

ELECTRONIC TRANSMISSION DISCLAIMER

IMPORTANT: You must read the following before continuing. This electronic transmission applies to the attached document (the “**Prospectus**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Softcat plc (the “**Company**”), Credit Suisse International (acting as joint sponsor), Jefferies International Limited (acting as joint sponsor, joint global co-ordinator and joint bookrunner) (“**Jefferies**”) or Credit Suisse Securities (Europe) Limited (acting as joint global co-ordinator and joint bookrunner) (“**Credit Suisse Securities**”). If you are not the intended recipient of this message, please do not distribute or copy the information contained in this electronic transmission, but instead delete and destroy all copies of this electronic transmission.

The attached Prospectus is being furnished to you solely for your information and does not constitute or contain investment advice to you and you are not authorised to, and you may not, forward or deliver the Prospectus, electronically or otherwise, to any person or reproduce the Prospectus in any manner whatsoever. Any forwarding, distribution or reproduction of this Prospectus in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the US Securities Act of 1933, as amended (the “**US Securities Act**”), or the applicable laws of other jurisdictions. If you have gained access to this transmission contrary to any of the foregoing restrictions, you are not authorised and will not be able to purchase any of the securities described therein.

THIS PROSPECTUS IS AVAILABLE ONLY TO INVESTORS WHO ARE (1) QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT; OR (2) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT (“REGULATION S”).

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES, EXCEPT IN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.

YOU ARE NOT AUTHORISED TO AND MAY NOT FORWARD OR DELIVER THIS PROSPECTUS, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

CANADIAN INVESTORS ARE ADVISED THAT THIS EMAIL AND THE PROSPECTUS MAY ONLY BE TRANSMITTED IN THOSE JURISDICTIONS IN CANADA AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE, AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. THE PROSPECTUS IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THE PROSPECTUS OR THE MERITS OF THE SECURITIES DESCRIBED THEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THE DISTRIBUTION OF THE SECURITIES CONTAINED IN THE PROSPECTUS IS BEING MADE ON A PRIVATE PLACEMENT BASIS ONLY AND IS EXEMPT FROM THE REQUIREMENT THAT THE COMPANY PREPARE AND FILE A PROSPECTUS WITH THE RELEVANT CANADIAN SECURITIES REGULATORY AUTHORITIES.

In addition, this electronic transmission and the Prospectus is only directed at, and being distributed to: (A) in the United Kingdom, persons (i) who have professional experience in matters relating to investments and who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Order**”) or who fall within Article 49(2)(a) to (d) of the Order; and (ii) are “qualified investors” as defined in section 86 of the Financial Services and Markets Act 2000, as amended; and (B) any other persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as “relevant

persons”). This Prospectus must not be acted on or relied on (a) in the United Kingdom, by persons who are not relevant persons; or (b) in any Member State other than the United Kingdom, by persons who are not qualified investors. Any investment or investment activity to which this Prospectus relates is available only to (1) in the United Kingdom, relevant persons; and (2) in any member state of the European Economic Area other than the United Kingdom, qualified investors and other persons who are permitted to subscribe for the new ordinary shares of the Company pursuant to an exemption from the Prospectus Directive and other applicable legislation, and will only be engaged in with such persons.

Confirmation Of Your Representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the securities, potential investors must be (1) if located in the United States, QIBs acquiring such securities for their own accounts or for the account of other QIBs; (2) persons outside the United States transacting in an offshore transaction (in accordance with Regulation S under the US Securities Act); (3) if located in the United Kingdom, relevant persons; (4) if located in any member state of the European Economic Area other than the United Kingdom, qualified investors; and (5) if not in the United States, the United Kingdom or the European Economic Area, institutional investors that are eligible to receive this document and consent to delivery by electronic transmission. By accepting the electronic transmission and accessing the Prospectus, you shall be deemed to have represented to the Company, Credit Suisse International, Credit Suisse Securities and Jefferies that (1) you have understood and agree to the terms set out herein; (2) you and any customers you represent are (a) QIBs acquiring such securities for your own account or for the account of other QIBs; or (b) outside the United States and the electronic mail address to which this electronic transmission and the Prospectus have been delivered is not located in the United States; (3) if you are located in the United Kingdom, you and any customers you represent are relevant persons; (4) if you are located in any member state of the European Economic Area other than the United Kingdom, you and any customers you represent are Qualified Investors; (5) you consent to delivery of the Prospectus and any amendments or supplements thereto by electronic transmission; and (6) you acknowledge that this electronic transmission and the Prospectus are confidential and intended only for you and you will not transmit the Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person.

For investors located or resident in Canada: You acknowledge and agree that: (a) the securities described in the Prospectus are only being distributed to investors located or resident in the Provinces of Ontario, Québec, Alberta and British Columbia; (b) you are an “accredited investor” as such term is defined in National Instrument 45-106—Prospectus Exemptions and are also a “permitted client”, as such term is defined in National Instrument 31-103—Registration Requirements, Exemptions and Ongoing Registrant Obligations; (c) where required by law, you are participating in the offering as principal for your own account and not as agent, or are deemed to be purchasing as principal; and (d) you are not an individual.

You are reminded that the Prospectus has been delivered to you or accessed by you on the basis that you are a person into whose possession it may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Company, Credit Suisse International, Credit Suisse Securities or Jefferies that would, or is intended to, permit a public offering of the securities, or possession or distribution of a prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Credit Suisse International, Credit Suisse Securities or Jefferies or any affiliate of Credit Suisse International, Credit Suisse Securities or Jefferies are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by Credit Suisse International, Credit Suisse Securities or Jefferies or such affiliate on behalf of the Company in such jurisdiction.

The Prospectus has been sent to you or accessed by you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Company, Credit Suisse International, Credit Suisse Securities or Jefferies and its respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Company, Credit Suisse International, Credit Suisse Securities or Jefferies or any of their respective affiliates accepts any liability or responsibility whatsoever, whether arising in tort, contract or otherwise which they might have in respect of this electronic transmission, the Prospectus or the contents thereof, or in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from the Company, Credit Suisse

International, Credit Suisse Securities, or Jefferies which arise as a result of electronic transmission. Please ensure that your copy is complete.

If you receive the Prospectus by electronic transmission, you should not reply to this electronic transmission. Any reply to electronic transmissions, including those you generate by using the "Reply" function on your electronic transmission software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your receipt of the attached Prospectus by electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

SOFTCAT PLC

PROSPECTUS
NOVEMBER 2015



Softcat

This document comprises a prospectus (the “**Prospectus**”) relating to Softcat plc (the “**Company**” or “**Softcat**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) (the “**Prospectus Rules**”) made under section 73A of the Financial Services and Markets Act 2000, as amended (“**FSMA**”), and approved by the FCA under section 87A of FSMA.

The Company and the directors of the Company whose names appear on page 32 of this Prospectus (the “**Directors**”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

Application has been made to the FCA for all of the ordinary shares of £0.0005 each in the Company (the “**Ordinary Shares**”) to be admitted to the premium listing segment of the Official List of the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (together, “**Admission**”). Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. (London time) on 13 November 2015. It is expected that Admission will become effective and that unconditional dealings will commence in the Ordinary Shares on the London Stock Exchange at 8.00 a.m. on 18 November 2015. **All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and of no effect if Admission does not take place and will be at the sole risk of the parties concerned. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.**

Prospective investors should read the entirety of this Prospectus and, in particular, the section titled “Risk Factors” for a discussion of certain factors that should be considered in connection with an investment in the Ordinary Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.



Softcat plc

*(a public limited company incorporated in England & Wales
under the Companies Act 1985 with registered no. 2174990)*

**Global Offer of 63,919,956 Ordinary Shares of £0.0005 each
at an Offer Price of 240 pence per Ordinary Share
and
admission to the premium listing segment of the Official List and
to trading on the London Stock Exchange’s main market for listed securities**

Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners

Credit Suisse

Jefferies

Issued ordinary share capital immediately after Admission

Issued and fully paid Ordinary Shares of £0.0005 each

Number
196,776,260

Nominal amount
£98,388.13

Shareholders who have agreed to sell all or a portion of their Ordinary Shares on the terms described in this Prospectus (the “**Selling Shareholders**”) are offering to sell an aggregate of 63,919,956 Ordinary Shares (the “**Offer Shares**”) (the “**Global Offer**”).

In connection with the Global Offer, Jefferies International Limited (the “**Stabilising Manager**”), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law and for stabilisation purposes, over-allot Ordinary Shares up to a total of 15 per cent. of the total number of Ordinary Shares comprised in the Global Offer or effect other transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market (the “**Over-allotment Option**”). The Stabilising Manager is not required to enter into such transactions, and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise, and may be undertaken at any time during the period commencing on the date of the conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price (as defined herein). Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

Each of Credit Suisse International, Credit Suisse Securities (Europe) Limited (“**Credit Suisse Securities**”) and Jefferies International Limited (“**Jefferies**” and, together with Credit Suisse International, the “**Joint Sponsors**”, and, together with Credit Suisse Securities, the “**Joint Global Co-ordinators**” and the “**Joint Bookrunners**”), is authorised and regulated in the United Kingdom by the FCA, and is acting exclusively for the Company and no one else in connection with the Global Offer and Admission and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Global Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for giving advice in relation to the Global Offer or any transaction or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed by FSMA or the regulatory regime established thereunder, none of the Joint Sponsors, the Joint Bookrunners or any of their respective affiliates accepts any responsibility whatsoever or makes any representation or warranty, express or implied, in respect of the contents of this Prospectus, including its accuracy, completeness or verification or for any other statement made or purported to be made by or on behalf of it, the Company, the Directors or the Selling Shareholders in connection with the Company, the Ordinary Shares or the Global Offer and nothing in this Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Each of the Joint Sponsors and the Joint Bookrunners accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might have in respect of this Prospectus or any such statement.

In connection with the Global Offer, each of the Joint Bookrunners and any of their respective affiliates, acting as an investor for its or their own account(s), may acquire Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Global Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being offered, acquired or otherwise dealt with, should be read as including any offer to, acquisition of or dealing by the Joint Bookrunners and any of their respective affiliates acting as an investor for its or their own account(s). None of the Joint Bookrunners or any of their respective affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, the Joint Bookrunners may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements in connection with which the Joint Bookrunners may from time to time acquire, hold or dispose of shareholdings in the Company.

The Joint Sponsors, the Joint Bookrunners and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company for which they would have received customary fees. The Joint Sponsors, Joint Bookrunners and any of their respective affiliates may provide such services to the Company and any of its affiliates in the future.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders, the Joint Sponsors or the Joint Bookrunners. Neither the publication or delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in

the Company's affairs since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date.

The contents of this Prospectus should not be construed as legal, financial, business, investment or tax advice. Each prospective investor should consult his, her or its legal adviser, independent financial adviser or tax adviser for legal, financial, business, investment or tax advice. Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares.

The Prospectus does not constitute or form part of any offer to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Notice to prospective investors in the United States

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Ordinary Shares are being offered within the United States only to persons reasonably believed to be “qualified institutional buyers” as defined in and in reliance on Rule 144A under the US Securities Act (“**Rule 144A**”) or pursuant to another exemption from the registration requirements of the US Securities Act. There will be no public offer of the Ordinary Shares in the United States. Prospective investors are hereby notified that the sellers of Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A thereunder.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have such authorities reviewed, passed upon or endorsed the merits of the Global Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

For a description of these and certain further restrictions on the offer, sale and transfer of the Ordinary Shares and distribution of this Prospectus, see paragraph 11 of Part VII (*Details of the Global Offer*) of this Prospectus. Please note that by receiving this Prospectus, purchasers shall be deemed to have made certain representations, acknowledgements and agreements set out herein including, without limitation, those set out in paragraph 13 of Part VII (*Details of the Global Offer*).

Notice to New Hampshire residents

Neither the fact that a registration statement or an application for a license has been filed under chapter 421-B of the New Hampshire Revised Statutes Annotated 1955, as amended (“RSA”), with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of the State of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State of the State of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

The date of this Prospectus is 13 November 2015.

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
RISK FACTORS	14
IMPORTANT INFORMATION	24
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	31
OFFERING STATISTICS	32
DIRECTORS, COMPANY SECRETARY, REGISTERED ADDRESS AND ADVISERS	33
PART I—INFORMATION ON SOFTCAT	34
PART II—DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE ...	51
PART III—SELECTED FINANCIAL INFORMATION AND OPERATING DATA	55
PART IV—OPERATING AND FINANCIAL REVIEW	57
PART V—CAPITALISATION AND INDEBTEDNESS	68
PART VI—HISTORICAL FINANCIAL INFORMATION	70
PART VII—DETAILS OF THE GLOBAL OFFER	99
PART VIII—TAXATION	109
PART IX—ADDITIONAL INFORMATION	118
PART X—DEFINITIONS AND GLOSSARY	154

SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A–E (A.1–E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A—Introduction and Warnings		
A.1	Introduction	<i>This summary should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor; where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Economic Area (“EEA”), have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and civil liability attaches only to the Company and its Directors, who are responsible for this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.</i>
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this Prospectus.

Section B—Issuer		
B.1	Legal and commercial name	Softcat plc.
B.2	Domicile / legal form / legislation/ country of incorporation	The Company is a public limited company incorporated in England & Wales under the Companies Act 1985 on 7 October 1987 with registered number 2174990.
B.3	Description of, and key factors relating to, current operations / principal activities / principal markets	<p>Softcat is a leading UK IT infrastructure and services provider. In 2014, Softcat was one of the top five UK value-added resellers (“VARs”) by revenue, according to ChannelWeb¹.</p> <p>Softcat provides corporate and public sector organisations with IT infrastructure solutions, including the products and services they may require to design, implement, support and manage these solutions, on premise, in the cloud or a combination of both. Softcat’s solutions include software licensing and sales, hardware sales and professional and managed services for its customers’ core IT requirements, such as workplace technology, data centre infrastructure and networking and security. While Softcat’s customers primarily comprise small-to-medium-sized business (“SMB”) customers (which Softcat defines as corporate organisations with</p>

¹ ChannelWeb, Top VARs 2014, http://www.channelweb.co.uk/digital_assets/8362/CRN_Top_VARs_2014.pdf.

		<p>up to 1,999 personal computers), Softcat also provides its solutions to public sector customers (which Softcat defines as UK government, healthcare and education organisations) and enterprise customers (which Softcat defines as corporate organisations with 2,000 or more personal computers). For the year ended 31 July 2015, revenue from SMB customers, public sector customers and enterprise customers represented 56.2 per cent., 26.1 per cent. and 17.7 per cent., respectively, of Softcat’s total revenue.</p> <p>Softcat enjoys strong trading relationships with over 200 vendor partners and their distributors, including larger, more established vendor partners, such as Apple Inc. (“Apple”), Cisco Systems, Inc. (“Cisco”), Citrix Systems, Inc. (“Citrix”), Dell Inc. (“Dell”), The Hewlett-Packard Company (“HP”), Lenovo Group Ltd. (“Lenovo”), Microsoft Corporation (“Microsoft”), Symantec Corporation (“Symantec”) and VMware, Inc. (“VMWare”), and smaller or more recently established vendor partners, such as Veeam Software (“Veeam”), Mimecast Limited (“Mimecast”), Sophos Group plc (“Sophos”) and Snow Software Limited (“Snow”). The Directors believe that Softcat’s customers benefit from the efficiency of having a single IT infrastructure and services provider that enables them to choose the optimal IT solution for their specific business needs from Softcat’s broad offering, including, when required, its professional and managed services capabilities.</p> <p>Softcat offers its solutions through its sales team, which, as at 31 July 2015, comprised over 560 employees, including over 330 account managers, over 150 sales specialists and over 80 sales support staff. Each of Softcat’s customers, which in the year ended 31 July 2015 totalled 11,413, is served by a single account manager, who acts as the primary point of contact and who is responsible for managing the customer relationship. Account managers are supported by a team of sales specialists, including staff who have expertise relating to specific technologies or specific vendors’ products and services, who can advise customers on more complex solutions.</p> <p>Softcat is passionate about two things: employee satisfaction and customer service, and believes the former drives the latter. In May 2015, Softcat was named by the Great Place to Work Institute as the No. 2 Best Workplace in the United Kingdom (Large Category) and No. 8 in Europe. Softcat regularly collects and monitors customer feedback, including in an annual customer satisfaction survey. In each of its annual customer satisfaction surveys conducted in the five-year period ended 31 July 2015, which had an average response rate of 25 per cent. of customers sampled, 99 per cent. of customers responding stated they were satisfied or very satisfied with Softcat as a company to do business with.</p> <p>Softcat is headquartered in Marlow in Buckinghamshire and has four branch offices in Bristol, Leeds, London and Manchester. As at 30 September 2015, Softcat employed 866 people.</p>
B.4a	Most significant trends affecting the Company and its industry	<p>The UK IT infrastructure and services market is subject to continuous and fast-paced technological change. Softcat’s success depends, in part, on its ability to evolve its solutions offering in line with changing customer demands and preferences for IT products and services, which may be driven by industry innovation.</p>

		<p>The Directors believe that, when products and services are otherwise competitively priced, customer service is the differentiating factor for organisations, particularly for SMBs, when selecting their IT infrastructure and services provider. For example, in 2014, Gartner reported that mid-size businesses rank customer service above price, and would not hesitate to replace their IT infrastructure and services provider if it failed to deliver high levels of customer service².</p> <p>The Directors believe that SMBs, in particular, typically have limited in-house IT resources and, therefore, rely more heavily on third-party IT infrastructure and services providers. As a result, the Directors believe that SMBs will typically make IT purchasing decisions based more on customer service than price. The Directors also believe this customer segment has been largely underserved by Softcat's larger competitors. According to Gartner, SMBs have historically allocated and are expected to allocate an increasing proportion of their IT spend to external IT infrastructure and services providers³. In addition, IDC estimated that, from 2011 to 2014, small-to-medium sized companies (by its definition, those with 0-999 employees) increased their UK spend on hardware and packaged software at a CAGR of 7.6 per cent., the highest rate among all segments analysed⁴.</p> <p>In addition, the Directors believe that numerous existing public sector contracts will be tendered in the near-to-medium term, and that IT infrastructure and services providers with the necessary framework accreditations, such as Softcat, will be well-placed to seek to increase their share of this market. Currently, Softcat has over 20 framework accreditations that enable it to provide its solutions to a number of government, public education and healthcare organisations, including the Crown Commercial Service, Eduserv and Blackpool Teaching Hospitals. For the year ended 31 July 2015, revenue from public sector customers represented 26.1 per cent. of Softcat's total revenue.</p> <p>The Directors also believe that the smaller customers among Softcat's lower enterprise customers (which Softcat defines as corporate organisations with 2,000 to 9,999 personal computers) face similar challenges to SMBs and have been equally underserved by Softcat's competitors, because they either lack the scale to provide solutions to such customers or are large VARs who focus more on large enterprise customers. Therefore, expanding its presence in the enterprise customer segment generally, and particularly focusing on these smaller lower enterprise businesses, is one of Softcat's key strategies, particularly as IDC expects spend by enterprise companies (by its definition, those with 1,000 or more employees) to increase by 20 per cent. from 2014 to 2018⁴.</p>
--	--	--

² Gartner, *Market Insight: Midsize-Business Primer*, 2 July 2014.

³ Gartner, *Forecast Overview: Small-and-Midsize-Business IT Spending, Worldwide, 2015*, 29 April 2015.

⁴ IDC, *European Industry Solutions*, March 2015.

		Further, as organisations seek new ways to manage security risks relating to their IT infrastructure and increase their adoption of cloud technologies, the Directors believe that Softcat can capitalise on its track record of delivering exceptional customer service to increase its sales to customers in these two areas. For example, Softcat has relationships with many vendor partners providing security software and hardware, such as Sophos, Mimecast and Cisco and, therefore, is able to provide a broad range of security solutions. In addition, Softcat can offer customers its own private cloud solution, CloudSoftcat, as well as public cloud solutions, such as Microsoft Office 365 and Symantec.Cloud.																																		
B.5	Group structure	The Company has no subsidiaries or investments in undertakings.																																		
B.6	Interests in shares / voting rights / controllers	<p>As at the date of this Prospectus, in so far as is known to the Company and except as disclosed below, no person is, directly or indirectly, interested in 3 per cent. or more of the Company's issued share capital or voting rights.</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Ordinary Shares held immediately prior to Admission⁽¹⁾</th> <th colspan="2">Ordinary Shares held immediately after Admission⁽¹⁾⁽²⁾⁽³⁾</th> </tr> <tr> <th>Number of Ordinary Shares</th> <th>Per cent. of issued share capital</th> <th>Number of Ordinary Shares</th> <th>Per cent. of issued share capital</th> </tr> </thead> <tbody> <tr> <td>Shareholder</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Peter Kelly⁽⁴⁾</td> <td>103,136,600</td> <td>52.41%</td> <td>71,669,202</td> <td>36.42%</td> </tr> <tr> <td>Martin Hellowell⁽⁵⁾</td> <td>23,467,300</td> <td>11.93%</td> <td>16,307,331</td> <td>8.29%</td> </tr> <tr> <td>Gilbert John Chalk and John Alan Putt⁽⁶⁾</td> <td>21,140,260</td> <td>10.74%</td> <td>14,690,281</td> <td>7.47%</td> </tr> <tr> <td>William Kenny</td> <td>6,218,860</td> <td>3.16%</td> <td>3,731,316</td> <td>1.90%</td> </tr> </tbody> </table> <p>(1) Assuming the share capital reorganisation described in paragraph 4.2(v) of Part IX (<i>Additional Information</i>) has taken place.</p> <p>(2) Assuming no exercise of the Over-allotment Option.</p> <p>(3) Excluding any new Ordinary Shares to be issued after Admission in the Employee Award being made pursuant to the Softcat Share Incentive Plan as described in paragraph 8.6 of Part IX (<i>Additional Information</i>).</p> <p>(4) Includes Ordinary Shares held by family members of Peter Kelly.</p> <p>(5) Includes Ordinary Shares held by, or in trust for, Martin Hellowell and/or his family members.</p> <p>(6) Ordinary Shares held as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary.</p> <p>The Company and Peter Kelly (the “Founder”) have entered into an agreement pursuant to which the Founder shall be entitled to appoint one director of the Company for so long as he (together with his connected persons) holds 10 per cent. of the Company's issued share capital.</p> <p>Other than as set out above, immediately after Admission, the Company is not aware of any person or persons who could, directly or indirectly, jointly or severally, exercise control over the Company.</p> <p>There are no different voting rights for any holder of Ordinary Shares (each, a “Shareholder”).</p>		Ordinary Shares held immediately prior to Admission ⁽¹⁾		Ordinary Shares held immediately after Admission ⁽¹⁾⁽²⁾⁽³⁾		Number of Ordinary Shares	Per cent. of issued share capital	Number of Ordinary Shares	Per cent. of issued share capital	Shareholder					Peter Kelly ⁽⁴⁾	103,136,600	52.41%	71,669,202	36.42%	Martin Hellowell ⁽⁵⁾	23,467,300	11.93%	16,307,331	8.29%	Gilbert John Chalk and John Alan Putt ⁽⁶⁾	21,140,260	10.74%	14,690,281	7.47%	William Kenny	6,218,860	3.16%	3,731,316	1.90%
	Ordinary Shares held immediately prior to Admission ⁽¹⁾			Ordinary Shares held immediately after Admission ⁽¹⁾⁽²⁾⁽³⁾																																
	Number of Ordinary Shares	Per cent. of issued share capital	Number of Ordinary Shares	Per cent. of issued share capital																																
Shareholder																																				
Peter Kelly ⁽⁴⁾	103,136,600	52.41%	71,669,202	36.42%																																
Martin Hellowell ⁽⁵⁾	23,467,300	11.93%	16,307,331	8.29%																																
Gilbert John Chalk and John Alan Putt ⁽⁶⁾	21,140,260	10.74%	14,690,281	7.47%																																
William Kenny	6,218,860	3.16%	3,731,316	1.90%																																
B.7	Selected historical key financial information	The selected key historical financial information set out below has been extracted without material adjustment from the Company's historical financial information as at and for the years ended 31 July 2013, 2014 and 2015 set out in Part VI (<i>Historical Financial Information</i>).																																		

<i>Statement of profit or loss and other comprehensive income</i>			
	Year ended 31 July		
	2013	2014	2015
	£000		
Revenue	395,756	504,797	596,084
Cost of sales	(325,245)	(416,276)	(493,309)
Gross profit	70,511	88,521	102,775
Administrative expenses	(43,143)	(52,993)	(63,193)
Operating profit	27,368	35,528	39,582
 <i>Statement of financial position</i>			
	As at 31 July		
	2013	2014	2015
	£000		
<i>Assets</i>			
Total non-current assets	7,439	7,665	8,133
Total current assets	99,776	142,396	199,246
Total assets	107,215	150,061	207,379
<i>Liabilities</i>			
Total current liabilities	(58,832)	(77,762)	(111,563)
Total liabilities	(58,832)	(77,762)	(111,563)
Net assets	48,383	72,299	95,816
Total equity	48,383	72,299	95,816
 <i>Statement of cash flows</i>			
	Year ended 31 July		
	2013	2014	2015
	£000		
Net cash generated from operating activities	17,657	35,673	47,411
Net cash used in investing activities	(3,016)	(2,050)	(2,306)
Net cash used in financing activities	(16,069)	(4,579)	(8,183)
Net (decrease) increase in cash and cash equivalents	(1,428)	29,044	36,922
Cash and cash equivalents at beginning of year	10,104	8,676	37,720
Cash and cash equivalents at end of year . .	8,676	37,720	74,642
<p>Revenue increased from £395.8 million for the year ended 31 July 2013 to £504.8 million for the year ended 31 July 2014 and to £596.1 million for the year ended 31 July 2015, representing year-on-year increases of 27.6 per cent. and 18.1 per cent., respectively. The Directors believe the higher increase in the year ended 31 July 2014 in particular reflects the increase in revenue earned across Softcat's offerings in connection with Microsoft's termination of support and updates for its Windows XP operating system as of 8 April 2014.</p>			

Administrative expenses increased from £43.1 million for the year ended 31 July 2013 to £53.0 million for the year ended 31 July 2014 and to £63.2 million for the year ended 31 July 2015, representing year-on-year increases of 22.8 per cent. and 19.2 per cent., respectively. The increases in each year were largely due to increased employment and incentives costs and commissions paid, driven by year-on-year increases in the average number of employees of 114 and 120, respectively, in the years ended 31 July 2014 and 2015, as well strong sales performance (measured in gross profit), which resulted in higher commissions paid. In particular, Softcat's commissions paid increased by 29.0 per cent. in the year ended 31 July 2014 as a result of increased revenue. Increases in depreciation and amortisation in each year largely related to on-going investment in managed services infrastructure and other investments in property, plant and equipment. In the year ended 31 July 2015, Softcat had £1.0 million of exceptional costs relating to the Global Offer and incurred £0.2 million of on-going costs associated with becoming a public limited company.

Net cash generated from operating activities increased from £17.7 million for the year ended 31 July 2013 to £35.7 million for the year ended 31 July 2014 and to £47.4 million for the year ended 31 July 2015, representing year-on-year increases of 102.0 per cent. and 32.9 per cent., respectively. The increases in each year primarily reflect increases in operating profit and improvements in debtor days and creditor days.

Net cash used in investing activities decreased by 32.0 per cent. from £3.0 million for the year ended 31 July 2013 to £2.0 million for the year ended 31 July 2014, and then increased by 12.5 per cent. to £2.3 million for the year ended 31 July 2015. Investments in property, plant and equipment for the year ended 31 July 2013 related to building and equipment fit-out costs for Softcat's Marlow office at Solar House. In the year ended 31 July 2014, Softcat invested £0.1 million in property, plant and equipment in connection with the launch of Softcat's Bristol office in January 2014. In the year ended 31 July 2015, Softcat invested £0.1 million in property, plant and equipment in connection with the launch of Softcat's Leeds office in February 2015 and £0.2 million in connection with the fit-out of additional space in Softcat's Marlow office at Lunar House.

Net cash used in financing activities decreased by 71.5 per cent. from £16.1 million for the year ended 31 July 2013 to £4.6 million for the year ended 31 July 2014 and then increased by 78.7 per cent. to £8.2 million for the year ended 31 July 2015. In the year ended 31 July 2013, Softcat declared a special dividend of £16.5 million; no special dividends were declared in the years ended 31 July 2014 or 2015, although ordinary dividends were paid in those years. In the year ended 31 July 2015, Softcat received £1.7 million of proceeds from the exercise of options and receipts in respect of deferred payment shares issued in prior years. Own share transactions in each year represented the net cash inflow to Softcat in respect of share options exercised by employees in each year, offset in part in the year ended 31 July 2015 by a loan made to Softcat's employee share trust to enable it to buy ordinary shares from employees during the year.

On 14 September 2015, the Company declared a dividend on all ordinary, 'A' ordinary and 'MR' shares of £40.0 million, which was paid to holders of such shares on 5 October 2015. On the same date, the Company declared a dividend on the 'MR' shares of £97,500, which was paid to the holder of the 'MR' shares on 30 September 2015.

		Other than as set out above, there has been no significant change in the Company's financial condition and operating results during or subsequent to the period covered by this selected key historical financial information.
B.8	Selected key pro forma financial information	Not applicable. There is no pro forma information included in this Prospectus.
B.9	Profit forecast / estimate	Not applicable. There are no profit forecasts or estimates in this Prospectus.
B.10	Qualifications on audit report	Not applicable. There are no qualifications included in the accountant's report on the historical financial information included in this Prospectus.
B.11	Working capital qualifications	Not applicable. In the opinion of the Company, the working capital available to it is sufficient for the Company's present requirements, that is for at least the next 12 months from the date of this Prospectus.

Section C—Securities		
C.1	Description of securities	<p>The Global Offer comprises ordinary shares of £0.0005 each in the Company.</p> <p>On Admission, the Ordinary Shares will be registered with International Security Identification Number (“ISIN”) GB00BYZDVK82 and SEDOL number BYZDVK8. The Company's ticker symbol will be “SCT”.</p> <p>On Admission, the Ordinary Shares will comprise the entire issued and to be issued share capital of the Company.</p>
C.2	Currency of the securities issue	The Offer Shares are denominated in pounds sterling.
C.3	Number of shares / whether fully paid / par value	On Admission, the Company will have 196,776,260 fully paid Ordinary Shares of £0.0005 each in issue.
C.4	Rights attached to the securities	<p>The Ordinary Shares rank <i>pari passu</i> in all respects with each other, including for voting purposes and the right to receive dividends or other distributions declared, made or paid after Admission.</p> <p>Shareholders are entitled to participate in the assets of the Company attributable to their Ordinary Shares on a winding-up of the Company or other return of capital attributable to the Ordinary Shares.</p>
C.5	Restrictions on free transferability	Not applicable. There are no restrictions on the free transferability of the Ordinary Shares.
C.6	Admission to trading on regulated market	<p>Applications have been made for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities.</p> <p>No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.</p>

C.7	Dividend policy	<p>On the basis that the Company has sufficient distributable reserves at the time, the Board initially intends to target an annual dividend of between 40 per cent. and 50 per cent. of Softcat’s profits after tax in each financial year before any exceptional items. Subject to any cash requirements for on-going investment, the Board will consider returning excess cash to Shareholders over time.</p> <p>The first dividend that may be declared by the Company after Admission will be the interim dividend in respect of the six-month period ending 31 January 2016. If declared, the Board expects that the amount of the first interim dividend will be adjusted to reflect the length of time that the Company will have been a publicly-listed company and will be payable in the second quarter of 2016.</p> <p>The Board may revise the Company’s dividend policy from time to time.</p>
-----	------------------------	--

Section D—Risks		
D.1	Key information on the key risks specific to the issuer or its industry	<p>Softcat’s success depends upon its ability to add new customers, which is partly dependent on the expansion of its sales force, as well as developing existing customer relationships. As Softcat continues to develop and diversify its solutions offering, it is important that its sales team members have the capacity, technical expertise and motivation to effectively sell its solutions to its customers. If Softcat were unable to attract, recruit and retain the talent required to support its expected growth, Softcat may experience a decline in its ability to effectively sell its solutions and levels of customer service.</p> <p>The Directors believe that the successful motivation and empowerment of its employees has been largely dependent on Softcat’s supportive, open and vibrant culture. Therefore, being able to continue to drive growth through expansion of Softcat’s employee base while maintaining its culture is one of Softcat’s key strategies. However, as Softcat continues to expand its size and operations within the United Kingdom, it may face challenges in maintaining its culture. Were Softcat to experience any change in its culture, employee satisfaction may decrease, which may result in declining employee performance levels and, therefore, lower customer service levels and satisfaction.</p> <p>Softcat’s success depends, in part, on its ability to develop its offering in line with changing customer demands and preferences for IT products and services, which may be driven by industry innovation. Softcat may be required to invest significant time and resources to develop or establish the necessary expertise, experience and vendor partner relationships to effectively sell and deliver new solutions to its customers. Failure to adapt in response to changes in customer demand and preferences may limit Softcat’s ability to serve its customers effectively and restrict Softcat’s ability to execute its strategy.</p> <p>A substantial number of IT infrastructure and services providers offer products and services in the United Kingdom that overlap and compete with Softcat’s solutions offering. Softcat’s current and potential competitors may be able to offer the same or new solutions at lower prices and/or provide better customer service, which may result in Softcat losing business to them. Softcat’s competitors also may be able to respond more quickly to new or emerging technologies, changes in customer demands or devote greater resources to the development, promotion and sales of their products and services than Softcat may be able to.</p>

		<p>Certain vendor partners and/or their distributors provide Softcat with incentives in the form of rebates, marketing funds, early payment discounts and price protections, which enable Softcat to partially offset its cost of sales. Softcat may not meet the goals of incentive programmes or fail to comply with their terms, which may have an adverse effect on the amount of incentives offered or paid to Softcat. There can be no assurance that Softcat will continue to receive such incentives or that Softcat's vendor partners or their distributors will not eliminate their incentive programmes, reduce the amount of available incentives or change the requirements for earning incentives.</p> <p>There can be no assurance that revenue from customer relationships will be maintained or continue to grow. Customers may terminate their relationships with Softcat for a variety of reasons, including as a result of dissatisfaction with products and services, prices and quality, some of which may be outside of Softcat's control, and without notice and/or cause. Further, were any account managers with long-standing customer relationships to cease their employment, it may result in a deterioration in those customer relationships.</p> <p>Softcat does not produce any products for sale to its customers; it is wholly dependent on its vendor partners and their distributors in respect of its revenue from the sale of software and hardware. Softcat's vendor partners may terminate or limit its right to resell some or all of their products, either directly or through distributors, or change the terms and conditions under which it is able to do so. There can be no assurance that Softcat will be able to comply with any such revised terms and conditions or otherwise continue to be able to resell such products. In addition, Softcat's arrangements with its vendor partners may be terminable upon certain events, such as a change of control or, in certain cases, without notice and/or cause.</p> <p>Softcat's future success is substantially dependent on the continued services and performance of its senior management team, which comprises Softcat's Chief Executive Officer, Chief Financial Officer, Managing Director, Operations Director and Solutions Director, most of whom have significant knowledge of Softcat's industry and/or experience at Softcat. There can be no assurance that these employees will continue working at Softcat for the full duration of, or beyond, the terms of their existing service agreements. In addition, Softcat may face challenges in attracting suitably qualified new senior management team members.</p> <p>Certain IT vendors currently, or may in the future, sell specific products only directly to customers rather than via distributors and resellers. If solutions offered only directly by IT vendors become widely adopted in substitution for the solutions Softcat offers, it may be unable to offer such IT products and services to its customers.</p>
--	--	--

		<p>Softcat and its customers rely on the continuous and uninterrupted availability of the IT infrastructure distributed across third-party data centres and monitored and supported from Softcat’s network operating centres. Any IT infrastructure failure or disruption, natural disasters or accidents, such as a serious flood or fire, or other interruption, malfunction or adverse occurrence with respect to Softcat’s network operating centres, data centres or managed services platform may negatively affect Softcat’s ability to provide prompt and efficient service to its customers, which may cause its customers to experience a significant disruption in their critical business functions, such as internet and intranet connectivity, access to data and other information and telecommunications availability.</p> <p>Breaches in security could expose Softcat, its customers or other individuals to a risk of public disclosure, loss or misuse of this information, resulting in legal claims or proceedings or liability or regulatory penalties under laws protecting the privacy of personal information, as well as the loss of existing or potential customers and damage to Softcat’s brand and reputation. A third party or a rogue employee or employees may be able to bypass Softcat’s network security, “hack into” Softcat’s systems or otherwise compromise customers’ personal information.</p>
D.3	Key information on the key risks specific to the securities	<p>Immediately after Admission, the Founder will continue to be able to exercise a significant degree of influence over, and in some cases determine, the outcome of certain matters to be considered by Shareholders. There can be no assurance that the interests of the Founder will be aligned with those of Softcat or of other Shareholders.</p> <p>There is no assurance that an active trading market for the Ordinary Shares will develop or, if developed, be sustained. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Offer Price, perhaps substantially.</p> <p>Although the Company has historically paid dividends to Shareholders and intends to continue to do so in the future, there can be no assurance that Softcat will be able to maintain its profitability at such a level where it can continue to pay dividends regularly.</p>

Section E—Offer		
E.1	Total net proceeds / estimate of the total expenses of the issue/offer / estimated expenses charged to the investor	<p>The Company expects the Selling Shareholders to receive net proceeds from the Global Offer of £149.6 million, after commissions and amounts in respect of stamp duty or stamp duty reserve tax (“SDRT”) payable by the Selling Shareholders in connection with the Global Offer of approximately £3.8 million (exclusive of VAT).</p> <p>The Company will not receive any of the proceeds of the Global Offer, all of which will be paid to the Selling Shareholders. The Company expects to incur a total of up to £5.3 million of discretionary commissions and expenses in connection with the Global Offer.</p> <p>No expenses will be directly charged to investors.</p>

E.2a	Reasons for the offer/ use of proceeds/ estimated net amount of the proceeds	<p>The Directors believe that the Global Offer and Admission will further enhance the Company's profile and brand recognition with customers, vendor partners and distributors, provide a platform from which the Company may pursue its growth strategy and aid in the recruitment, retention and incentivisation of members of the senior management team and employees at all levels of the Company.</p> <p>Additionally, the Global Offer and Admission will provide liquidity for the Selling Shareholders, enabling them to realise all or part of their investment in the Company.</p> <p>The Company will not receive any of the proceeds of the Global Offer, all of which will be paid to the Selling Shareholders.</p>
E.3	A description of the terms and conditions of the offer	<p>The Selling Shareholders intend to sell 63,919,956 Offer Shares.</p> <p>In addition, Peter Kelly, Martin Hellowell and Gilbert John Chalk and Alan Putt as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary (collectively, the "Over-allotment Shareholders") will make a further 9,587,993 Ordinary Shares available pursuant to the Over-allotment Option (the "Over-allotment Shares").</p> <p>All Offer Shares will be sold at the Offer Price, which was determined jointly by the Company, the Core Selling Shareholders and the Joint Bookrunners. A number of factors were considered when setting the Offer Price, including the level and nature of demand for Ordinary Shares and the objective of encouraging the development of an orderly after market in the Ordinary Shares.</p> <p>The Ordinary Shares are being offered (i) to certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S under the US Securities Act ("Regulation S"); and (ii) in the United States only to persons reasonably believed to be "qualified institutional buyers" as defined in and in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the US Securities Act.</p> <p>Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. (London time) on 13 November 2015. It is expected that Admission will become effective and that unconditional dealings will commence in the Ordinary Shares on the London Stock Exchange at 8.00 a.m. on 18 November 2015. All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.</p> <p>The Global Offer is subject to the satisfaction of certain conditions contained in the underwriting agreement dated 13 November 2015 among the Company, the Directors, the Core Selling Shareholders, the Over-allotment Shareholders, the Joint Sponsors and the Joint Bookrunners (the "Underwriting Agreement"), which are typical for an agreement of this nature, including the absence of any breach of representation or warranty under the Underwriting Agreement, there having been no material adverse change since the date of the Underwriting Agreement and Admission having occurred not later than 8.00 a.m. on 18 November 2015 or such later time and/or such date as the Company may agree with the Joint Bookrunners.</p>

		None of the Ordinary Shares may be offered for sale or purchase or be delivered, or be sold or delivered, and this document and any other offering material in relation to the Ordinary Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.
E.4	Material / conflicting interests	Not applicable. Other than as disclosed in Element B.6, there are no interests material to the Global Offer including conflicting interests.
E.5	Name of the person or entity offering to sell the security Lock-up agreements: the parties involved; and indication of the period of the lock-up	<p>Peter Kelly and certain of his family members, Martin Hellawell, certain of his family members and the trustees of a trust of which Martin Hellawell and/or certain of his family members are beneficiaries, and Gilbert John Chalk and Alan Putt as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary (collectively, the “Core Selling Shareholders”) have agreed to sell Ordinary Shares pursuant to the Underwriting Agreement and the other Selling Shareholders have agreed to sell Ordinary Shares pursuant to separate deed polls of election (“Deed Polls of Election”).</p> <p>Pursuant to the Underwriting Agreement and/or the Deed Polls of Election:</p> <ul style="list-style-type: none"> • the Company has undertaken not to issue any Ordinary Shares, other than pursuant the operation of any share schemes in existence at the date of Admission, for a period of 180 days after the date of the Underwriting Agreement; • each Core Selling Shareholder who is not a Director (or a family member of a Director who is a Selling Shareholder) has undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 180 days after the date of the Underwriting Agreement; • each Director (and each of his or her family members and each trustee of a trust the beneficiary of which is a Director and/or a family member of a Director, in each case who is a Selling Shareholder) has undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 365 days after the date of the Underwriting Agreement; • each Selling Shareholder, other than the Core Selling Shareholders, who was an employee of the Company and who had a holding of Ordinary Shares of 0.5 per cent. or more of the Company’s issued share capital, in each case as at the date of this Prospectus has undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 365 days after the date of the Underwriting Agreement; • each Selling Shareholder, other than the Core Selling Shareholders, who was not an employee of the Company and who had a holding of Ordinary Shares of 0.5 per cent. or more of the Company’s issued share capital, in each case as at the date of this Prospectus has undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 180 days after the date of the Underwriting Agreement; and • certain non-Selling Shareholders have undertaken not to sell any Ordinary Shares for a period of either 180 or 365 days after the date of the Underwriting Agreement, <p>in each case subject to customary exemptions.</p>

E.6	Dilution	Not applicable. As there will be no issuance of new Ordinary Shares pursuant to the Global Offer, there will be no dilution as a result of the Global Offer.
E.7	Estimated expenses charged to the investor	Not applicable. No expenses will be charged to investors.

