rights to dividends and do not carry voting rights.

### Own share transactions

In the year ended 31 July 2025, the SIP Trust returned £Nil (2024: £Nil) to the Group through share recycling.

## 20 Earnings per share

	2025 p	2024 p
<b>Earnings per share</b>		
Basic	66.6	59.7
Diluted	66.2	59.4

The calculation of the basic earnings per share and diluted earnings per share is based on the following data:

	2025 £'000	2024 £'000
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### Earnings

Earnings for the purposes of earnings per share, being profit for the year	133,008	119,044
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The weighted average number of shares is given below:

	2025 '000	2024 '000
Number of shares used for basic earnings per share	199,690	199,490
Number of shares expected to be issued at nil consideration following exercise of share options	1,163	1,026
<b>Number of shares used for diluted earnings per share</b>	<b>200,853</b>	<b>200,516</b>

## Notes to the consolidated financial statements continued

### For the year ended 31 July 2025

## 21 Notes to the Consolidated statement of cash flows

### Reconciliation of operating profit to net cash inflow from operating activities

	2025 £'000	2024 £'000
Operating profit	172,900	154,064
Depreciation of property, plant and equipment	3,117	2,631
Depreciation of right-of-use assets	3,818	2,429
Amortisation of intangibles	3,551	1,564
Impairment of property, plant and equipment	1,300	–
Loss on disposal of property, plant and equipment	385	–
Gain on disposal of right-of-use assets	(314)	–
Dividend equivalents paid	(95)	(98)
Acquisition associated costs	722	–
Loss on foreign exchange	2,723	–
Cost of equity-settled employee share schemes	4,188	3,612
<b>Operating cash flow before movements in working capital</b>	<b>192,295</b>	<b>164,202</b>
(Increase)/decrease in inventory	(148,985)	675
Increase in trade and other receivables and contract fulfilment assets	(199,324)	(95,261)
Increase in trade and other payables and contract liabilities	343,503	85,218
<b>Cash generated from operations</b>	<b>187,489</b>	<b>154,834</b>
Income taxes paid	(46,775)	(39,226)
<b>Net cash from operating activities</b>	<b>140,714</b>	<b>115,608</b>

## 22 Financial commitments

### Guarantees

As at the reporting date, Softcat plc has a class guarantee facility of £Nil (2024: £Nil) with HSBC UK Bank plc.

## 23 Financial instruments and financial risk management

The Group's principal financial liabilities comprise trade and other payables and lease liabilities. The primary purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets comprise trade and other receivables and cash that derive directly from its operations.

### Financial assets

The financial assets of the Group were as follows:

	2025 £'000	2024 £'000
Cash at bank and in hand	182,282	158,454
Trade and other receivables	619,939	552,132
	<b>802,221</b>	<b>710,586</b>

The Directors consider that the carrying amount for all financial assets approximates to their fair value.

### Financial liabilities

The financial liabilities of the Group were as follows:

	2025 £'000	2024 £'000
Trade payables	(285,893)	(290,869)
Accruals	(163,989)	(121,919)
Lease liabilities	(35,190)	(10,358)
	<b>(485,072)</b>	<b>(423,146)</b>

The Directors consider that the carrying amount of financial liabilities (excluding lease liabilities) approximates to their fair value.

## 23 Financial instruments and financial risk management continued

### Financial risk management

The Group is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk taking is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. During the year, no external debt was required and no facilities were entered.

The Board of Directors reviews and agrees the policies for managing each of these risks, which are summarised below:

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the year end, the Group has no borrowings and therefore the exposure to interest rate risk is limited to the rates received as interest income on cash deposits. The Group accepts the risk of losing interest on deposits. Due to the limited exposure to interest rate risk, no sensitivity analysis has been prepared.

#### Foreign currency risk

The Group is exposed to foreign currency risk most typically when a vendor purchase invoice is denominated in a different currency to that of the customer invoice. The most common example is where the vendor invoices are denominated in USD and the customer invoice is denominated in GBP. For individual, large transactions, forward contracts are taken out to hedge the risk arising from this exposure. However, Group-wide the majority of transactions are still invoiced by suppliers and invoiced to customers in the same currency, including our multinational business. The level of foreign currency transactions is monitored closely to ensure that the level of exposure is manageable.

Details of the material foreign currencies in which the Group's trade receivables, cash and cash equivalents, and trade payables are denominated are set out below:

	2025		2024	
	USD £'000	EUR £'000	USD £'000	EUR £'000
Trade receivables	52,543	16,258	72,276	12,208
Cash and cash equivalents	25,943	1,857	41,627	5,112
Trade payables	(87,120)	(10,734)	(78,231)	(7,076)
	<b>(8,634)</b>	<b>7,381</b>	35,672	10,244

The following table demonstrates the profit before tax sensitivity to possible changes in currency exchange rates with GBP, all other variables held constant.

	2025		2024	
	USD £'000	EUR £'000	USD £'000	EUR £'000
5% increase in rate	411	(351)	(1,699)	(488)
5% decrease in rate	(454)	388	1,877	539

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and committed customer orders awaiting fulfilment) and from its financing activities, including deposits with banks and financial institutions.

#### Trade receivables

Credit risk from trade receivables is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. A customer's credit quality is assessed based on an extensive credit rating scorecard as well as third-party inputs and individual credit limits are defined in accordance with this assessment. The assessment also incorporates the consideration of the length of the exposure which is especially relevant for orders with longer lead times or multi-year commitments.

The Company operates a trade credit insurance policy providing the Group with insurance coverage over approved customer balances, within policy parameters.

Outstanding customer receivables are regularly monitored. At 31 July 2025, the Group had 897 customer accounts (2024: 800 customers) that owed the Group more than £100,000 each. These accounts accounted for approximately 8% (2024: 8%) of the total number of receivable accounts and 80% (2024: 77%) of the total value of amounts receivable. There were 70 customers (2024: 74 customers) with balances greater than £1,000,000 accounting for approximately 1% (2024: 1%) of the total number of receivable accounts and 36% (2024: 40%) of the total value of amounts receivable. There were 2 customers (2024: 4 customers) with balances greater than £10,000,000 accounting for approximately 0.02% (2024: 0.04%) of the total number of receivable accounts and 6% (2024: 11%) of the total value of amounts receivable.

The Group continues to monitor the impact of the current macro-economic environment, for example the low GDP growth, inflationary and higher interest rate environments, and how this impacts our customer base. The receivables balance continues to be well diversified and individual customers typically represent a very small proportion of the outstanding balance.

## Notes to the consolidated financial statements continued

### For the year ended 31 July 2025

## 23 Financial instruments and financial risk management continued

### Financial risk management continued

#### Trade receivables continued

The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data and expected credit losses. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables, as there is limited reliance on single or few customers; instead, sales are typically small in size but large in volume as is the number of customers; therefore, the Group considers concentration risk to be low. This is reflected by the fact that as at 31 July 2025, no more than 3.3% (2024: 3.8%) of receivables are due from any one customer.

The Group provides against its customer credit exposure using the forward-looking expected credit loss model under IFRS 9.

#### Financial instruments and cash deposits

Credit risk from cash balances with banks and financial institutions is managed in accordance with Group policy. The Group has significant cash reserves which are accessible immediately and without restriction. Credit risk with respect to cash deposits is managed by carefully selecting the institutions with which cash is deposited and spreading its deposits across more than one such institution to ease concentration risk. Cash balances are only held across a number of financial institutions and only with financial institutions with a credit rating at least one grade above investment grade. Credit ratings are reviewed on a regular basis.

#### Liquidity risk

The Group generates positive cash flows from operating activities and these fund short-term working capital requirements. The Group aims to maintain significant cash reserves and none of its cash reserves are subject to restrictions. Access to cash is not restricted and all cash balances could be drawn upon immediately if required. The Board carefully monitors the levels of cash deposits and is comfortable that for normal operating requirements, no external borrowings are currently required.

The following table details the Group's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total £'000
<b>2025</b>					
Trade payables	(285,893)	–	–	–	(285,893)
Accruals	(163,989)	–	–	–	(163,989)
Lease liabilities	(4,279)	(4,324)	(12,239)	(24,654)	(45,496)
	<b>(454,161)</b>	<b>(4,324)</b>	<b>(12,239)</b>	<b>(24,654)</b>	<b>(495,378)</b>
<b>2024</b>					
Trade payables	(290,869)	–	–	–	(290,869)
Accruals	(121,919)	–	–	–	(121,919)
Lease liabilities	(2,253)	(2,132)	(4,950)	(2,207)	(11,542)
	<b>(415,041)</b>	<b>(2,132)</b>	<b>(4,950)</b>	<b>(2,207)</b>	<b>(424,330)</b>

In both the current year and the prior year, materially all of the financial liabilities above, other than lease liabilities, have a contractual settlement date of between zero and three months.

#### Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while also maximising the operating potential of the business. The capital structure of the Group consists of equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated statement of changes in equity. The Group is not subject to externally imposed capital requirements.

## 24 Capital commitments

At 31 July 2025, the Group had £Nil capital commitments (2024: £Nil).