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Accordingly, prior to making any investment decision, prospective investors should carefully consider all the information contained in this Prospectus and, in particular, the risk factors described below.

Prospective investors should note that the risks relating to Softcat, its industry and the Ordinary Shares summarised in the section of this Prospectus headed “Summary” are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to invest in the Ordinary Shares. However, as the risks which Softcat faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed “Summary” but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below represent those the Directors consider to be material as at the date of this Prospectus. However, these risks and uncertainties are not the only ones facing Softcat. Additional risks and uncertainties relating to Softcat that are not currently known to it, or that Softcat currently deems immaterial, may individually or cumulatively also have a material adverse effect on Softcat’s business, prospects, results of operations and financial condition and, if any or a combination of such risks should occur, the price of Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Offer Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

1. RISKS RELATING TO SOFTCAT’S BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES

1.1 Softcat depends upon its ability to attract, recruit and retain the talent required to support its growth.

Softcat’s success depends upon its ability to add new customers, which is partly dependent on the expansion of its sales force, as well as developing existing customer relationships. Softcat’s sales team, which is comprised of account managers, sales specialists and sales support staff, is responsible for both forming new customer relationships and developing and managing those relationships over time. Due to the intensive nature of the sales team member role, attrition rates are high during the first two years of employment (approximately 50 per cent. for the year ended 31 July 2015), although they tend to decrease significantly over time. As Softcat continues to develop and diversify its solutions offering, it is important that its sales team members have the capacity, technical expertise and motivation to effectively sell its solutions to its customers. In addition, as Softcat seeks to expand its offering of professional and managed services in the medium-to-long term, Softcat will need to attract and retain highly-skilled technology specialists and engineers, for whom the market is competitive. If Softcat were unable to attract, recruit and retain the talent required to support its expected growth, Softcat may experience a decline in its ability to effectively sell its solutions and levels of customer service, which may have a material adverse effect on Softcat’s business, results of operations and financial condition.

1.2 Any change in Softcat’s culture may lead to a decrease in employee satisfaction and, therefore, customer service and satisfaction.

The Directors believe that having motivated and empowered employees is critical to the delivery of exceptional customer service and, in turn, profitable growth. The Directors believe that the successful motivation and empowerment of Softcat’s employees has been largely dependent on Softcat’s supportive, open and vibrant culture. The Directors believe that Softcat’s culture has fostered a performance-driven, highly-engaged employee base focused on delivering exceptional customer service and long-term customer loyalty. However, as Softcat continues to expand its size and operations within the United Kingdom, it may face challenges in maintaining its culture. For example, maintaining open communication from and visibility of members of the senior management team across a more diffused employee base may become more difficult, especially as Softcat opens more offices. In addition, as a result of Softcat becoming a publicly-traded company, the senior management team may be required by law and regulation to be less open about specific matters. Were Softcat to experience any change in its culture, employee satisfaction may decrease, which may result in declining employee performance levels and, therefore, lower customer service levels and satisfaction. As a consequence, valued employees and customers might leave Softcat, or customers may reduce their spend, which may have a material adverse effect on Softcat’s reputation, business, results of operations and financial condition.

1.3 Softcat may be unable to adapt to changing customer demands and preferences.

Softcat operates in an industry which is subject to continuous and fast-paced technological change, with new products and services being introduced to the market frequently and existing products and services becoming outdated or obsolete at an increasing rate. Therefore, Softcat's success depends, in part, on its ability to develop its offering in line with changing customer demands and preferences for IT products and services, which may be driven by industry innovation. Softcat may be required to invest significant time and resources to develop or establish the necessary expertise, experience and vendor partner relationships to effectively sell and deliver new solutions to its customers. Further, to the extent that customers focus on new products and services, customer demand for on-going upgrading and refreshing of existing IT infrastructure may decline significantly, which may result in a reduction in Softcat's revenue. Failure to adapt in response to changes in customer demand and preferences may limit Softcat's ability to serve its customers effectively and restrict Softcat's ability to execute its growth strategy, which may have a material adverse effect on Softcat's reputation, business, results of operations and financial condition.

1.4 Softcat faces the risk of increased competition and may be unable to win or maintain market share.

The UK IT infrastructure and services market is highly fragmented and continually changing. A substantial number of IT infrastructure and services providers offer products and services in the United Kingdom that overlap and compete with Softcat's solutions offering. Such competitors include a large number and wide variety of UK and international hardware, software and services providers and VARs, some of which are larger and may have significantly more resources than Softcat. Further, new competitors, some of which may be more nimble than Softcat, may disrupt the UK IT infrastructure and services market and/or gain market share at Softcat's expense.

Softcat competes with different IT infrastructure and services providers in each of the categories of products and services that it offers and in each of the customer segments that it serves, and expects to encounter increased competition as it grows its business, particularly in the public sector and enterprise customer segments. The Directors believe that Softcat competes with other IT infrastructure and services providers primarily based on price, solutions offering and customer service, with customer service being the differentiating factor when its products and services are otherwise competitively priced, particularly for SMBs. To a limited extent, Softcat also competes with the direct sales arms of certain of its vendor partners. Softcat's current and potential competitors may be able to offer the same or new solutions at lower prices and/or provide better customer service, which may result in Softcat losing business to them. Softcat's competitors also may be able to respond more quickly to new or emerging technologies and changes in customer demands or devote greater resources to the development, promotion and sales of their products and services than Softcat may be able to, which may have an adverse effect on Softcat's revenue and/or profitability.

New IT products may be easier for customers to set up or maintain themselves, which may reduce the demand for product-related services from IT infrastructure and services providers such as Softcat. As a result, such products may become commoditised, which may make it easier for competitors to resell the same products, including at lower prices, and which may result in Softcat earning less gross profit on sales of such products.

Some of Softcat's current and potential competitors have established, or may establish, financial and strategic relationships among themselves or with existing or potential customers and vendor partners, or other third parties, to increase the ability of their solutions to address customer needs. Accordingly, it is possible that new competitors or alliances among Softcat's competitors could emerge and acquire significant market share. For example, after making a minority investment in November 2014, US-based provider CDW Corporation acquired Kelway Holdings Limited in August 2015.

If Softcat is unable to compete effectively as a result of any of the above factors, it may lose market share and/or be unable to sustain or increase its product margins, which may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.5 Incentive income received from Softcat's vendor partners and their distributors, which partially offsets its costs of sales, may be significantly reduced or eliminated.

Certain vendor partners and/or their distributors provide Softcat with incentives in the form of rebates, marketing funds, early payment discounts and price protections, which enable Softcat to partially offset its cost of sales. Qualification for such incentives may be based, for example, on Softcat's volume of sales,

levels of accreditation and certifications held, growth rate of net sales or purchases and marketing programmes. If Softcat does not meet the goals of these programmes or if Softcat is not in compliance with the terms of these programmes, it may have an adverse effect on the amount of incentives offered or paid to Softcat. There can be no assurance that Softcat will continue to receive such incentives or that Softcat's vendor partners or their distributors will not eliminate their incentive programmes, reduce the amount of available incentives or change the requirements for earning incentives. If Softcat is unable to react in a timely manner to any fundamental changes in such programmes, including the elimination of, or significant reductions in, amounts made available to Softcat under such programmes, it may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.6 Softcat may be unable to maintain or grow customer relationships.

In the years ended 31 July 2013, 2014 and 2015, Softcat had 9,820 customers, 10,712 customers and 11,413 customers, respectively, and average revenue per customer was £40,301, £47,124 and £52,229, respectively. While Softcat attempts to increase customer spend as a relationship matures by identifying additional products and services that may be needed or useful, there can be no assurance that revenue from customer relationships will be maintained or continue to grow. Customers may terminate their relationships with Softcat for a variety of reasons including as a result of dissatisfaction with products and services, prices and quality, some of which may be outside of Softcat's control, and without notice and/or cause. For example, a sales team member may sell a product or service to a customer which does not meet the customer's requirements or deliver the expected benefit, professional and managed services team members may perform their services improperly or an employee might engage in fraud. Further, as account managers typically act as customers' primary point of contact from the start of the customer relationship, Softcat may face a deterioration in, or loss of, customer relationships if account managers leave Softcat. If Softcat is unable to maintain or grow its existing customer relationships, it may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.7 Softcat depends on the sustainability of key vendor partner relationships, including with vendor partners' distributors.

As a VAR, Softcat does not produce any products for sale to its customers, but sources them through its vendor partners, including their distributors who are authorised to make their products available to resellers, including VARs (referred to in this Prospectus as the "**IT channel**"). Therefore, Softcat is wholly dependent on its vendor partners and their distributors in respect of its revenue from the sale of software and hardware. Resales of products supplied through the IT channel by Softcat's top five vendor partners, Microsoft, HP, Dell, VMware and Cisco, represented 22.5 per cent., 10.9 per cent., 5.8 per cent, 5.3 per cent. and 4.4 per cent., respectively, or 48.8 per cent. collectively, of Softcat's total revenue for the year ended 31 July 2015. Softcat has arrangements in place with certain vendor partners and distributors which may provide for specific terms and conditions that apply to transactions in the IT channel. Many vendor partners also have established reseller programmes, the participants in which must agree to their standard terms and conditions. Such terms and conditions may include requirements to achieve and maintain certain volumes of sales or a level of accreditation, which may be based on volume of sales and/or the number and level of certifications attained by Softcat's employees in respect of that vendor partner's products. Softcat's vendor partners may terminate or limit its right to resell some or all of their products, either directly or through distributors, or change the terms and conditions under which it is able to do so. There can be no assurance that Softcat will be able to comply with any such revised terms and conditions or otherwise continue to be able to resell such products. In addition, Softcat's arrangements with its vendor partners may be terminable upon certain events, such as a change of control, or, in certain cases, without notice and/or cause. The Global Offer may constitute a change of control for purposes of Softcat's arrangements with many of its vendor partners and there can be no assurance that, subject to the terms of those arrangements, some or all of those vendor partners will not seek to amend or terminate those arrangements as a result. Were Softcat to become unable to resell its vendor partners' products, particularly those of its top vendor partners, it may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.8 Softcat is dependent on its senior management team.

Softcat's future success is substantially dependent on the continued services and performance of its senior management team, which comprises Softcat's Chief Executive Officer, Chief Financial Officer, Managing Director, Operations Director and Solutions Director (together, "**Senior Management**"), most of whom

have significant knowledge of Softcat's industry and/or experience at Softcat. However, there can be no assurance that Senior Management will continue working at Softcat for the full duration of, or beyond, the terms of their existing service agreements. Softcat does not maintain key employee insurance in respect of such persons. Furthermore, while Senior Management are subject to restrictive covenants which restrict their ability to compete with Softcat or from soliciting Softcat's vendor partners, customers or employees post termination of their employment, there can be no assurance that Softcat will be able to enforce such restrictive covenants. In addition, Softcat may face challenges in attracting suitably qualified new senior management team members. The departure of any of Senior Management without adequate replacement may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.9 Solutions offered outside of the IT channel may be widely adopted in substitution for the solutions Softcat offers.

Softcat may be unable to offer new or existing IT products and services to its customers because they are not available for resale through the IT channel (where Softcat operates). For example, certain IT vendors sell specific products only directly to certain customer segments, particularly large enterprise customers (which Softcat defines as corporate organisations with 10,000 or more personal computers). Additionally, some of Softcat's vendor partners may sell their products both directly and through the IT channel. Softcat's vendor partners may bypass the IT channel in respect of products that they sell directly to customers or limit or cease the availability of existing products through the IT channel. Further, new IT products or solutions may be made available only outside of the IT channel, resulting in Softcat being unable to offer them to its customers. In particular, new technologies, such as cloud-based solutions, may be made available solely through an application downloaded by an end user and paid for directly. If solutions offered outside of the IT channel become widely-adopted in substitution for the solutions Softcat offers, it may adversely affect Softcat's revenue, profitability and competitiveness, which may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.10 A failure, disruption, natural disaster, accident or other interruption, malfunction or adverse occurrence at one of Softcat's data centres or network operating centres ("NOCs") may negatively affect Softcat's business.

Softcat's internal and external IT infrastructure is distributed across two third-party owned and managed data centres in the United Kingdom. Softcat hosts this infrastructure on its own managed services platform, which is continuously monitored from Softcat's two NOCs based in Marlow and Manchester. In addition, Softcat offers customers access to centrally-hosted servers, storage and related infrastructure in a shared and managed environment, monitored and supported from Softcat's NOCs. Softcat and its customers rely on the continuous and uninterrupted availability of such IT infrastructure to conduct their respective businesses. Softcat's data centres are owned and operated by third parties and certain aspects of the operation of such data centres are outside of Softcat's control. Any IT infrastructure failure or disruption, natural disasters or accidents, such as a serious flood or fire, or other interruption, malfunction or adverse occurrence with respect to Softcat's NOCs, data centres or managed services platform may negatively affect Softcat's ability to provide prompt and efficient service to its customers, which may cause its customers to experience a significant disruption in their critical business functions, such as internet and intranet connectivity, access to data and other information and telecommunications availability. If any of these events were to occur, it may have a material adverse effect on Softcat's reputation, business, results of operations and financial condition.

1.11 Breaches in the security of the electronic and other confidential information collected, processed, stored and transmitted by Softcat may give rise to significant liabilities and reputational damage.

Softcat collects, processes, stores and transmits proprietary information and sensitive or confidential data, including personal information of employees, customers, vendor partners and others, as well as credit card information of customers. In addition, Softcat offers co-location of its customers' data-related IT infrastructure and may store and transmit both business-critical data and confidential information on behalf of such customers. In connection with Softcat's services business, employees also have access to customers' confidential data and other information. Softcat has privacy and data security policies in place that are designed to prevent security breaches; however, a third party or a rogue employee or employees may be able to bypass Softcat's network security, "hack into" Softcat's systems or otherwise compromise customers' personal information. Employees may seek to copy customer or commercially sensitive information prior to leaving Softcat for use in a competing business, which may result in a loss of business

by Softcat. In addition, as newer technologies evolve, Softcat may be exposed to increased risk of breaches in security. Breaches in security could expose Softcat, its customers or other individuals to a risk of public disclosure, loss or misuse of this information, resulting in legal claims or proceedings or liability or regulatory penalties under laws protecting the privacy of personal information, as well as the loss of existing or potential customers and damage to Softcat's brand and reputation. In addition, the cost and operational consequences of implementing further data protection measures could be significant. In the event of a severe breach involving the loss of customer credit card information, credit card providers may prevent Softcat from accepting their credit cards as a method of payment from customers. Such breaches, costs and consequences may have a material adverse effect on Softcat's reputation, business, results of operations and financial condition.

1.12 Employee misconduct may result in the loss of vendor partner, distributor or customer relationships.

Softcat may be unable to prevent its employees from engaging in misconduct, fraud or other improper activities that could adversely affect Softcat's business and reputation. Misconduct may include the failure to comply with Softcat's, vendor partners', distributors' or customers' policies and procedures, as well as with applicable legislation and regulation. The precautions Softcat takes to prevent and detect such activity may not be effective, and Softcat may be exposed to risks related to and losses caused by actions of its employees. As a result of employee misconduct, Softcat may face fines and penalties, reputational damage and loss of vendor partner, authorised distributor or customer relationships. In particular, failure to comply with policies and procedures of public sector customers, including procurement regulations, regulations regarding the protection of classified information and legislation regarding the pricing of labour and other costs in government contracts may result in Softcat's suspension or debarment from contracting with public sector organisations. If Softcat's customers were to cancel or fail to renew their contracts, or if Softcat were unable to pursue certain public sector business as a result of employee misconduct, Softcat may experience harm to its reputation and decreases in revenue, which may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.13 Softcat is exposed to third-party liability and risks in respect of third-party resources.

At times, Softcat supplements its own specialist workforce with resources from its preferred IT infrastructure and services partners to provide certain services to its customers. Although Softcat maintains a list of preferred partners, Softcat may have limited or no control over such third-party resources' actions. Further, because customers only contract with Softcat, the performance of such third-party resources reflects on Softcat and not necessarily only on the preferred partner. Poor, inappropriate or illegal performance or behaviour by a third-party resource engaged by Softcat may result in a deterioration or loss of Softcat's customer relationship, refusal by the customer to pay for such services or the incurrance of third-party liability, which Softcat may be unable to satisfy due to limits on its professional indemnity insurance, all of which may have an adverse effect on Softcat's revenue and results of operations. Moreover, Softcat's revenue and results of operations may be adversely affected if any of its preferred partners choose to offer directly to Softcat's customers services of the type that Softcat provides individually or through Softcat's competitors. Were Softcat to face any such liability or risks in respect of its third-party resources, it may have a material adverse effect on Softcat's reputation, business, results of operations and financial condition.

1.14 If Softcat fails to comply with the terms of its public sector framework agreements it may lose the accreditations it requires to provide its solutions to public sector customers.

Softcat is party to a number of framework agreements with national and local public sector organisations, predominantly in the government, healthcare and education sectors, under the terms of which these organisations can purchase services from Softcat and other IT infrastructure and services providers without needing to run a full tender or competitive procurement process. To provide its services under these agreements, Softcat must comply with certain terms that typically may not be found in its agreements with its SMB and enterprise customers. For example, public sector organisations may terminate a framework agreement upon certain events, such as a change of control, financial distress, insolvency or credit downgrade of Softcat. These agreements also require Softcat to, among other things, conduct self-audits to track its performance under the agreement, provide periodic reports, maintain specified technical and other certifications and accreditations, conduct monthly or yearly continuous improvement reviews and track and meet certain financial performance, customer satisfaction and other criteria. Softcat's failure to comply with any of its obligations under its framework agreements may result in the public sector

organisation terminating the relevant agreement, making Softcat ineligible to provide any further solutions to that organisation. If Softcat were to lose any of its public sector framework accreditations, Softcat's revenue from public sector customers may decrease, which may have a material adverse effect on Softcat's reputation, results of operations and financial condition.

1.15 Softcat depends on the timely availability of its vendor partners' products.

Softcat's ability to resell particular products in the required quantities and to fulfil customer orders in a timely manner is important to its success. Softcat does not have guaranteed price or delivery agreements with most of its vendor partners or their distributors. Although Softcat benefits from integration with its vendor partners' supply chains to provide up-to-the-minute stock and availability information to Softcat's sales team, such systems may fail or be disrupted due to circumstances outside of Softcat's control. Timely fulfilment of Softcat's customer orders may occasionally be adversely affected by a supply shortage of certain products as a result of strong demand or production or delivery problems experienced by its vendor partners, their distributors and/or third-party logistics providers, or as a result of an industry-wide shortage in the product. If shortages or delays persist, Softcat's customers may cancel their orders and Softcat will be unable to generate the associated revenue. In addition, Softcat may experience shortages or delays if its vendor partners decide to increase the proportion of the products they sell to other geographies or directly to Softcat's customers and end-users. Accordingly, if Softcat's vendor partners and/or their distributors are not able to fulfil Softcat's customer orders on a timely basis, it may have a material adverse effect on Softcat's reputation, business, results of operations and financial condition.

1.16 General economic conditions may cause Softcat's customers to delay or forgo investments in IT infrastructure and services.

Weak economic conditions, generally, or any broad-based reduction in IT spending may adversely affect Softcat's business, results of operations and financial condition. A prolonged slowdown in the global and/or UK economy or tightening of credit markets could cause Softcat's customers and potential customers to have difficulty accessing capital and credit sources, delay contractual payments or delay or forgo decisions to upgrade or expand their existing IT environments, obtain licensing for new software, purchase products or services (particularly with respect to discretionary spending for IT infrastructure and services) or reduce their IT budgets. In particular, an adverse change in government spending policies, budget priorities or revenue levels could cause Softcat's public sector customers to reduce their purchases. Economic or industry downturns also may result in longer payment cycles, increased collection costs and defaults in excess of Softcat's expectations, particularly due to customer insolvency. Such events may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.17 Softcat is exposed to credit risks.

Softcat extends credit terms to its customers for a significant proportion of its sales to them, typically on 30-day payment terms. As a result, Softcat is subject to the risk that its customers will not pay or will delay the payment for the products and services they purchase. This credit exposure risk may increase due to liquidity or solvency issues experienced by either Softcat's customers or their end-users as a result of an economic downturn or an adverse change in their business. Customers may also initiate payment disputes, including as a result of dissatisfaction with the purchased IT infrastructure and/or services or employee fraud. If Softcat were to experience delays in collecting payment for invoiced amounts, or were unable to collect them at all, it may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.18 Softcat faces pressure on profit margins.

The UK IT infrastructure and services market is highly price competitive and gross profit margins can be variable within the various product, service and customer segments, as well as within each product and service offering category. Softcat's gross profit and operating profit (and adjusted operating profit) are affected by changes in factors such as vendor partner pricing, vendor partner incentive and/or price protection programmes and customer mix. Softcat may not be able to mitigate pricing pressure from its customers, and resulting declines in sales and gross profit, with cost reductions in other areas or expansion into new and/or higher margin product and services offerings. Softcat's gross profit margins particularly have been affected by changes in its customer mix over time. For example, Softcat's gross profit margins have declined primarily as a result of the increase in revenue from public sector customers, as margins on solutions sold to public sector organisations tend to be lower than margins on the same solutions sold to

corporate customers. If Softcat is unable to proportionately mitigate these conditions, it may have a material adverse effect on Softcat's business, results of operations and financial condition.

1.19 Softcat may be unable to manage its growth effectively.

Softcat's future success will depend, in part, on its ability to manage and successfully execute its planned growth while maintaining its culture. Achieving that growth may require Softcat to, among other things, open new offices and recruit more experienced management and technical personnel. As Softcat grows, additional demands may be placed on the senior management team, support functions, including accounting and sales and marketing, and other resources. Further, there can be no assurance that any new office openings will be as successful as previous office openings. If Softcat is unable to manage its growth effectively, it may have a material adverse effect on Softcat's reputation, business, results of operations and financial condition.

1.20 Softcat may be unable to protect its intellectual property adequately, and may be subject to intellectual property infringement claims.

Softcat has applied for a registered EU trademark which would protect the Softcat logo, and which is expected to be issued pending the anticipated withdrawal of oppositions filed by two third parties. Softcat also relies on unregistered design rights, unregistered trademarks and copyright and unpatented proprietary know-how, as well as confidentiality, non-solicitation and non-competition agreements to protect its intellectual property. There can be no assurance that such measures will afford sufficient protection of Softcat's intellectual property, and third parties may copy or otherwise obtain and use Softcat's proprietary information without authorisation or otherwise infringe its intellectual property rights. Disputes regarding the ownership of and the right to use any of Softcat's intellectual property may be time consuming, result in costly litigation and divert the attention of the senior management team from the running of Softcat's business, any of which may have a material adverse effect on Softcat's reputation, business, financial condition and results of operations.

1.21 Softcat's insurance coverage may not be adequate to cover all possible losses that it could suffer and its insurance costs may increase.

Softcat maintains insurance coverage which the Directors believe is appropriate for the scope of its business. Although Softcat carries insurance for its freehold property, its leased properties and business interruption, as well as professional indemnity insurance and directors' and officers' liability insurance, its insurance policies do not cover all types of losses and liabilities and are subject to limits and excesses. There can be no assurance that Softcat's insurance will be sufficient to cover the full extent of any losses or liabilities it may incur and there can be no guarantee that Softcat will be able to renew its current insurance policies on favourable terms, or at all. Were Softcat's insurance coverage to be inadequate to cover actual losses or its insurance costs to increase significantly, it may have a material adverse effect on Softcat's business, financial condition and results of operations.

1.22 Softcat is exposed to risks from legal proceedings and audits.

Softcat may be party to various legal proceedings that arise in the ordinary course of its business, which include commercial, employment, tort and other litigation. In addition, Softcat is subject to audits by governmental authorities in connection with its public sector business as well as by various vendor partners and large customers. Softcat may also be subject to indemnification claims under various of its contracts. In particular, certain of Softcat's agreements with its customers and vendor partners may include broad indemnities, unlimited and/or high liability caps and liquidated damages clauses. In addition, Softcat's agreements with its vendor partners may be terminable upon certain events, such as a change of control, or, in certain cases, without notice and/or cause. Such agreements may also be governed by foreign law and provide that Softcat may be subject to the jurisdiction of foreign courts. Current and future litigation, governmental proceedings, audits or indemnification claims that Softcat faces may result in substantial costs and expenses and significantly divert the attention of members of the senior management team regardless of the outcome. In addition, current and future litigation, governmental proceedings, audits or indemnification claims could lead to increased costs or interruptions of Softcat's normal business operations. Litigation, governmental proceedings, audits or indemnification claims involve uncertainties and the eventual outcome of any litigation, infringement claim, governmental proceeding, audit or indemnification claim may have a material adverse effect on Softcat's business, operating results and financial condition.

1.23 Softcat will incur additional costs as a newly public company and Senior Management will be required to devote substantial time to new compliance matters.

As a newly public company, Softcat will incur significant legal, accounting and other expenses, including the costs of recruiting and retaining non-executive directors, costs resulting from public company reporting obligations and the rules and regulations regarding corporate governance practices, including the admission and listing requirements of the FCA and the London Stock Exchange. Senior Management and other Softcat employees will need to devote a substantial amount of time to ensure that Softcat complies with all of these requirements. The reporting requirements, rules and regulations will increase Softcat's legal and financial compliance costs and make some activities more time-consuming and costly. These rules and regulations will make it more expensive for Softcat to obtain directors' and officers' liability insurance and Softcat may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These factors could also make it more difficult for Softcat to attract and retain qualified persons to serve on the Board, particularly to serve on the audit and remuneration committees, or as executive officers.

2. RISKS RELATING TO THE GLOBAL OFFER AND THE ORDINARY SHARES

2.1 Minority Shareholders may have difficulty affecting the outcome of Shareholders' votes.

Immediately after Admission, the Founder will control, directly and indirectly, 36.4 per cent. of Softcat's issued share capital (assuming no exercise of the Over-allotment Option). Therefore, after Admission, the Founder will, through the votes he will be able to exercise at Softcat's general meetings, continue to be able to exercise a significant degree of influence over, and in some cases determine, the outcome of certain matters to be considered by Shareholders, including:

- the election of Directors;
- a change of control in Softcat, which could deprive Shareholders of an opportunity to earn a premium for the sale of their Ordinary Shares over the then prevailing market price;
- substantial mergers or other business combinations;
- the acquisition or disposal of substantial assets;
- the issuance of equity securities; and
- the payment of any dividends on the Ordinary Shares.

Softcat and the Founder have entered into a deed which contains contractual obligations on the Founder to ensure that Softcat operates independently of the Founder after Admission (the "**Relationship Deed**"). In particular, the Relationship Deed contains undertakings from the Founder not to (and to procure that his connected persons do not) (i) influence the day-to-day running of Softcat at an operational level; or (ii) vote his (or their) Ordinary Shares in a manner which would prevent Softcat from operating and making decisions for the benefit of the Shareholders as a whole. In addition, for so long as the Founder (together with his connected persons) holds at least 10 per cent. of Softcat's issued share capital, the Founder shall be entitled to appoint one director of the Company, although no such director has been appointed as at the date of this Prospectus. The concentration of ownership in the Founder may have the effect of delaying, deferring or preventing a change of control, merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of Softcat, which in turn could have an adverse effect on the trading price of the Ordinary Shares. There can be no assurance that the interests of the Founder will be aligned with those of Softcat or of other Shareholders.

2.2 An active trading market for the Ordinary Shares may not develop or be sustained.

Prior to the Global Offer there has been no public trading market for the Ordinary Shares. Softcat has applied for the Ordinary Shares to be admitted to the Official List of the FCA and to trading on London Stock Exchange's main market for listed securities. However, there can be no assurance that an active trading market for the Ordinary Shares will develop or, if developed, be sustained following the closing of the Global Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Offer Price, perhaps substantially. As a result of

fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Offer Price, or at all.

2.3 There are no guarantees that Softcat will pay dividends or regarding the level of any such dividends.

Although Softcat has paid dividends to Shareholders in the past and intends to do so in the future, there can be no assurance that Softcat will be able to maintain its profitability at such a level where it can pay dividends regularly. Future dividends will depend on, among other things, Softcat's profits, financial position, accounting changes, general economic conditions and other factors that the Directors deem significant from time to time. There can be no assurance that Softcat will pay dividends or if it does pay dividends, regarding the amount of such dividends and, consequently, Shareholders may not receive their anticipated income stream.

2.4 Substantial future sales of Ordinary Shares could impact their market price.

Softcat cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, will have on the market price of Ordinary Shares. Sales of substantial amounts of Ordinary Shares in the public market after Admission, or the perception or any announcement that such sales could occur, for example, during the period immediately prior to the expiration of any lock-up arrangements, could adversely affect the market price of Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price which they deem appropriate, or at all.

Immediately after Admission, 196,776,260 Ordinary Shares will be in issue. Certain Selling Shareholders have agreed to lock-up arrangements in respect of Ordinary Shares held by them prior to Admission, as set out in paragraph 11.1 of Part IX (*Additional Information*). During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Ordinary Shares may fall in anticipation of a sale of Ordinary Shares. Following the expiration of these arrangements, there will be no contractual restriction on the sale of the Ordinary Shares owned by such Selling Shareholders. Furthermore, the Joint Bookrunners may, in their sole discretion, and at any time or from time to time, without notice, release these lock-up arrangements in respect of all or any portion of the Ordinary Shares.

2.5 The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which will be out of Softcat's control.

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the company that has issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile, which may prevent Shareholders from being able to sell their Ordinary Shares at or above the price they paid for them. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which are and will be beyond Softcat's control, including variations in operating results in Softcat's reporting periods, changes in financial estimates by securities analysts, changes in market valuation of similar companies, announcements by Softcat of significant contracts, acquisitions, planned investments or other capital commitments, strategic alliances, joint ventures or additions or departures of key personnel, any changes in legal and regulatory requirements, any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts, and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares.

2.6 Future issues of new Ordinary Shares may dilute the holdings of Shareholders.

After Admission, the Company intends to award each eligible employee up to £3,600 worth of new Ordinary Shares, depending on their length of service, as part of a free share award made under the Softcat Share Incentive Plan adopted by the Board conditional on Admission (the "**Employee Award**"). Other than the Employee Award and otherwise pursuant to the operation of any share schemes in existence at the date of Admission, Softcat has no current plans for an offering of new Ordinary Shares and will be unable to conduct any such offering (other than pursuant to such share schemes) for a period of 180 days after Admission. It is possible, however, that Softcat may decide to offer new Ordinary Shares or securities convertible into Ordinary Shares in the future, either to raise capital or for other purposes. Subject to any applicable statutory pre-emption rights, any future issues of new Ordinary Shares may have a dilutive effect on the holdings of Shareholders and could have a material adverse effect on the market price of Ordinary Shares.

2.7 Pre-emption rights may not be available to US and other overseas Shareholders.

In the case of certain increases in Softcat's issued share capital, Shareholders are generally entitled to pre-emption rights to subscribe for such shares, unless such rights are waived by a resolution at a meeting of the Shareholders, or in certain other circumstances as stated in the Articles. US and certain other overseas Shareholders are customarily excluded from exercising any such pre-emption rights they may have unless a registration statement under the US Securities Act or other applicable laws is effective with respect to those rights or an exemption from the registration requirements or similar requirements in other jurisdictions thereunder is available. Softcat has no current intention to file any such registration statement, and cannot assure prospective investors that any exemption from any such registration requirements would be available to enable US or other overseas Shareholders to exercise such pre-emption rights or, if available, that it will utilise any such exemption, which could lead to US or other overseas Shareholders having their shareholdings in Softcat diluted.

IMPORTANT INFORMATION

1. NOTICE TO PROSPECTIVE INVESTORS

Prospective investors should rely only on the information in this Prospectus when deciding whether to invest in the Ordinary Shares. No person has been authorised to give any information or to make any representations in connection with the Global Offer other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders, either of the Joint Sponsors or either of the Joint Bookrunners. No representation or warranty, express or implied, is made by either of the Joint Sponsors, either of the Joint Bookrunners or any selling agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by either of the Joint Sponsors, either of the Joint Bookrunners or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any issue or sale of the Offer Shares pursuant to the Global Offer made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor, material mistake or inaccuracy relating to this Prospectus occurs or arises prior to Admission that may affect the ability of prospective investors to make an informed assessment of the Global Offer. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their applications to acquire Offer Shares made prior to the publication of such supplement. Such withdrawal must be done within the time limits set out in the supplement (if any) which shall not be shorter than two clear Business Days after publication of such supplement.

The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of the Offer Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Ordinary Shares under applicable legal, investment or similar laws or regulations.