## 25 Directors' remuneration

	2025 £'000	2024 £'000
Remuneration for qualifying services	2,919	2,486
Company pension contributions to defined contribution schemes	26	50
	<b>2,945</b>	<b>2,536</b>

During the year ended 31 July 2025, the Directors of the Group were awarded a total of 90,570 LTIP shares (2024: 113,461) at an average exercise price of £Nil (2024: £Nil) and 31,593 shares (2024: 18,632) under the FY2017 Deferred Share Bonus Plan.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to two (2024: two). The number of Directors who are entitled to receive shares under long-term incentive schemes during the year was two (2024: two).

Gains on share options exercised in the year were £1,334,398 (2024: £1,120,841).

Share-based payment charges include £838,132 (2024: £1,322,926) in respect of Directors.

For further information on Directors' remuneration, please also see pages 96 to 127.

## 26 Employees

### Number of employees

The average monthly number of employees (including Directors) during the year was:

	2025 Number	2024 Number
Sales	1,751	1,658
Services	436	389
Administration	452	412
	<b>2,639</b>	<b>2,459</b>

### Employment costs

	2025 £'000	2024 £'000
Salaries, commissions and bonus	207,109	180,849
Social security costs	26,890	22,024
Other pension costs	4,971	4,422
Other employment costs	1,026	–
Employment costs - subtotal	239,996	207,295
Share option charge	4,188	3,612
Total employment costs including share option charge	<b>244,184</b>	<b>210,907</b>

Other Employment costs include £1.0m related to the contingent consideration liability related to Oakland Group Services Limited. The contingent consideration liability recognised represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's probability-weighted estimate achieving the base case, downside case and upside case targets.

## 27 Share option schemes

The Group operates a Long Term Incentive Plan ('LTIP') for Executive Directors and senior management and a Share Incentive Plan ('SIP') for all employees.

The Group recognised the following expenses related to equity-settled share-based payment transactions:

	2025 £'000	2024 £'000
LTIP	4,188	3,612
Share option charge	4,188	3,612
Employer's National Insurance contributions payable on all plans	878	820
Share option charge including employer's National Insurance	<b>5,066</b>	<b>4,432</b>

All options vest at the end of the vesting period relating to that option or on the occurrence of a contingent event. This includes substantial sale or substantial business asset sale. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, the vesting of these share options is dependent on continued employment.

Following the public listing of shares in the Company, share options become readily convertible assets for which the Group is liable for employer's National Insurance contributions. The Group accrues for National Insurance contributions on a straight-line basis from the date of award to the vesting date.

## Notes to the consolidated financial statements continued

### For the year ended 31 July 2025

## 27 Share option schemes continued

### LTIP

The LTIP provides share awards to Executive Directors and senior management.

#### Executive Directors

Details in relation to the Softcat LTIP awards to Executive Directors are included in the Directors' Remuneration Report on page 96.

During the year, 90,570 (2024: 113,461) share awards related to LTIP schemes were issued to two Executive Directors at £Nil exercise price with a performance period of three years. The fair value of these awards was £1,151,683 (2024: £1,060,633). Performance conditions are linked to earnings per share and total shareholder return over the vesting period. The EPS linked element of the LTIPs awarded in the year was valued using the Black-Scholes model and a Monte-Carlo simulation was used for the TSR linked element of the award. The following assumptions were used to reach the below fair value:

	31 July 2025		31 July 2024	
	EPS	TSR	EPS	TSR
Proportion of LTIP award	60%	40%	60%	40%
Share price at grant date (£)	16.30	16.30	12.26	12.26
Weighted average exercise price at grant date	–	–	–	–
Risk-free interest rate	4.70%	4.70%	5.26%	5.26%
Expected volatility	30%	30%	31%	31%
Dividend yield	–%	–%	–%	–%
Performance period (years)	3	3	3	3
Fair value (£)	16.30	4.14	12.26	4.98

Expected volatility has been determined using historical data reflecting share price movements covering the financial year.

During the year, 33,591 (2024: 58,201) LTIP options were exercised with an average weighted share price at the date of exercise of £15.22 (2024: £13.00).

#### Deferred Share Bonus Plan

One-third of the Executive Directors' annual bonus is paid in deferred shares. In the year, 31,593 (2024: 42,577) deferred shares relating to the 2020 Deferred Share Bonus Plan were issued to two Executive Directors with a £Nil exercise price and a further vesting period of four years. The fair value is calculated using the share price on the date of grant and the number of shares awarded. The fair value of deferred shares issued in the year is £465,683 (2024: £527,962).

During the year, 35,590 (2024: 28,095) options arising from deferred share bonus plans were exercised with an average weighted share price at the date of exercise of £15.40 (2024: £13.00).

#### Senior management

An award of 250,129 (2024: 297,399) shares was made to members of the Executive Leadership Team and other senior management in the year. These shares had an exercise price of £Nil at the date of grant and a performance period of three years. The fair value of these awards was £3,342,218 (2024: £3,165,978). As the exercise price of the options awarded in the year was £Nil, the charge has been calculated by multiplying the number of shares issued by the share price on the date of grant, adjusted for an expected forfeiture rate. The share price is the fair value of the equity instrument granted, which was £15.57 (2024: £11.75) at the grant date. The resultant fair value is then recognised over the performance period.

During the year, 49,684 shares (2024: 107,847) were forfeited as members of senior management left the business prior to completion of the vesting period.

The weighted average remaining contractual life under the exercise period of all LTIP awards is 8.91 years (2024: 8.38 years).

#### Share Incentive Plan

The Group awarded free shares to its employees following the initial public offering in November 2015. Shares were allocated to employees on the basis of length of service. Free shares awarded to an employee under the SIP were subject to a minimum holding period of three years.

Historical employee attrition rates were used to calculate the expected number of shares expected to vest. The resulting income statement charge was spread over the three-year vesting period with a corresponding entry in equity.

In addition, the Group's voluntary partnership share purchase programme, which is open to all employees, is administered through the SIP.

As at 31 July 2025, the SIP Trust held 556,005 (2024: 554,092) ordinary shares in the Company. The market value of the shares held by the SIP Trust as at 31 July 2025 was £9.1m (2024: £9.0m).

The weighted average remaining contractual life of share-based payment arrangements at the year end was 0.36 years (2024: 1.36 years).

## 27 Share option schemes continued

### All share-based payment arrangements

The number and weighted average exercise price of all share-based payment arrangements (including LTIP) are as follows:

	Weighted average exercise price £	No. of shares as at 31 July 2025	Weighted average exercise price £	No. of shares as at 31 July 2024
Outstanding at 1 August	–	1,138,255	–	1,061,222
Granted during the year	–	369,443	–	455,456
Forfeited during the year	–	(49,684)	–	(107,847)
Exercised during the year	–	(198,790)	–	(270,577)
Outstanding at 31 July		1,259,224		1,138,254
Exercisable at 31 July		145,094		183,795

The fair value of share-based payment arrangements granted in the year was £4,962,395 (2024: £4,544,775), relating entirely to Long Term Incentive Plan awards.

The weighted average remaining contractual life of share-based payment arrangements at the year end was 8.00 years (2024: 7.68 years).

## 28 Post balance sheet events

### Dividend

A final dividend of 20.4p per share has been recommended by the Directors and if approved by shareholders will be paid on 16 December 2025. The final ordinary dividend will be payable to shareholders whose names are on the register at the close of business on 7 November 2025. Shares in the Company will be quoted ex-dividend on 6 November 2025. The last day for dividend reinvestment plan ('DRIP') elections is 25 November 2025.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 16.1p has been proposed. If approved this will also be paid on 16 December 2025 alongside the final ordinary dividend.

## 29 Related party relationships and transactions

### Transactions with key management personnel

The remuneration of key management personnel, which consists of persons who have been deemed to be discharging managerial responsibilities, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2025 £'000	2024 £'000
Short-term employee benefits	3,517	3,098
Post-employment benefits	36	60
Key management personnel share-based payment charges	1,084	1,524
	4,637	4,682

Key management personnel received a total of 134,318 share awards (2024: 151,307) at a weighted average exercise price of £Nil (2024: £Nil).

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

### Dividends to Directors and former Directors

	2025 £'000	2024 £'000
G Watt	66	44
G Charlton	67	53
R Perriss	7	6
V Murria	79	63
K Mecklenburgh	6	–
J Ferguson	–	–
M Prakash	–	–
L Weedall	1	–
	226	166

Vin Murria resigned as Non-Executive Director on 9 December 2024.

Jacqui Ferguson became a Non-Executive Director on 1 January 2024.

Mayank Prakash became a Non-Executive Director on 1 September 2023.