Investors should be aware that they may be required to bear the financial risks of any investment in Ordinary Shares for an indefinite period of time.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, the Joint Sponsors, the Joint Bookrunners or any of their respective representatives that any recipient of this Prospectus should purchase the Offer Shares.

Prior to making any decision whether to purchase any Offer Shares, prospective investors should ensure that they have read this Prospectus in its entirety and, in particular, the section titled “Risk Factors”, and not just rely on key information or information summarised in it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the merits and risks involved. Any decision to purchase Offer Shares should be based solely on this Prospectus.

Investors who purchase Offer Shares in the Global Offer will be deemed to have acknowledged that: (i) they have not relied on either of the Joint Sponsors, either of the Joint Bookrunners or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied solely on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by any of the Company, the Directors, the Selling Shareholders, the Joint Sponsors or the Joint Bookrunners.

None of the Company, the Directors, the Selling Shareholders, the Joint Sponsors, the Joint Bookrunners or any of their representatives is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment by such offeree or purchaser.

2. PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the historical financial information included in this Prospectus has been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“**IFRS**”). For full details of the basis of preparation, please refer to Note 2.1 (‘Basis of preparation’) to the Company’s historical financial information in Part VI (*Historical Financial Information*).

The significant IFRS accounting policies described in Note 2 (‘Accounting policies’) to the Company’s historical financial information included in Part VI (*Historical Financial Information*) are applied consistently in the preparation of the historical financial information in this Prospectus.

The financial information presented in this Prospectus was not prepared in accordance with US Generally Accepted Accounting Principles (“**US GAAP**”) or audited in accordance with US Generally Accepted Auditing Standards (“**US GAAS**”) or the auditing standards of the Public Company Accounting Oversight Board (“**PCAOB Standards**”). No opinion or any other assurance with regard to any financial information was expressed in accordance with US GAAS or PCAOB Standards and the financial information is not intended to comply with the US Securities and Exchange Commission reporting requirements. Compliance with such requirements would require modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information. In particular, no reconciliation to US GAAP is provided.

2.1 Non-IFRS financial measures and other metrics

In this Prospectus, the Company presents certain financial measures and other metrics that are not recognised under IFRS and are unaudited. The Directors believe that each of these measures provides useful information with respect to the performance of Softcat’s business and operations. These non-IFRS financial measures and other metrics are not measures recognised under IFRS or any other internationally accepted accounting principles, and prospective investors should not consider such measures as an alternative to the IFRS measures included in the Company’s historical financial information. The non-IFRS financial measures and other metrics, each as defined herein, may not be comparable to similarly titled measures presented by other companies as there are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. Even though the non-IFRS financial measures and other metrics are used by management to assess Softcat’s financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of Softcat’s position or results as reported under IFRS.

Unaudited financial measures and other metrics in relation to the Company have been derived from (i) management accounts for the relevant accounting periods presented; (ii) internal financial reporting systems supporting the preparation of the Company’s historical financial information contained in Part VI (*Historical Financial Information*); and (iii) Softcat’s other business operating systems and records. Management accounts are prepared using information derived from accounting records used in the preparation of the Company’s historical financial information contained in Part VI (*Historical Financial Information*), but may also include certain other assumptions and analyses.

The following table sets out these unaudited non-IFRS financial measures and other metrics for the years ended 31 July 2013, 2014 and 2015.

<u>unaudited</u>	<u>Year ended 31 July</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Gross profit margin ⁽¹⁾ (%)	17.8%	17.5%	17.2%
Adjusted operating profit ⁽²⁾ (£000)	28,103	35,528	40,586
Adjusted operating profit margin ⁽³⁾ (%)	7.1%	7.0%	6.8%
Adjusted operating profit / gross profit margin ⁽⁴⁾ (%)	39.9%	40.1%	39.5%
Cash conversion rate ⁽⁵⁾ (%)	72.2%	123.5%	131.9%
Return on invested capital ⁽⁶⁾ (%)	43.2%	38.2%	33.6%
Return on adjusted invested capital ⁽⁷⁾ (%)	43.2%	55.5%	82.4%
Customers ⁽⁸⁾ (#)	9,820	10,712	11,413
Average revenue per customer ⁽⁹⁾	<u>£40,301</u>	<u>£47,124</u>	<u>£52,229</u>

- (1) “Gross profit margin” is a non-IFRS financial measure that the Company defines as gross profit as a percentage of revenue. The Directors believe that gross profit margin may provide prospective investors with a meaningful supplemental measure to evaluate the Company’s profitability.
- (2) “Adjusted operating profit” is a non-IFRS financial measure that the Company defines as operating profit before exceptional items and share-based payment charges. This measure has been extracted from the Company’s historical financial information in Part VI (*Historical Financial Information*), where it appears in the Company’s statement of profit or loss and other comprehensive income. The Directors believe that adjusted operating profit may provide prospective investors with a meaningful supplemental measure to evaluate the Company’s operating performance. In particular, the Directors believe that eliminating exceptional items and share-based payment charges enhances the comparability of the Company’s underlying financial performance from period to period.

The following table presents a reconciliation of adjusted operating profit to operating profit, the most directly comparable financial measure calculated in accordance with IFRS, for the years ended 31 July 2013, 2014 and 2015.

<u>Unaudited, except as indicated</u>	<u>Year ended 31 July</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
		£000	
Operating profit (audited)	27,368	35,528	39,582
Share-based payment charge	735	—	5
Exceptional non-recurring item	—	—	999
Adjusted operating profit	<u>28,103</u>	<u>35,528</u>	<u>40,586</u>

- (3) “Adjusted operating profit margin” is a non-IFRS financial measure that the Company defines as adjusted operating profit as a percentage of revenue. The Directors believe that adjusted operating profit margin may provide prospective investors with a meaningful supplemental measure to evaluate the Company’s profitability.
- (4) “Adjusted operating profit / gross profit margin” is a non-IFRS financial measure that the Company defines as adjusted operating profit as a percentage of gross profit. The Directors believe that adjusted operating profit / gross profit margin may be a meaningful supplemental measure to evaluate the Company’s operating efficiency and the Company uses this measure as part of the process to prepare and approve its annual budget.
- (5) “Cash conversion rate” is a non-IFRS financial measure that the Company defines as cash generated from operations after capex as a percentage of operating profit. The Company defines “capex” as purchase of property, plant and equipment plus purchase of intangible assets. The Directors believe that the cash conversion rate may provide prospective investors with an enhanced understanding of the Company’s cash generation and is a useful measure for comparing the Company’s liquidity in respect of its operations from period to period and evaluating the efficiency with which it converts underlying operating profit into cash.

The following table presents a reconciliation of cash generated from operations after capex to cash generated from operations, the most directly comparable financial measure calculated in accordance with IFRS, and sets out the cash conversion rates, in each case for the years ended 31 July 2013, 2014 and 2015.

Unaudited, except as indicated	Year ended 31 July		
	2013	2014	2015
		£000	
Cash generated from operations (audited)	22,857	46,018	54,730
Purchase of property, plant and equipment (audited)	(2,722)	(1,822)	(2,217)
Purchase of intangible assets (audited)	(375)	(330)	(288)
Cash generated from operations after capex	19,760	43,866	52,225
Operating profit (audited)	27,368	35,528	39,582
Cash conversion rate (%)	72.2%	123.5%	131.9%

- (6) “Return on invested capital” is a non-IFRS financial measure that the Company defines as the ratio of operating profit after tax to total equity. The Company defines “operating profit after tax” as operating profit less income tax expense calculated using the standard rate of UK corporation tax for the period. Operating profit as included in the calculation for the year ended 31 July 2015 is operating profit before £1.0 million of exceptional costs relating to the Global Offer. The Directors believe that return on invested capital may provide prospective investors with an enhanced understanding of the returns generated by the Company on capital invested and the Company’s effectiveness in utilising its capital resources.

The following table presents a reconciliation of operating profit after tax to operating profit, the most directly comparable financial measure calculated in accordance with IFRS, and sets out return on invested capital, in each case for the years ended 31 July 2013, 2014 and 2015.

Unaudited, except as indicated	Year ended 31 July		
	2013	2014	2015
		£000	
Operating profit (audited)	27,368	35,528	40,581 ^(a)
Income tax expense at the standard rate of UK corporation tax (2013: 23.7%; 2014: 22.3%; 2015: 20.7%)	(6,486)	(7,923)	(8,388)
Operating profit after tax	20,882	27,605	32,193
Total equity (audited)	48,383	72,299	95,816
Return on invested capital (%)	43.2%	38.2%	33.6%

(a) Before £1.0 million of exceptional costs relating to the Global Offer.

- (7) “Return on adjusted invested capital” is a non-IFRS financial measure that the Company defines as the ratio of operating profit after tax (as defined in note 6 above) to adjusted invested capital. The Company defines “adjusted invested capital” as either (i) total equity; or (ii) in respect of the years ended 31 July 2014 and 2015 only, total equity as at the end of the relevant period plus 3.0 per cent. of revenue less cash and cash equivalents for the relevant period. The Directors believe that adjusting the amount of cash included in the Company’s calculation of return on invested capital for the years ended 31 July 2014 and 2015 may enhance the comparability of this metric from period to period as they consider the amount of cash and cash equivalents for the year ended 31 July 2013 to be a more usual level of cash.

The following table sets out the calculation of adjusted invested capital and return on adjusted invested capital, in each case for the years ended 31 July 2013, 2014 and 2015.

Unaudited, except as indicated	Year ended 31 July		
	2013	2014	2015
Operating profit after tax	20,882	27,605	32,193
Total equity (audited)	48,383	72,299	95,816
<i>Adjustment for constant cash:</i>			
3 per cent. of revenue (2013: n/a; 2014: 504,797; 2015: 596,084)	n/a	15,144	17,883
Cash and cash equivalents (audited)	n/a	(37,720)	(74,642)
Adjusted invested capital	48,383	49,723	39,057
Return on adjusted invested capital	43.2%	55.5%	82.4%

- (8) “Customers” is an operating metric that the Company defines as a sales account, with a unique post code, that has traded with the Company in the relevant financial period. The Directors view the size of the Company’s customer base as an indicator of the Company’s ability to execute its strategy and use this metric to evaluate the performance of the business and to prepare and approve its annual budget.
- (9) “Average revenue per customer” is an operating metric that the Company defines as revenue divided by customers for the period. The Directors view average revenue per customer as an indicator of profitability and use this metric to evaluate the performance of the business and to prepare and approve its annual budget.

2.2 Financial information prepared in accordance with generally accepted accounting practice in the United Kingdom (“UK GAAP”)

The Company’s historical financial information in respect of financial periods ended before 31 July 2013 referred to in this Prospectus has been prepared in accordance with UK GAAP, which differs in certain respects from IFRS. Such differences include methods for recognising, measuring and recording the amounts shown in financial statements as well as different disclosure requirements. As a result, the UK GAAP financial information may not be comparable with other financial information relating to later periods that has been prepared in accordance with IFRS. The Directors believe that had the UK GAAP financial information been restated under IFRS, the variances would not have been material.

The UK GAAP financial information has been extracted without material adjustment from the Company’s statutory financial statements in respect of those periods (prepared in accordance with UK GAAP and audited by the Company’s previous statutory auditors) or has been extracted or derived from the accounting records that have been used to prepare such statutory financial statements. The Company’s statutory financial statements in respect of financial periods ended before 31 July 2013 are neither included nor incorporated by reference in this Prospectus. The UK GAAP financial information is separately identified where referred to in this Prospectus.

The Directors believe that the UK GAAP financial information provides useful context with respect to the longer-term historical performance of Softcat’s business and operations. In making an investment decision, prospective investors must rely upon their own examination and judgments of the Company and must make their own judgments in assessing the financial information included in this Prospectus. Prospective investors should consult their own professional advisers to gain an understanding of the differences between UK GAAP and IFRS, and how those differences might affect the financial information in respect of financial periods ended before 31 July 2013 contained in this Prospectus.

3. MARKET, ECONOMIC AND INDUSTRY DATA

This Prospectus includes certain market, economic and industry data, which were obtained by the Company from industry publications, data and reports compiled by professional organisations and analysts, data from other external sources. The market, economic and industry data set out in this Prospectus that has been sourced from third parties has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

Some of the aforementioned third-party sources may state that the information they contain has been obtained from sources believed to be reliable. However, such third party sources may also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, statistical information and economic indicators contained in these third party sources, the Company is unable to verify such information.

4. ROUNDING

Some historical financial information, percentages and other amounts included in this Prospectus have been rounded for ease of presentation. As a result of this rounding, figures shown as totals of rows or columns in certain tables in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

5. CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Prospectus to “£”, “p”, “pounds sterling” or “pence” are to the lawful currency of the United Kingdom.

Unless otherwise indicated, the historical financial information contained in this Prospectus has been expressed in pounds sterling. The Company’s functional currency is pounds sterling and the Company presents its financial statements in pounds sterling.

6. FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will” or, in each case, their negative or other variations or similar terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the Directors’ intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial position, liquidity, prospects, growth and strategies, and the development of the industry in which the Company operates.

By their nature, such forward-looking statements involve unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company’s actual results of operations, financial condition, liquidity, prospects, growth and strategies, and the development of the industry in which the Company operates, may differ materially from those expressed or implied by the forward-looking statements set out in this Prospectus. In addition, even if the Company’s results of operations, financial condition, liquidity, prospects, growth and strategies, and the development of the markets and the industry in which the Company operates, are consistent with the forward looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause the Company’s results and developments to differ materially from those expressed or implied by the forward looking statements include, but are not limited to:

- a failure to attract, recruit and retain the talent required to support its growth;
- changes in its culture, potentially resulting in decreased employee satisfaction and customer service and satisfaction;
- changing customer demands and preferences;
- increased competition and a failure to win or maintain market share;
- a decrease or loss of incentive income;
- a failure to maintain or grow customer, vendor partner and distributor relationships;
- a loss of members of its senior management team;
- solutions being offered outside of the IT channel which become widely adopted in substitution for the solutions it offers;
- a failure, disruption, natural disaster, accident or other interruption, malfunction or adverse occurrence at one of its data centres or NOCs; and
- exposure to significant liabilities and/or reputational damage due to breaches in security or legal claims.

Prospective investors are advised to read, in particular, the following parts of this Prospectus for a more complete discussion of the factors that could affect the Company’s future performance and the industry in which the Company operates: the section titled “Risk Factors”, Part I (*Information on Softcat*), Part IV (*Operating and Financial Review*) and Part VI (*Historical Financial Information*). In light of these factors, the events described in the forward-looking statements in this Prospectus may not occur.

The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. Each of the Company, the Directors, each of the Joint Sponsors and each of the Joint Bookrunners expressly disclaims any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the Prospectus Rules, the Listing Rules of the FCA (the “**Listing Rules**”) or the Disclosure and Transparency Rules.

7. NO INCORPORATION OF WEBSITE

The contents of the Company's website at www.softcat.com, the contents of any website accessible from hyperlinks on the Company's website or any other website referred to in this Prospectus are not incorporated into, and do not form part of, this Prospectus.

8. DEFINITIONS

A glossary and a list of defined terms used in this Prospectus is set out in Part X (*Definitions and Glossary*).

9. AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to Section 13 or Section 15(d) of the US Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish to any holder or beneficial owner of such restricted securities, or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act.

10. ENFORCEMENT OF CIVIL LIABILITIES

The Company is incorporated under the laws of England and Wales. Shareholders resident outside the United Kingdom may not be able to enforce a judgment against the Company or some or all of the Directors and executive officers of the Company. All of the Directors and executive officers are and are anticipated to continue to be residents of the United Kingdom. Consequently, it may not be possible for an overseas Shareholder to effect service of process upon the Company or the Directors and executive officers within the overseas Shareholder's country of residence or to enforce against the Company or the Directors and executive officers judgments of courts of the overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than England against the Company or the Directors or executive officers who are residents of countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	Time/date ⁽¹⁾
Announcement of the Offer Price and notification of allocations of Ordinary Shares ⁽²⁾	13 November 2015
Publication of this Prospectus	13 November 2015
Commencement of conditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. on 13 November 2015
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. on 18 November 2015
CREST stock accounts credited (where applicable)	18 November 2015
Despatch of definitive share certificates (where applicable) . . .	Week commencing 30 November 2015

(1) The above dates and times may be brought forward or extended and any changes will be notified via a Regulatory Information Service. References to times are to London time unless otherwise stated.

(2) The Offer Price and details of the final number of Ordinary Shares subject to the Global Offer will be announced via a Regulatory Information Service.

All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis, will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

OFFERING STATISTICS

Offer Price	240 pence per Ordinary Share
Total number of Ordinary Shares in issue immediately prior to Admission ⁽¹⁾ . .	196,776,260
Total number of Offer Shares	63,919,956
Percentage of the Company's issued share capital being offered pursuant to the Global Offer	32.5 per cent.
Total number of Ordinary Shares subject to the Over-allotment Option	9,587,993
Total number of Ordinary Shares in issue immediately after Admission ⁽¹⁾	196,776,260
Market capitalisation at the Offer Price ⁽²⁾	£472.3 million
Estimated net proceeds from the Global Offer receivable by the Company ⁽³⁾ . .	£0
Estimated net proceeds from the Global Offer receivable by the Selling Shareholders ⁽⁴⁾	£149.6 million

-
- (1) Assuming the share capital reorganisation described in paragraph 4.2(v) of Part IX (*Additional Information*) has taken place.
- (2) The Company's market capitalisation at any given time will depend on the market price of the Ordinary Shares at that time. The Company cannot assure prospective investors that the market price of an Ordinary Share will be equal to or exceed the Offer Price.
- (3) The Company will not receive any of the proceeds of the Global Offer, all of which will be paid to the Selling Shareholders. The Company expects to incur a total of up to £5.3 million of discretionary commissions and expenses in connection with the Global Offer, of which £1.0 million has been charged to the income statement in the year ended 31 July 2015 as an exceptional item.
- (4) After deduction of approximately £3.8 million of commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Global Offer.

DIRECTORS, COMPANY SECRETARY, REGISTERED ADDRESS AND ADVISERS

Directors	Brian Wallace (Chairman) Martin Hellowell (Executive Director and Chief Executive Officer) Graham Charlton (Executive Director and Chief Financial Officer) Lee Ginsberg (Senior Independent Director and Independent Non-executive Director) Vin Murria (Independent Non-executive Director) Peter Ventress (Independent Non-executive Director)
Company Secretary	Capita Company Secretarial Services Limited 40 Dukes Place London EC3A 7NH
Registered Address	Fieldhouse Lane Marlow Buckinghamshire SL7 1LW
Joint Sponsor	Credit Suisse International One Cabot Square London E14 4QJ
Joint Global Co-ordinator and Joint Bookrunner	Credit Suisse Securities (Europe) Limited One Cabot Square London E14 4QJ
Joint Sponsor, Joint Global Co-ordinator and Joint Bookrunner	Jefferies International Limited Vintners Place 68 Upper Thames Street London EC4V 3BJ
Legal advisers to the Company as to English and US law	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA
Legal advisers to the Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners as to English and US law	Allen & Overy LLP One Bishops Square London E1 6AD
Auditors and Reporting Accountant to the Company	Ernst & Young LLP Apex Plaza Forbury Road Reading RG1 1YE
Registrar	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Receiving Agent	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART I—INFORMATION ON SOFTCAT

1. OVERVIEW

Softcat is a leading UK IT infrastructure and services provider. In 2014, Softcat was one of the top five UK VARs by revenue, according to ChannelWeb⁵.

Softcat provides corporate and public sector organisations with IT infrastructure solutions, including the products and services they may require to design, implement, support and manage these solutions, on premise, in the cloud or a combination of both. Softcat's solutions include software licensing and sales, hardware sales and professional and managed services for its customers' core IT requirements, such as workplace technology, data centre infrastructure and networking and security. While Softcat's customers primarily comprise SMB customers, Softcat also provides its solutions to public sector customers and enterprise customers. For the year ended 31 July 2015, revenue from SMB customers, public sector customers and enterprise customers represented 56.2 per cent., 26.1 per cent. and 17.7 per cent., respectively, of Softcat's total revenue.

Softcat enjoys strong trading relationships with over 200 vendor partners and their distributors, including larger, more established vendor partners, such as Apple, Cisco, Citrix, Dell, HP, Lenovo, Microsoft, Symantec and VMware, and smaller or more recently established vendor partners, such as Veeam, Mimecast, Sophos and Snow. The Directors believe that Softcat's customers benefit from the efficiency of having a single IT infrastructure and services provider that enables them to choose the optimal IT solution for their specific business needs from Softcat's broad offering, including, when required, its professional and managed services capabilities.

Softcat offers its solutions through its sales team, which, as at 31 July 2015, comprised over 560 employees, including over 330 account managers, over 150 sales specialists and over 80 sales support staff. Each of Softcat's customers, which in the year ended 31 July 2015 totalled 11,413, is served by a single account manager, who acts as the primary point of contact and who is responsible for managing the customer relationship. Account managers are supported by a team of sales specialists, including staff who have expertise relating to specific technologies or specific vendors' products and services, who can advise customers on more complex solutions.

Softcat is passionate about two things: employee satisfaction and customer service, and believes the former drives the latter. In May 2015, Softcat was named by the Great Place to Work Institute as the No. 2 Best Workplace in the United Kingdom (Large Category) and No. 8 in Europe. Softcat regularly collects and monitors customer feedback, including in an annual customer satisfaction survey. In each of its annual customer satisfaction surveys conducted in the five-year period ended 31 July 2015, which had an average response rate of 25 per cent. of customers sampled, 99 per cent. of customers responding stated they were satisfied or very satisfied with Softcat as a company to do business with.

Softcat is headquartered in Marlow in Buckinghamshire and has four branch offices in Bristol, Leeds, London and Manchester. As at 30 September 2015, Softcat employed 866 people.

For the years ended 31 July 2013, 2014 and 2015, Softcat had:

- revenue of £395.8 million, £504.8 million and £596.1 million, respectively;
- adjusted operating profit of £28.1 million, £35.5 million and £40.6 million, respectively;
- cash conversion rates of 72.2 per cent., 123.5 per cent. and 131.9 per cent., respectively; and
- return on adjusted invested capital of 43.2 per cent., 55.5 per cent. and 82.4 per cent., respectively.

2. MARKET OVERVIEW

2.1 IT value chain

The IT infrastructure and services market comprises a wide variety of solutions, including any or a combination of the sourcing, resale, design, development, installation, integration, hosting, co-location, supporting, monitoring, management and maintenance of software and hardware products and services. In the United Kingdom, these solutions may be provided by a highly fragmented group of IT infrastructure and services providers and other companies, including IT vendors, distributors, retailers, resellers and

⁵ ChannelWeb, Top VARs 2014, http://www.channelweb.co.uk/digital_assets/8362/CRN_Top_VARs_2014.pdf.

systems integrators, as well as providers of customised software solutions, managed services and professional services.

Vendors of IT products may choose to sell their products (i) directly to end users (typically large corporate or public sector organisations, or individuals); (ii) indirectly through distributors, resellers and/or VARs via the IT channel; and/or (iii) directly to original equipment manufacturers for installation in (in the case of hardware) or on (in the case of software) devices, such as desktop and laptop computers, prior to shipping.

Distributors are wholesalers that act as intermediaries in the IT channel between the IT vendor and the reseller. Resellers may include retailers (who sell the products to end users), VARs (IT infrastructure and services providers that are able to both procure IT products and provide related IT support and services to end users) and systems integrators (IT infrastructure and services providers who build or support complete IT systems for end users and so, of necessity, procure certain IT products for them).

Customised software solutions, managed services and professional services may be provided by resellers to supplement their resale offerings, as well as by specialist businesses.

Vendors that sell their products through the IT channel tend to benefit from the scale and efficiencies within distributors' warehouse and logistics platforms; distributors generally also represent a better credit risk to them than end users. As a result, distributors, and ultimately VARs, may benefit from preferential commercial terms, such as higher discounts and rebates, to promote vendor sales through the IT channel. However, certain vendors may decide to make certain of their products available only directly to a reseller, including VARs, or, in rare cases, operate a direct-sales only model. It may be possible for a VAR to negotiate preferential financial terms in a direct reseller arrangement, as compared to financial terms offered by a distributor in the IT channel; however, these arrangements would be negotiated on a case-by-case basis.

2.2 UK IT infrastructure and services market

In March 2015, IDC estimated that spend on hardware and packaged software by corporate and public sector organisations in the United Kingdom was approximately £25 billion in 2014 and will increase to £29 billion by 2018⁶. IDC further estimated that small-to-medium sized companies (by its definition, those with 0–999 employees), enterprise companies (by its definition, those with 1,000 or more employees) and public sector organisations (by its definition, government, public education and healthcare organisations) represented approximately 48 per cent., 36 per cent. and 16 per cent., respectively, of UK spend on hardware and packaged software in 2014 and that these percentages are expected to be approximately 49 per cent., 37 per cent. and 14 per cent. of UK spend in 2018⁶. In absolute terms, IDC expects spend by small-to-medium sized and enterprise companies from 2014 to 2018 to increase by 19 per cent. and 20 per cent., respectively, while spend by public sector organisations during the same period is expected to increase by a more modest 8 per cent. (primarily driven by increased spend by local government, public education and healthcare organisations, whereas spend by central government organisations is expected to slightly decrease)⁶.

There are a large number and wide variety of IT infrastructure and services providers in the United Kingdom. These include a changing roster of UK and international hardware, software and services providers and VARs. According to ChannelWeb, the top 100 UK VARs earned total revenue of £10.5 billion in 2014⁷. Of these 100 VARs, no single VAR had a greater than 13 per cent. share of the total revenue in 2014 and Softcat, which was the fifth largest VAR by revenue, had a 4.8 per cent. share of the total revenue in 2014⁷.

⁶ IDC, *European Industry Solutions*, March 2015. Amounts presented based on an exchange rate of \$1.67 to £1.00.

⁷ ChannelWeb, Top VARs 2014, http://www.channelweb.co.uk/digital_assets/8362/CRN_Top_VARs_2014.pdf.

UK IT infrastructure and services providers may provide a wide variety of offerings across various industry sectors or specialise on specific types of offerings and/or particular industry sectors. In particular, offerings and industry sectors which are becoming increasingly important relate to security and cloud computing. According to a 2015 PwC survey, security and data breaches affected 74 per cent. of small and medium businesses (by its definition those with 1–249 employees) and 90 per cent. of large businesses (by its definition those with more than 250 employees) in the United Kingdom.⁸ As a result, UK organisations have reported that their expenditure on IT security, particularly to external providers, is expected to continue to increase in the next year⁸. According to IDC, spend on IT security products is expected increase at a CAGR of 7 per cent. from 2013 to 2018⁹. This focus on security has been driven, in part, by increased adoption of cloud computing technologies. According to Gartner, public cloud usage is expected to increase at a CAGR of 18 per cent. from 2013 to 2018¹⁰.

2.3 Market opportunity

The Directors believe that managing the array of IT infrastructure and services needs of an organisation can be costly, complex and burdensome and that, in general, most IT infrastructure and services providers are not able to meet all of an organisation's IT requirements. IT infrastructure and services providers operating within the IT channel, such as Softcat, can play a vital role both for corporate and public sector organisations who are looking to reduce the burden and complexities of dealing with multiple providers, or who may not have the requisite resources, expertise, experience or contacts to source and manage all of their IT requirements, and for IT vendors who may not have the desire, reach, relationships or platform to sell to these organisations directly.

As at May 2015, there were approximately 60,000 small-and-medium-sized businesses (defined as those with 10–2,500 employees), approximately 3,000 enterprise businesses (defined as those with over 2,500 employees) and approximately 33,000 public sector organisations in the United Kingdom¹¹. In the year ended 31 July 2015, Softcat had approximately 8,900 SMB customers, approximately 2,100 public sector customers and approximately 400 enterprise customers. Therefore, the Directors believe that there is a large pool of UK corporate and public sector organisations that potentially could become customers of Softcat.

The Directors believe that SMBs, in particular, typically have limited in-house IT resources and, therefore, rely more heavily on third-party IT infrastructure and services providers. As a result, the Directors believe that SMBs will typically make IT purchasing decisions based more on customer service than price. The Directors also believe this customer segment has been largely underserved by Softcat's competitors. According to Gartner, SMBs have historically allocated and are expected to allocate an increasing proportion of their IT spend to external IT infrastructure and services providers¹². In addition, IDC estimated that, from 2011 to 2014, small-to-medium sized companies (by its definition, those with 0–999 employees) increased their UK spend on hardware and packaged software at a CAGR of 7.6 per cent., the highest rate among all customer segments analysed¹³.

In addition, the Directors believe that numerous existing public sector contracts will be tendered in the near-to-medium term, and that IT infrastructure and services providers with the necessary framework accreditations, such as Softcat, will be well-placed to seek to increase their share of this market. Currently, Softcat has over 20 framework accreditations that enable it to provide its solutions to a number of government, public education and healthcare organisations, including the Crown Commercial Service, Eduserv and Blackpool Teaching Hospitals. For the year ended 31 July 2015, revenue from public sector customers represented 26.1 per cent. of Softcat's total revenue.

The Directors also believe that Softcat's smaller customers among its lower enterprise customers (which Softcat defines as corporate organisations with 2,000 to 9,999 personal computers) face similar challenges to SMBs and have been equally underserved by Softcat's larger competitors, because they either lack the scale to provide solutions to such customers or are large VARs who focus more on large enterprise

⁸ PwC Information Security Breaches Survey, 2015.

⁹ IDC, Worldwide IT Security Products 2014–2018 Forecast and 2013 Vendor Shares, December 2014.

¹⁰ Gartner, *Survey Analysis: SMB Cloud Adoption Plans Present Rich Opportunities for Providers*, 18 March 2015.

¹¹ DueDil, Customer Market Data, May 2015.

¹² Gartner, *Forecast Overview: Small-and-Midsize-Business IT Spending, Worldwide, 2015*, 29 April 2015.

¹³ IDC, *European Industry Solutions*, March 2015.

customers. Therefore, expanding its presence in the enterprise customer segment generally, and particularly focusing on these smaller lower enterprise businesses, is one of Softcat's key strategies, particularly as IDC expects spend by enterprise companies (by its definition, those with 1,000 or more employees) to increase by 20 per cent. from 2014 to 2018¹⁴.

Further, as organisations seek new ways to manage security risks relating to their IT infrastructure and increase their adoption of cloud technologies, the Directors believe that Softcat can capitalise on its track record of delivering exceptional customer service to increase its sales to customers in these two areas. For example, Softcat has relationships with many vendor partners providing security software and hardware, such as Sophos, Mimecast and Cisco and, therefore, is able to provide a broad range of security solutions. In addition, Softcat can offer customers its own private cloud solution, CloudSoftcat, as well as public cloud solutions, such as Microsoft Office 365 and Symantec.Cloud.

3. SOFTCAT'S KEY STRENGTHS

The Directors believe that Softcat has the following key strengths.

3.1 Differentiated culture fostering motivated and empowered employees to deliver outstanding customer service

The Directors believe that Softcat's open, supportive and vibrant culture differentiates Softcat from its competitors and fosters an employee base that is empowered and motivated to deliver the highest levels of customer service. Softcat seeks to hire only individuals who not only have strong social skills and high performance potential, but who also demonstrate an ability to integrate into and enhance its culture. High performing employees and teams receive company-wide recognition. In addition to payment of commissions and bonuses, there are annual trips abroad and recognition lunches. Other benefits include participation in regular social, sporting and charitable activities, workplace perks, such as free breakfast and wellness treatments, and celebration of birthdays with a half-day holiday. In addition, there are no offices for individuals; all employees, including members of the senior management team and other senior employees, share the same open workspace. Senior employees remain visible and available for mentoring and support. The Directors believe that this particularly reinforces Softcat's culture because many of them began their careers at Softcat and have progressed to leadership positions, which may inspire employees. The Directors believe that this also helps to promote Softcat's values of openness, community and teamwork. Further, many of Softcat's longstanding employees are Shareholders and, therefore, invested in Softcat's overall success.

The Directors believe that Softcat's success in motivating and empowering its employees through its culture is evidenced by its high levels of employee and customer satisfaction, long-term employee retention rate and multiple awards received by it to date. In each of its annual employee satisfaction surveys conducted in the two-year period ended 12 December 2014, which had an average response rate of 82 per cent., 98 per cent. of employees responding rated Softcat positively or very positively as an employer. Softcat's sales team retention rate increases as employees gain seniority; for the year ended 31 July 2015, Softcat's average sales team retention rate for employees who had been with Softcat for six years was 89.1 per cent. In each of its annual customer satisfaction surveys conducted in the five-year period ended 31 July 2015, which had an average response rate of 25 per cent. of customers sampled, 99 per cent. of customers responding stated they were satisfied or very satisfied with Softcat as a company to do business with. For the year ended 31 July 2015, respondents to Softcat's annual customer satisfaction survey rated Softcat with a "Net Promoter Score"¹⁵ ("NPS") of 73 per cent., which was significantly higher than the average NPS ratings reported by Satmetrix (the co-developer of the NPS model) in its 2015 UK consumer study. In 2010, Softcat was named by The Sunday Times as the Best Small Company to Work For in the United Kingdom and, in 2015, Softcat was named by the Great Place to Work Institute as the No. 2 Best Workplace in the United Kingdom (Large Category) and No. 8 in Europe.

¹⁴ IDC, *European Industry Solutions*, March 2015.

¹⁵ "Net Promoter Score" is a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix which Softcat defines as the percentage of customers who answer "9" or "10" less the percentage of customers who answer "1" to "6" in response to the question, "On a scale of 1-10 (with 1 being not likely at all and 10 being very likely), what is the likelihood that you would recommend Softcat as a supplier, either to other parts of your business or to another organisation?".

3.2 Leading UK IT infrastructure and services provider operating in a growing market and well-placed to continue to gain market share

Softcat operates within the growing UK IT infrastructure and services market. Further, Softcat's largest customer segment, SMBs, represents the largest and fastest growing segment within the UK IT infrastructure and services market. The Directors believe that Softcat's ability to successfully capitalise on these market opportunities has enabled it to develop a strong track record of market share growth.

Softcat increased its share of the total revenue of the top 100 UK VARs from 2.7 per cent. in 2011 to 4.8 per cent. in 2014¹⁶, according to ChannelWeb, representing a compound annual growth rate ("CAGR") of 31.8 per cent., and in 2014 was the fifth largest UK VAR by revenue. The rate of increase in Softcat's share of the total revenue of the top 100 UK VARs from 2011 to 2014 outpaced the market, with total revenue of the top 100 UK VARs having increased at a CAGR of just 7.4 per cent. over the same period¹⁶. Despite this strong performance, Softcat's share of the revenue of the top 100 UK VARs remains relatively low and, given that the largest UK VAR had only a 12.2 per cent. share in 2014 (which decreased from 14.8 per cent. in 2011)¹⁶, the Directors believe that there is significant opportunity for Softcat to continue to increase its share of the total revenue of the top 100 UK VARs in the future.

In addition, Softcat has increased its share of several of its key vendor partners' sales through the IT channel. For example, according to Context World Limited, from July 2013 to July 2015, Softcat increased its share of monthly UK sales through the IT channel of VMware, Microsoft, Dell, HP and Cisco by 120.1 per cent., 11.1 per cent., 10.8 per cent., 32.0 per cent. and 12.3 per cent., respectively¹⁷. The Directors believe that this growth demonstrates the strength of Softcat's vendor partner relationships, which are underpinned by Softcat's sales and customer service model. In particular, as certain of Softcat's vendor partners, such as Dell, shift away from a direct sales only model towards use of the IT channel, the Directors believe that Softcat is well-placed to continue to grow its share of their UK sales.

3.3 Strong relationships with a growing and diversified customer base

Softcat has a long track record of growing its customer base and developing long-term relationships with its customers. Softcat's customer base grew from 3,965 customers in year ended 31 July 2007 to 11,413 customers in year ended 31 July 2015. Growth in Softcat's customer base has partly been driven by the diversification of Softcat's customer base over time. In addition to focussing on its large and loyal SMB customer base, today Softcat provides its solutions to public sector and enterprise customers. For the year ended 31 July 2015, revenue from SMB customers, public sector customers and enterprise customers represented 56.2 per cent., 26.1 per cent. and 17.7 per cent., respectively, of Softcat's total revenue. The Directors believe that this diversity provides Softcat with multiple opportunities for growth and a balanced customer base. The diversification of Softcat's customer base also has contributed to the increases in average revenue per customer and revenue from existing customers (which Softcat defines as a customer that Softcat has traded with in the immediately previous financial year). Average revenue per customer increased from £22,482 for the year ended 31 July 2007¹⁸ to £52,229 for the year ended 31 July 2015. In the years ended 31 July 2013, 2014 and 2015, revenue from existing customers ranged from approximately 82 to 87 per cent. of Softcat's total revenue.

Softcat's account managers play a significant role in the growth and development of Softcat's customer relationships. Many of Softcat's customers (particularly SMBs) have limited in-house IT resource, and so rely on Softcat to advise them as to what is the best IT solution for them. This requires Softcat to be vendor agnostic, meaning that it seeks to recommend to its customers the most appropriate IT solution based on their specific needs. Doing this helps an account manager to develop more trusted relationships, which, as they mature, typically results in the account manager being able to sell additional, and more complex, solutions to customers, resulting in increased customer spend over time. For example, for the six-year period ended 31 July 2015, average revenue per customer in respect of customers who traded for the first

¹⁶ ChannelWeb, Top VARs 2014, http://www.channelweb.co.uk/digital_assets/8362/CRN_Top_VARs_2014.pdf; and Top VARs 2011, http://www.channelweb.co.uk/digital_assets/3671/CRN_2011_Top_VARs.pdf.