## Company statement of financial position

As at 31 July 2025

	Notes	2025 £'000	2024 £'000
<b>Non-current assets</b>			
Property, plant and equipment	D	16,701	9,654
Right-of-use assets	E	30,535	9,991
Intangible assets	F	11,715	11,608
Investment in subsidiaries	Q	12,059	1,752
Deferred tax asset	C	1,358	2,571
		<b>72,368</b>	35,576
<b>Current assets</b>			
Inventories	G	151,901	2,916
Trade and other receivables	H	721,346	576,409
Contract fulfilment assets		72,606	–
Income tax receivable		1,843	–
Cash and cash equivalents	K	158,780	156,180
		<b>1,106,476</b>	735,505
<b>Total assets</b>		<b>1,178,844</b>	771,081
<b>Current liabilities</b>			
Trade and other payables	I	(457,388)	(420,539)
Contract liabilities	J	(334,877)	(31,904)
Income tax payable		–	(1,141)
Lease liabilities	E	(3,851)	(2,204)
		<b>(796,116)</b>	(455,788)
<b>Non-current liabilities</b>			
Contract liabilities	J	(13,284)	(9,151)
Lease liabilities	E	(30,103)	(8,105)
		<b>(43,387)</b>	(17,256)
<b>Total liabilities</b>		<b>(839,503)</b>	(473,044)
<b>Net assets</b>		<b>339,341</b>	298,037
<b>Equity</b>			
Issued share capital	M	100	100
Share premium account		4,979	4,979
Cash flow hedge reserve		(311)	(285)
Foreign exchange translation reserve		2,102	2,763
Retained earnings		332,471	290,480
<b>Total equity</b>		<b>339,341</b>	298,037

As permitted by Section 408 of the Companies Act 2006, the Company's statement of profit or loss has not been included in these financial statements.

The Company generated a profit for the year to 31 July 2025 of £133.3m (2024: £119.0m).

Dividend payments are disclosed in notes 6 and 28 to the consolidated financial statements.

The notes on pages 147 to 183 are an integral part of these financial statements.

The financial statements on pages 143 to 146 were approved by the Board of Directors and authorised for issue on 21 October 2025.

On behalf of the Board

**Graham Charlton**  
Chief Executive Officer

**Katy Mecklenburgh**  
Chief Financial Officer

Softcat plc company registration number: 02174990

## Company statement of changes in equity

### For the year ended 31 July 2025

#### Equity attributable to owners of the Company

	Share capital £'000	Share premium account £'000	Cash flow hedge reserve £'000	Foreign exchange translation reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 August 2023</b>	100	4,979	(799)	3,358	243,807	251,445
Profit for the year	–	–	–	–	119,020	119,020
Impact of foreign exchange on reserves	–	–	–	(595)	–	(595)
Net gain on cash flow hedge	–	–	514	–	–	514
<b>Total comprehensive income/(expense) for the year</b>	–	–	514	(595)	119,020	118,939
Share-based payment transactions	–	–	–	–	3,612	3,612
Dividends paid	–	–	–	–	(76,048)	(76,048)
Dividend equivalents paid	–	–	–	–	(98)	(98)
Tax adjustments	–	–	–	–	182	182
Other	–	–	–	–	5	5
<b>Balance at 31 July 2024</b>	100	4,979	(285)	2,763	290,480	298,037
Profit for the year	–	–	–	–	133,343	133,343
Impact of foreign exchange on reserves	–	–	–	(661)	–	(661)
Net gain on cash flow hedge	–	–	(26)	–	–	(26)
<b>Total comprehensive (expense)/income for the year</b>	–	–	(26)	(661)	133,343	132,656
Share-based payment transactions	–	–	–	–	4,188	4,188
Dividends paid	–	–	–	–	(95,704)	(95,704)
Dividend equivalents paid	–	–	–	–	(95)	(95)
Tax adjustments	–	–	–	–	259	259
Other	–	–	–	–	–	–
<b>Balance at 31 July 2025</b>	<b>100</b>	<b>4,979</b>	<b>(311)</b>	<b>2,102</b>	<b>332,471</b>	<b>339,341</b>

The share capital and share premium accounts represent the nominal value and premium arising on the issue of equity shares.

The reserve for own shares refers to ordinary shares held by a Share Incentive Plan ('SIP') Trust.

During the year ended 31 July 2025, 181,801 share options (2024: 244,109) were exercised and new shares were issued to satisfy this exercise. Proceeds of £Nil (2024: £Nil) were realised from the exercise of these share options.

As at 31 July 2025, the SIP Trust held 116,539 shares (2024: 133,538) awarded to employees as part of the free share award, subject to service conditions. A further 388,425 shares (2024: 369,513) were held on behalf of employees who have taken part in the Group's voluntary partnership share purchase programme. The SIP also held 51,041 unallocated shares (2024: 51,041).

## Notes to the Company financial statements

### A. Accounting policies

#### A.1. Corporate information

The financial statements of Softcat plc (the 'Company') for the year ended 31 July 2025 were authorised for issue in accordance with a resolution of the Directors on 21 October 2025.