¹⁷ Context World Limited, Vendor Shipment Reports, January 2013 to July 2015.

¹⁸ Financial information and metrics in respect of years ended prior to 31 July 2013 were prepared, or calculated from information prepared, under UK GAAP. UK GAAP financial information may not be comparable with other financial information relating to later periods that has been prepared in accordance with IFRS.

time with Softcat at any point during the period and remained customers during the period increased at a CAGR of approximately 35 per cent.¹⁹

3.4 Growing range of solutions supported by strong vendor partnerships

At inception, Softcat focused on software licensing and sales primarily for SMB customers, which in the year ended 31 July 2001 represented over 75 per cent. of Softcat's revenue¹⁹. Since then, Softcat has significantly diversified its solutions offering to better enable it to serve its customers' evolving IT infrastructure needs. Today, Softcat's solutions include a broad range of products and services for its customers' workplace technology, data centre infrastructure and networking and security requirements. The Directors believe that Softcat's customers benefit from the efficiency of having a single IT infrastructure and services provider that enables them to choose the optimal IT solution for their specific business needs from Softcat's broad solutions offering. From a vendor partner's perspective, Softcat provides cost effective access to a widely-dispersed customer base. Furthermore, Softcat is able to provide valuable customer feedback to its vendor partners, and collaborate with them to drive joint marketing and sales initiatives.

As at 31 July 2015, Softcat enjoyed strong trading relationships with over 200 vendor partners and their distributors, including larger, more established vendor partners, such as Apple, Cisco, Citrix, Dell, HP, Lenovo, Microsoft, Symantec and VMware, and smaller or more recently established vendor partners, such as Veeam, Mimecast, Sophos and Snow. The strength of Softcat's vendor partner relationships is evidenced by its accreditations, which include being a VMware Premier Partner, Cisco Gold Partner, Dell Partner Direct and HP Preferred Platinum Partner. Softcat also holds eleven accreditations from Microsoft, including four "Gold" (the highest level attainable) accreditations for messaging, volume licensing, software asset management and devices and deployment and seven "Silver" accreditations for hosting, cloud productivity, midmarket solutions, original equipment manufacturer, small and midmarket cloud solutions, data centre and cloud platform. Generally, attainment of higher levels of accreditation is rewarded with preferential commercial terms. Further, Softcat has received numerous awards from its vendor partners, including being named Dell's Platinum Partner of the Year, UK Partner of the Year and EMEA Partner of the Year in 2014, Sophos' UK and Ireland Mid-Market Partner of the Year in 2014 and 2015 and Mimecast's Partner of the Year every year since 2008.

3.5 Track record of strong and resilient financial performance through organic growth

Softcat has increased its revenue ten-fold over the past ten years, delivering uninterrupted organic revenue growth since 2005. Its revenue increased from £89.1 million for the year ended 31 July 2007¹⁹ to £145.8 million for the year ended 31 July 2010¹⁹ and to £596.1 million for the year ended 31 July 2015. During this period Softcat has also effectively managed its costs, contributing to continuous increases in its operating profit (and adjusted operating profit). Operating profit increased from £3.3 million for the year ended 31 July 2007¹⁹ to £10.0 million for the year ended 31 July 2010¹⁹ and to £39.6 million for the year ended 31 July 2015. As a consequence, Softcat has delivered strong operating profit margins, which were 3.7 per cent.¹⁹, 6.9 per cent.¹⁹ and 6.6 per cent., respectively, for the years ended 31 July 2007, 2010 and 2015. For the year 31 July 2015, adjusted operating profit was £40.6 million and adjusted operating profit margin was 6.8 per cent.

Softcat's business model has also resulted in robust cash generation coupled with strong returns on invested capital. For the three-year period ended 31 July 2015, Softcat's average cash conversion rate was 109.2 per cent., average annual return on invested capital was 38.3 per cent. and average annual return on adjusted invested capital was 60.4 per cent. Softcat's strong cash generation is particularly supported by its relatively low capital expenditure requirements. In particular, Softcat has been able to support its growth through the opening of branch offices for limited incremental investment. The Directors believe that its newest offices in Leeds and Bristol will have a positive impact on Softcat's financial performance as they reach full operating capability, and expect that new offices will return a positive monthly profit contribution within 12 months from opening.

Softcat's strong and resilient financial performance has largely been driven by its sales and customer service model, which the Directors believe makes Softcat better placed than its competitors to win new business and earn more business from its existing customers, even in periods of weaker economic

¹⁹ Financial information and metrics in respect of years ended prior to 31 July 2013 were prepared, or calculated from information prepared, under UK GAAP. UK GAAP financial information may not be comparable with other financial information relating to later periods that has been prepared in accordance with IFRS

conditions. This is in part because Softcat's business model is centred on delivery of the best customer service while broadening its solutions offering, and also because Softcat has continued to grow its employee and customer bases during such difficult periods, whereas certain of its competitors may have contracted them. As a result, the Directors believe that Softcat will be able to continue to demonstrate resilience across economic cycles.

3.6 Highly experienced and cohesive management team

The Directors believe that Softcat has a strong senior management team, many of whom have significant experience and knowledge of Softcat's industry. In particular, the senior management team is comprised of a combination of long-standing employees, many of whom started their careers at Softcat, and more recent joiners with extensive industry experience and specialist expertise who have joined the business from other IT infrastructure and services providers or UK public companies. As with Softcat's rigorous sales team recruitment process, Softcat also seeks to ensure its senior hires demonstrate an ability to integrate into and enhance Softcat's culture. This is important to Softcat because the senior management team plays a critical role in cultivating Softcat's open, supportive and vibrant culture, motivating its employees for success, and contributing to a high long-term retention rate of key staff. In 2015, the Great Place to Work Institute awarded Softcat with the "Delivering Excellence in Leadership" special award for the large business category for the second year in a row.

4. SOFTCAT'S STRATEGY

The Directors believe that Softcat's track record of gaining market share from its competitors in its core customer markets is largely attributable to its simple two-pronged strategy:

- increase revenue from existing customers; and
- win business from new customers.

Softcat has a diverse and extensive list of customers, many of which typically purchase a number of products and services from Softcat every year. Maintaining and growing its customer relationships is critical to Softcat's future success. Softcat's new customers typically provide incremental revenue in the first year of the relationship. As the relationship matures, customers typically will purchase additional, and more complex, products and services, generally resulting in increased spend over time. As Softcat seeks to continue to strengthen its relationships with its growing customer base, it will continue to execute its strategy by striving to do the following.

4.1 Deliver the highest level of customer service in the UK IT infrastructure and services industry

The Directors believe that, when products and services are otherwise competitively priced, customer service is the differentiating factor for organisations, particularly SMBs, when selecting their IT infrastructure and services provider. For example, in 2014, Gartner reported that mid-size businesses rank customer service above price, and would not hesitate to replace their IT infrastructure and services provider if it failed to deliver high levels of customer service²⁰. Softcat's employees are trained from day one that delivery of exceptional customer service is critical to the success of its business because it enables Softcat to attract new customers and build long-term customer loyalty. Softcat intends to continue to deliver outstanding levels of customer service by ensuring that it has a team of employees who are properly trained and motivated to offer customers the best solution for them, from as wide a range of solutions possible, so that prospective customers view Softcat as an attractive alternative to their incumbent and/or other IT infrastructure and services providers, and existing customers increase their spend with Softcat.

4.2 Recruit, train and motivate highly-qualified employees

The Directors believe that growth in Softcat's employee base over time will enable it to grow and further develop its loyal customer base willing to increase its spend with Softcat. Therefore, Softcat intends to continue to recruit, train and motivate high quality employees, particularly across its sales and services teams, to support its growth. Further expansion of Softcat's employee base may be achieved, in part, through continued expansion of its geographical footprint across the United Kingdom, particularly in locations that have a large population of high quality graduates and other prospective employees from which Softcat can recruit. In the year ending 31 July 2016, Softcat intends to open a new office in Scotland. Softcat also intends to grow its professional services and managed services teams in the medium-to-long

²⁰ Gartner, *Market Insight: Midsize-Business Primer*, 2 July 2014.

term as more of its customers look for additional external support for their IT functions. However, the Directors do not intend to expand Softcat's employee base at the expense of its culture, which they believe is critical to Softcat being able to empower and motivate its employees to deliver high levels of customer service. To instil Softcat's culture into the bedrock of new offices, Softcat typically posts a group of experienced existing employees to each new office. Softcat also intends to continue to apply its rigorous recruitment criteria and commission and reward schemes for new hires.

4.3 Develop solutions offering

Softcat's strong existing customer relationships, which provide it with enhanced knowledge of customer requirements, have helped Softcat to offer an increasing array of solutions which are relevant to its customers. However, Softcat operates in an industry which is subject to continuous and fast-paced technological change, with new products and services being introduced to the market frequently and existing products and services becoming outdated or obsolete at an increasing rate. Particularly as external factors, such as new product releases by vendor partners and wider technological changes (such as the shift to cloud-based solutions), prompt customers to seek new or additional IT solutions, it is important that Softcat be seen as a trusted partner that not only will provide high quality advice as to what is the best solution for them, but also has the capacity to design, implement and manage that solution. Softcat intends to keep pace with technological change by monitoring the market and evolving its solutions offering in line with customer demands. In the future, Softcat may achieve this by developing new expertise in-house through training of existing employees, hiring employees who already have such specific new expertise or developing additional partnerships with specialist IT infrastructure and services providers to supplement Softcat's own solutions offering.

For example, as Softcat's customers seek new ways to manage security risks relating to their IT infrastructure and increase their adoption of cloud technologies, Softcat will seek to broaden the range of its security and cloud-based solutions by strengthening its relationships with those vendor partners who provide the related IT infrastructure. Softcat also intends to continue to develop its own private cloud solution, CloudSoftcat. Other newer offerings of particular focus include unified communications, big data and analytics and managed print.

4.4 Grow presence within existing and new customer segments

In addition to seeking to generate new business from among the approximately 84,600 UK corporate and public sector organisations that are not yet customers of Softcat, Softcat has developed specific strategies for increasing its market share in each of its existing customer segments, as well as new customer segments.

The SMB segment is expected to remain Softcat's largest customer segment and Softcat intends to continue to apply its strategy of developing its solutions offering to meet customer demands, delivering those solutions with exceptional customer service and leveraging its customer and vendor partner relationships to grow its SMB revenue. In particular, as Softcat's service provider customers within the SMB segment increasingly seek to offer cloud-based solutions to their end customers, Softcat will seek to provide them not only their volume licensing requirements, but also their infrastructure requirements.

Softcat established its public sector sales team in 2011 through lateral hires, and it plans to continue to operate and develop this team further. Currently, Softcat has over 20 framework accreditations that enable it to provide its solutions to a number of public sector organisations, and it continues to seek to secure additional accreditations. Softcat intends to leverage its historical strength in the SMB segment, particularly in relation to software licensing, and develop its expertise specific to the areas of local government, public education and healthcare to establish a stronger presence in the small and medium public sector segment as well as with large public sector customers, particularly in central government. Although opportunities with large public sector customers are more limited than other public sector customers, they have a higher potential value due to the larger scale of IT requirements. The Directors believe that numerous existing public sector contracts will be tendered in the near-to-medium term, which should provide Softcat with further opportunities to increase its public sector revenue. This may particularly be true as government spending reviews prompt public sector organisations to consider alternate IT infrastructure and services providers.

Softcat also plans to leverage its track record in software licensing to increase its enterprise customer base, particularly lower enterprise customers, which the Directors believe are currently underserved by its competitors because they either lack the expertise to provide solutions to such customers or are large VARs who focus more on large enterprise customers. Softcat has also had some high-profile contract wins from large enterprise customers, in part due to its more senior account managers becoming more focused on prospecting larger customer accounts.

4.5 Leverage customer and vendor partner relationships

Softcat's strong existing customer and vendor partner relationships are critical to it being able to grow and develop new customer relationships. Account managers seek to establish and develop close relationships with its customers so that Softcat becomes their preferred IT infrastructure and services provider. To do this, Softcat must have a sufficiently broad solutions offering to meet its customers' requirements and be able to fulfil those requirements while delivering exceptional customer service. Softcat's capabilities in these areas are enhanced by its strong vendor partner relationships. In addition to high levels of accreditation, which indicate the quality of knowledge and service that Softcat has in relation to its vendor partners' products or services, Softcat's vendor partners provide training to sales and services teams, as well as access to new product and service information, all of which enables Softcat to sell higher value solutions to its customers. The Directors believe that Softcat's success in building relationships with both its customers and vendor partners has made its customers more likely to recommend Softcat to another organisation and its vendor partners more likely to recommend Softcat to potential customers as a preferred VAR. For the year ended 31 July 2015, respondents to Softcat's annual customer satisfaction survey rated Softcat with an NPS of 73 per cent., which was significantly higher than the average NPS ratings reported by Satmetrix (the co-developer of the NPS model) in its 2015 UK consumer study. In addition, as account managers specifically seek to develop relationships with Softcat's customers' IT managers (or other relevant purchasing decision makers), when those IT managers move to other organisations, the Directors believe that Softcat is well-placed to maintain the relationship and earn new business from those organisations. By continuing to leverage its customer and vendor partner relationships, Softcat believes that it will be able to continue to achieve customer, revenue and profit growth.

5. SOFTCAT'S HISTORY

Softcat was founded by Peter Kelly and commenced operations of its software reseller business in 1993. Initially, Softcat resold software products by catalogue to SMBs in the United Kingdom. After the introduction of software licensing by leading IT vendor partners in the 1990s, which was initially targeted at enterprise customers, Softcat sought to bring software licensing to SMBs. By 1997, Softcat had become the largest supplier of Microsoft Open software licensing (Microsoft's volume licensing programme for small and midsize organisations) in the United Kingdom.

In 2006, Martin Hellowell joined as Managing Director to help Softcat diversify and expand its business to become an all-around IT infrastructure and services provider. Since then, Softcat has expanded its solutions to include hardware sales and professional and managed services. Softcat also has expanded its customer base beyond SMBs to include public sector and enterprise customers. To support its growth, Softcat has opened several regional offices, which has enhanced Softcat's ability to recruit and hire new employees. The first of these regional offices was established in Manchester in 2008, with the London office established in 2010, the Bristol office established in 2014 and the Leeds office established in 2015.

6. SOFTCAT'S OPERATIONS

6.1 Solutions

Softcat's solutions include software licensing and sales, hardware sales and professional and managed services. As at 31 July 2015, Softcat's solutions team comprised over 70 solutions specialists, over 35 vendor managers and over 20 technical pre-sales staff, who seek to tailor Softcat's solutions to meet the customer's needs.

In general, most of Softcat's customers will have a need for discrete software and/or hardware products, which Softcat can procure from one of its vendor partners. However, customers also may require more substantial assistance. For example, Softcat may advise the customer as to what solution might best fit its needs and then help to design, implement, support and/or manage that solution (in addition to procuring the necessary software and/or hardware products). Where possible, Softcat seeks to integrate its procurement and finance platforms with its vendor partners' supply chains to provide up-to-the-minute stock and availability information and invoicing capability to Softcat's sales team.

Softcat offers solutions for all of its customers' core IT requirements:

- workplace technology: infrastructure and services for the workplace, including desktop, laptop, mobile, print, audio-visual, retail point-of-service and peripheral devices;

- data centre infrastructure: infrastructure and services for an organisation’s server, storage and virtualisation environments, including cloud computing, data storage, backup, recovery and archiving, and database and server hosting; and
- networking and security: infrastructure and services to set-up and protect an organisation’s computer systems, including local area and wireless networks, firewalls, access control and cyber security.

For the year ended 31 July 2015, Softcat’s revenue generated from workplace technology, data centre infrastructure and networking and security solutions was 36.9 per cent., 40.7 per cent. and 22.4 per cent., respectively.

(a) *Software offering*

Softcat’s software offering includes working with customers to identify their software needs, selecting and deploying appropriate software solutions, managing licence compliance and, ultimately, seeking to optimise their software assets. Softcat does not offer bespoke software development or software customisation, or focus on software specific to any particular industry.

Softcat principally resells software in the form of licensing agreements, which allow an organisation to install the same software application on a specified number of IT devices, such as desktop computers, mobile devices or servers. Software installed on servers may be made accessible remotely (in the “**cloud**”). Softcat resells certain software made available in the cloud in the form of subscription agreements to access the software for a specified number of users over a period of time. This offering is known as “software as-a-service” (“**SaaS**”). Softcat will work with customers to help them understand the key terms of any licensing or subscription agreement before it is entered into.

In particular, Softcat is a leading reseller of service provider licensing agreements (“**SPLAs**”) to UK service providers, such as independent software vendors, systems integrators, hosting companies and cloud service providers. SPLAs allow service providers to license third-party software solutions, including SaaS, to their end customers on a subscription basis.

In addition to procuring software products for customers, Softcat also will proactively monitor the licensing or subscription agreement to seek to ensure the customer is taking advantage of all of the software’s benefits, as well as to keep the customer informed of key milestones concerning upgrades and renewals. These services are provided under the umbrella of Softcat’s software asset management solution, which seeks to help a customer realise the maximum value of its software investment.

Softcat has resold software since its inception and has developed trusted relationships with leading software vendors, including Citrix, Microsoft, Mimecast, Symantec and VMware. In particular, Softcat benefits from its status as a Microsoft Licensing Solutions Partner and has been the largest supplier of Microsoft Open software licensing (Microsoft’s volume licensing programme for small and midsize organisations (by its definition, organisations with up to 1,500 personal computers)) for the UK SMB market since 2012. Because of the strength of its software vendor relationships, Softcat can also help a customer to escalate any support issues within a vendor partner’s support team.

Softcat also continuously monitors the market for new software applications that may be of interest to its customers. In particular, as cloud computing continues to be an area of focus for many of Softcat’s customers, Softcat has developed relationships with newer SaaS vendor partners, including Mimecast and ScanSafe (which has been acquired by Cisco), and also resells the cloud solutions from its more traditional vendor partners, such as Microsoft Office 365 and Symantec.Cloud.

For the year ended 31 July 2015, Softcat’s revenue generated from software sales was £287.5 million or 48.2 per cent. of its total revenue for the year. Revenue generated from software sales relating to workplace technology, data centre infrastructure and networking and security represented 27.9 per cent., 52.0 per cent. and 20.0 per cent., respectively, of this software revenue.

(b) *Hardware offering*

Softcat’s hardware offering includes advice, resale, installation and support for a full range of IT equipment, including desktop and laptop computers, mobile devices, communications equipment, rack servers, storage arrays and switches, as well as other peripherals.

Softcat also provides customers with access to centrally-hosted servers, storage and related infrastructure in a dedicated shared environment that is managed, monitored and supported from Softcat’s NOCs. This

offering is known as “infrastructure as-a-service” and is offered by Softcat as “CloudSoftcat”. As Softcat’s service provider customers increasingly seek to offer cloud-based solutions to their end customers, Softcat can provide them with their hardware and other infrastructure requirements.

Typically, hardware products are warehoused and delivered directly by the vendor partner or its distributors. However, Softcat can provide limited stock holding in-house or arrange for the distributor to hold purchased stock for a customer. Softcat also can receive stock on a customer’s behalf for imaging and asset tagging, before delivering it onward to the customer. In addition, Softcat can arrange for non-core hardware services, such as electronic equipment waste removal, by third-party providers.

Softcat has developed trusted relationships with leading hardware vendor partners, including Apple, Cisco, Dell, HP and Lenovo, which enable it to offer a comprehensive selection of hardware for sale through integrated vendor partner and/or distributor procurement channels. As a result, Softcat is able to provide up-to-the-minute stock and availability information to customers.

For the year ended 31 July 2015, Softcat’s revenue generated from hardware sales was £223.8 million or 37.6 per cent. of its total revenue for the year. Revenue generated from hardware sales relating to workplace technology, data centre infrastructure and networking and security represented 52.9 per cent., 26.2 per cent. and 20.9 per cent., respectively, of this hardware revenue.

(c) *Services offering*

Softcat’s services offering includes professional and managed services and third-party services that cover a broad range of on-premise and remote services required for a customer’s IT infrastructure needs. Softcat may supplement its professional and managed services teams with resources from its preferred IT infrastructure and services partners, which provides Softcat with significant operational flexibility.

For the year ended 31 July 2015, Softcat’s revenue generated from services was £84.8 million or 14.2 per cent. of its total revenue for the year.

(i) Professional services

Softcat’s professional services offering includes the design, implementation, support and management of solutions based on software and hardware products that Softcat has sold to customers. These services may range from installation and deployment of software to setting-up and managing firewall and virtual private network services. In general, these services are provided by Softcat’s professional services team, which, as at 31 July 2015, comprised over 55 employees. Softcat also resells third-party professional services, as discussed below.

For the year ended 31 July 2015, revenue generated from professional services provided by its in-house team was approximately 5 per cent. of its total services revenue.

(ii) Managed services

Softcat’s managed services offering includes remote support and management of connectivity, data centre, help desk support and cloud solutions for customers. Softcat’s managed services team, which, as at 31 July 2015, comprised over 40 employees, is able to act as an extension, or in place, of a customer’s IT department. Softcat is able to provide customers with 24x7 remote telephone and desk support services, proactive monitoring and management of their IT systems and public and/or private cloud solutions, including CloudSoftcat.

For the year ended 31 July 2015, revenue generated from managed services was approximately 10 per cent. of its total services revenue.

(iii) Third-party services

Softcat’s third-party services offering includes pure resale of third-party services and pass-through of third-party services.

- Pure resale services include services such as vendor partner warranties, as well as non-core services, such as electronic equipment waste removal, or services in relation to products for which Softcat may not yet have internal expertise (e.g., because it is still building up that expertise) or chooses not to, or no longer provides, support (e.g., because they may be older or out-of-date).

- Pass-through services relate to services provided by IT service providers to Softcat's public sector customers under Softcat's framework accreditations. Softcat typically adds less value to the customer solution in these instances and will, therefore, earn lower gross profit margins on revenue it earns from pass-through services compared to pure resale services.

Softcat may earn a fixed or percentage fee on its sales of third-party services. Third party services are typically delivered under Softcat project management so that Softcat's customers receive consistent and high quality service.

For the year ended 31 July 2015, Softcat's revenue generated from the pure resale of third-party services and pass-through of third-party services represented approximately 65 per cent. and approximately 20 per cent., respectively, of its total services revenue.

6.2 Vendor partners and distributors

As at 31 July 2015, Softcat enjoyed strong trading relationships with over 200 vendor partners and their distributors, including larger, more established vendor partners, such as Apple, Cisco, Citrix, Dell, HP, Lenovo, Microsoft, Symantec and VMware, and smaller or more recently established vendor partners, such as Veeam, Mimecast, Sophos and Snow. For the year ended 31 July 2015, resales of products supplied through the IT channel by Softcat's top five vendor partners, Microsoft, HP, Dell, VMware and Cisco, represented 22.5 per cent., 10.9 per cent., 5.8 per cent, 5.3 per cent. and 4.4 per cent., respectively, or 48.8 per cent. collectively, of Softcat's total revenue for the year ended 31 July 2015.

Relationships with vendor partners and distributors are maintained by a broad number of Softcat's employees at multiple levels of the business. Members of the senior management team also maintain relationships at senior levels with vendor partners' and distributors' personnel. Softcat has arrangements in place with certain vendor partners and distributors which may provide for specific terms and conditions that apply to transactions in the IT channel. Many vendor partners also have established reseller programmes, the participants in which must agree to their standard terms and conditions. Vendor partner terms and conditions may include requirements to achieve and maintain certain volumes of sales or a level of accreditation, price protection policies, purchase discounts, return privileges and/or incentive programmes. Incentives include purchase and sales rebates and cooperative advertising reimbursements, and are typically rewarded based on achievement of a certain volume of sales.

Certain of Softcat's vendor partners require it to achieve minimum levels of accreditation to offer their products or services. Softcat's level of accreditation depends on a mix of factors, including volume of sales and the number and level of certifications attained by employees, and is an indicator of the quality of knowledge and service that Softcat has in relation to the vendor partner's products or services. Generally, attainment of higher levels of accreditation is rewarded with preferential commercial terms.

Softcat benefits from some of the highest levels of accreditation from its vendor partners, which include being a VMware Premier Partner, Cisco Gold Partner, Dell Partner Direct and HP Preferred Platinum Partner. Softcat holds eleven accreditations from Microsoft, including four "Gold" (the highest level attainable) accreditations for messaging, volume licensing, software asset management and devices and deployment and seven "Silver" accreditations for hosting, cloud productivity, midmarket solutions, original equipment manufacturer, small and midmarket cloud solutions, data centre and cloud platform.

Further, Softcat has received numerous awards from its vendor partners, including being named Dell's Platinum Partner of the Year, UK Partner of the Year and EMEA Partner of the Year in 2014, Sophos' UK and Ireland Mid-Market Partner of the Year in 2014 and 2015 and Mimecast's Partner of the Year every year since 2008.

6.3 Customers

Softcat had 9,820, 10,712 and 11,413 customers, respectively, in the years ended 31 July 2013, 2014 and 2015.

Softcat's customer base comprises SMB, public sector and enterprise customers, which represented 56.2 per cent., 26.1 per cent. and 17.7 per cent., respectively, of its revenue for the year ended 31 July 2015. Softcat defines SMB customers as corporate organisations with up to 1,999 personal computers, public sector customers as UK government, healthcare and education organisations and enterprise customers as corporate organisations with 2,000 or more personal computers.

Softcat's SMB customer segment can be subcategorised into micro customers (corporate organisations with up to 49 personal computers), small customers (corporate organisations with 50-249 personal computers), and medium customers (corporate organisations with 250-1,999 personal computers). Micro, small and medium customers represented 6.7 per cent., 19.6 per cent. and 30.0 per cent., respectively, of Softcat's revenue for the year ended 31 July 2015.

Softcat's public sector customer segment can be subcategorised into small-to-medium public sector customers (local government, public education and healthcare) and large public sector customers (central government).

Softcat's enterprise customer segment can be subcategorised into lower enterprise customers (corporate organisations with 2,000-9,999 personal computers) and large enterprise customers (corporate organisations with 10,000 or more personal computers).

Softcat targets a broad range of customers and, in particular, seeks to attract high growth and IT intensive corporate organisations that it can grow alongside. In the year ended 31 July 2015, 23 per cent. of Softcat's customers had appeared on The Sunday Times' Fast Track 100 lists for the years 2012 to 2014, which identified what The Sunday Times considered to be the fastest-growing private companies in the United Kingdom during each of those years. Currently, Softcat has over 20 framework accreditations that enable it to provide its solutions to a number of government, public education and healthcare organisations, including the Crown Commercial Service, Eduserv and Blackpool Teaching Hospitals.

Softcat has a diverse customer base and is not dependant on any single customer. For the year ended 31 July 2015, Softcat's top five, top ten and top 50 customers represented 4.0 per cent., 6.6 per cent. and 18.3 per cent. of Softcat's total revenue, with no single customer representing more than 1.1 per cent. of Softcat's total revenue for the year.

Softcat regularly collects and monitors customer feedback, including in an annual customer survey. In each of its annual customer satisfaction surveys conducted in the five-year period ended 31 July 2015, which had an average response rate of 25 per cent. of customers sampled, 99 per cent. of customers responding stated they were satisfied or very satisfied with Softcat as a company to do business with. For the year ended 31 July 2015, respondents to Softcat's annual customer satisfaction survey rated Softcat with an NPS of 73 per cent.

7. SALES ORGANISATION, RECRUITMENT AND TRAINING

At 31 July 2015, Softcat's sales team comprised over 560 employees, including over 330 account managers, over 150 sales specialists and over 80 sales support staff.

Softcat's account managers are organised by both geography and customer segment focus, with three separate teams covering SMB and enterprise customers in the north of the United Kingdom, SMB and enterprise customers in the south of the United Kingdom and public sector customers. Each of these teams is further subdivided into smaller teams of account managers with their own reporting structure. Account managers are responsible for both forming new customer relationships and developing and managing those relationships over time. Certain more senior account managers may focus specifically on prospecting large enterprise customer accounts. Each of Softcat's customers is served by a single account manager, who acts as the primary point of contact. Account managers are supported by a team of over 150 sales specialists, including staff who have expertise relating to specific technologies or specific vendors' products and services, and over 80 sales support staff.

Softcat employs a rigorous recruitment process for its sales team, which is focused on identifying candidates with strong social skills and high performance potential, who also demonstrate an ability to integrate into and enhance Softcat's culture. In the year ended 31 July 2015, Softcat received over 4,100 applications for sales team roles and hired only 150 new employees. Once hired, sales team members receive extensive and on-going training, from both Softcat and its vendor partners, tailored to their level of seniority. After completion of the induction process, new account managers must establish their own customer relationships from a list of potential prospects. Approximately 75 per cent. of new account managers make a sale within their first three weeks working at Softcat.

Account managers receive a relatively low base salary and then a percentage commission on gross profit earned on their sales, which is uncapped. Sales specialists also earn a percentage commission on gross profit earned on sales they have advised on. If a sales team member exceeds his or her specific performance targets, Softcat awards commission at a higher rate. Other sales team rewards include

company-wide recognition, promotions, bonuses and invitations to participate in exclusive high performer activities.

Although account managers have a certain amount of discretion to set sales prices (and thus commissions earned), they are trained to tailor the best solution for the customer, and not just focus on what will be most profitable in the short term. The Directors believe that this enables account managers to earn customers' trust and develop stronger relationships with them. If an account manager leaves Softcat, his or her customer relationships typically will be re-assigned to another member of that account manager's smaller sales team, so as to provide continuity in the relationship. In addition, a member of the senior management team also acts as sponsor for a number of key customers.

Due to the intensive nature of the sales team member role, attrition rates are high (approximately 50 per cent. for the year ended 31 July 2015) during the first two years of employment. However, attrition rates tend to decrease significantly over time, as team members develop stronger customer relationships and, consequently, are able to realise the benefits of Softcat's sales team commission and reward schemes. 73.1 per cent. of sales team members who had completed their second year at Softcat in the year ended 31 July 2014 remained with Softcat at the end of the year ended 31 July 2015, while 89.2 per cent. of sales team members who completed their fifth year at Softcat in the year ended 31 July 2014 remained with Softcat at the end of the year ended 31 July 2015. As at 31 July 2015, members of Softcat's sales team had nearly 1,200 cumulative years of experience at Softcat, with the majority of members having been with Softcat since graduation from university

Sales team productivity is managed carefully over the length of time the sales team member works at Softcat. Newer account managers will typically focus on a higher number of prospective and trading customers and, therefore, achieve lower average gross profit, average gross profit per customer and average earnings (excluding base salary). In the year ended 31 July 2015, account managers with one to two years of experience generated average gross profit of approximately £69,000, average gross profit per customer of approximately £1,500 and average earnings (excluding base salary) of approximately £16,000, whereas account managers with five years or more of experience generated average gross profit of approximately £681,000, average gross profit per customer of approximately £24,000 and average earnings (excluding base salary) of approximately £145,000.

The Directors believe that Softcat's ability to progress its sales team towards higher productivity levels over time is a key strength and driver of Softcat's gross profit growth.

8. PROCUREMENT

Where possible, Softcat seeks to integrate its own procurement and finance systems with its vendor partners' supply chains so that orders placed through Softcat can be filled quickly and efficiently. Normally, products are sent or shipped from the vendor partner or its distributors directly to the customer, with any pre-purchased physical inventory stored at their distribution sites. However, Softcat can provide limited physical stock holding in-house or arrange for the distributor to hold purchased physical stock for a customer. Softcat can also facilitate international order fulfilment through its global distributor and local partner network.

Softcat also offers its customers access to its online e-procurement website, eCAT. The Directors believe that eCAT provides customers with a quick, convenient and secure way of ordering from Softcat's full product portfolio. Using eCAT, customers can:

- search for products, view detailed specifications and then compare them;
- view custom product lists and prices appropriate to their organisation's set standards;
- set different authorisation and approval levels for different users; and
- apply different spend limits for various users.

Developed and supported by a dedicated e-business team in cooperation with Softcat's sales team, eCAT also gives customers instant access to account management information and reports.

For the year ended 31 July 2015, sales through eCAT represented 7.9 per cent. of Softcat's total revenue for the year.

9. COMPETITION

Softcat's competitors include a large number and wide variety of UK and international hardware, software and services providers, a substantial number of which offer products and services in the United Kingdom that overlap and compete with Softcat's solutions offering.

Softcat competes with different IT infrastructure and services providers in each of the categories of products and services that it offers and in each of the customer segments that it serves, and expects to encounter new competition as it grows its business. Certain IT infrastructure and services providers may focus on or be particularly strong in respect of specific products (such as Microsoft licensing or networking hardware), specific services (such as data centre services or systems integration) or specific customer segments (such as large enterprise). Softcat also competes indirectly with retailers, as some customers may allow their employees to purchase IT infrastructure from stores. International IT infrastructure and services providers also have sought and may continue to seek to enter the UK market. For example, after making a minority investment in November 2014, US-based provider CDW Corporation acquired Kelway Holdings Limited in August 2015.

The Directors believe that Softcat primarily competes with other IT infrastructure and services providers based on price, availability of solutions and customer service, with customer service being the differentiating factor when its products and services are otherwise competitively priced, particularly for SMBs. Customer service tends to be a stronger focus for VARs generally, as well as for service providers and systems integrators, although the latter two generally operate in a lower product volume environment than, and therefore generally compete less directly with, VARs and retailers. VARs and retailers both operate in a higher volume environment but retailers typically pass through a higher proportion of their revenue to vendors and generally earn lower gross margins.

The Directors believe Softcat's primary competitors are IT infrastructure and services providers that have focused on similar product or customer segments in the United Kingdom, such as Insight Enterprises, Inc., Misco UK Limited, Bytes Technology Group Limited, SoftwareONE AG and Kelway Holdings Limited. To a lesser extent, Softcat also competes with other IT infrastructure and services providers operating in the United Kingdom, such as Computacenter plc and Specialist Computer Centres plc, although they tend to focus on the large enterprise customer segment and, increasingly, managed services, both of which currently represent a very small portion of Softcat's business.

To a limited extent, Softcat also competes with the direct sales arms of certain of its vendor partners. However, the Directors believe that, in general, its vendor partners are shifting more towards offering their products and services through the IT channel, particularly in the SMB customer segment. For example, previously, Dell only operated a direct sales model, but now is one of Softcat's top vendor partners.

The competitive landscape in which Softcat operates will continue to change as new products and services are introduced to the market and as its competitors expand their offerings.

10. INFORMATION TECHNOLOGY

Softcat has committed a significant amount of resource, effort and investment into developing and growing its internal IT systems and applications environment in line with Softcat's long-term strategy of building a highly-integrated platform capable of providing real-time business intelligence and reporting across all areas of its business. Softcat's internal IT infrastructure is managed by a team of approximately 20 IT engineers comprising systems developers, systems analysts and IT operations staff.

Softcat firmly believes stability and simplicity within its internal IT systems environment helps it to achieve a high-level of employee productivity which, in turn, drives continued excellence in customer service. For example, where possible, Softcat exchanges data with its vendor partners and their distributors to provide up-to-the-minute stock and availability information and invoicing capability to Softcat's sales team. The Directors believe that the integration between Softcat's procurement and finance platforms and its vendor partners' supply chains enables Softcat to rapidly fill customer orders across Softcat's range of product offerings. Softcat is continuing to seek to improve its customer-facing procurement and finance solutions, such as eCat and its billing system.

Softcat's IT infrastructure, and that of its customers, where Softcat hosts their infrastructure, is distributed across two of the largest Tier 3 (being the second highest standard achievable under the Telecommunications Industry Association's requirements for data centre infrastructure) data centres in the United Kingdom, which are operated by Telecity Group plc. Softcat hosts this infrastructure on its own

managed services platform, where it is monitored 24x7 from Softcat's two NOCs based in Marlow and Manchester. As at 31 July 2015, the NOCs were staffed by 43 engineers, who are responsible for the maintenance and support of all of such infrastructure.

Softcat is certified to the latest international standards in business continuity management (ISO 22301:2012), information security management (ISO 27001:2005) and quality management systems (ISO 9001:2008).

11. INTELLECTUAL PROPERTY

Softcat has applied for a registered EU trademark which would protect the Softcat logo, and which is expected to be issued pending the anticipated withdrawal of oppositions filed by two third parties.

While other branding materials such as slogans, logos, colours and designs are not registered, some protection may be afforded by unregistered design rights, unregistered trademarks and copyrights. Softcat does not own any patents.

The key websites for Softcat's brand all have current domain name registrations held by or on behalf of Softcat. Registrations for a number of domain names which are similar to the names of Softcat's key websites or are related to advertising campaigns undertaken by Softcat are also held by or on behalf of Softcat.

Customer and prospective customer databases created internally are owned by Softcat.

As at the date of this Prospectus there were no outstanding intellectual property infringement actions involving Softcat.

12. EMPLOYEES

As at 30 September 2015, Softcat employed 866 people. The following tables set out Softcat's employees by function and location as at 31 July 2013, 2014 and 2015.

	As at 31 July		
	2013	2014	2015
<i>Function</i>			
Management	36	37	37
Administration	104	138	142
Sales and services	418	498	615
Total	558	673	794

	As at 31 July		
	2013	2014	2015
<i>Location</i>			
Bristol	—	29	46
Leeds	—	—	26
London	52	73	94
Manchester	120	139	181
Marlow	386	432	447
Total	558	673	794

13. FACILITIES

Softcat operates from one freehold property and five leasehold properties located in the United Kingdom: a head office in Marlow (comprising one freehold property and one leasehold property) and four branch offices in Bristol, Leeds, London and Manchester.

14. INSURANCE

Softcat maintains insurance coverage which the Directors believe is appropriate for the scope of Softcat's business. Softcat carries insurance (subject to both legal and policy limits, restrictions and exclusions) for

its freehold property and its leased properties and general coverage, business interruption, professional indemnity and directors' and officers' liability insurance.

15. DIVIDEND POLICY

On the basis that Softcat has sufficient distributable reserves at the time, the Board initially intends to target an annual dividend of between 40 per cent. and 50 per cent. of Softcat's profits after tax in each financial year before any exceptional items. Subject to any cash requirements for on-going investment, the Board will consider returning excess cash to Shareholders over time.

The first dividend that may be declared by Softcat after Admission will be the interim dividend in respect of the six-month period ending 31 January 2016. If declared, the Board expects that the amount of the first interim dividend will be adjusted to reflect the length of time that Softcat will have been a publicly-listed company and will be payable in the second quarter of 2016.

The Board may revise Softcat's dividend policy from time to time.

PART II—DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. DIRECTORS

The Directors of the Company are:

<u>Name</u>	<u>Position</u>	<u>Date of Birth</u>
Brian Wallace	Chairman	1 March 1954
Martin Hellowell	Executive Director and Chief Executive Officer	7 March 1965
Graham Charlton	Executive Director and Chief Financial Officer	7 November 1977
Lee Ginsberg	Senior Independent Director and Independent Non-executive Director	31 August 1957
Vin Murria	Independent Non-executive Director	6 October 1962
Peter Ventress	Independent Non-executive Director	3 December 1960

The business address of each Director is Fieldhouse Lane, Marlow, Buckinghamshire SL7 1LW.

The management expertise and experience of the Directors are set out below.

Brian Wallace, Chairman

Brian joined Softcat in 2011 as a Non-executive Director and was appointed Chairman on 1 August 2014. He is also Chairman of Travelodge and a Non-executive Director of FirstGroup plc. Previously, Brian held executive board positions with a number of FTSE 100 and FTSE 250 companies, most recently as Group Finance Director of Ladbrokes plc. Prior to re-joining Ladbrokes, he was Group Finance Director and Deputy Chief Executive of Hilton Group plc. A chartered accountant, he began his career at Price Waterhouse and went on to perform senior finance roles at Geest, APV and Schlumberger. He also previously served as a non-executive director at Hays plc, Scottish and Newcastle plc, the Miller Group and Camelot Entertainments plc. Brian earned an MA (Hons) in Economics from the University of St Andrews.

Martin Hellowell, Executive Director and Chief Executive Officer

Martin joined Softcat in 2006 as Managing Director and was appointed Chief Executive Officer in 2014. Previously, Martin spent thirteen years at Computacenter plc, where he was responsible for the marketing function, ran Computacenter's French subsidiary and led acquisitions in the United Kingdom, Belgium and Germany. He was part of Computacenter's initial public offering team in 1998, ran operations, chaired Computacenter's international joint venture, International Computer Group, and was Chief Operating Officer of the dot com spin-off Biomni Limited. Martin has also worked for Specialist Computer Centres PLC and for Canalys.com Ltd as an independent consultant. Martin started his career at Miles 33, a software solutions provider for the publishing industry. Martin earned a BA (Hons) in Management Studies (Marketing) and French from Lancaster University.

Graham Charlton, Executive Director and Chief Financial Officer

Graham joined Softcat in January 2015. Previously, he spent four years as Finance Director at comparethemarket.com (a trading name of BISL Limited). 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 completed his training with Andersen. Graham earned an MA in Natural Sciences from King's College, Cambridge University.

Lee Ginsberg, Senior Independent Director and Independent Non-executive Director

Lee joined Softcat in September 2015. He is also a Non-executive Director at Mothercare plc and Trinity Mirror plc, a Non-executive Director and Senior Independent Director at On The Beach Group plc, a Deputy Chairman and Senior Independent Director at Patisserie Valerie Holdings plc and a Non-executive Chairman at Oriole Restaurants Limited. Prior to joining Softcat, he spent ten years as Chief Financial Officer of Domino's Pizza Group plc and held the post of Group Finance Director at Health Club Holdings Limited, formerly Holmes Place plc, where he also served for 18 months as Deputy Chief Executive. Lee earned a Bachelor of Accounting (Hons) from UNISA (University of South Africa) and qualified as a chartered accountant at Price Waterhouse.

Vin Murria, Independent Non-executive Director

Vin joined Softcat in November 2015. She is also a Non-executive Director at Zoopla Property Group Plc and Greenko plc, and a Partner at Elderstreet Investments. Prior to joining Softcat, Vin spent seven years as the founder and Chief Executive Officer at Advanced Computer Software plc prior to its acquisition by Vista Equity Partners in 2015, and five years as Chief Executive Officer of Computer Software Group plc prior to its acquisition by HG Capital and then Hellman & Friedman in 2007. Previously, Vin was also a Non-executive Director at Chime Communications plc and Chief Operating Officer at Kewill Systems plc. Vin holds a Bachelor (Hons) in Computer Science and also has completed an MBA and a DBA.

Peter Ventress, Independent Non-executive Director

Peter joined Softcat in October 2015. He is also Deputy Chairman and Senior Independent Director of Galliford Try plc and a Non-executive Director of Premier Farnell plc. Prior to joining Softcat he spent five years as Chief Executive Officer of Berendsen plc, held several senior executive roles, including International President, at Staples Inc., held several senior executive roles, including Chief Executive Officer, at Corporate Express NV prior to its acquisition by Staples Inc. and held a number of other general management positions across a number of different businesses in a variety of industries. Peter earned an MA in Modern History and Modern Languages from Oxford University and an MBA from the Open University.

2. SENIOR MANAGEMENT TEAM

In addition to the Executive Directors, each of the following persons are members of the Company's senior management team:

<u>Name</u>	<u>Position</u>	<u>Date of Birth</u>
Colin Brown	Managing Director	4 September 1962
Doug Fawell	Operations Director	28 April 1972
Sam Routledge	Solutions Director	1 August 1976

The business address of each member of the Company's senior management is Fieldhouse Lane, Marlow, Buckinghamshire SL7 1LW.

The management expertise and experience of such members of the Company's senior management are set out below.

Colin Brown, Managing Director

Colin joined Softcat in 2012. Previously, Colin spent four years as General Manager, Services, at Microsoft Corporation in the United Kingdom and 18 years at Computacenter plc, where he started as a bid writer before progressing through sales and management roles to gain a position running Computacenter's UK public sector business and, ultimately, CEO for Computacenter's German business. Colin earned a BSc in Political Science and Economic History from Queen's University, Belfast.

Doug Fawell, Operations Director

Doug joined Softcat in 1995. During his 20 years at Softcat, he has headed up purchasing, IT, solutions, corporate sales, marketing, public sector sales, and NOC operations. As Operations Director, Doug oversees Softcat's IT and supply chain strategy. Doug earned a BSc in Economics from Middlesex University.

Sam Routledge, Solutions Director

Sam joined Softcat in 1998 directly from university. During his 17 years at Softcat, Sam has progressed through various roles in sales and helped to start Softcat's services business in 2006. As Solutions Director, Sam oversees Softcat's technology specialists, presales and consultancy teams as well as Softcat's overall technology strategy. Sam earned an MA (Hons) in Classics from Selwyn College, Cambridge University.

3. CORPORATE GOVERNANCE

As at the date of this Prospectus, the Company complies, and on and following Admission, it will continue to comply, with the UK Corporate Governance Code as published by the Financial Reporting Council (the

“**Corporate Governance Code**”). The Board will also take account of institutional shareholder governance rules and guidance on disclosure and shareholder authorisation of corporate events. The Board intends to meet at least six times a year and may meet at other times as required or otherwise at the request of one or more of the Directors.

The Corporate Governance Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The Corporate Governance Code recommends that at least half the board of directors of a UK listed company (excluding the chairman) should comprise “independent” non-executive directors, being individuals determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the directors’ judgement. It also recommends that a UK listed company’s remuneration and audit committees should comprise at least three independent non-executive directors, and that its nomination committee should comprise a majority of independent directors.

The Board is firmly committed to the highest standards of corporate governance. On Admission, the Board will comprise six members, including the Chairman, three Independent Non-executive Directors and two Executive Directors who are not regarded as independent for the purposes of the Corporate Governance Code. The Board regards Brian Wallace, as Chairman, as independent upon his appointment and regards Lee Ginsberg, Vin Murria and Peter Ventress as Independent Non-executive Directors for the purposes of the Corporate Governance Code. Lee Ginsberg will be the Company’s senior independent director (the “**SID**”). The SID should be available to Shareholders if they have concerns that the normal channels of the Chairman, Chief Executive Officer or other Executive Directors have failed to resolve or for which such channels of communication are inappropriate.

If the Founder exercises his right to appoint a director pursuant to the terms of the Relationship Deed, and this results in the Board not being compliant with the Corporate Governance Code, the Company will seek to restore the independence of the Board as soon as reasonably practicable after such appointment.

4. RELATIONSHIP WITH THE FOUNDER

Immediately after Admission the Founder, directly and indirectly, will own 36.4 per cent. of the Company’s issued share capital (assuming no exercise of the Over-allotment Option). The Founder has entered into the Relationship Deed with the Company, which will have effect from Admission. The Relationship Deed is intended to ensure that the Company is capable of carrying on business independently of the Founder and his connected persons for so long as he holds 30 per cent. or more of the Company’s issued ordinary share capital.

The Directors believe that the terms of the Relationship Deed will enable the Company to carry on its business independently of the Founder and his connected persons and ensure that all agreements and transactions between the Company, on the one hand, and the Founder and his connected persons, on the other hand, will be at arm’s length and on a normal commercial basis. For further information in relation to the key terms of the Relationship Deed, please see paragraph 11.2 of Part IX (*Additional Information*).

5. BOARD COMMITTEES

As envisaged by the Corporate Governance Code and the PRA Handbook, the Board has established an Audit Committee, Remuneration Committee and Nomination Committee, each with written terms of reference. If the need should arise, the Board may set up additional committees as appropriate.

5.1 Audit Committee

The Audit Committee has responsibility for, among other things, the monitoring of the financial integrity of the Company’s financial statements and the involvement of the Company’s auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will normally meet at least three times a year at the appropriate times in the reporting and audit cycle.

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend meetings. The responsibilities of the Audit Committee covered in its terms of reference include the following: external audit, financial reporting and internal controls. The terms of reference also set out the authority of the committee to carry out its responsibilities.

The Corporate Governance Code recommends that the Audit Committee comprises at least three members who are all independent non-executive directors (two in the case of companies outside the FTSE 350) and includes one member with recent and relevant financial experience. In a company outside the FTSE 350, the chairman may be a member of (but may not chair) the committee so long as he was considered independent on appointment as chairman. The Audit Committee currently comprises three independent Non-executive Directors: Lee Ginsberg (Chair), Vin Murria and Peter Ventress.

5.2 Remuneration Committee

The Remuneration Committee has responsibility for determination of specific remuneration packages for each of the Executive Directors and certain senior executives of the Company, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for members of the senior management team, and the implementation of share option or other performance related schemes. It will meet at least two times a year, and otherwise as required.

The terms of reference of the Remuneration Committee cover such issues as membership and frequency of meetings, as mentioned above, together with the requirements for quorum and the right to attend meetings. The responsibilities of the Remuneration Committee covered in its terms of reference include the following: determining and monitoring policy on and setting levels of remuneration, termination, performance-related pay, pension arrangements, reporting and disclosure, share incentive plans and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its responsibilities.

The Corporate Governance Code recommends that the Remuneration Committee comprises at least three members (two in the case of companies outside the FTSE 350) who are all independent non-executive directors, one of whom may be the chairman (but who may not chair the Remuneration Committee). The Remuneration Committee comprises three independent Non-executive Directors: Peter Ventress (Chair), Lee Ginsberg and Vin Murria.

5.3 Nomination Committee

The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, taking into account the skills and expertise that will be needed on the Board in the future. The Nomination Committee's terms of reference deal with such things as membership, quorum and reporting responsibilities. The Nomination Committee will meet at least two times a year, and otherwise as required.

The Corporate Governance Code recommends that a majority of the members of the Nomination Committee should be independent non-executive directors. The Nomination Committee comprises the four independent Non-executive Directors: Brian Wallace (Chair), Lee Ginsberg, Vin Murria and Peter Ventress.

6. SECURITIES DEALING CODE

Upon Admission, the Company will adopt a code on dealings in relation to the Company's securities which requires full compliance with the requirements of the Model Code on Share Dealing included in the Listing Rules (the "**Model Code**"). The Company shall require the Directors and other persons discharging managerial responsibilities within the Company to comply with the Company's securities dealing code, and shall take all proper and reasonable steps to secure their compliance.

PART III—SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The tables below present selected historical financial information and operating data of the Company as at and for the years ended 31 July 2013, 2014 and 2015. Unless otherwise indicated, the selected historical financial information has been extracted without material adjustment from the Company's historical financial information set out in Part VI (*Historical Financial Information*). Prospective investors should read the whole of this Prospectus and not rely on the selected information in this Part III.

1. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 July		
	2013	2014	2015
		£000	
Revenue	395,756	504,797	596,084
Cost of sales	(325,245)	(416,276)	(493,309)
Gross profit	70,511	88,521	102,775
Administrative expenses	(43,143)	(52,993)	(63,193)
Operating profit	27,368	35,528	39,582

2. STATEMENT OF FINANCIAL POSITION

	As at 31 July		
	2013	2014	2015
		£000	
<i>Assets</i>			
Total non-current assets	7,439	7,665	8,133
Total current assets	99,776	142,396	199,246
Total assets	107,215	150,061	207,379
<i>Liabilities</i>			
Total current liabilities	(58,832)	(77,762)	(111,563)
Total liabilities	(58,832)	(77,762)	(111,563)
Net assets	48,383	72,299	95,816
Total equity	48,383	72,299	95,816

3. STATEMENT OF CASH FLOWS

	Year ended 31 July		
	2013	2014	2015
		£000	
Net cash generated from operating activities	17,657	35,673	47,411
Net cash used in investing activities	(3,016)	(2,050)	(2,306)
Net cash used in financing activities	(16,069)	(4,579)	(8,183)
Net (decrease) increase in cash and cash equivalents	(1,428)	29,044	36,922
Cash and cash equivalents at beginning of year	10,104	8,676	37,720
Cash and cash equivalents at end of year	8,676	37,720	74,642

4. NON-IFRS FINANCIAL MEASURES AND OTHER METRICS

Unaudited	Year ended 31 July		
	2013	2014	2015
Gross profit margin ⁽¹⁾ (%)	17.8%	17.5%	17.2%
Adjusted operating profit ⁽²⁾ (£000)	28,103	35,528	40,586
Adjusted operating profit margin ⁽³⁾ (%)	7.1%	7.0%	6.8%
Adjusted operating profit / gross profit margin ⁽⁴⁾ (%)	39.9%	40.1%	39.5%
Cash conversion rate ⁽⁵⁾ (%)	72.2%	123.5%	131.9%
Return on invested capital ⁽⁶⁾ (%)	43.2%	38.2%	33.6%
Return on adjusted invested capital ⁽⁷⁾ (%)	43.2%	55.5%	82.4%
Customers ⁽⁸⁾ (#)	9,820	10,712	11,413
Average revenue per customer ⁽⁹⁾	<u>£40,301</u>	<u>£47,124</u>	<u>£52,229</u>

(1) “Gross profit margin” is a non-IFRS financial measure that the Company defines as gross profit as a percentage of revenue.

(2) “Adjusted operating profit” is a non-IFRS financial measure that the Company defines as operating profit before exceptional items and share-based payment charges. This measure has been extracted from the Company’s historical financial information in Part VI (*Historical Financial Information*), where it appears in the Company’s statement of profit or loss and other comprehensive income. For a reconciliation of adjusted operating profit to operating profit, see paragraph 2.1 of the section titled “Important Information”.

(3) “Adjusted operating profit margin” is a non-IFRS financial measure that the Company defines as adjusted operating profit as a percentage of revenue.

(4) “Adjusted operating profit / gross profit margin” is a non-IFRS financial measure that the Company defines as adjusted operating profit as a percentage of gross profit.

(5) “Cash conversion rate” is a non-IFRS financial measure that the Company defines as cash generated from operations after capex as a percentage of operating profit. The Company defines “capex” as purchase of property, plant and equipment plus purchase of intangible assets. For a reconciliation of cash generated from operations after capex to cash generated from operations and the calculation of the cash conversion rate, see paragraph 2.1 of the section titled “Important Information”.

(6) “Return on invested capital” is a non-IFRS financial measure that the Company defines as the ratio of operating profit after tax to total equity. The Company defines “operating profit after tax” as operating profit less income tax expense calculated using the standard rate of UK corporation tax for the period. Operating profit as included in the calculation for the year ended 31 July 2015 is operating profit before £1.0 million of exceptional costs relating to the Global Offer. For a table setting out the calculation of return on invested capital, see paragraph 2.1 of the section titled “Important Information”.

(7) “Return on adjusted invested capital” is a non-IFRS financial measure that the Company defines as the ratio of operating profit after tax (as defined in note 6 above) to adjusted invested capital. The Company defines “adjusted invested capital” as either (i) total equity; or (ii) in respect of the years ended 31 July 2014 and 2015 only, total equity as at the end of the relevant period plus 3.0 per cent. of revenue less cash and cash equivalents for the relevant period. For a table setting out the calculation of adjusted invested capital and return on adjusted invested capital, see paragraph 2.1 of the section titled “Important Information”.

(8) “Customers” is an operating metric that the Company defines as a sales account, with a unique post code, that has traded with the Company in the relevant financial period.

(9) “Average revenue per customer” is an operating metric that the Company defines as revenue divided by customers for the period.

For further information on the non-IFRS financial measures and other metrics the Company uses, see paragraph 2.1 of the section titled “Important Information”.

PART IV—OPERATING AND FINANCIAL REVIEW

The following discussion of Softcat's financial condition and results of operations should be read in conjunction with Softcat's historical financial information as at and for the years ended 31 July 2013, 2014 and 2015 (during which period Softcat was registered as a private limited company) and the accompanying notes included in Part VI (Historical Financial Information) and with the information relating to Softcat's business included in Part I (Information on Softcat). The discussion includes forward-looking statements that reflect the current view of Softcat's management and involve risks and uncertainties. Softcat's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly in the sections headed "Risk Factors" and "Important Information—Information regarding forward-looking statements". Prospective investors should read the whole of this document and not just rely upon summarised information set out in this Part IV.

1. OVERVIEW

Softcat is a leading UK IT infrastructure and services provider. In 2014, Softcat was one of the top five UK VARs by revenue, according to ChannelWeb²¹.

Softcat provides corporate and public sector organisations with IT infrastructure solutions, including the products and services they may require to design, implement, support and manage these solutions, on premise, in the cloud or a combination of both. Softcat's solutions include software licensing and sales, hardware sales and professional and managed services for its customers' core IT requirements, such as workplace technology, data centre infrastructure and networking and security. While Softcat's customers primarily comprise SMBs, Softcat also provides its solutions to public sector and enterprise customers. For the year ended 31 July 2015, revenue from SMB customers, public sector customers and enterprise customers represented 56.2 per cent., 26.1 per cent. and 17.7 per cent., respectively, of Softcat's total revenue.

Softcat does not produce any products for sale to its customers, but sources them through the IT channel. Therefore, Softcat is wholly dependent on its vendor partners and their distributors in respect of its revenue from the sale of software and hardware. Softcat has arrangements in place with certain vendor partners and distributors which may provide for specific terms and conditions that apply to transactions in the IT channel. Many vendor partners also have established reseller programmes, the participants in which must agree to the vendor partners' standard terms and conditions. Vendor partner terms and conditions may include requirements to achieve and maintain certain volumes of sales or a level of accreditation, price protection policies, purchase discounts, return privileges and/or incentive programmes. Incentives include purchase and sales rebates and cooperative advertising reimbursements, and are typically rewarded based on achievement of a certain volume of sales.

Softcat's services offering includes professional and managed services and third-party services that cover a broad range of on-premise and remote services required for a customer's IT infrastructure needs. In general, Softcat's professional and managed services are provided by Softcat's in-house teams. However, Softcat may supplement its services teams with resources from its preferred IT infrastructure and services partners. Softcat's third-party services offering includes pure resale of third-party services and pass-through of third-party services. Pure resale services include services such as vendor partner warranties, as well as non-core services, such as electronic equipment waste removal, or services in relation to products for which Softcat may not yet have internal expertise (because it is still building up that expertise) or chooses not to, or no longer provides, support (because they may be older or out-of-date). Pass-through services relate to services provided by IT service providers to Softcat's public sector customers under Softcat's framework accreditations. Softcat may earn a fixed or percentage fee on its sales of third-party services.

Softcat offers its solutions through its sales team, which comprises account managers, sales specialists and sales support staff. Account managers are responsible for forming and managing the customer relationship, with the support of sales specialists who have specific technical expertise and can advise customers on more complex solutions. Account managers receive a percentage commission on gross profit earned on their sales. Sales specialists also earn a percentage commission on gross profit earned on sales they have advised on. If a sales team member exceeds his or her specific performance targets, Softcat awards commission at a higher rate.

²¹ ChannelWeb, Top VARs 2014, http://www.channelweb.co.uk/digital_assets/8362/CRN_Top_VARs_2014.pdf.

Softcat is headquartered in Marlow in Buckinghamshire and has four branch offices in Bristol, Leeds, London and Manchester. As at 30 September 2015, Softcat employed 866 people.

2. KEY PERFORMANCE INDICATORS

Management considers a variety of financial measures and other metrics in analysing Softcat's performance. The Directors believe that each of these measures provides useful information with respect to the performance of Softcat's business and operations. With the exception of revenue, gross profit, operating profit, profit after tax and cash generated from operations (which have been extracted without material adjustment from Softcat's historical financial information included in Part VI (*Historical Financial Information*)), these are non-IFRS financial measures and metrics, and are not audited. These non-IFRS financial measures and metrics are not meant to be considered in isolation or as a substitute for measures of financial performance reported in accordance with IFRS. Moreover, these non-IFRS financial measures and metrics may be defined or calculated differently by other companies, and as a result Softcat's key performance indicators may not be comparable to similar measures and metrics calculated by its peers.

The following table sets out a summary of key performance indicators for Softcat's business for the years ended 31 July 2013, 2014 and 2015, which are unaudited unless otherwise indicated.

Unaudited, except where indicated	Year ended 31 July		
	2013	2014	2015
Revenue (£000) (audited)	395,756	504,797	596,084
Gross profit (£000) (audited)	70,511	88,521	102,775
Gross profit margin ⁽¹⁾ (%)	17.8%	17.5%	17.2%
Operating profit (£000) (audited)	27,368	35,528	39,582
Adjusted operating profit ⁽²⁾ (£000)	28,103	35,528	40,586
Adjusted operating profit margin ⁽³⁾ (%)	7.1%	7.0%	6.8%
Adjusted operating profit / gross profit margin ⁽⁴⁾ (%)	39.9%	40.1%	39.5%
Profit after tax (£000) (audited)	20,586	27,352	31,117
Cash generated from operations (£000) (audited)	22,857	46,018	54,730
Cash conversion rate ⁽⁵⁾ (%)	72.2%	123.5%	131.9%
Customers ⁽⁶⁾ (#)	9,820	10,712	11,413
Average revenue per customer ⁽⁷⁾	£40,301	£47,124	£52,229

- (1) "Gross profit margin" is a non-IFRS financial measure that Softcat defines as gross profit as a percentage of revenue.
- (2) "Adjusted operating profit" is a non-IFRS financial measure that Softcat defines as operating profit before exceptional items and share-based payment charges. This measure has been extracted from the Company's historical financial information in Part VI (*Historical Financial Information*), where it appears in the Company's statement of profit or loss and other comprehensive income. For a reconciliation of operating profit to adjusted operating profit, the most directly comparable financial measure calculated in accordance with IFRS, see paragraph 2.1 of the section titled "Important Information".
- (3) "Adjusted operating profit margin" is a non-IFRS financial measure that Softcat defines as adjusted operating profit as a percentage of revenue.
- (4) "Adjusted operating profit / gross profit margin" is a non-IFRS financial measure that Softcat defines as adjusted operating profit as a percentage of gross profit.
- (5) "Cash conversion rate" is a non-IFRS financial measure that Softcat defines as cash generated from operations after capex as a percentage of operating profit. The Company defines "capex" as purchase of property, plant and equipment plus purchase of intangible assets. For a reconciliation of cash generated from operations after capex to cash generated from operations and the calculation of the cash conversion rate, see paragraph 2.1 of the section titled "Important Information".
- (6) "Customers" is an operating metric that Softcat defines as a sales account, with a unique post code, that has traded with Softcat in the relevant financial period.
- (7) "Average revenue per customer" is an operating metric that Softcat defines as revenue divided by customers for the period.

3. SIGNIFICANT FACTORS AFFECTING FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Softcat's financial condition and results of operation have been, and are expected to continue to be, affected by the following factors.

3.1 Growth of customer base and average revenue per customer

Softcat's growth in revenue and profitability have been driven by the continuous growth of its customer base and increases in average revenue per customer. In the three years ended 31 July 2015:

- revenue increased by 50.6 per cent. from £395.8 million to £596.1 million;
- adjusted operating profit increased by 44.4 per cent. from £28.1 million to £40.6 million;
- customers increased by 16.2 per cent. from 9,820 to 11,413; and
- average revenue per customer increased by 29.6 per cent. from £40,301 to £52,229.

The growth and development of Softcat's customer base has been driven by the growth of its sales team, coupled with the ability of account managers and other sales personnel to establish and develop close relationships with customers' IT managers (or other relevant purchasing decision makers), so that Softcat becomes their preferred IT infrastructure and services provider. In particular, account managers play an important role in growing the customer base, as they are responsible for developing their own new customer relationships. As the relationship matures, customers typically will purchase additional, and more complex, products and services, generally resulting in increased spend over time. For example, for the six-year period ended 31 July 2015, average revenue per customer in respect of customers who traded for the first time with Softcat at any point during the period and remained customers during the period increased at a CAGR of approximately 35 per cent.²² The Directors believe that Softcat's success in building relationships with customers, increasing their spend with Softcat and delivering exceptional customer service to them has made them more likely to recommend Softcat to another organisation. In addition, as account managers specifically seek to develop relationships with Softcat's customers' IT managers (or other relevant purchasing decision makers), when those IT managers move to other organisations, the Directors believe that Softcat is well-placed to maintain the relationship and earn new business from those organisations. The Directors, therefore, believe that Softcat's results of operations are dependent, in part, upon Softcat being able to attract, recruit and retain high quality employees who, in turn, are able to develop a loyal customer base willing to increase its spend with Softcat over time.

3.2 Growth and diversification of solutions offering

One of the keys to Softcat's strategy is its ability to continue to grow its addressable market by expanding its product and service offerings, including across new customer segments. Since inception, Softcat has significantly diversified its solutions offering to better enable it to serve its customers' evolving IT infrastructure needs. Today, Softcat's solutions include a broad range of products and services for its customers' workplace technology, data centre infrastructure and networking and security requirements. While, in general, most of Softcat's customers will have a need for discrete software and/or hardware products, Softcat's customers also may require more substantial assistance. For example, Softcat may advise the customer as to what solution might best fit its needs and then help to design, implement, support and/or manage that solution (in addition to procuring the necessary software and/or hardware products).

Account managers have a certain amount of discretion to set sales prices, which affect gross profit and commissions earned by them. Although Softcat's gross profit margins can be variable within its product, service and customer segments, as well as within each product and service offering category, by maintaining a broad mix of offerings, Softcat has been able to sell more to its customers even as their preferences and requirements have evolved over time. Therefore, the Directors believe that Softcat's ability to deliver as broad an offering of solutions to as wide a range of customers as possible has enabled Softcat to demonstrate resilient financial growth in the past, even in periods of economic downturn.

Softcat's gross profit margins particularly have been affected by changes in its customer mix over time. For example, Softcat's gross profit margins declined from 19.6 per cent. in the year ended 31 July 2010²² to 17.2 per cent. in the year ended 31 July 2015, primarily as a result of the increase in revenue from public sector customers, as margins on solutions sold to public sector organisations tend to be lower than margins on the same solutions sold to corporate customers. Softcat's gross profit margins may also be affected, in part, by Softcat's vendor partner and distributor relationships. Many of Softcat's vendor partners require it to achieve minimum levels of accreditation to offer their products or services. Generally, attainment of

²² Financial information and metrics in respect of years ended prior to 31 July 2013 were prepared, or calculated from information prepared, under UK GAAP. UK GAAP financial information may not be comparable with other financial information relating to later periods that has been prepared in accordance with IFRS.

higher levels of accreditation is rewarded with preferential commercial terms in the form of rebates which partially offset Softcat's costs of sales and increase its gross profit.

3.3 Effective cost management

Softcat's growth in profitability has been driven, in part, by Softcat's ability to effectively manage its cost base, particularly in relation to its administrative expenses, which represented Softcat's only other significant costs other than cost of sales. In the three-year period ended 31 July 2015, administrative expenses increased by 46.5 per cent. while gross profit increased by 45.8 per cent.

Softcat's administrative expenses comprise employment and incentive costs, commissions, depreciation and amortisation charges and other expenses, with employment and incentive costs and commissions representing the majority of overall administrative expenses. For the three-year period ended 31 July 2015, employment and incentive costs and commissions expenses increased largely in line with the growth of Softcat's sales team, while revenue and cost of sales relative to such expenses remained stable. This was due, in part, to the fact that commissions paid to certain of Softcat's sales team members, though variable in aggregate, are largely fixed as a percentage of gross profit. Additionally, growth of Softcat's sales team has been largely at the graduate level, where base employment costs and commissions paid tend to be lower. As a result, growth in costs resulting from the expansion of Softcat's employee base historically has not adversely affected its operating profit (or adjusted operating profit). For the years ended 31 July 2013, 2014 and 2015, employment and incentive costs and commissions as a percentage of gross profit were 52.2 per cent., 50.9 per cent. and 49.9 per cent., respectively.

Further, Softcat's geographical expansion, which has supported the growth of its sales team, has been accomplished in a cost effective manner. For example, launching Softcat's newest branch offices in Bristol (opened in January 2014) and Leeds (opened in February 2015) required an initial investment of £137,392 and £85,485, respectively, and these offices were able to be integrated with Softcat's systems with very little additional IT investment. For the years ended 31 July 2013, 2014 and 2015, depreciation and amortisation expenses (which largely related to on-going investment in managed services infrastructure and other investments in property, plant and equipment) as a percentage of gross profit were 1.7 per cent., 2.0 per cent. and 2.1 per cent., respectively. The Directors believe that Softcat's operating efficiency, as evidenced by an increase in the ratio of adjusted operating profit to gross profit from 35.2 per cent. in the year ended 31 July 2010 to 39.5 per cent. in the year ended 31 July 2015, should continue to contribute to operating profit growth.

Softcat's other expenses, which primarily consist of rent, IT, travel and entertainment expenses, have likewise largely increased in line with gross profit. In the years ended 31 July 2013, 2014 and 2015, other expenses as a percentage of gross profit were 7.4 per cent., 6.9 per cent. and 9.5 per cent., respectively. In the year ended 31 July 2015, Softcat had £1.0 million of exceptional costs relating to the Global Offer and incurred £0.2 million of on-going costs associated with becoming a public limited company. Excluding these costs, other expenses as a percentage of gross profit for the year ended 31 July 2015 would have been 8.5 per cent.

In the future, as Softcat seeks to keep pace with technological changes by evolving its solutions offering in line with customer demands, it may experience increased employee-related or other expenses. This may occur as a result of, among other things, being required to invest more in developing new expertise in-house through training of existing employees or hiring employees who already have such specific new expertise but who require higher base salaries. For example, the Directors believe that Softcat may incur higher base salary costs in the medium-to-long term as it increases its offering of professional and managed services, because new employees hired into this team would likely be remunerated with higher fixed salaries (but no commissions).

3.4 Levels of cash generation and cash conversion rates

Softcat finances its operations primarily through cash generated from operating activities. Cash generated from operations has principally been affected by increases in revenue, and also improvements in debtor days and creditor days. For the three-year period ended 31 July 2015, debtor days decreased from 50 days to 46 days and creditor days increased from 27 days to 35 days. For the years ended 31 July 2013, 2014 and 2015, Softcat's cash conversion rate was 72.2 per cent., 123.5 per cent. and 131.9 per cent., respectively, although its cumulative cash conversion rate for the years ended 31 July 2007 to 31 July 2015 was 91.3 per

cent.²³ Softcat expects to be able to achieve a cash conversion rate consistent with its 2007-2015 cumulative cash conversion rate for the foreseeable future.

3.5 Seasonality

Softcat's revenue and gross profit peak towards the end of each quarter, primarily as a result of increased sales by account managers to reach their quarterly commission targets. In addition, in the third quarter of Softcat's financial year, Softcat's public sector customers typically increase their orders to exhaust their remaining IT budget ahead of the public sector year end in March. There will also typically be an increase in revenue in the fourth quarter of Softcat's financial year corresponding with sales activity immediately prior to Microsoft's year end in June. For these reasons, revenue for the first six months of Softcat's financial year tends to be slightly lower than the second six months.

4. CURRENT TRADING AND PROSPECTS

In the period since 1 August 2015, Softcat has increased both revenue and gross profit as compared with the same period in the prior year. Softcat remains confident of achieving its performance objectives for the current financial year.

5. DESCRIPTION OF KEY STATEMENT OF PROFIT OR LOSS LINE ITEMS

5.1 Revenue

Revenue consists of sales of software, hardware, professional and managed services and third-party services. Software and hardware is sourced from and delivered by Softcat's vendor partners and their distributors. Professional and managed services are delivered by Softcat's in-house resources while third-party services are delivered by one of its preferred IT infrastructure and services partners.

Sale of third-party goods and services

Revenue from the sale of third-party goods and services is recognised when, in the case of software and hardware, the significant risks and rewards of ownership of the goods have passed to the customer, usually on delivery of the goods (being when the software or licence is available to or hardware is physically received by the customer), and, in the case of third-party services, upon completion of the contract.

Softcat has primary responsibility for the acceptability of goods and services sold, is exposed to inventory risk during the goods delivery period, establishes the selling price itself and bears the customer's credit risk. It is therefore considered to be acting as principal in these sales and revenue is measured using the price charged to the customer, excluding discounts and sales tax.

Sale of professional and managed services

Revenue in respect of Softcat's professional and managed services is recognised, in the case of professional services, when the service has been satisfactorily completed or, in the case of managed services, in line with the stage of completed work (typically monthly over the relevant contract period). This revenue is measured at the sales price, excluding discounts and sales taxes, or by reference to the costs incurred as a proportion of the total estimated costs of the contract. In the year ended 31 July 2015, Softcat had recurring contract revenue of approximately one per cent. of its total revenue.

5.2 Cost of sales

Cost of sales consists of the purchase cost to Softcat of goods and services sold, advertising and delivery costs and sundry direct sales expenses, net of early settlement discounts and rebates paid by vendor partners and distributors.

Rebates are a form of incentive provided by some IT vendors and distributors and are a feature of the IT infrastructure and services industry. Softcat can earn rebates based on various criteria, such as volume of sales, levels of accreditation and certifications held, growth rate of net sales or purchases and marketing programmes. Rebates earned are used to partially offset Softcat's cost of sales.

²³ Financial information and metrics in respect of years ended prior to 31 July 2013 were prepared, or calculated from information prepared, under UK GAAP. UK GAAP financial information may not be comparable with other financial information relating to later periods that has been prepared in accordance with IFRS

5.3 Administrative expenses

Administrative expenses consist of employee expenses (which consist primarily of salaries and wages, pension costs and training and recruitment costs), commission and incentives expenses, depreciation and amortisation charges and other expenses (which consist primarily of rent, IT, travel and entertainment expenses, as well as exceptional items). Softcat expects to incur a total of up to £5.3 million of discretionary commissions and expenses in connection with the Global Offer, £1.0 million of which has been charged to the income statement in the year ended 31 July 2015 as an exceptional item and £4.3 million of which it expects to account for as an exceptional item in the year ending 31 July 2016.

5.4 Finance income

Finance income consists of interest income on bank deposits.

5.5 Income tax expense

Income tax expense consists of current and deferred taxes.

In the years ended 31 July 2013, 2014 and 2015, Softcat's effective tax rate was 25.0 per cent., 23.2 per cent. and 21.8 per cent., respectively, and its statutory tax rate was 23.7 per cent., 22.3 per cent. and 20.7 per cent., respectively. For a reconciliation of Softcat's effective tax rate to the standard rate of UK corporation tax, see Note 10 ('Income tax') to Softcat's historical financial information in Part VI (*Historical Financial Information*).

The standard rate of corporation tax for the year starting 1 April 2016 has been set at 20 per cent. The Finance (No. 2) Bill 2015, when enacted, will reduce the standard rate of corporation tax to 19 per cent. for the years starting 1 April 2017, 2018 and 2019 and to 18 per cent. for the year starting 1 April 2020. Royal Assent is expected to take place after conclusion of proceedings in the Public Bill Committee.

6. RESULTS OF OPERATIONS

The following table sets out Softcat's results of operations for the years ended 31 July 2013, 2014 and 2015.