Softcat plc is a public limited company incorporated and domiciled in England and Wales and whose shares are publicly traded. The registered office is Solar House, Fieldhouse Lane, Marlow, Buckinghamshire SL7 1LW, in the United Kingdom.

The principal activity of the Company continued to be that of a value-added IT reseller and IT infrastructure solutions provider to the corporate and public sector markets.

The Directors of the Group manage the Group's risks at a Group level, rather than at an individual entity level. These risks are detailed in note 23 of the Group's financial statements (see pages 170 to 172).

#### A.2. Basis of preparation

The Company's financial statements are included in the Softcat plc (the 'Group') consolidated financial statements for the period ended 31 July 2025.

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of the Company financial statements, in accordance with FRS 101:

- The requirements of IFRS 7 Financial Instruments Disclosures
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 and paragraph 118(e) of IAS 38
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- The requirements of IFRS 16 Leases paragraph 52 and 58, the second sentence of paragraph 89 and paragraphs 90, 91 and 93 of IFRS 16 Leases

Where required, equivalent disclosures are given in the consolidated financial statements of Softcat plc.

#### SIP Trust

The Company operates an SIP Trust for the benefit of eligible employees. The Company recognises the assets and liabilities of this trust as its own until such assets held vest unconditionally with identified beneficiaries. The Company meets all costs incurred by the trust. The SIP Trust is treated as an extension of the Company and included in these Company accounts.

### B. Auditor's remuneration

	2025 £'000	2024 £'000
Fees payable for audit-related services	759	759
<b>Total for statutory audit services</b>	<b>759</b>	<b>759</b>
Fees payable for the half-year review of the condensed financial statements	50	45
<b>Total for non-audit-related services</b>	<b>50</b>	<b>45</b>

## C. Income tax

The Company recognises all deferred tax movements in the year within the income statement, except for £193,592 credited (2024: £29,020 debited) to equity in relation to deferred tax movements on share-based payments.

### Deferred tax

The deferred tax asset is made up as follows:

	2025 £'000	2024 £'000
Accelerated capital allowances	(2,126)	(572)
Share-based payments	2,676	2,231
Other temporary differences	808	912
<b>Deferred tax assets</b>	<b>1,358</b>	<b>2,571</b>
	2025 £'000	2024 £'000
<b>Reconciliation of deferred tax asset</b>		
Balance at beginning of year	2,571	2,997
Adjustment in respect of prior years	(275)	(446)
Profit and loss account	(1,132)	49
Credit/(charge) to equity	194	(29)
<b>Balance at end of year</b>	<b>1,358</b>	<b>2,571</b>

## D. Property, plant and equipment

	Freehold land and buildings £'000	Building improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 August 2024	3,373	9,060	2,579	5,331	670	21,013
Additions	16	8,139	1,830	1,791	–	11,776
Disposals	–	(1,318)	(4)	(717)	(47)	(2,086)
<b>At 31 July 2025</b>	<b>3,389</b>	<b>15,881</b>	<b>4,405</b>	<b>6,405</b>	<b>623</b>	<b>30,703</b>
<b>Depreciation</b>						
At 1 August 2024	327	5,360	2,137	3,220	315	11,359
Impairment	1,300	–	–	–	–	1,300
Charge for the year	98	1,528	549	670	199	3,044
Disposals	–	(1,171)	(4)	(479)	(47)	(1,701)
<b>At 31 July 2025</b>	<b>1,725</b>	<b>5,717</b>	<b>2,682</b>	<b>3,411</b>	<b>467</b>	<b>14,002</b>
<b>Net book value</b>						
<b>At 31 July 2025</b>	<b>1,664</b>	<b>10,164</b>	<b>1,723</b>	<b>2,994</b>	<b>156</b>	<b>16,701</b>
At 31 July 2024	3,046	3,700	442	2,111	355	9,654

Additions to Building improvements, Computer equipment, and Fixtures, fittings and equipment related to the new office fit outs in the year.

Freehold land amounting to £1.4m (2024: £1.4m) has not been depreciated.

An impairment charge of £1.3m has been recognised against the freehold office building to reflect current market value.

No assets are subject to restrictions on title or are pledged as security for liabilities (2024: £Nil).