	Year ended 31 July		
	2013	2014	2015
		£000	
Revenue	395,756	504,797	596,084
Cost of sales	(325,245)	(416,276)	(493,309)
Gross profit	70,511	88,521	102,775
Administrative expenses	(43,143)	(52,993)	(63,193)
Operating profit	27,368	35,528	39,582
Adjusted operating profit	28,103	35,528	40,586
Exceptional costs	—	—	(999)
Share-based payment charge	(735)	—	(5)
Finance income	81	102	195
Profit before tax	27,449	35,630	39,777
Income tax expense	(6,864)	(8,278)	(8,660)
Profit for the year	20,585	27,352	31,117

6.1 Revenue

Revenue increased from £395.8 million for the year ended 31 July 2013 to £504.8 million for the year ended 31 July 2014 and to £596.1 million for the year ended 31 July 2015, representing year-on-year increases of 27.6 per cent. and 18.1 per cent., respectively. The increases in each year reflect, generally, Softcat's organic growth driven by increases in customers and average revenue per customer. In the years ended 31 July 2013, 2014 and 2015, Softcat had 9,820 customers, 10,712 customers and 11,413 customers, respectively, representing year-on-year increases of 9.1 per cent. and 6.5 per cent., respectively, and the average revenue per customer was £40,301, £47,124 and £52,229, respectively, representing year-on-year increases of 16.9 per cent. and 10.8 per cent., respectively.

In addition, the Directors believe the higher increase in the year ended 31 July 2014 also reflects the increase in revenue earned across Softcat's offerings in connection with sales driven by Microsoft's termination of support and updates for its Windows XP operating system as of 8 April 2014.

6.2 Cost of sales

Cost of sales increased from £325.2 million for the year ended 31 July 2013 to £416.3 million for the year ended 31 July 2014 and to £493.3 million for the year ended 31 July 2015, representing year-on-year increases of 28.0 per cent. and 18.5 per cent., respectively. The increases in each year were broadly in line with increased sales of products and services in the same year.

6.3 Administrative expenses

	Year ended 31 July		
	2013	2014	2015
		£000	
Employment and incentive costs	21,361	25,160	29,563
Commissions	15,428	19,906	21,716
Depreciation and amortisation charges	1,166	1,778	2,148
Other expenses	5,188	6,149	9,766
	43,143	52,993	63,193

Administrative expenses increased from £43.1 million for the year ended 31 July 2013 to £53.0 million for the year ended 31 July 2014 and to £63.2 million for the year ended 31 July 2015, representing year-on-year increases of 22.8 per cent. and 19.2 per cent., respectively. The increases in each year were largely due to increased employment and incentives costs and commissions paid, driven by year-on-year increases in the average number of employees of 114 and 120, respectively, in the years ended 31 July 2014 and 2015, as well as strong sales performance (measured in gross profit) which resulted in higher commissions paid. In particular, Softcat's commissions paid increased by 29.0 per cent. in the year ended 31 July 2014 as a result of increased gross profit. Increases in depreciation and amortisation in each year largely related to on-going investment in managed services infrastructure and other investments in property, plant and equipment. In the year ended 31 July 2015, Softcat had £1.0 million of exceptional costs relating to the Global Offer and incurred £0.2 million of on-going costs associated with becoming a public limited company.

Administrative expenses as a percentage of gross profit decreased from 61.2 per cent. for the year ended 31 July 2013 to 59.9 per cent. for the year ended 31 July 2014, and increased to 61.5 per cent. for the year ended 31 July 2015. The decrease in the year ended 31 July 2014 primarily reflects the strong profitability for the year as discussed above, as well as Softcat's effective cost management, offset in part by its on-going investment in the sales team. While Softcat continued to carefully manage its costs in the year ended 31 July 2015, administrative expenses represented a larger percentage of gross profit for the year in part due to the £1.0 million exceptional item. Excluding these costs, administrative expenses as a percentage of gross profit for the year ended 31 July 2015 would have been 60.5 per cent.

In the years ended 31 July 2013, 2014 and 2015, depreciation and amortisation and other expenses as a percentage of gross profit represented 9.0 per cent., 9.0 per cent. and 11.6 per cent., respectively, and employment and incentive costs and commissions paid as a percentage of gross profit were 52.1 per cent., 50.9 per cent. and 49.9 per cent., respectively.

6.4 Finance income

Finance income remained flat at £0.1 million for the years ended 31 July 2013 and 2014, increasing slightly to £0.2 million for the year ended 31 July 2015 reflecting the higher amount of cash held in Softcat's bank accounts during the year.

6.5 Income tax expense

Income tax expense increased from £6.9 million for the year ended 31 July 2013 to £8.3 million for the year ended 31 July 2014 to £8.7 million for the year ended 31 July 2015, representing year-on-year increases of 20.6 per cent. and 4.8 per cent., respectively. The increases in each year were primarily driven by Softcat's taxable revenue growth, partially offset by reductions in the standard rate of corporate tax, which led to a

reduction in Softcat's effective rate of tax. The standard rate of corporate tax decreased from 23.7 per cent. for the year ended 31 July 2013 to 22.3 per cent. for the year ended 31 July 2014 to 20.7 per cent. for the year ended 31 July 2015.

7. LIQUIDITY AND CAPITAL RESOURCES

7.1 Overview

Softcat's principle liquidity needs are to finance operations and, when deemed appropriate, pay dividends. Softcat finances its operations primarily through cash generated from operating activities. Softcat has no outstanding debt.

7.2 Cash flows

(a) The following table sets out Softcat's net cash generated from operating activities for the years ended 31 July 2013, 2014 and 2015.

	Year ended 31 July		
	2013	2014	2015
		£000	
Operating profit	27,368	35,528	39,582
Depreciation of property, plant and equipment	1,068	1,565	1,794
Amortisation of intangibles	98	213	353
Loss on disposal of a fixed asset	—	—	28
Cost of equity settled employee share schemes	735	—	5
Decrease in provisions	(357)	(60)	—
Operating cash flow before movements in working capital	28,912	37,246	41,762
Decrease (increase) in inventory	(2,271)	(202)	1,830
(Increase) in debtors	(13,467)	(12,378)	(22,425)
Increase in creditors	9,683	21,352	33,563
Cash generated from operations	22,857	46,018	54,730
Income taxes paid	(5,200)	(10,345)	(7,319)
Net cash generated from operating activities	17,657	35,673	47,411

Net cash generated from operating activities increased from £17.7 million for the year ended 31 July 2013 to £35.7 million for the year ended 31 July 2014 and to £47.4 million for the year ended 31 July 2015, representing year-on-year increases of 102.0 per cent. and 32.9 per cent., respectively. The increases in each year primarily reflect increases in operating profit (and adjusted operating profit) (for the reasons discussed in paragraph 6 of this Part IV) and improvements in debtor days and creditor days, which resulted in cash conversion rates of 72.2 per cent., 123.5 per cent. and 131.9 per cent., respectively, in the years ended 31 July 2013, 2014 and 2015. As it continues to manage its debtor and creditor days, Softcat expects to be able to achieve a cash conversion rate consistent with its 2007–2015 cumulative cash conversion rate, which was 91.3 per cent.²⁴, for the foreseeable future.

(b) The following table sets out Softcat's net cash used in investing activities for the years ended 31 July 2013, 2014 and 2015.

	Year ended 31 July		
	2013	2014	2015
		£000	
Finance income	81	102	195
Purchase of property, plant and equipment	(2,722)	(1,822)	(2,217)
Purchase of intangible assets	(375)	(330)	(288)
Proceeds from asset disposals	—	—	4
Net cash used in investing activities	(3,016)	(2,050)	(2,306)

²⁴ Financial information and metrics in respect of years ended prior to 31 July 2013 were prepared, or calculated from information prepared, under UK GAAP. UK GAAP financial information may not be comparable with other financial information relating to later periods that has been prepared in accordance with IFRS.

7.5 Off-balance sheet arrangements

Softcat has no off-balance sheet arrangements.

8. CRITICAL ACCOUNTING ESTIMATES

In preparing its financial information, Softcat makes judgements, estimates and assumptions that affect the reported amounts within the current and future financial periods. Actual results may differ from these estimates. Estimates and judgements are regularly reviewed based on past experience, expectations of future events and other factors. The principal areas where estimates and judgements are made are as follows.

8.1 Depreciation of 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. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Freehold buildings	50 years straight line
Building improvements	remaining period of lease–10 years straight line
Computer equipment	3–5 years straight line
Fixtures, fittings and equipment	6 years straight line
Motor vehicles	3 years straight line

Land is not depreciated.

The residual values, useful lives and methods of depreciation are reviewed for reasonableness at each financial year end and adjusted for prospectively if appropriate.

Depreciation of tangible assets for the years ended 31 July 2013, 2014 and 2015 was £1.1 million, £1.6 million and £1.8 million, respectively.

8.2 Provision against receivables

Softcat provides against trade receivables where there are serious doubts as to future recoverability based on prior experience, on assessment of the current economic climate and on the length of time that the receivable has been overdue. The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data.

The increase in provision for trade receivables regarded as potentially uncollectable for the years ended 31 July 2013, 2014 and 2015 was £0.2 million, £1.3 million and £0.5 million, respectively.

8.3 Rebates

Rebates from vendor partners and distributors are accounted for in the period in which they are earned and are based on commercial agreements with those vendor partners and distributors. 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 financial quarters' trading.

9. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Softcat's activities expose it to a variety of market risks, including credit risk, liquidity risk and foreign currency risk. Softcat's senior management team oversees the management of these risks and has established policies and procedures to govern Softcat's financial risk taking to help ensure that financial risks are identified, measured and managed in accordance with Softcat's policies and risk appetite. The Board reviews and agrees the policies for managing each of these risks, which are summarised below.

9.1 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. Softcat is exposed to credit risk from its operating activities

(primarily for trade receivables) and from its cash deposits with banks and financial institutions. See paragraph 1.17 in the section of this Prospectus titled “Risk factors”.

Credit risk from trade receivables is managed in accordance with Softcat’s established policy, procedures and controls relating to customer credit risk management. A customer’s credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets, as disclosed in Note 17 (‘Trade and other receivables’) to Softcat’s historical financial information set out in Part VI (*Historical Financial Information*). Softcat does not hold collateral as security. Softcat considers the concentration of risk with respect to trade receivables to be low as there is limited reliance on a single, or a few customers. Sales are typically small in size but large in volume and made to a large number of customers.

Softcat 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 Softcat’s deposits across more than one such institution to ease concentration risk.

9.2 Liquidity risk

Softcat generates positive cash flows from operating activities and these fund short-term working capital requirements. Softcat aims to maintain significant cash reserves and none of Softcat’s cash reserves are subject to restriction. The Board carefully monitors the levels of cash deposits and is comfortable that, for normal operating requirements, no external borrowings are currently required.

9.3 Foreign currency risk

Softcat is exposed to foreign currency risk when dealing with customers and suppliers who wish to be invoiced or paid in a currency other than pounds sterling, principally US dollars and euros. As the vast majority of transactions are with UK customers and suppliers, and/or are denominated in pounds sterling, the Directors consider this foreign currency risk to be small and do not hedge this risk due to the limited exposure. The level of foreign currency transactions is monitored closely to ensure that the level of exposure is manageable. Due to the limited exposure to currency risk, no sensitivity analysis has been prepared.

PART V—CAPITALISATION AND INDEBTEDNESS

The tables below set out the Company's capitalisation and indebtedness as at 31 July 2015 and its unaudited net current financial indebtedness and non-current financial indebtedness as at 31 July 2015 and 30 September 2015. The capitalisation and indebtedness figures as at 31 July 2015 have been extracted without material adjustment from the Company's historical financial information set out in Part VI (*Historical Financial Information*).

1. CAPITALISATION AND INDEBTEDNESS

The table below sets out the Company's total capitalisation and indebtedness as at 31 July 2015.

	As at 31 July 2015 <u>£000</u>
<i>Current debt</i>	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total current debt	<u>—</u>
 <i>Non-current debt</i>	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total non-current debt	<u>—</u>
 <i>Capitalisation</i>	
Share capital	98
Share premium	3,942
Legal reserve	—
Other reserves	(3,994)
Total capitalisation	<u>46</u>
Total capitalisation and indebtedness	<u>46</u>

There has not been any material change in the Company's total capitalisation and indebtedness since 31 July 2015.

2. NET FINANCIAL INDEBTEDNESS

The table below sets out the Company's total net current financial indebtedness and non-current financial indebtedness as at 31 July 2015 and 30 September 2015.

<u>Unaudited</u>	As at	
	31 July 2015	30 September 2015
		£000
Cash	74,642	68,196
Cash equivalents	—	—
Trading securities	—	—
Liquidity	74,642	68,196
Current bank debt	—	—
Current portion of non-current debt	—	—
Other current financial debt	—	—
Current financial debt	—	—
Net current cash	74,642	68,196
Non-current bank loans	—	—
Bonds issued	—	—
Other non-current loans	—	—
Non-current financial indebtedness	—	—
Net cash	74,642	68,196

The Company has no other indirect or contingent liabilities, or any contingent commitments.

3. POST BALANCE-SHEET EVENTS

On 14 September 2015, the Company declared a dividend on all ordinary, 'A' ordinary and 'MR' shares of £40.0 million, which was paid to holders of such shares on 5 October 2015. On the same date, the Company declared a dividend on the 'MR' shares of £97,500, which was paid to the holder of the 'MR' shares on 30 September 2015.

On 12 November 2015, by special resolutions of the Company and by written consents obtained from holders of each class of the Company's share capital in accordance with section 630 of the Companies Act 2006 (the "Companies Act"), it was resolved that, conditional on and subject to Admission:

- (a) 188,500 'MR' ordinary shares of £0.01 each be cancelled and each of such 'MR' shares be converted into and redesignated as an ordinary share of £0.01 each and their rights varied accordingly;
- (b) 588,322 'A' ordinary shares of £0.01 each be cancelled and each of such 'A' ordinary shares be converted into and redesignated as an ordinary share of £0.01 each and their rights varied accordingly;
- (c) 18,933 'A' ordinary shares of £0.01 each be cancelled and each of such 'A' ordinary shares be converted into and redesignated as a deferred share of £0.01 each; and
- (d) each ordinary share of £0.01 be sub-divided into 20 ordinary shares of £0.0005 each.

PART VI—HISTORICAL FINANCIAL INFORMATION

Section A of this Part VI sets out a report from Ernst & Young LLP, the Company's Reporting Accountant, required by Paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules.

Section B of this Part VI sets out the Company's historical financial information as at and for the three years ended 31 July 2013, 2014 and 2015. During this period, the Company was registered as a private limited company.

Section A: Accountant's report on Softcat's historical financial information



The Directors
Softcat plc
Fieldhouse Lane
Marlow
Buckinghamshire
SL7 1LW

13 November 2015

Dear Sirs

Softcat plc (the “Company”)

We report on the Company's financial information set out in Part VI (*Historical Financial Information*) which comprises a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows for the years ended 31 July 2013, 2014 and 2015 and a statement of financial position as at 31 July 2013, 2014 and 2015 (the “Financial Information”). The Financial Information has been prepared for inclusion in the prospectus dated 13 November 2015 of the Company on the basis of the accounting policies set out in Note 2 to the Company's historical financial information in Part VI (*Historical Financial Information*). This report is required by item 20.1 of Annex I of Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) 809/2004, consenting to its inclusion in the prospectus.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Financial Information gives, for the purposes of the prospectus dated 13 November 2015, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) 809/2004.

Yours faithfully

Ernst & Young LLP

**Section B: Softcat's historical financial information as at and
for the three years ended 31 July 2013, 2014 and 2015**

Statement of profit or loss and other comprehensive income

	Note	Year ended 31 July		
		2013	2014	2015
			£000	
Revenue	4	395,756	504,797	596,084
Cost of sales		(325,245)	(416,276)	(493,309)
Gross profit		70,511	88,521	102,775
Administrative expenses	6	(43,143)	(52,993)	(63,193)
Operating profit		27,368	35,528	39,582
Adjusted operating profit		28,103	35,528	40,586
Exceptional costs	6	—	—	(999)
Share-based payment charge		(735)	—	(5)
Finance income	7	81	102	195
Profit before taxation		27,449	35,630	39,777
Income tax expense	10	(6,864)	(8,278)	(8,660)
Profit for the year		20,585	27,352	31,117
Other comprehensive income, net of tax		—	—	—
Total comprehensive income for the year, net of tax		20,585	27,352	31,117
Profit attributable to owners of the Company		20,585	27,352	31,117
Basic earnings per Ordinary Share (pence)	12	11.77p	14.65p	16.25p
Diluted earnings per Ordinary Share (pence)	12	11.48p	14.08p	15.98p

The statement of profit or loss and other comprehensive income has been prepared on the basis that all operations are continuing operations.

Statement of financial position

	Note	As at 31 July		
		2013	2014	2015
		£000		
Assets				
Non-current assets				
Property, plant and equipment	13	6,351	6,607	6,997
Intangibles assets	14	406	523	458
Investment in subsidiaries	15	—	—	—
Deferred tax assets	22	682	535	678
Total non-current assets		<u>7,439</u>	<u>7,665</u>	<u>8,133</u>
Current assets				
Inventories	16	4,279	4,481	2,652
Trade and other receivables	17	86,662	100,195	121,952
Income tax recoverable		159	—	—
Cash and cash equivalents	18	8,676	37,720	74,642
Total current assets		<u>99,776</u>	<u>142,396</u>	<u>199,246</u>
Total assets		<u>107,215</u>	<u>150,061</u>	<u>207,379</u>
Liabilities				
Current liabilities				
Trade and other payables	19	(53,138)	(74,503)	(108,053)
Income tax payable		(5,634)	(3,259)	(3,510)
Provisions	20	(60)	—	—
Total current liabilities		<u>(58,832)</u>	<u>(77,762)</u>	<u>(111,563)</u>
Total liabilities		<u>(58,832)</u>	<u>(77,762)</u>	<u>(111,563)</u>
Net assets		<u>48,383</u>	<u>72,299</u>	<u>95,816</u>
Equity				
Issued share capital	23	65	95	98
Share premium account		1,520	2,865	3,942
Other reserves		(1,437)	(1,469)	(3,994)
Retained earnings		48,235	70,808	95,770
Total equity		<u>48,383</u>	<u>72,299</u>	<u>95,816</u>

Statement of changes in equity

	Share capital	Share premium	Reserve for own shares £000	Retained earnings	Total equity
Balance at 1 August 2012	63	230	(2,635)	44,182	41,840
Total comprehensive income for the year	—	—	—	20,585	20,585
Share-based payment transactions	—	—	—	735	735
Dividends paid	—	—	—	(17,267)	(17,267)
Shares issued in year	2	1,290	—	—	1,292
Own share movement during the year	—	—	1,198	—	1,198
Balance at 31 July 2013	65	1,520	(1,437)	48,235	48,383
Total comprehensive income for the year	—	—	—	27,352	27,352
Dividends paid	—	—	—	(4,779)	(4,779)
Shares issued in year	30	1,345	—	—	1,375
Own share movement during the year	—	—	(32)	—	(32)
Balance at 31 July 2014	95	2,865	(1,469)	70,808	72,299
Total comprehensive income for the year	—	—	—	31,117	31,117
Share-based payment transactions	—	—	—	5	5
Dividends paid	—	—	—	(7,298)	(7,298)
Shares issued in year	3	1,077	—	—	1,080
Tax adjustments	—	—	—	1,234	1,234
Own share movement during the year	—	—	(2,525)	(96)	(2,621)
Balance at 31 July 2015	98	3,942	(3,994)	95,770	95,816

The reserve for own shares relates to ordinary shares owned by an Employee Benefit Trust. During the year ended 31 July 2015, 275,219 share options (2014: 44,000, 2013: 581,022) were exercised. Proceeds of £1,038,749 (2014: £159,362; 2013: £1,197,894) were realised from the exercise of these share options.

As at 31 July 2015, the Employee Benefit Trust owned 126,926 ordinary shares (2014: 8,061, 2013: 2,466).

Statement of cash flows

	Note	Year ended 31 July		
		2013	2014	2015
		£000		
Net cash generated from operating activities	24	17,657	35,673	47,411
Cash flows from investing activities				
Finance income	7	81	102	195
Purchase of property, plant and equipment	13	(2,722)	(1,822)	(2,217)
Purchase of intangible assets	14	(375)	(330)	(288)
Proceeds from asset disposals		—	—	4
Net cash used in investing activities		(3,016)	(2,050)	(2,306)
Cash flows from financing activities				
Issue of share capital		—	174	977
Deferred purchase share proceeds		—	—	676
Dividends paid	12	(17,267)	(4,766)	(7,311)
Own share transactions		1,198	13	(2,525)
Net cash used in financing activities		(16,069)	(4,579)	(8,183)
Net (decrease) increase in cash and cash equivalents		(1,428)	29,044	36,922
Cash and cash equivalents at beginning of year	18	10,104	8,676	37,720
Cash and cash equivalents at end of year		8,676	37,720	74,642

Notes to the Financial Information

1. General information

Softcat Limited's (the "Company") principal activity is that of value-added IT reseller and IT infrastructure solutions.

The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is Solar House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW. The registered number is 2174990.

2. Accounting policies

2.1 Basis of preparation

This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("Adopted IFRS") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information presents information about the Company as an individual undertaking and not about its group. The Company had dormant subsidiaries as at 31 July 2013 and 31 July 2014 and their aggregate capital and reserves were negligible. On the basis that the benefits of providing consolidated financial information as opposed to company financial information would be immaterial to the users of this financial information, the Company has not presented consolidated financial information. Further details are provided in Note 15.

The financial information has been prepared under the historical cost convention and is presented in the Company's presentational and functional currency of pounds sterling ("£").

The Company applied all standards and interpretations issued by the IASB that were effective as of 31 July 2015. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 Adoption of new and revised standards

At the date of authorisation of this financial information, the following standards and interpretations which have not been applied in the financial information were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IAS 32 (Amendment)—Offsetting Financial Assets and Financial Liabilities;
- IAS 36 (Amendment)—Recoverable Amount Disclosures for Non-financial Assets;
- Annual Improvements (2010–2012 Cycle);
- Annual Improvements (2011–2013 Cycle);
- Annual Improvements (2012–2014 Cycle);
- IAS 16 and IAS 38 (Amendment)—Clarification of Acceptable Methods of Depreciation and Amortisation;
- IFRS 15 Revenue from Contracts with Customers; and
- IFRS 9 Financial Instruments.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial information of the Company, except for:

- IFRS 9 Financial Instruments—This will introduce a number of changes in the presentation of financial instruments; and
- IFRS 15 Revenue from Contracts with Customers—This will introduce additional disclosures within the notes to the financial information.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

Notes to the Financial Information (Continued)

2. Accounting policies (Continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position and its financial risk management objectives, as well as details of its financial instruments and its exposure to interest, credit and liquidity risk are described in Note 26.

The Company has considerable financial resources together with a significant number of customers, across different industries, with which the Company has strong relationships and enjoys consistent repeat business. In addition, the Company has an increasing number of long-standing, deep relationships with many suppliers which diversify supply chain risk. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

2.4 Revenue recognition

Revenue from the sale of goods is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

The Company sells hardware and software that is sourced from and delivered by a number of suppliers. Revenue from the sale of these goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The Company has primary responsibility for the acceptability of goods sold, is exposed to inventory risk during the delivery period, establishes the selling price itself and bears the customer's credit risk. It is therefore considered to be acting as principal in these sales and revenue is measured using the price charged to the customer, excluding sales tax.

(b) Provision of services

The Company also provides data centre, cloud and software services. Revenue in respect of these services is recognised when the service has been satisfactorily completed or in line with the stage of completed work. It is measured at either the sales price, excluding sales taxes, or by reference to the costs incurred as a proportion of the total estimated costs of the contract.

In addition, the Company sells services provided by third parties. Revenue for services provided by third parties is recognised at the point of sale to the customer, as the Company has no ongoing obligations. The Company establishes the selling price and is exposed to customer credit risk on this revenue and therefore considers itself to be acting as principal, measuring revenue as the price charged to the customer, excluding sales tax.

(c) Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate ("EIR") applicable. 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.

Notes to the Financial Information (Continued)

2. Accounting policies (Continued)

2.5 Rebates

Rebates from suppliers 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 rebate earned but not yet received typically relating to the preceding quarters' trading. Rebate income is recognised in cost of sales in the Statement of Profit or Loss and Other Comprehensive Income and rebate earned but not yet received is included within accrued income in the Statement of Financial Position.

2.6 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	50 years straight line
Building improvements	remaining period of lease–10 years straight line
Computer equipment	3–5 years straight line
Fixtures, fittings and equipment	6 years straight line
Motor vehicles	3 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 represent 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.

2.7 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:

Computer software	3–5 years straight line
-----------------------------	-------------------------

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 de-recognition 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.

Notes to the Financial Information (Continued)

2. Accounting policies (Continued)

2.8 Leases

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term, even if payments are not made on such a basis. Onerous property leases are provided for in the Statement of Financial Position and represent the present value of the onerous element of an operating lease. This arises when the Company ceases to use premises and they are left vacant to the end of the lease.

2.9 Investments

Investments in subsidiaries are stated at cost less provision for diminution in value.

2.10 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 are predominantly goods in transit and items for which a customer purchase order has been received but the goods have yet to be delivered to the customer.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, call deposits and bank overdrafts.

2.12 Pensions

The pension costs charged in the financial information represent the contributions payable by the Company during the year on the defined contribution pension scheme. The assets of the scheme are held separately from those of the Company 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 represents the full extent of the Company's liability.

2.13 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 Company intends to settle its current tax assets and liabilities.

Notes to the Financial Information (Continued)

2. Accounting policies (Continued)

2.14 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.

2.15 Share-based payments

The Company operates a tax authority approved Enterprise Management Incentive Share Option Scheme (“EMI”) and a Company Share Option Plan (“CSOP”) so as to encourage share ownership by all eligible employees, including directors. Share options must be measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity. The fair value of the options is estimated at the date of grant using the Black-Scholes Model and is charged as an expense in the income statement over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

The Company also operates an employee benefit trust for the benefit of eligible employees. The Company recognises the assets and liabilities of the trust as its own until such assets held vest unconditionally with identified beneficiaries. The Company meets all costs incurred by the trust.

2.16 Exceptional costs

Items that are material in size and unusual in nature are included within operating profit and disclosed separately in the income statement. The separate reporting of these items helps to provide a more accurate indication of the underlying business performance.

3. Revenue

The total revenue for the Company has been derived from its principal activity as an IT reseller. Substantially all of this revenue relates to trading undertaken in the United Kingdom.

4. Segmental information

The information reported to the Company’s Chief Executive Officer, 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 Company. The Company 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 Company’s revenue and results and assets for this one reportable segment can be determined by reference to the statement of comprehensive income and statement of financial position.

An analysis of revenues by product, which form one reportable segment, is set out below:

	Year ended 31 July		
	2013	2014	2015
		£000	
Software	200,046	237,301	287,469
Hardware	149,262	196,886	223,845
Services	46,448	70,610	84,770
	<u>395,756</u>	<u>504,797</u>	<u>596,084</u>

No customer has generated more than 10 per cent. of total revenue during the period covered by the Financial Information.

Notes to the Financial Information (Continued)

5. Operating profit

Operating profit for the year has been arrived at after charging (crediting):

	Year ended 31 July		
	2013	2014	2015
		£000	
Depreciation on tangible assets	1,068	1,565	1,794
Amortisation of intangible assets	98	213	353
Operating lease rentals	171	398	501
Foreign exchange (gain) loss	(367)	157	234
Exceptional items	—	—	999
	<u> </u>	<u> </u>	<u> </u>
Auditors' remuneration:			
<i>Statutory audit services</i>			
Fees payable for the audit of the Company's annual accounts	29	51	45
	<u> </u>	<u> </u>	<u> </u>
<i>Non-audit services</i>			
Taxation advisory services	3	9	5
Other non-audit services	6	85	242
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

Other non-audit services primarily represent professional fees for a planned initial public offering.

6. Administrative expenses

The administrative expenses charge by nature is as follows:

	Year ended 31 July		
	2013	2014	2015
		£000	
Employment and incentive costs	21,361	25,160	29,563
Commissions	15,428	19,906	21,716
Depreciation and amortisation charges	1,166	1,778	2,148
Other expenses	5,188	6,149	9,766
	<u>43,143</u>	<u>52,993</u>	<u>63,193</u>

Administrative expenses include £999,000 of exceptional costs in respect of professional fees for a proposed initial public offering.

7. Finance income

	Year ended 31 July		
	2013	2014	2015
		£000	
Bank interest	81	102	195
	<u> </u>	<u> </u>	<u> </u>

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Notes to the Financial Information (Continued)

8. Average monthly number of employees (including directors)

	Year ended 31 July		
	2013	2014	2015
	£000		
Management	35	36	37
Administration	87	118	138
Sales	366	448	547
	488	602	722

9. Employment costs

	Year ended 31 July		
	2013	2014	2015
	£000		
Wages and salaries	14,530	17,682	21,289
Social security costs	3,690	4,617	5,200
Other pension costs	367	462	554
Share option charge	735	—	5
	19,322	22,761	27,048

10. Income tax

The major components of income tax expense are:

	Year ended 31 July		
	2013	2014	2015
	£000		
Statement of profit and loss			
Current income tax charge for the year	6,404	8,130	8,970
Adjustments in respect of current income tax in previous years	38	—	(6)
Total current income tax charge	6,442	8,130	8,964
Deferred tax:			
Relating to origination and reversal of temporary differences	422	148	(304)
Deferred tax charge	422	148	(304)
Total tax charge	6,864	8,278	8,660

Notes to the Financial Information (Continued)

10. Income tax (Continued)

Reconciliation of total tax charge

	Year ended 31 July		
	2013	2014	2015
	£000		
Reconciliation of tax expense and accounting profit multiplied by the Company's domestic rate of tax			
Profit on ordinary activities before taxation	27,449	35,630	39,777
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.67 per cent. (July 2014: 22.33 per cent., July 2013: 23.67 per cent.)	6,497	7,957	8,220
Effects of:			
Non-deductible expenses	467	209	313
Adjustments to previous periods	38	—	(6)
Stock option differences	(249)	(47)	158
Deferred tax prior year adjustment	(20)	3	(34)
Deferred tax rate changes	131	156	9
	367	321	440
Income tax charge reported in profit or loss	6,864	8,278	8,660

Changes affecting the future tax charge

The Finance Bill 2013 included a reduction in the UK corporation tax rate to 20 per cent. from 1 April 2015. This rate was enacted on 17 July 2013. In addition, in the fiscal year 2015 Summer Budget, the Chancellor announced a further reduction to the corporation tax rate to 19 per cent. from 1 April 2017 and to 18 per cent. from 1 April 2020. These rates were not substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date and therefore these have been measured at 20 per cent.

11. Dividends

	Year ended 31 July		
	2013	2014	2015
	£000		
Ordinary dividend on ordinary shares	—	3,565	6,622
Ordinary dividend on 'MR' shares	750	675	240
Ordinary dividend on 'A' ordinary shares	—	539	449
Special dividend on ordinary shares	15,095	—	—
Special dividend on 'MR' shares	337	—	—
Special dividend on 'A' ordinary shares	1,085	—	—
	17,267	4,779	7,311
Adjustment in respect of prior period	—	—	(13)
	17,267	4,779	7,298

12. Earnings per share

Basic earnings per share

On 12 November 2015, by special resolutions of the Company and by written consents obtained from holders of each class of the Company's share capital in accordance with section 630 of the Companies Act, it was resolved that, conditional on and subject to Admission:

- (a) 188,500 'MR' ordinary shares of £0.01 each be cancelled and each of such 'MR' shares be converted into and redesignated as an ordinary share of £0.01 each and their rights varied accordingly;

Notes to the Financial Information (Continued)

12. Earnings per share (Continued)

- (b) 588,322 'A' ordinary shares of £0.01 each be cancelled and each of such 'A' ordinary shares be converted into and redesignated as an ordinary share of £0.01 each and their rights varied accordingly;
- (c) 18,933 'A' ordinary shares of £0.01 each be cancelled and each of such 'A' ordinary shares be converted into and redesignated as a deferred share of £0.01 each; and
- (d) each ordinary share of £0.01 be sub-divided into 20 ordinary shares of £0.0005 each.

The calculation of earnings per Ordinary Share reflects the share capital reorganisation described above and, for the purpose of IAS 33, the Company's share capital constitutes one class of ordinary shares.

The calculation of basic earnings per Ordinary Share is calculated by dividing the result attributable to equity holders by the weighted average number of Ordinary Shares in issue during the year, calculated as follows:

	Year ended 31 July		
	2013	2014	2015
		£000	
Profit attributable to owners of the Company	20,585	27,352	31,117
Weighted average number of Ordinary Shares			
Issued shares on 1 August	173,787	185,180	187,496
Effect of shares issued in year	1,096	1,563	4,044
	<u>174,833</u>	<u>186,744</u>	<u>191,540</u>
Basic earnings per Ordinary Share (pence)	<u>11.77p</u>	<u>14.65p</u>	<u>16.25p</u>

Diluted earnings per Ordinary Share

The Company operates a tax authority-approved EMI and a CSOP for eligible employees, including directors. Grants under these schemes represent the Company's only dilutive potential shares (see Note 29 for further details).

The calculation of diluted earnings per Ordinary Share is calculated by dividing the profit attributable to owners of the Company by the diluted weighted average number of Ordinary Shares in issue during the year, calculated as follows:

	Year ended 31 July		
	2013	2014	2015
		£000	
Profit attributable to owners of the Company	20,585	27,352	31,117
Weighted average number of Ordinary Shares			
Weighted average number of Ordinary Shares (basic)	174,883	186,744	191,540
Effect of conversion of share options	4,383	7,540	3,228
Weighted average number of Ordinary Shares (diluted)	<u>179,266</u>	<u>194,284</u>	<u>194,768</u>
Diluted earnings per Ordinary Share (pence)	<u>11.48p</u>	<u>14.08p</u>	<u>15.98p</u>

Notes to the Financial Information (Continued)

13. Property, plant and equipment

	Freehold buildings	Building improvements	Computer equipment £000	Fixtures, fittings and equipment	Motor vehicles	Total
Cost						
At 1 August 2012	2,649	548	1,762	525	85	5,569
Additions	—	694	1,854	157	17	2,722
Disposals	—	—	(155)	—	—	(155)
At 31 July 2013	2,649	1,242	3,461	682	102	8,136
Additions	—	223	1,378	142	78	1,821
Disposals	—	—	—	—	—	—
At 31 July 2014	2,649	1,465	4,839	824	180	9,957
Additions	—	283	1,700	166	68	2,217
Disposals	—	(20)	—	(45)	(14)	(79)
At 31 July 2015	<u>2,649</u>	<u>1,728</u>	<u>6,539</u>	<u>945</u>	<u>234</u>	<u>12,095</u>
Depreciation						
At 1 August 2012	—	—	727	103	42	872
On disposals	—	—	(155)	—	—	(155)
Charge for the year	25	101	801	112	29	1,068
At 31 July 2013	25	101	1,373	215	71	1,785
On disposals	—	—	—	—	—	—
Charge for the year	25	136	1,240	119	45	1,565
At 31 July 2014	50	237	2,613	334	116	3,350
On disposals	—	(4)	—	(28)	(14)	(46)
Charge for the year	25	168	1,412	148	41	1,794
At 31 July 2015	<u>75</u>	<u>401</u>	<u>4,025</u>	<u>454</u>	<u>143</u>	<u>5,098</u>
Net book value						
At 1 August 2012	2,649	548	1,035	422	43	4,697
At 31 July 2013	2,624	1,141	2,088	467	31	6,351
At 31 July 2014	2,599	1,228	2,226	490	64	6,607
At 31 July 2015	<u>2,574</u>	<u>1,327</u>	<u>2,514</u>	<u>491</u>	<u>91</u>	<u>6,997</u>

Notes to the Financial Information (Continued)

14. Intangible assets

	<u>Computer software</u> £000
Cost	
At 1 August 2012	183
Additions	<u>375</u>
At 31 July 2013	558
Additions	<u>330</u>
At 31 July 2014	888
Additions	<u>288</u>
At 31 July 2015	<u><u>1,176</u></u>
Amortisation	
At 1 August 2012	54
Additions	<u>98</u>
At 31 July 2013	152
Additions	<u>213</u>
At 31 July 2014	365
Additions	<u>353</u>
At 31 July 2015	<u><u>718</u></u>
Net book value	
At 1 August 2012	<u>129</u>
At 31 July 2013	<u>406</u>
At 31 July 2014	<u>523</u>
At 31 July 2015	<u><u>458</u></u>

The amortisation of intangible assets is included in administrative expenses within the income statement. See Note 5.

Intangible assets, consisting of non-integral computer software assets, are amortised over their estimated useful lives of 3–5 years.

15. Investment in subsidiaries

	<u>Shares in subsidiary undertakings</u> £
Cost and net book value	
At 1 August 2012 and 31 July 2013	5
At 31 July 2014	2
At 31 July 2015	<u><u>—</u></u>

On 9 September 2014, confirmation was received that Software Licensing Limited, whose shares were 100 per cent. owned by the Company, had been dissolved. Software Licensing Limited remained dormant until the date of dissolution.

Notes to the Financial Information (Continued)

16. Inventories

	As at 31 July		
	2013	2014	2015
	£000		
Finished goods and goods for resale	4,279	4,481	2,652

The amount of any write down of inventory recognised as an expense in the year ended 31 July 2015 was nil (2014: £nil, 2013: £nil).