## Notes to the Company financial statements continued

### E. Right-of-use assets and lease liabilities

	2025 £'000	2024 £'000
Opening right-of-use asset as at 1 August	9,991	9,969
Lease additions and modifications	27,393	2,290
Disposals	(3,198)	–
Depreciation	(3,651)	(2,268)
<b>Closing right-of-use asset as at 31 July</b>	<b>30,535</b>	<b>9,991</b>
	2025 £'000	2024 £'000
Opening lease liability as at 1 August	10,309	9,761
Lease additions and modifications	27,393	2,348
Disposals	(3,513)	–
Accretion of interest	2,002	435
Payments	(2,237)	(2,235)
<b>Closing lease liability as at 31 July</b>	<b>33,954</b>	<b>10,309</b>
Split as:		
Short term	3,851	2,204
Long term	30,103	8,105

Lease additions in the year related to new property and motor vehicle leases.

Lease disposals in the year related to the exit of a property lease.

### F. Intangible assets

	Software under development £'000	Computer software £'000	Total £'000
<b>Cost</b>			
At 1 August 2023	–	9,757	9,757
Additions	3,804	2,213	6,017
At 31 July 2024	3,804	11,970	15,774
Additions	671	2,773	3,444
Disposals	–	(488)	(488)
Reclassifications	(3,804)	3,804	–
<b>At 31 July 2025</b>	<b>671</b>	<b>18,058</b>	<b>18,730</b>
<b>Amortisation</b>			
At 1 August 2023	–	2,602	2,602
Charge for the year	–	1,564	1,564
At 31 July 2024	–	4,166	4,166
Disposals	–	(488)	(488)
Charge for the year	–	3,337	3,337
<b>At 31 July 2025</b>	<b>–</b>	<b>7,015</b>	<b>7,015</b>
<b>Net book value</b>			
<b>At 31 July 2025</b>	<b>671</b>	<b>11,044</b>	<b>11,715</b>
At 31 July 2024	3,804	7,804	11,608

Software under development capitalised relates to enhancements to existing capitalised software, along with new systems being designed and built internally. This includes the implementation of a new IT service management and customer service system. Please refer to note 9 of the Group notes to the consolidated financial statements for details of material assets included within intangible assets.

## G. Inventories

	2025 £'000	2024 £'000
Finished goods and goods for resale	151,901	2,916

The increase in inventories at the period end is predominantly driven by stock in transit for a specific customer yet to be delivered. As control of the goods has not passed to the customer at the period end, the revenue and cost of sale have not been recognised.

The amount of any write down of inventory recognised as an expense in the year was £Nil (2024: £Nil).

## H. Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	533,163	493,850
Provision against receivables	(4,437)	(3,122)
Net trade receivables	528,726	490,728
Amounts owed from Group undertakings	33,686	1,913
Unbilled receivables	53,445	40,332
Prepayments	10,023	6,973
Accrued income	11,199	10,279
Deferred costs	84,267	26,184
	721,346	576,409

The provision against receivables follows the expected credit loss model under IFRS 9. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

## I. Trade and other payables

	2025 £'000	2024 £'000
Trade payables	285,318	288,668
Other taxes and social security	20,268	16,978
Accruals	151,033	114,608
Other creditors	769	285
	457,388	420,539

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

## J. Contract liabilities

	2025 £'000	2024 £'000
Deferred income	348,161	41,055

Deferred income is split as follows:

	2025 £'000	2024 £'000
Short-term deferred income	334,877	31,904
Long-term deferred income	13,284	9,151
	348,161	41,055

Deferred income includes short-term and long-term goods or services to be delivered to a customer by Softcat for which there is a contractual obligation arising from receipt of consideration or amounts due from the customer. Of this balance, the majority relates to a single customer advance.

## K. Cash and cash equivalents

	2025 £'000	2024 £'000
Cash at bank and in hand	158,780	156,180

Cash and cash equivalents comprise cash at bank and cash in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates. All cash held is accessible and is not restricted for any period of time.

## Notes to the Company financial statements continued

### L. Pension and other post-retirement benefit commitments

#### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund. At the year end, pension contributions of £1.0m (2024: £0.9m) were outstanding.

	2025 £'000	2024 £'000
Contributions payable by the Company for the year	4,918	4,414

### M. Share capital

#### Authorised share capital

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company's Articles of Association have been amended to reflect this change.

	2025 £'000	2024 £'000
<b>Allotted and called up</b>		
199,946,262 (2024: 199,764,461) ordinary shares of 0.05p each	100	100
18,933 (2024: 18,933) deferred shares of 1p each	–	–
	<b>100</b>	<b>100</b>

#### Note:

At 31 July 2025 deferred shares had an aggregate nominal value of £189.33 (2024: £189.33).

In the year ended 31 July 2025, 146,211 (2024: 216,014) new ordinary shares were issued to satisfy the exercise of share options and 35,590 ordinary shares (2024: 28,095) were issued to satisfy exercises under the Deferred Share Bonus Plan.