17. Trade and other receivables

	As at 31 July		
	2013	2014	2015
	£000		
Trade and other receivables	80,238	93,640	112,943
Provision against receivables	(1,554)	(1,674)	(1,008)
Net trade receivables	78,684	91,966	111,935
Called up share capital not paid	1,302	2,457	1,783
Other debtors	733	70	49
Prepayments	2,876	2,250	3,785
Accrued income	3,067	3,452	4,400
	86,662	100,195	121,952

Trade receivables do not carry interest. The average credit period on sale of goods is 46 days (2014: 48 days, 2103: 50 days). 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:

31 July 2013

		Related provision	Net
		£000	
Current	40,538	(376)	40,162
1–30 days	21,942	(240)	21,702
31–60 days	6,954	(84)	6,870
61–90 days	6,583	(123)	6,460
Over 90 days	4,221	(731)	3,490
Total due	80,238	(1,554)	78,684

31 July 2014

		Related provision	Net
		£000	
Current	55,986	(545)	55,441
1–30 days	26,829	(268)	26,561
31–60 days	5,456	(57)	5,399
61–90 days	4,486	(145)	4,341
Over 90 days	883	(659)	224
Total due	93,640	(1,674)	91,966

Notes to the Financial Information (Continued)

17. Trade and other receivables (Continued)

31 July 2015

		Related provision	Net
		£000	
Current	74,892	(187)	74,705
1–30 days	30,236	(76)	30,160
31–60 days	4,046	(38)	4,008
61–90 days	2,057	(9)	2,048
Over 90 days	1,712	(698)	1,014
Total due	<u>112,943</u>	<u>(1,008)</u>	<u>111,935</u>

The Company provides against trade receivables where there are serious doubts as to future recoverability based on prior experience, on assessment of the current economic climate and on the length of time that the receivable has been overdue.

Movement in the provision for trade receivables was as follows:

	As at 31 July		
	2013	2014	2015
	£000		
Balance at beginning of year	1,754	1,554	1,674
Increase for trade receivables regarded as potentially uncollectable	175	1,265	472
Decrease in provision for trade receivables recovered, or written off, during the year	<u>(375)</u>	<u>(1,145)</u>	<u>(1,138)</u>
Balance at end of year	<u>1,554</u>	<u>1,674</u>	<u>1,008</u>

See Note 26 for details on how the Company approaches its exposure to credit risk. The Company does not hold collateral as security.

18. Cash and cash equivalents

	As at 31 July		
	2013	2014	2015
	£000		
Cash at bank and on hand	<u>8,676</u>	<u>37,720</u>	<u>74,642</u>

Cash and cash equivalent 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.

19. Trade and other payables

	As at 31 July		
	2013	2014	2015
	£000		
Trade payables	34,620	48,082	71,213
Other tax and social security	3,809	5,650	9,209
Accruals	10,927	17,805	23,361
Deferred income	<u>3,782</u>	<u>2,966</u>	<u>4,270</u>
	<u>53,138</u>	<u>74,503</u>	<u>108,053</u>

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

The average credit period taken for trade purchases is 35 days (2014: 30 days, 2013: 27 days).

Notes to the Financial Information (Continued)

20. Provision for liabilities

Land and buildings

	As at 31 July		
	2013	2014	2015
	£000		
<i>Onerous lease for old premises:</i>			
Balance brought forward	417	60	—
Utilised in the year	(357)	(60)	—
Balance carried forward	60	—	—
Current	60	—	—
Non-current	—	—	—
	—	—	—

Onerous operating lease

On vacating the Morton House property in Marlow, a provision was created for the remaining operating lease commitments. In 2014, the remaining lease commitments were utilised.

21. Deferred tax

The deferred tax asset is made up as follows:

	As at 31 July		
	2013	2014	2015
	£000		
Accelerated capital allowances	55	104	90
Share-based payments	(615)	(480)	(625)
Other timing differences	(122)	(159)	(143)
Net deferred tax assets	(682)	(535)	(678)

Reconciliation of deferred tax asset:

	As at 31 July		
	2013	2014	2015
	£000		
Balance at the beginning of the year	(1,104)	(682)	(535)
Profit and loss account	285	147	(304)
Charge to equity	137	—	161
Balance at the end of the year	(682)	(535)	(678)

The Company 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.

22. 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

Notes to the Financial Information (Continued)

22. Pension and other post-retirement benefit commitments (Continued)

represents contributions payable by the Company to the fund. At the year-end pension contributions of £183,604 (2014: £406,951, 2013: £58,138) were outstanding.

	As at 31 July		
	2013	2014	2015
	£000		
Contributions payable by the Company for the year	367	462	554

23. Share capital

	Year ended 31 July		
	2013	2014	2015
	£000		
Authorised			
11,204,245 ordinary shares of 1 pence each	112	112	112
188,500 'MR' shares of 1 pence each	2	2	2
607,255 'A' ordinary shares of 1 pence each	6	6	6
	120	120	120
Allotted and called up			
8,954,030 (2014: 8,708,863; 2013: 8,509,008) ordinary shares of 1 pence each	57	87	90
188,500 (2014: 188,500; 2013: 188,500) 'MR' shares of 1 pence each	2	2	2
607,255 (2014: 607,255; 2013: 607,255) 'A' ordinary shares of 1 pence each	6	6	6
	65	95	98

During the year ended 31 July 2013, 218,000 shares were issued to satisfy share awards made under a deferred purchase scheme. Of these, 150,000 shares were issued on 30 April 2013, with the remaining 68,000 shares issued on 4 May 2013. The shares were issued at a price of £5.93 per share, the HMRC approved valuation at the date of the issue.

During the year ended 31 July 2014, 130,000 shares were issued to satisfy share awards made under a deferred purchase scheme. These shares were issued on 28 March 2014 at a price of £8.88 per share, the HMRC approved valuation at the date of the issue.

During the year ended 31 July 2015, 5,000 shares were issued to satisfy share awards made under a deferred purchase scheme. These shares were issued on 8 December 2014 at a price of £19.26 per share. This share award was subsequently forfeited on 31 July 2015 and the proceeds of £96,300 have been written off to retained earnings and the shares held in treasury.

Share issue proceeds of £1,782,615 remain unpaid as at 31 July 2015.

The 8,954,030 (2014: 8,708,863, 2013: 8,509,008) issued ordinary shares of 1 pence each above consist of 8,701,030 (2014: 8,360,863, 2013: 4,541,008) fully paid shares, nil (2014: nil, 2013: 3,750,000) allotted, quarter called up and quarter paid shares and 253,000 (2014: 348,000, 2013: 218,000) allotted, called up and nil paid shares.

The 188,500 'MR' shares of 1 pence each are allotted, called up and fully paid.

The 607,255 'A' ordinary shares of 1 pence each are allotted, called up and fully paid.

All shares rank pari passu in all respects save in respect of dividends. Dividends may be declared in respect of one or more classes of shares to the exclusion of the other classes, save that any dividend declared on the ordinary shares shall be also declared on the 'A' ordinary shares and the 'MR' shares.

On 9 December 2014, the Company provided assistance to an Employment Benefit Trust in the form of an interest free loan of £2,579,434 to enable it to purchase shares from existing shareholders.

Notes to the Financial Information (Continued)

24. Notes to the cash flow statement

	Year ended 31 July		
	2013	2014	2015
	£000		
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit	27,368	35,528	39,582
Adjustments for:			
Depreciation of property, plant and equipment	1,068	1,565	1,794
Amortisation of intangibles	98	213	353
Loss on disposal of fixed assets	—	—	28
Cost of equity settled employee share schemes	735	—	5
(Decrease) in provisions	(357)	(60)	—
Operating cash flow before movements in working capital	28,912	37,246	41,762
Decrease (increase) in inventory	(2,271)	(202)	1,830
(Increase) in debtors	(13,467)	(12,378)	(22,425)
Increase in creditors	9,683	21,352	33,563
Cash generated from operations	22,857	46,018	54,730
Income taxes paid	(5,200)	(10,345)	(7,319)
Net cash generated from operating activities	17,657	35,673	47,411

25. Financial commitments

Operating leases

At 31 July 2015, operating leases represent short-term leases for office space in Marlow, London, Manchester, Bristol and Leeds.

Future minimum rentals payable under non-cancellable operating leases for office buildings are as follows:

	31 July		
	2013	2014	2015
	£000		
Within one year	354	416	597
Between two and five years	1,203	1,343	1,282
In over five years	12	—	—
	1,569	1,759	1,879

26. Financial instruments and financial risk management

The Company's principal financial liabilities comprise trade and other payables. The primary purpose of these financial liabilities is to finance the operations. The Company has trade and other receivables and cash that derive directly from its operations.

Financial assets

The financial assets of the Company were as follows:

	As at 31 July		
	2013	2014	2015
	£000		
Cash and cash equivalents	8,676	37,720	74,642
Trade and other receivables	86,662	100,195	121,952

The directors consider that the carrying amount of all financial assets approximates to their fair value.

Notes to the Financial Information (Continued)

26. Financial instruments and financial risk management (Continued)

Financial liabilities

The financial liabilities of the Company were as follows:

	As at 31 July		
	2013	2014	2015
		£000	
Trade and other payables	(53,138)	(74,503)	(108,053)

The directors consider that the carrying amount for all financial liabilities approximates to their fair value.

Financial risk management

The Company is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and ensure that the Company's financial risk taking is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

The board of directors review and agree 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 Company has no borrowings and therefore the exposure to interest rate risk is limited to the rates received as interest income on cash deposits. The Company accepts the risk of losing interest on deposits due to interest rate reductions. Due to the limited exposure to interest rate risk no sensitivity analysis has been prepared.

Foreign currency risk

The Company is exposed to foreign currency risk when dealing with customers and suppliers who wish to be billed in a currency other than pounds sterling. As the vast majority of transactions are with UK customers and are denominated in pounds sterling, the directors consider this foreign currency risk to be small and do not hedge this risk due to the limited exposure. The level of foreign currency transactions is monitored closely to ensure that the level of exposure is manageable. Due to the limited exposure to currency risk no sensitivity analysis has been prepared.

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 Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities and from its cash deposits with banks and financial institutions.

Trade receivables

Credit risk from trade receivables is managed in accordance with the Company's established policy, procedures and controls relating to customer credit risk management. A customer's credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored. At 31 July 2015, the Company had 853 accounts (2014: 717, 2013: 612) that owed the Company more than £25,000 each. These accounts represented approximately 14 per cent. (2014: 13 per cent., 2013: 11 per cent.) of receivable accounts and 81 per cent. (2014: 80 per cent., 2013: 77 per cent.) of the total value of amounts receivable. There were 218 accounts (2014: 163, 2013: 128) with balances greater than £100,000 representing just over 4 per cent.

Notes to the Financial Information (Continued)

26. Financial instruments and financial risk management (Continued)

(2014: 3 per cent., 2013: 2 per cent.) of receivable accounts and 54 per cent. (2014: 51 per cent., 2013: 50 per cent.) of the total value of amounts receivable.

The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low as there is limited reliance on single, or a few customers, instead sales are typically small in size but large in volume as are the number of customers. This is illustrated by the fact that no more than 3 per cent. of receivables is due from any one customer at 31 July 2015.

Financial instruments and cash deposits

Credit risk from cash balances with banks and financial institutions is managed in accordance with the Company's policy. The Company 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 the Company's deposits across more than one such institution to ease concentration risk.

Liquidity risk

The Company generates positive cash flows from operating activities and these fund short-term working capital requirements. The Company aims to maintain significant cash reserves and none of its cash reserves are subject to restriction. Access to cash is not restricted and could all be drawn upon immediately if so 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 Company's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<u>£000</u>				
2013					
Trade and other payables	(53,138)	—	—	—	(53,138)
2014					
Trade and other payables	(74,503)	—	—	—	(74,503)
2015					
Trade and other payables	<u>(108,053)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(108,053)</u>

Capital risk management

The Company 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 Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the Company Statement of Changes in Equity. The Company is not subject to externally imposed capital requirements.

27. Capital commitments

At 31 July 2015, the Company had no capital commitments (2014: £nil, 2013: £nil).

Notes to the Financial Information (Continued)

28. Directors' remuneration

	Year ended 31 July		
	2013	2014	2015
		£000	
Remuneration for qualifying services	1,731	1,772	1,179
Company pension contributions to defined contribution schemes	209	97	42
	1,940	1,869	1,221

During the year ended 31 July 2015, the directors of the Company received a total of nil deferred purchase shares (2014: 40,000, 2013: 100,000) and were awarded a total of 10,000 share options (2014: 57,214, 2013: 15,000) at a weighted average exercise price of £21.18 (2014: £19.03, 2013: £5.93).

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to two (2014: two, 2013: six). In total, directors exercised 15,000 share options during the year ended 31 July 2015 (2014: nil, 2013: 227,865). The number of directors who are entitled to receive shares under long-term incentive schemes during the year was three (2014: two, 2013: five).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	Year ended 31 July		
	2013	2014	2015
		£000	
Remuneration for qualifying services	461	335	324
Company pension contributions to defined contribution schemes	—	53	38
	—	53	38

In the year ended 31 July 2015, the highest paid director received a total of nil deferred purchase shares (2014: 40,000, 2013: nil).

29. Share option schemes

The Company operates a tax authority-approved EMI and a CSOP for eligible employees, including directors.

The Company recognised the following expenses related to equity-settled share-based payment transactions:

	Year ended 31 July		
	2013	2014	2015
		£000	
CSOP share option plan	735	—	5
	735	—	5

All options vest at the end of the vesting period relating to that option or on the occurrence of a contingent event. Contingent events include a stock exchange listing, 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. The Company has the right to cancel the options if an employee leaves the Company.

Notes to the Financial Information (Continued)

29. Share option schemes (Continued)

Movement in the EMI and CSOP share options in the Company and their weighted average exercise price are as follows:

	Weighted average exercise price	No. of shares under options 2013	Weighted average exercise price	No. of shares under options 2014	Weighted average exercise price	No. of shares under options 2015
	£	Number	£	Number	£	Number
Outstanding at 1 August		1,113,620		535,106		524,320
Granted during the year	5.93	15,000	19.03	57,214	21.18	10,000
Forfeited during the year	2.52	(12,492)	3.65	(24,000)	2.20	(4,384)
Exercised during the year	2.05	(581,022)	3.62	(44,000)	3.77	(275,219)
Outstanding at 31 July		535,106		524,320		254,717
Exercisable at 31 July		520,106		452,106		187,503

	No. of shares under options 2013	No. of shares under options 2014	No. of shares under options 2015	Exercise price
	Number	Number	Number	£
July 2007 to June 2015	4,384	4,384	—	2.20
June 2008 to May 2016	3,612	3,612	3,612	1.20
October 2009 to July 2016	4,110	4,110	4,110	1.35
June 2013 to May 2021	508,000	440,000	179,781	3.65
November 2014 to May 2023	15,000	15,000	—	5.93
July 2016 to July 2024	—	47,214	47,214	21.18
June 2017 to June 2024	—	10,000	10,000	8.88
March 2017 to March 2025	—	—	10,000	21.18
Total	535,106	524,320	254,717	

The share-based payments charge in the year ended 31 July 2015 of £5,484 (2014: £241; 2013: £734,891) is in respect of share options granted in the year ended 31 July 2015. The fair value of options granted was calculated using the Black-Scholes model, incorporating relevant assumptions for weighted average share price, weighted average exercise price, expected volatility, expected dividend yield, risk free interest rate and share option term. The resultant fair value was then spread over the relevant performance period for each tranche of share options. The fair value of options granted in the year is measured by use of the Black-Scholes option pricing model using the following assumptions:

	Year ended 31 July		
	2013	2014	2015
Share price	n/a	£8.88	£20.00
Weighted average exercise price at grant date	n/a	£19.03	£21.18
Expected dividend yield	n/a	4.71%	4.71%
Risk free interest rate	n/a	0.50%	0.50%
Expected volatility	n/a	28%	30%
Term	n/a	10 years	10 years

The table above shows the share price of options granted. During the year ended 31 July 2015, 10,000 (2014: 57,214, 2013: 15,000) options were granted.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, restrictions and behavioural considerations at the date of granting the options.

Expected volatility was determined by calculating the historical volatility of the Company's share price over the term commensurate with the expected term immediately prior to the date of grant.

Notes to the Financial Information (Continued)

29. Share option schemes (Continued)

During the year ended 31 July 2013, 15,000 options were granted. These options had an exercise price of £5.93 at the date of grant and a performance period of 18 months.

During the year ended 31 July 2014, 57,214 options were granted. Of these shares 47,214 had an exercise price of £21.18 at the date of grant and a performance period of two years. The remaining 10,000 shares granted had an exercise price of £8.88 at the date of grant and a performance period of three years.

During the year ended 31 July 2015, 10,000 options were granted. These options had an exercise price of £21.18 at the date of grant and a performance period of 2 years.

30. Control

The ultimate controlling party is Mr P D J Kelly by virtue of his shareholding.

31. Post balance sheet events

A full-year dividend on the ordinary, 'A' ordinary and 'MR' shares of 406 pence per share was declared in September 2015 and was paid on 5 October 2015 to those on the share register on 30 September 2015. A further dividend on the 'MR' shares of £97,500 was paid on 30 September 2015.

On 12 November 2015, by special resolutions of the Company and by written consents obtained from holders of each class of the Company's share capital in accordance with section 630 of the Companies Act, it was resolved that, conditional on and subject to Admission:

- (a) 188,500 'MR' ordinary shares of £0.01 each be cancelled and each of such 'MR' shares be converted into and redesignated as an ordinary share of £0.01 each and their rights varied accordingly;
- (b) 588,322 'A' ordinary shares of £0.01 each be cancelled and each of such 'A' ordinary shares be converted into and redesignated as an ordinary share of £0.01 each and their rights varied accordingly;
- (c) 18,933 'A' ordinary shares of £0.01 each be cancelled and each of such 'A' ordinary shares be converted into and redesignated as a deferred share of £0.01 each; and
- (d) each ordinary share of £0.01 be sub-divided into 20 ordinary shares of £0.0005 each.

32. Related party relationships and transactions

Transactions with key management personnel

The remuneration of key management personnel, which includes the directors of the Company as well as other senior employees, is set out below in aggregate for each of the categories specified in IAS 24: Related Party Disclosures.

	Year ended 31 July		
	2013	2014	2015
		£000	
Short-term employee benefits	2,432	2,856	2,769
Post-retirement benefits	216	114	105
	<u>2,648</u>	<u>2,970</u>	<u>2,874</u>

During the year ended 31 July 2015, key management personnel received a total of 5,000 (2014: 130,000, 2013: 210,000) deferred purchase shares and were awarded a total of 10,000 share options (2014: 57,214, 2013: 15,000) at a weighted average exercise price of £21.18 (2014: £19.03, 2013: £5.93).

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The share-based payment charge of £5,484 for the year ended 31 July 2015 included £5,484 (2014: £241; 2013: £157,579) in respect of key management personnel.

Notes to the Financial Information (Continued)

32. Related party relationships and transactions (Continued)

On 3 November 2014, a short-term cash advance of £30,000 was provided to a member of key management personnel. This was subsequently repaid on 30 November 2014.

Loans to directors

Transactions in relation to loans with directors are outlined in the table below:

	<u>Percentage rate</u>	<u>Opening balance</u>	<u>Amounts advanced</u>	<u>Interest charged</u>	<u>Amounts repaid</u>	<u>Closing balance</u>
			£000			
<i>Year ended 31 July 2014</i>						
D Fawell	4%	527	—	10	(537)	—
<i>Year ended 31 July 2013</i>						
D Fawell	<u>4%</u>	<u>550</u>	<u>—</u>	<u>24</u>	<u>(47)</u>	<u>527</u>

There were no loans with directors during the year ended 31 July 2015.

Advances and credits to directors

	<u>Percentage rate</u>	<u>Opening balance</u>	<u>Amounts advanced</u>	<u>Interest charged</u>	<u>Amounts repaid</u>	<u>Closing balance</u>
			£000			
<i>Year ended 31 July 2015</i>						
P D J Kelly	—	7	—	—	(7)	—
<i>Year ended 31 July 2014</i>						
P D J Kelly	—	1	6	—	—	7
<i>Year ended 31 July 2013</i>						
P D J Kelly	<u>—</u>	<u>144</u>	<u>6,287</u>	<u>—</u>	<u>(6,430)</u>	<u>1</u>

Dividends to directors

The following directors, who served as directors for either the whole or part of the year, were paid the following dividends:

	<u>Year ended 31 July</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
	£000		
P D J Kelly	9,924	2,900	3,899
W J Kenny	538	136	—
D Fawell	538	135	—
D E Simpson	545	137	—
J A S Nash	1,889	—	—
M J Hellawell	2,139	539	886
D Ridgway	168	43	—
B Wallace	—	—	11
C Brown	—	27	74
	<u>15,741</u>	<u>3,917</u>	<u>4,870</u>

J A S Nash, a substantial minority shareholder, received dividends of £782,190 for the year ended 31 July 2015 (2014: £475,656).

PART VII—DETAILS OF THE GLOBAL OFFER

1. THE GLOBAL OFFER

The Global Offer comprises an offer for sale of 63,919,956 existing Ordinary Shares by the Selling Shareholders, raising aggregate proceeds of approximately £149.6 million (net of commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Global Offer, and assuming no exercise of the Over-allotment Option). In addition, up to a further 9,587,993 Over-allotment Shares (representing up to a maximum of 15 per cent. of the total number of Offer Shares) are being made available by the Over-allotment Shareholders pursuant to the Over-allotment Option described in paragraph 5 of this Part VII.

The Company will not receive any proceeds from the sale of the Global Offer (all of which will be paid to the Selling Shareholders), or the proceeds from the sale of the Over-allotment Shares by the Over-allotment Shareholders pursuant to the Over-allotment Option (all of which will be paid to the Over-allotment Shareholders). The Company expects to incur a total of up to £5.3 million of discretionary commissions and expenses in connection with the Global Offer.

The Global Offer is being made by way of an offer of the Offer Shares to (i) certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S; and (ii) in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the offer and sale of the Offer Shares in jurisdictions outside the United Kingdom are described in paragraph 11 of this Part VII.

The Global Offer is subject to satisfaction of conditions which are customary for transactions of this type as set out in the Underwriting Agreement, including, among other things, Admission occurring and becoming effective by no later than 8.00 a.m. on 18 November 2015 or such later time and/or date as the Company, the Core Selling Shareholders and the Joint Bookrunners may agree, and the Underwriting Agreement not having been terminated in accordance with its terms. Further details of the terms of the Underwriting Agreement are set out in paragraph 11.1 of Part IX (*Additional Information*).

The Offer Shares are denominated in pounds sterling.

On Admission, the Ordinary Shares will be registered with ISIN GB00BYZDVK82 and SEDOL number BYZDVK8. The Company's ticker symbol will be "SCT".

Immediately after Admission, it is expected that 42 per cent. of the Company's issued Ordinary Share capital will be held in public hands (within the meaning of paragraph 6.1.19R of the Listing Rules) assuming no Over-allotment Shares are acquired pursuant to the Over-allotment Option (increasing to approximately 47 per cent. if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Option).

The Offer Shares will be sold together with the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission. The Offer Shares will, immediately on and from Admission, be freely transferable, subject to the Company's articles of association (the "Articles").

The Company, the Directors, the Core Selling Shareholders, the Joint Sponsors and the Joint Bookrunners expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Global Offer. If such right is exercised, the Global Offer will lapse and any monies received in respect of the Global Offer will be returned to investors without interest.

2. REASONS FOR THE GLOBAL OFFER AND ADMISSION AND USE OF PROCEEDS

The Directors believe that the Global Offer and Admission will further enhance the Company's profile and brand recognition with both customers and suppliers, provide a platform from which the Company may pursue its growth strategy and aid in the recruitment, retention and incentivisation of members of the senior management team and employees at all levels of the Company.

Additionally, the Global Offer and Admission will provide liquidity for the Selling Shareholders, enabling them to realise all or part of their investment in the Company.

The Company will not receive any of the proceeds of the Global Offer, all of which will be paid to the Selling Shareholders.

3. WITHDRAWAL RIGHTS

If the Company is required to publish any supplementary prospectus, applicants who have applied for Offer Shares under the Global Offer shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Offer Shares in its entirety. The right to withdraw an application to purchase Offer Shares in these circumstances will be available to all investors under the Global Offer. If the application is not withdrawn within the stipulated period, any application to apply for Offer Shares under the Global Offer will remain valid and binding.

Details of how to withdraw an application will be made available if a supplementary prospectus is published.

4. ALLOCATIONS UNDER THE GLOBAL OFFER

All Ordinary Shares sold pursuant to the Global Offer will be sold, payable in full, at the Offer Price. No commissions, fees, expenses or taxes will be charged to investors by the Company or any Selling Shareholders under the Global Offer.

The allocation of Offer Shares among prospective investors and the Offer Price were determined by the Company and the Core Selling Shareholders following consultation with the Joint Bookrunners. A number of factors have been considered in determining the Offer Price and basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to purchase the Offer Shares and the objective of establishing an orderly and liquid after-market in the Ordinary Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

Upon accepting any allocation, prospective investors are contractually committed to purchase the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, are deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment.

The rights attaching to the Offer Shares, including any Ordinary Shares sold pursuant to the Over-allotment Option, will be uniform in all respects and they will form a single class for all purposes.

Each investor is required to pay the Offer Price for the Offer Shares sold to such investor in such manner as directed by the Joint Bookrunners.

Liability for UK stamp duty and SDRT is described in Part VIII (*Taxation*).

5. STABILISATION AND OVER-ALLOTMENT OPTION

In connection with the Global Offer, Jefferies International Limited as Stabilising Manager, or any of its agents or affiliates, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares and effect other transactions to maintain the market price of the Ordinary Shares at a level other than that which might otherwise prevail in the open market.

The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise, and may be undertaken at any time during the period from the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents or affiliates to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken with the intention of stabilising the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents or affiliates intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

In connection with the Global Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 15 per cent. of the total number of Offer Shares. The Stabilising Manager has agreed the Over-allotment Option with the Over-allotment Shareholders pursuant to which the Stabilising Manager may require the Over-allotment Shareholders to sell at the Offer Price additional Ordinary Shares representing in aggregate up to 15 per cent. of the total number of Offer Shares, to allow it to cover short positions arising from over-allotments and/or stabilising transactions. The Over-allotment Option may be exercised on one occasion, in whole or in part, upon notice by the Stabilising Manager, at any time during the period commencing on Admission and ending 30 days thereafter. The Over-allotment Shares made available pursuant to the Over-allotment Option will be transferred at the Offer Price on the same terms and conditions as, and will rank equally with, the other Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will form a single class for all purposes with the Ordinary Shares. Liability for UK stamp duty and SDRT on transfers of Ordinary Shares pursuant to the Over-allotment Option is described in Part VIII (*Taxation*).

Following allocation of the Ordinary Shares pursuant to the Global Offer, the Stabilising Manager may seek to agree the terms of deferred settlement with certain investors who have been allocated Offer Shares pursuant to the terms of the Global Offer. No fees will be payable to such investors.

6. STOCK LENDING AGREEMENT

In connection with settlement and stabilisation, the Stabilising Manager has entered into an agreement with the Over-allotment Shareholders, pursuant to which the Stabilising Manager will be able to borrow from the Over-allotment Shareholders in aggregate up to 9,587,993 Ordinary Shares (representing up to 15 per cent. of the total number of Offer Shares (excluding the Ordinary Shares subject to the Over-allotment Option) for the purposes, among other things, of allowing the Stabilising Manager to settle on Admission over-allotments, if any, made in connection with the Global Offer (the “**Stock Lending Agreement**”). If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be obliged to return equivalent shares to the Over-allotment Shareholders in accordance with the terms of the Stock Lending Agreement.

7. UNDERWRITING ARRANGEMENTS

The Company, the Directors, the Core Selling Shareholders, the Joint Sponsors and the Joint Bookrunners have entered into the Underwriting Agreement pursuant to which, on the terms and subject to certain conditions contained therein (which are customary in agreements of this nature), the Joint Bookrunners have agreed to use their reasonable endeavours to procure purchasers for the Offer Shares, failing which the Joint Bookrunners will purchase and pay for such Offer Shares. Each of the Selling Shareholders (other than the Core Selling Shareholders) has entered into a separate Deed Poll of Election in connection with the underwriting arrangements.

Further details of the terms of the Underwriting Agreement and the Deed Polls of Election are set out in paragraph 11.1 of Part IX (*Additional Information*).

8. LOCK-UP ARRANGEMENTS

Pursuant to the Underwriting Agreement and/or the Deed Polls of Election, the Company, the Directors, certain of the Selling Shareholders and certain non-Selling Shareholders have each undertaken, subject to customary exceptions, that they will be subject to certain lock-up arrangements with respect to the Ordinary Shares and related securities. Each of the Company, the relevant Shareholders and the Directors has given certain customary representations, warranties and undertakings to the Joint Bookrunners in respect of the lock-up arrangements.

Further details of the terms of the lock-up arrangements are set out in paragraph 11.1 of Part IX (*Additional Information*).

9. DEALING ARRANGEMENTS

Applications have been made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for those Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 13 November 2015. The earliest date for settlement of such dealings will be 18 November

2015. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 18 November 2015. Settlement of dealings from that date will be on a three-day rolling basis. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued basis”, will be of no effect if Admission does not take place, and will be at the sole risk of the parties concerned. The above-mentioned dates and times may be changed without further notice.

It is intended that, where applicable, definitive share certificates in respect of the Offer Shares will be despatched on 30 November 2015 or as soon thereafter as is practicable. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account(s) shall be at the sole risk of the persons concerned.

10. CREST

CREST is a paperless settlement system enabling securities to be transferred from one person’s CREST account to another person’s CREST account without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and, also with effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. Accordingly, settlement of transactions in the Ordinary Shares after Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

11. SELLING AND TRANSFER RESTRICTIONS

The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of the Offer Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer purchase any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

11.1 European Economic Area

In relation to each member state of the EEA which has implemented Directive 2003/71/EC, as amended, and including the relevant implementing measure (the “**Prospectus Directive**”) (each, a “**Relevant Member State**”), an offer to the public of any Ordinary Shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the Company or any Joint Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Joint Bookrunners and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For these purposes, the expression an “offer to the public” in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Global Offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

11.2 United States

This Prospectus is not a public offering (within the meaning of the Securities Act) of securities in the United States. The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Joint Bookrunners may offer Ordinary Shares (i) in the United States only through their respective US registered broker-dealer affiliates to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act; or (ii) outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Global Offer, any offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Global Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the Securities Act.

Purchasers in the United States

Each purchaser of Offer Shares within the United States, by accepting delivery of this Prospectus and the Offer Shares, will be deemed to have represented, agreed and acknowledged that it:

- (a) is, and at the time of its purchase of any Offer Shares will be, a QIB as defined in Rule 144A;
- (b) understands and acknowledges that the Offer Shares have not been, nor will they be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the US Securities Act provided by Rule 144A thereunder, and that the Offer Shares may not be offered or sold, directly or indirectly, in the United States, other than in accordance with paragraph (d) below;
- (c) is purchasing the Offer Shares (i) for its own account; or (ii) for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account, and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such shares;
- (d) understands and agrees that offers and sales of the Offer Shares are being made in the United States only to persons reasonably believed to be QIBs in transactions not involving a public offering or which are exempt from the registration requirements of the US Securities Act, and that if in the future it or any such other QIB for which it is acting, as described in paragraph (c) above, or any other fiduciary or agent representing such investor, decides to offer, sell, deliver, hypothecate or otherwise transfer any Offer Shares, it or any such other QIB and any such fiduciary or agent will do so only (i) to a person that it, or any person acting on its behalf, reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in an “offshore transaction” pursuant to Rule 903 or Rule 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such Offer Shares into the United States); or (iii) in accordance with Rule 144 under the US Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. The purchaser understands that no representation can be

made as to the availability of the exemption provided by Rule 144 under the US Securities Act for the resale of the Offer Shares;

- (e) understands that for so long as the Ordinary Shares are “restricted securities” within the meaning of the US federal securities laws, no such shares may be deposited into any unrestricted depositary receipt facility established or maintained by a depositary bank;
- (f) understands that the Offer Shares will not settle or trade through the facilities of DTCC or any other US clearing system;
- (g) understands that the Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

“The Ordinary Shares represented hereby have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “US Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (1) to a person that the seller and any person acting on its behalf reasonably believe is a qualified institutional buyer within the meaning of Rule 144A under the US Securities Act purchasing for its own account or for the account of a qualified institutional buyer; (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act; or (3) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any state of the United States. No representation can be made as to the availability of the exemption provided by Rule 144 or Rule 144A under the Securities Act for resales of the Ordinary Shares. Notwithstanding anything to the contrary in the foregoing, the Ordinary Shares represented hereby may not be deposited into any unrestricted depositary receipt facility in respect of the Ordinary Shares established or maintained by a depositary bank. Each holder, by its acceptance of Ordinary Shares, represents that it understands and agrees to the foregoing restrictions.”; and

- (h) understands that these representations and undertakings are required in connection with the federal securities laws of the United States and that the Company, the Selling Shareholders, the Joint Bookrunners, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Purchasers pursuant to Regulation S

Each purchaser who acquires Offer Shares pursuant to Regulation S, by accepting delivery of this Prospectus and the Offer Shares, will be deemed to have represented, agreed and acknowledged that it:

- (a) understands that the Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (b) (i) is aware that the sale of the Offer Shares to it being made pursuant to and in accordance with Rule 903 or 904 of Regulation S; (ii) is, or at the time such Offer Shares are purchased will be, the beneficial owner of those Offer Shares; and (iii) is purchasing such Offer Shares in an offshore transaction meeting the requirements of Regulation S;
- (c) is not an affiliate of the Company or a person acting on behalf of such an affiliate; and
- (d) understands that the Company, the Selling Shareholders, the Joint Bookrunners, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

11.3 Canada

Resale restrictions

The distribution of Offer Shares in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that the Company and the Selling Shareholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of these securities are made. Any resale of the Offer Shares in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a

discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

Representations of Canadian purchasers

By purchasing Offer Shares in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to the Company, the Selling Shareholders and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Offer Shares without the benefit of a prospectus qualified under those securities laws as it is an “accredited investor” as defined under National Instrument 45-106—*Prospectus Exemptions*;
- the purchaser is a “permitted client” as defined in National Instrument 31-103—*Registration Requirements, Exemptions and Ongoing Registrant Obligations*;
- where required by law, the purchaser is purchasing as principal and not as agent; and
- the purchaser has reviewed the text above under Resale Restrictions.

Conflicts of interest

Canadian purchasers are hereby notified that Jefferies and Credit Suisse Securities are relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105—*Underwriting Conflicts* from having to provide certain conflict of interest disclosure in this document.

Statutory rights of action

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the offering memorandum (including any amendment thereto) such as this document contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser of these securities in Canada should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Enforcement of legal rights

All of the directors and officers of the Company as well as the experts named herein and the Selling Shareholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or those persons. All or a substantial portion of the Company’s assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Company or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or those persons outside of Canada.

Taxation and eligibility for investment

Canadian purchasers of Offer Shares should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Offer Shares in their particular circumstances and about the eligibility of the Offer Shares for investment by the purchaser under relevant Canadian legislation.

11.4 Australia

This Prospectus (i) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”); (ii) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; (iii) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission, the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (iv) may not be provided in Australia other than to select investors who are able to demonstrate that they (A) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (B) are “wholesale clients” for the purpose of section 761G of the Corporations Act.

The Ordinary Shares may not be directly or indirectly purchased or sold, and no invitations to buy the Ordinary Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Ordinary Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Ordinary Shares, each purchaser of Ordinary Shares represents and warrants to the Company, the Selling Shareholders, the Joint Bookrunners and their respective affiliates that such purchaser is an exempt investor.

As any offer of Ordinary Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Ordinary Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Ordinary Shares each purchaser of Ordinary Shares undertakes to the Company, the Selling Shareholders and the Joint Bookrunners that such purchaser will not, for a period of 12 months from the date of purchase of the Ordinary Shares, offer, transfer, assign or otherwise alienate those Ordinary Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with the Australian Securities and Investments Commission.

11.5 Japan

The Ordinary Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, no Ordinary Shares will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

11.6 Switzerland

The Offer Shares will not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27ff. of the SIX Listing Rules or any of listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Company or the Offer Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of the Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of the Offer Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to purchasers of the Offer Shares.

This Prospectus, as well as any other material relating to the Offer Shares, is personal and confidential and does not constitute an offer to any other person. This Prospectus may only be used by those investors to whom it has been sent in connection with the offering described herein and may neither, directly nor indirectly, be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

11.7 Other overseas territories

Prospective investors in jurisdictions other than the EEA, the United States, Canada, Japan and Switzerland should consult their professional advisers as to whether they require any governmental or other consents or need to observe their formalities to enable them to purchase any Offer Shares under the Global Offer.

12. FTSE ELIGIBILITY

Subject to satisfying the appropriate criteria following completion of the Global Offer, including the sale of sufficient Ordinary Shares to satisfy the FTSE free float requirement, the Company expects to be eligible for inclusion in the FTSE UK Index Series at the quarterly review in March 2016.

13. TERMS AND CONDITIONS OF THE GLOBAL OFFER

These terms and conditions apply to investors agreeing to purchase Offer Shares under the Global Offer. Each investor agrees with each of the Company, the Selling Shareholders and the Joint Bookrunners to be bound by these terms and conditions as being the terms and conditions upon which Offer Shares will sold under the Global Offer.

13.1 Agreement to acquire Ordinary Shares

Conditional on (i) Admission occurring on or prior to 18 November 2015 (or such later date as the Joint Bookrunners, the Core Selling Shareholders and the Company may agree); and (ii) the investor being allocated Offer Shares, each investor agrees to become a member of the Company and agrees to purchase Offer Shares at the Offer Price. The number of Offer Shares allocated to such investor under the Global Offer will be in accordance with the arrangements described in paragraph 4 of this Part VII. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Offer Shares in the Global Offer, or otherwise to withdraw from, such commitment.