No issued ordinary shares of 0.05p each were unpaid at 31 July 2025 (2024: £Nil unpaid).

All ordinary shares rank pari passu in all respects.

Deferred shares do not have rights to dividends and do not carry voting rights.

#### Own share transactions

In the year ended 31 July 2025, the SIP Trust returned £Nil (2024: £Nil) to the Company through share recycling.

### N. Financial commitments

#### Guarantees

As at the reporting date, Softcat plc has a class guarantee facility of £Nil (2024: £Nil) with HSBC UK Bank plc.

### O. Capital commitments

At 31 July 2025, the Company had £Nil capital commitments (2024: £Nil).

### P. Employees

#### Number of employees

The average monthly number of employees (including Directors) during the year was:

	2025 Number	2024 Number
Sales	1,743	1,653
Services	417	386
Administration	448	410
	<b>2,608</b>	<b>2,449</b>

## P. Employees continued

### Employment costs

	2025 £'000	2024 £'000
Salaries, commissions and bonus	205,840	180,593
Social security costs	26,770	21,998
Other pension costs	4,918	4,414
Other employment costs	1,026	–
Employment costs - subtotal	238,554	207,005
Share option charge	4,188	3,612
Total employment costs including share option charge	242,742	210,617

Details of Directors' remuneration are provided within the Group Directors' Remuneration Report. The Directors' Remuneration Report, on pages 96 to 127, includes details on salary, benefits, pension and share plans. These disclosures form part of the financial statements.

## Q. Investment in subsidiaries

	2025 £'000	2024 £'000
Opening investment	1,752	169
Additions	10,199	–
Capital contribution	108	1,583
	12,059	1,752

Additions relate to the acquisition of Oakland Group Services Limited.

## R. Related parties

Details of Directors' emoluments and interests are provided within the Group Directors' Remuneration Report. The Directors' Remuneration Report, on pages 96 to 127, includes details on salary, benefits, pension and share plans. These disclosures form part of the financial statements.

## S. Subsidiary undertakings

The registered address and principal place of business of each subsidiary undertaking are shown in the footnotes below the table. The financial performance and financial position of these undertakings have been consolidated in the consolidated financial statements.

Name	Country of registration	Class of share capital	Nature of investment		Nature of business
			Direct	Indirect	
Softcat US (Holdings) Inc <sup>1</sup>	USA	Ordinary	100%	–	Management company
Softcat US LLC <sup>1</sup>	USA	Ordinary	–	100%	Trading
Softcat Deutschland GmbH <sup>2</sup>	Germany	Ordinary	100%	–	Trading
Softcat Canada Inc <sup>3</sup>	Canada	Ordinary	100%	–	Trading
Oakland Group Services Limited <sup>4</sup>	England and Wales	Ordinary	100%	–	Trading
Oakland Consulting Services Limited <sup>4</sup>	England and Wales	Ordinary	–	100%	Dormant

1. 1300 N 17th Street, Suite 1020, Arlington, VA 22209-3803.

2. Highlight Towers, Mies-Van-Der-Rohe-Strasse 6, 80807, Munich, Germany.

3. 15 Wellesley Street West, Suite 201, Toronto, Ontario M4Y 1G1, Canada.

4. 1 East Parade, Leeds, West Yorkshire LS1 2AD.

## T. Information included in the notes to the consolidated financial statements

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the Company. Please refer to the following:

6 Dividends

27 Share option schemes

28 Post balance sheet events



## Company information and contact details

### Company number 02174990

#### Registered office

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Solar House  
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Marlow  
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Tel: 01628 403 403

#### Website

[www.softcat.com](http://www.softcat.com)

#### Directors

Graeme Watt (Non-Executive Chairman)  
Graham Charlton (CEO)  
Katy Mecklenburgh (CFO)  
Jacqui Ferguson (Senior Independent NED)  
Robyn Perriss (Independent NED)  
Lynne Weedall (Independent NED)  
Mayank Prakash (Independent NED)

#### Company Secretary

Luke Thomas

#### Investor relations contact

[investors@softcat.com](mailto:investors@softcat.com)

#### Softcat LEI

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#### Registrar

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Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 and 17:30, Monday to Friday excluding public holidays in England and Wales.

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London SE1 2AF

##### Joint corporate broker

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25 Bank Street  
London E14 5JP

Numis Securities Limited  
45 Gresham Street  
London EC2V 7BF

##### Legal advisers

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London Fruit & Wool Exchange  
1 Duval Square  
London E1 6PW



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