13.2 Payment for Ordinary Shares

Each investor undertakes to pay the Offer Price for the Offer Shares purchased by such investor in such manner as shall be directed by the Joint Bookrunners. In the event of any failure by any investor to pay as so directed by the Joint Bookrunners, the relevant investor will be deemed thereby to have appointed the Joint Bookrunners or any nominee of the Joint Bookrunners to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment will not have been made as directed by the Joint Bookrunners and indemnifies on demand the Joint Bookrunners and/or any relevant nominee of the Joint Bookrunners in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales. Liability for UK stamp duty and SDRT is described in paragraph 1.10 of Part VIII (*Taxation*).

13.3 Supply and disclosure of information

If the Company, the Core Selling Shareholders, the Joint Bookrunners or any of their respective agents request any information about an investor's agreement to purchase Offer Shares, such investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

13.4 Miscellaneous

- (a) The rights and remedies of the Company, the Selling Shareholders and the Joint Bookrunners under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
- (b) On application, each investor may be asked to disclose, in writing or orally, to the Joint Bookrunners:
 - (i) if he or she is an individual, his or her nationality; or
 - (ii) if he, she or it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- (c) All documents will be sent at the investor's risk. They may be sent by post to such investor at an address notified to the Joint Bookrunners.
- (d) Each investor agrees to be bound by the Articles (as amended from time to time) once the Ordinary Shares which such purchaser has agreed to purchase have been transferred to such investor.
- (e) The Company, the Core Selling Shareholders and the Joint Bookrunners expressly reserve the right to modify the Global Offer (including without limitation, its timetable and settlement) at any time before the Offer Price and allocation are determined.

- (f) The contract to purchase Ordinary Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholders and the Joint Bookrunners, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.
- (g) In the case of a joint agreement to purchase Offer Shares, references to a purchaser in these terms and conditions are to each of such investors and any investor's liability is joint and several.

PART VIII—TAXATION

The statements on taxation referred to in this Part VIII of the Prospectus are for general information purposes only and are not intended to be a comprehensive summary of all technical aspects of the structure and are not intended to constitute legal or tax advice to potential investors.

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise for prospective investors in relation to the Ordinary Shares (which may vary depending upon the particular individual circumstances and status of prospective investors), and a general guide to the tax treatment of the Company. These comments are based on the laws and practices as at the time of writing and may be subject to future revision. This discussion is not intended to constitute advice to any person and should not be so construed.

1. UNITED KINGDOM

1.1 General

The following statements are intended to apply only as a general guide to certain UK tax considerations, and are based on current UK tax law and current published practice of HM Revenue and Customs (“HMRC”), both of which are subject to change at any time, possibly with retrospective effect. They relate only to certain limited aspects of the UK taxation treatment of Shareholders who are resident and, in the case of individuals, domiciled in (and only in) the UK for UK tax purposes (except to the extent that the position of non-UK resident Shareholders is expressly referred to), who hold the Ordinary Shares as investments (other than under an individual savings account or a self-invested personal pension) and who are the beneficial owners of both the Ordinary Shares and any dividends paid on them. The statements may not apply to certain classes of Shareholders such as (but not limited to) persons acquiring their Ordinary Shares in connection with an office or employment, dealers in securities, insurance companies and collective investment schemes.

Prospective purchasers of Ordinary Shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Ordinary Shares or who are subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own tax advisers.

1.2 UK resident individuals

For periods up to April 2016, an individual Shareholder who is resident for tax purposes in the United Kingdom and who receives a cash dividend from the Company will normally be entitled to a tax credit equal to one-ninth of the amount of the cash dividend received, which tax credit will be equivalent to 10 per cent. of the aggregate amount of the cash dividend received and the tax credit (the gross dividend). Such an individual Shareholder will be subject to income tax on the gross dividend. An individual UK resident Shareholder who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the gross dividend at the rate of 10 per cent. so that the tax credit will satisfy the income tax liability of such a Shareholder in full. An individual UK resident Shareholder who is subject to income tax at the higher rate (but not the additional rate) will be liable to income tax on the gross dividend at the rate of 32.5 per cent. to the extent that such sum, when treated as the top slice of that Shareholder’s income, exceeds the threshold for higher rate income tax. After setting the 10 per cent. tax credit against part of the Shareholder’s liability, a higher rate tax payer will therefore be liable to account for tax equal to 22.5 per cent. of the gross dividend (or 25 per cent. of the net cash dividend) to the extent that the Shareholder’s income (including the gross dividend) exceeds the threshold for the higher rate.

An individual UK resident Shareholder liable to income tax at the additional rate will be subject to income tax on the gross dividend at the rate of 37.5 per cent. of the gross dividend, but will be able to set the UK tax credit off against part of this liability. The effect of this set-off of the UK tax credit is that such a Shareholder will be liable to account for additional tax equal to 27.5 per cent. of the gross dividend (or approximately 30.6 per cent. of the net cash dividend) to the extent that the Shareholder’s income (including the gross dividend) exceeds the threshold for the additional rate.

1.3 No payment of tax credit

Individual UK resident Shareholders whose tax liability in respect of the gross dividends is less than the tax credit, and other UK resident tax payers who are not liable to UK tax on dividends, including UK pension funds and charities, will not be entitled to claim repayment of any tax credit attaching to any dividends paid by the Company.

1.4 Abolition of dividend tax credit and rate changes from April 2016

The UK's Chancellor of the Exchequer announced in his July Budget 2015 that the dividend tax credit system will be abolished from 6 April 2016. This will be replaced by a £5,000 annual exemption for dividend income. In addition, the tax rates on the dividend income outside the £5,000 allowance for UK resident individuals will change to 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

1.5 UK resident companies

Shareholders within the charge to UK corporation tax which are “small companies” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition). Such companies are not entitled to tax credits on any dividends paid by the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to UK corporation tax on dividends received from the Company so long as the dividends fall within an exempt class and certain other conditions are met. Examples of exempt classes include dividends paid on shares that are “ordinary shares” and are not “redeemable” (as defined in Chapter 3 of Part 9A of the Corporation Tax Act 2009), and dividends paid to a person holding less than a 10 per cent. interest in the Company. However, the exemptions are not comprehensive and are subject to anti-avoidance rules. Such companies are not entitled to tax credits on any dividends paid by the Company.

If the conditions for exemption are not met or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at the rate of corporation tax applicable to that Shareholder (currently 20 per cent. for companies paying the full rate of corporation tax with effect from 1 April 2015).

1.6 Non-UK resident Shareholders

Where a Shareholder who is resident for tax purposes outside the UK carries on a trade profession or vocation in the UK and the dividends are a receipt of that trade, profession or vocation or, in the case of corporation tax, the Ordinary Shares are held for a UK permanent establishment through which a trade is carried on, the Shareholder may be liable to UK tax on dividends paid by the Company.

Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such Shareholder is resident.

A Shareholder resident outside the UK may be subject to taxation on dividend income under their local law. Any such Shareholder should consult his (or its) own tax advisers concerning his (or its) tax liabilities (in the UK and any other country) on dividends received from the Company, whether they are entitled to claim any repayment of or relief for any part of the tax credit and, if so, the procedure for doing so, and whether any double taxation relief is due in any country in which they are subject to tax.

1.7 Withholding taxes

The Company is not required to withhold UK tax at source from dividend payments or any other distributions it makes to Shareholders in respect of the Ordinary Shares.

Please see paragraph 3 of this Part VIII with regard to the Company's obligations under FATCA.

1.8 Taxation of disposals

(a) General

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains depending upon the Shareholder's circumstances and subject to any available exemption or relief.

(b) UK resident individual Shareholders

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax is 18 per cent. for individuals who are subject to income tax at the basic rate and 28 per cent. for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an annual exempt amount of gains (currently £11,100) for the year to 5 April 2016 without being liable to tax.

(c) UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax. An indexation allowance on the cost of acquiring the Ordinary Shares may be available to reduce the amount of the chargeable gain which would otherwise arise on the disposal. Corporation tax is charged on chargeable gains at the rate applicable to the relevant company.

(d) Non-UK resident Shareholders

A Shareholder (individual or corporate) who is not resident in the UK for tax purposes is generally not subject to UK taxation on chargeable gains. They may, however, be subject to taxation under their local law.

However, if such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment) to which the Ordinary Shares are attributable, the Shareholder will be subject to the same rules that apply to UK resident Shareholders.

Generally, an individual Shareholder who acquires Ordinary Shares whilst UK resident and who subsequently ceases to be resident for tax purposes in the UK only temporarily (i.e., less than five complete UK tax years) and who disposes of the Ordinary Shares during that period of non-residence may be liable, on his return to the UK, to capital gains tax in respect of any gain arising from the disposal (subject to any available exemption or relief). Special rules apply to Shareholders who are subject to tax on a “split-year” basis, who should seek specific professional advice if they are in any doubt about their position.

1.9 Inheritance tax

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift or settlement of such assets by, or the death of, an individual Shareholder, may therefore give rise to a liability to UK inheritance tax regardless of where the Shareholder is resident or domiciled, subject to any available exemption or relief. A transfer of Ordinary Shares at less than market value may be treated for inheritance tax purposes as a gift of the Ordinary Shares, and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules apply to close companies and to trustees of certain settlements who hold Ordinary Shares, which rules may bring them within the charge to inheritance tax. The inheritance tax rules are complex and Shareholders should consult an appropriate professional adviser in any case where those rules may be relevant, particularly in (but not limited to) cases where Shareholders intend to make a gift of Ordinary Shares, to transfer Ordinary Shares at less than market value or to hold Ordinary Shares through a company or trust arrangement.

1.10 Stamp duty and stamp duty reserve tax

(a) General

The following statements are intended as a general guide to the current UK stamp duty and SDRT position for holders of Ordinary Shares. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt systems and clearance services may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986. The comments in this section relating to stamp duty and SDRT apply whether or not a Shareholder is resident in the UK.

(b) The Global Offer

The sale of the Offer Shares by the Selling Shareholders pursuant to the Global Offer and the sale of Ordinary Shares pursuant to the over-allotment of the Ordinary Shares will generally give rise to a liability to stamp duty and/or SDRT for the purchaser at a rate of 0.5 per cent. of the Offer Price as multiplied by the number of Ordinary Shares acquired (in the case of stamp duty, rounded up to the nearest multiple of £5). In practice, only one of either stamp duty or SDRT would be paid (see paragraph (c) below which applies equally to sales pursuant to the Global Offer as to subsequent transfers). The cost of any stamp duty and/or SDRT is technically the liability of the purchaser, but pursuant to the terms of the Underwriting Agreement, the Selling Shareholders, the Over-allotment Shareholders and, in certain limited circumstances, the Company have agreed to discharge the payment of any such stamp duty and/or SDRT (or similar issuance or transfer, documentary or registration tax or duty and any related costs, fines, penalties or interest).

If, in connection with the Global Offer or the over-allotment of Ordinary Shares, Ordinary Shares are transferred into a clearance service or a depositary receipt system, a liability to stamp duty or SDRT may be payable at the rate of 1.5 per cent. of the Offer Price as multiplied by the number of Ordinary Shares acquired, as discussed further in paragraph (e) below. As discussed above, the Selling Shareholders, the Over-allotment Shareholders and, in certain limited circumstances, the Company will bear the cost of any liability to stamp duty and/or SDRT at a rate of 0.5 per cent. of the Offer Price. However, the Selling Shareholders, the Over-allotment Shareholders and, in certain limited circumstances, the Company will not bear any additional liability to stamp duty and/or SDRT arising from the transfer of any Ordinary Shares into a clearance service or a depositary receipt system.

(c) Subsequent non-CREST transfers of Ordinary Shares

Stamp duty at the rate of 0.5 per cent. of the amount or value (in the case of consideration given in marketable securities) of the consideration given (rounded up to the nearest multiple of £5) is generally payable on an instrument transferring Ordinary Shares, outside the CREST system. An exemption from stamp duty applies to an instrument transferring Ordinary Shares where the amount or value of the consideration (whether in the form of cash or otherwise) is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also generally arise on an unconditional agreement to transfer Ordinary Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any SDRT already paid will generally be refunded provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled. The purchaser or transferee of the Ordinary Shares will generally be responsible for paying such stamp duty or SDRT.

(d) Subsequent transfers of Ordinary Shares held through CREST

Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Under the CREST system, generally no stamp duty or SDRT will arise on a deposit of Ordinary Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5 per cent. of the amount or value of the consideration for the Ordinary Shares.

(e) Depositary receipt systems and clearance services

Under current UK legislation, where Ordinary Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares (rounded up to the nearest multiple of £5 in the case of stamp duty).

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an appropriate election which has been approved by HMRC. In these circumstances, the normal rates of stamp duty and SDRT (rather than the higher rate regime referred to above) will generally apply to any transfer of Ordinary Shares into the clearance service (in the event that this is done for consideration) and to any transactions in Ordinary Shares held within the clearance service.

Any liability for stamp duty or SDRT in respect of the transfer into a clearance service or depositary receipt system, or in respect of a transfer of Ordinary Shares held within such a service or system, will strictly be payable by the operator of the clearance service or depositary receipt system or its nominee, as the case may be, but in practice will generally be reimbursed by participants in the clearance service or depositary receipt system.

An agreement to transfer Ordinary Shares held within a depositary receipt system or clearance service should not give rise to a liability for SDRT, provided that, in the case of an agreement to transfer Ordinary Shares held within a clearance service, no election has been made under Section 97A of the Finance Act 1986 which is applicable to such Ordinary Shares.

Following litigation, HMRC issued a note stating that it will no longer seek to impose the 1.5 per cent. SDRT charge on issues of UK shares to depositary receipt issuers and clearance services anywhere in the world on the basis that the charge is not compatible with EU law. HMRC consider, though, that the 1.5 per cent. SDRT or stamp duty charge will still apply to transfers of shares to depositary receipt issuers or clearance services that are not an integral part of an issue of share capital. Specific professional advice should be sought before paying the 1.5 per cent. SDRT or stamp duty charge in any circumstances.

1.11 Close company

It is likely that the Company is a “close company” within the meaning of Part 10 of the Corporation Tax Act 2010 as at the date of this Prospectus.

It is unlikely that the Company will be a close company following the close of the Global Offer. However, this is dependent, among other things, on how widely held the Ordinary Shares in the Company are and what proportion of the voting power in respect of the Ordinary Shares is controlled by certain Shareholders, and cannot be definitively determined.

If the Company is a close company at any time following the close of the Global Offer, certain transactions entered into by the Company may have tax implications for Shareholders. In particular, certain gifts, transfers of assets at less than market value or other transfers of value by the Company may be apportioned to Shareholders for the purposes of UK inheritance tax, although the payment of a dividend to a Shareholder will not normally attract such an apportionment. Any charge to UK inheritance tax arising from such a transaction will primarily be a liability of the relevant company, although in certain circumstances Shareholders may be liable for the tax if it is left unpaid by that company. In addition, any transfer of assets at less than market value by the may result in a reduction of a Shareholder’s base cost in his Ordinary Shares for the purposes of UK taxation of capital gains. Shareholders should consult their own professional advisers on the potential impact of the close company rules.

2. CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain of the US federal income tax consequences of the acquisition, ownership and disposition of the Ordinary Shares that are applicable to you if you are a US Holder (as defined below) that acquires Ordinary Shares pursuant to the Global Offer. Except for the discussion of “FATCA Considerations” and “Information Reporting and Backup Withholding”, this discussion does not apply to non-US Holders. This discussion is not a complete analysis or listing of all of the possible tax consequences of such transactions and does not address all tax considerations that might be relevant to particular holders in light of their personal circumstances or to persons that are subject to special tax rules (some of which are discussed below). In particular, the information set forth below deals only with US Holders that will hold Ordinary Shares as capital assets for US federal income tax purposes (generally, property held for investment) and that do not own, and are not treated as owning, at any time 10 per cent. or more of the total combined voting power of all classes of the Company’s shares entitled to vote. In addition, this description of certain material US federal income tax consequences does not address the

3.8 per cent. Medicare tax on net investment income or the US federal income tax consequences which may be applicable to special classes of US Holders, such as:

- certain financial institutions;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt entities;
- insurance companies;
- persons holding Ordinary Shares as part of a hedging, integrated or conversion transaction, constructive sale or “straddle”;
- certain US expatriates;
- persons who are resident in the UK for tax purposes or who carry on a trade, profession or vocation in the UK through a branch or agency to which the Ordinary Shares are attributable;
- persons subject to the alternative minimum tax;
- dealers or traders in securities;
- partnerships and certain pass-through entities; or
- holders whose functional currency for US federal income tax purposes is not the US dollar.

For the purposes of this summary, a “**US Holder**” is a beneficial owner of Ordinary Shares who, for US federal income tax purposes, is: (1) an individual citizen or a resident of the United States; (2) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised in or under the laws of the United States or any state thereof or the District of Columbia; (3) an estate the income of which is subject to US federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have authority to control all substantial decisions of the trust; or (B) that has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

If a partnership is a beneficial owner of Ordinary Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership that acquires Ordinary Shares, you should consult your tax advisors regarding the tax consequences of acquiring, owning and disposing of Ordinary Shares.

This summary does not address estate and gift tax or any US federal tax consequences other than income tax, or tax consequences under any state, local or non-US laws.

The following discussion is based upon the US Internal Revenue Code of 1986, as amended (the “**Code**”), US judicial decisions, administrative pronouncements, existing and proposed US Treasury regulations, as well as on the income tax treaty between the United States and the United Kingdom, all as of the date of this Prospectus. All of the preceding authorities are subject to change, possibly with retroactive effect, so as to result in US federal income tax consequences different from those discussed below. The Company has not requested, and will not request, a ruling from the US Internal Revenue Service (the “**IRS**”) with respect to any of the US federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions the Company has reached and described below.

The following discussion assumes that the Company is not, and will not become, a passive foreign investment company (or “**PFIC**”) as discussed below in the section headed “Passive Foreign Investment Company Considerations”. However, the rules applicable to a non-US corporation such as the Company for purposes of determining PFIC status are unclear. In addition, determination of PFIC status depends on, among other things, facts that may not be ascertained with certainty and is based on technical rules that are difficult to apply, and a separate determination after the close of each taxable year must be made by the Company as to whether it is a PFIC for such year. Finally, assuming that the Company is not treated as a PFIC for the current taxable year, it is not obliged to conduct its business or operations in order to avoid treatment as a PFIC and there can be no guarantees that the Company will not be treated as a PFIC for any future taxable year. If the Company were to be treated as a PFIC for any taxable year that a US Holder beneficially owns Ordinary Shares, certain material adverse tax consequences may result for such taxable

year and all subsequent taxable years. Prospective purchasers should consult with their tax advisors about the US tax classification of the Company and any related consequences.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of Ordinary Shares and no opinion or representation with respect to the US federal income tax consequences to any such holder or prospective holder is made. Prospective purchasers are urged to consult their tax advisors as to the particular consequences to them under US federal, state and local, and applicable foreign, tax laws of the acquisition, ownership and disposition of Ordinary Shares.

2.1 Distributions

The gross amount of any distribution made by the Company will generally be subject to US federal income tax as dividend income to the extent paid out of the Company's current or accumulated earnings and profits, as determined under US federal income tax principles. Distributions in excess of current and accumulated earnings and profits generally would be treated as a non-taxable return of capital to the extent of the US Holder's adjusted basis in Ordinary Shares and, thereafter, as capital gain from the sale or exchange of property. However, the Company does not calculate its earnings and profits under US federal income tax principles and, therefore, it is expected that distributions will be reported as dividends for US federal income tax purposes. A distribution will be includable in gross income by US Holders of Ordinary Shares as ordinary income on the date that a US Holder actually or constructively receives the distribution.

Dividends paid by the Company will not be eligible for the dividends-received deduction generally allowed to US corporations. In general, dividends received by certain non-corporate US Holders may constitute "qualified dividend income" that is subject to tax at long term capital gains rates if (i) the relevant US Holder has held Ordinary Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and is not under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property; and (ii) the Company is a "qualified foreign corporation". The Company expects to be a qualified foreign corporation for these purposes. However, because treatment as a qualified foreign corporation depends upon the satisfaction of certain requirements for each taxable year, there can be no assurance as to such treatment. US Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances.

The gross amount of distributions paid in pounds sterling will be included by US Holders in income in a US dollar amount calculated by reference to the exchange rate in effect on the day US Holders actually or constructively receive the distribution, regardless of whether the payment is in fact converted into US dollars. If the pounds sterling are converted into US dollars on the date of receipt, US Holders should not be required to recognise any foreign currency gain or loss with respect to the receipt of pounds sterling as distributions. If, instead, the pounds sterling are converted at a later date, any currency gains or losses resulting from the conversion of the pounds sterling will be treated as US source ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income.

2.2 Sale, exchange or other taxable disposition of Ordinary Shares

A US Holder generally will recognise capital gain or loss on the sale or other disposition of an Ordinary Share equal to the difference, if any, between the US dollar value of the amount realised determined using the spot rate on the date of sale (or in the case of cash basis and electing accrual basis taxpayers, if the Ordinary Shares are considered to be traded on an established securities market, using the spot rate on the settlement date) and the US Holder's adjusted tax basis in the Ordinary Share. On the settlement date, a non-electing accrual basis US Holder will recognise US source foreign currency gain or loss (taxable as ordinary income or loss from US sources) equal to the difference (if any) between the US dollar value of the amount received based on the spot rates in effect on the date of sale or other disposition and the settlement date.

Generally, any capital gain or loss will be US source gain or loss for foreign tax credit purposes and will be long-term capital gain or loss if the Ordinary Shares have been held for more than one year at the time of the sale or other taxable disposition. In addition, regardless of a US Holder's actual holding period, any loss may be long-term capital loss to the extent the US Holder received a dividend that qualified for the reduced rates described above and the dividend exceeded 10 per cent. of the US Holder's basis in its Ordinary Shares. The deductibility of capital losses is subject to material limitations.

2.3 “Passive foreign investment company” considerations

In general, a non-US corporation will be classified as a PFIC for US federal income tax purposes if in any taxable year, after applying certain look-through rules, either (i) 75 per cent. or more of its gross income consists of passive income (e.g., dividends, interest and certain rents and royalties); or (ii) 50 per cent. or more of its assets, by value, determined on the basis of a quarterly average, consists of assets that produce, or are held for the production of, passive income. For purposes of these tests, if a non-US corporation owns directly or indirectly at least 25 per cent. (by value) of the stock of another corporation, that non-US corporation will be treated as if it held directly its proportionate share of the assets of the other corporation and directly earned its proportionate share of the other corporation’s income.

Based on the Company’s current business activities and its financial profile, the Company does not expect to be classified as a PFIC for the current or reasonably foreseeable taxable years. However, because the Company is not obliged to operate in a manner that avoids PFIC status and the composition of its income and assets may vary over time, there can be no assurances that the Company will not be treated as a PFIC for any taxable year. If the Company were a PFIC for any taxable year that a US Holder beneficially owns Ordinary Shares, certain material adverse tax consequences may result for such taxable year and all subsequent taxable years during which the US Holder holds the Ordinary Shares, even if the Company ceases to meet the threshold requirement for PFIC status. Prospective investors should consult with their tax advisors about the Company’s PFIC status and any related US federal income tax consequences of investing in a PFIC.

If the Company were a PFIC for any taxable year during which a US Holder owned Ordinary Shares, the US Holder generally would be subject to special rules with respect to (i) any “excess distribution” (generally, any distribution received by a US Holder in excess of 125 per cent. of the average annual distributions received in the three preceding taxable years, or, if shorter, the US Holder’s holding period); and (ii) any gain realised on the sale or other disposition of Ordinary Shares. Under these rules, (i) the excess distribution or gain would be allocated rateably over the US Holder’s holding period for the Ordinary Shares; (ii) the amount allocated to the current taxable year and any taxable year before the Company became a PFIC would be taxed as ordinary income; and (iii) the amount allocated to each other taxable year would be subject to tax at the highest rate in effect for the taxpayer for that taxable year, plus an interest charge on the amount of tax deemed to be deferred. Additionally, dividends will not be eligible for the preferential tax rate applicable to qualified dividend income received by individuals and certain other non-corporate persons as discussed above. Certain elections (such as the mark-to-market) may be available that would result in alternative taxation of the Ordinary Shares. In addition, a US Holder of an interest in a PFIC can sometimes avoid the interest charge described above by making a “qualified electing fund” (“QEF”) election to be taxed currently on its share of the PFIC’s ordinary earnings and net capital gains. That election, however, must be based on information concerning the PFIC’s earnings provided by the PFIC to investors on an annual basis and the Company does not intend to make that information available to US Holders. Consequently it is expected that US Holders will not be able to make a QEF election in the event the Company is a PFIC in the current or any future taxable year. US Holders should consult their tax advisors to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

US Holders should also be aware that if a US Holder owns Ordinary Shares during any year in which the Company were a PFIC, they would generally be required to file IRS Form 8621 with respect to the Company.

US Holders should consult their tax advisors regarding the PFIC rules, their application to the Company, and the availability and advisability of making a mark-to-market election in their particular circumstances.

2.4 Information reporting and backup withholding

In general, information reporting will apply to dividends paid to US Holders in respect of Ordinary Shares and the proceeds received by a US Holder from the sale, exchange or other disposition of Ordinary Shares within the United States or through certain US-related financial intermediaries unless such US Holder is an exempt recipient. A backup withholding tax may apply to such payments if a US Holder fails to provide a taxpayer identification number or certification of exempt status or fails to report in full dividend and interest income.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a US Holder's US federal income tax liability, provided that the required information is furnished to the IRS.

In addition, US Holders should be aware of reporting requirements with respect to the holding of certain foreign financial assets, including stock of foreign issuers which is not held in an account maintained by a US financial institution, if the aggregate value of all of such assets exceeds US \$50,000 on the last day of the taxable year or \$75,000 at any time during the taxable year (or for certain individuals living outside the United States and married individuals filing joint returns, certain higher thresholds). US Holders should consult their own tax advisors regarding the application of the information reporting rules to the Ordinary Shares and their particular situations.

Non-US Holders generally will not be subject to US information reporting and backup withholding, provided, in certain cases, they comply with US tax identification and certification requirements (generally, filing the applicable US IRS Form W-8).

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT ABOVE IS FOR GENERAL INFORMATIONAL PURPOSES ONLY. PROSPECTIVE HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE US FEDERAL, STATE, LOCAL AND NON-US TAX CONSEQUENCES TO THEM IN THEIR PARTICULAR CIRCUMSTANCES OF ACQUIRING, HOLDING, AND DISPOSING OF ORDINARY SHARES.

3. FATCA CONSIDERATIONS

Under certain provisions of the Code and the regulations promulgated thereunder (commonly referred to as "FATCA"), as well as certain intergovernmental agreements between the United States and certain other countries (including the United Kingdom) together with local country implementing legislation, certain payments made in respect of the Ordinary Shares after 31 December 2018 may be subject to withholding ("FATCA Withholding"). The Company (or a relevant intermediary) may be required to impose FATCA Withholding on payments in respect of Ordinary Shares to the extent that such payments are "foreign passthru payments," made after 31 December 2018 to non-US financial institutions (including intermediaries) that have not entered into agreements with the IRS pursuant to FATCA or otherwise established an exemption from FATCA, and other Shareholders that fail to provide sufficient identifying information to the Company or any relevant intermediary. Under current guidance it is not clear whether and to what extent payments on the Ordinary Shares will be considered foreign passthru payments subject to FATCA Withholding or how intergovernmental agreements will address foreign passthru payments (including whether withholding on foreign passthru payments will be required under such agreements). Shareholders should consult their tax advisors as to how these rules may apply to payments they receive on the Ordinary Shares.

PART IX—ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

- 1.1 The Company and the Directors, whose names appear on page 32 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

2. INCORPORATION AND REGISTERED OFFICE

- 2.1 The Company was incorporated on 7 October 1987 under the name “Wardswift Limited” as a private limited company under the Companies Act 1985 with registered number 2174990. Wardswift Limited was re-registered as a public limited company and changed its name to “Wardswift Group Public Limited Company” on 22 October 1990 and again to “Softcat plc” on 22 September 2000 before being re-registered as a private limited company on 13 May 2005 with the name “Softcat Limited”.

On 19 October 2015, the Company re-registered as a public limited company and changed its name to “Softcat plc”.

- 2.2 The Company is domiciled in the United Kingdom and its registered office and principal place of business is Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW. Its telephone number is +44 (0)1628 403 403.
- 2.3 The principal legislation under which the Company operates, and under which the Ordinary Shares were created, is the Companies Act and regulations made thereunder. The Company operates in conformity with its Articles.

3. SUBSIDIARY UNDERTAKINGS

The Company has no subsidiaries or investments in undertakings.

4. SHARE CAPITAL

- 4.1 On incorporation, the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1.00 each. A single ordinary share was issued fully paid to each of the two subscribers to the memorandum of association of the Company.
- 4.2 The following changes have occurred in the Company’s share capital since its incorporation:
- (a) on 4 November 1987, 98 ordinary shares of £1.00 each were issued fully paid;
 - (b) on 18 November 1988, by special resolution of the Company, the Company’s authorised share capital was increased to £50,000 divided into 50,000 ordinary shares of £1.00 each;
 - (c) on 16 November 1989, 12,400 ordinary shares of £1.00 each were issued fully paid;
 - (d) on 3 September 1990, 37,500 ordinary shares of £1.00 each were issued partly paid;
 - (e) on 31 March 2002, by special resolution of the Company, the Company’s authorised share capital was increased to £120,000 divided into 120,000 ordinary shares of £1.00 each, which were sub-divided into 12,000,000 ordinary shares of £0.01 each, 188,500 of which were redesignated as ‘MR’ shares of £0.01 each and issued fully paid;
 - (f) on 31 March 2002, 3,733,000 ordinary shares of £0.01 each were issued fully paid in a share-for-share exchange completed in connection the Company’s acquisition of the business and assets of a subsidiary, which was subsequently dissolved;
 - (g) on 31 March 2002, by special resolution of the Company, the nominal share capital of the Company was increased by £70,000 to £190,000;
 - (h) on 29 April 2005, 183,224 ordinary shares of £0.01 each were issued fully paid for consideration of £0.32 per ordinary share pursuant to the exercise of options under the Company’s share plans and employee incentive schemes;
 - (i) on 6 April 2009, by special resolution of the Company, 607,255 ordinary shares of £0.01 each were redesignated as ‘A’ ordinary shares of £0.01 each and issued fully paid;

- (j) on 29 June 2012, 128,565 ordinary shares of £0.01 each were issued fully paid for consideration of £1.35 per ordinary share pursuant to the exercise of options under the Company's share plans and employee incentive schemes;
- (k) on 7 December 2012, an aggregate of 27,595 ordinary shares of £0.01 each were issued fully paid for consideration ranging from £1.20 to £2.20 per ordinary share pursuant to the exercise of options under the Company's share plans and employee incentive schemes;
- (l) on 15 April 2013, 2,158 ordinary shares of £0.01 each were issued fully paid for consideration of £1.35 per ordinary share pursuant to the exercise of options under the Company's share plans and employee incentive schemes;
- (m) from 30 April 2013 to 5 May 2013, 218,000 ordinary shares of £0.01 each were issued nil paid for deferred consideration of £5.93 per ordinary share;
- (n) on 28 March 2014, 130,000 ordinary shares of £0.01 each were issued nil paid for deferred consideration of £8.88 per ordinary share;
- (o) on 1 July 2014, 34,000 ordinary shares of £0.01 each were issued fully paid for consideration of £3.65 per ordinary share pursuant to the exercise of options under the Company's share plans and employee incentive schemes;
- (p) from 21 July 2014 to 30 July 2014, 10,000 ordinary shares of £0.01 each were issued fully paid for consideration of £3.65 per ordinary share pursuant to the exercise of options under the Company's share plans and employee incentive schemes;
- (q) from 14 November 2014 to 21 November 2014, 260,158 ordinary shares of £0.01 each were issued fully paid for consideration of £3.65 per ordinary share pursuant to the exercise of options under the Company's share plans and employee incentive schemes;
- (r) on 9 December 2014, 5,000 ordinary shares of £0.01 each were issued nil paid for deferred consideration of £19.26 per ordinary share;
- (s) on 15 September 2015, 28,000 ordinary shares of £0.01 each were issued fully paid for consideration of £0.01 per ordinary share;
- (t) on 28 September 2015, 64,961 ordinary shares of £0.01 each were issued fully paid for consideration of £3.65 per ordinary share;
- (u) by 19 October 2015, all outstanding non-fully paid ordinary shares were fully paid up by their holders; and
- (v) on 12 November 2015, by special resolutions of the Company and by written consents obtained from holders of each class of the Company's share capital in accordance with section 630 of the Companies Act, it was resolved that, conditional on and subject to Admission:
 - (i) 188,500 'MR' ordinary shares of £0.01 each be cancelled and each of such 'MR' shares be converted into and redesignated as an ordinary share of £0.01 each and their rights varied accordingly;
 - (ii) 588,322 'A' ordinary shares of £0.01 each be cancelled and each of such 'A' ordinary shares be converted into and redesignated as an ordinary share of £0.01 each and their rights varied accordingly;
 - (iii) 18,933 'A' ordinary shares of £0.01 each be cancelled and each of such 'A' ordinary shares be converted into and redesignated as a deferred share of £0.01 each and their rights varied accordingly; and
 - (iv) each ordinary share of £0.01 be sub-divided into 20 ordinary shares of £0.0005 each.

4.3 On 12 November 2015, by resolutions of the Company, in each case conditional on and subject to Admission:

- (a) the Directors were generally and unconditionally authorised for the purposes of section 551 of the Companies Act, to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:
 - (i) up to an aggregate nominal amount of £32,792, representing approximately one-third of the Company's issued ordinary share capital as at 16 October 2015 (such amount to be reduced by the nominal amount allotted or granted under sub-paragraph (a)(ii) below in excess of such sum); and
 - (ii) up to an aggregate nominal amount of £65,585, representing approximately two-thirds of the Company's issued ordinary share capital as at 16 October 2015 (such amount to be reduced by any allotments or grants made under sub-paragraph (a)(i) above) in connection with or pursuant to an offer by way of a rights issue in favour of Shareholders in proportion (as nearly as practicable) to the respective number of Ordinary Shares held by them on the record date for such allotment, but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever,

such power expiring at the conclusion of the next annual general meeting of the Company (or if earlier at 23.59 p.m. on 31 January 2017), save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired;

- (b) the Directors were empowered to
 - (i) allot equity securities (as defined in section 560(1) of the Companies Act) of the Company for cash pursuant to the authorities conferred in paragraph (a) above; and
 - (ii) sell ordinary shares (as defined in section 560(1) of the Companies Act) held by the Company as treasury shares for cash,

as if section 561(1) of the Companies Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities for cash and the sale of treasury shares:

- (A) in connection with or pursuant to an offer of or invitation to apply for equity securities (but in the case of the authorisation granted under paragraph (a) above, by way of a rights issue only) in favour of Shareholders in proportion (as nearly as practicable) to the respective number of Ordinary Shares held by them on the record date for such allotment or sale (and holders of any other class of equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary) but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
- (B) in the case of the authorisation granted under sub-paragraph (b)(i) above (or in the case of any sale of treasury shares) and, otherwise than pursuant to sub-paragraph (b)(A), up to an aggregate nominal amount of £9,838, representing approximately ten per cent. of the Company's issued ordinary share capital as at 16 October 2015,

such power expiring at the conclusion of the next annual general meeting of the Company (or if earlier at 23.59 p.m. on 31 January 2017), save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors may allot equity securities, or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired;

- (c) the Company was generally and unconditionally authorised for the purposes of section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of any Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes of its employee share schemes, provided that:
- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 19,675,492, representing approximately 10 per cent. of the Company's issued ordinary share capital as at 16 October 2015;
 - (ii) the minimum price (exclusive of expenses, if any) which may be paid for each Ordinary Shares is one penny;
 - (iii) the maximum price (exclusive of expenses) that may be paid for each Ordinary Share is an amount equal to the higher of: (A) 105 per cent. of the average of the middle market quotations for the Ordinary Shares as derived from the Daily Official List of London Stock Exchange for the five business days immediately preceding the day on which such share is contracted to be purchased; and (B) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on London Stock Exchange at the time the purchase is carried out, as stipulated by article 5(1) of the EU Buyback and Stabilisation Regulation 2003 (No. 2273/2003);
 - (iv) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the next annual general meeting of the Company (or if earlier at 23.59 p.m. on 31 January 2017); and
 - (v) the Company may, before this authority expires, enter into a contract to purchase Ordinary Shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of Ordinary Shares pursuant to it as if this authority had not expired; and
- (d) in accordance with sections 366 and 367 of the Companies Act, the Company and its subsidiaries (if any) at any time during the period for which this resolution is effective was authorised, in aggregate, to:
- (i) make political donations to political parties and/or to independent election candidates, not exceeding £50,000 in total;
 - (ii) make political donations to political organisations other than political parties, not exceeding £50,000 in total; and
 - (iii) incur any political expenditure, not exceeding £50,000 in total,
- during the period beginning with the date of the passing of this resolution and ending on 31 January 2017 or, if sooner, the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution (unless previously revoked, varied or renewed by the Company in a general meeting). For the purposes of this resolution the terms "political donations", "political parties", "political organisations", "independent election candidates" and "political expenditure" are to be construed in accordance with sections 363, 364 and 365 of the Companies Act.

4.4 As at the date of this Prospectus:

- (a) the Company's issued share capital was £98,377.46 comprising 9,041,991 ordinary shares of £0.01 each, 188,500 'MR' shares of £0.01 each and 607,255 'A' ordinary shares of £0.01 each (in each case, all of which were fully paid);
- (b) 6,615,386 ordinary shares of £0.01 each, 188,500 'MR' shares of £0.01 each and 607,255 'A' ordinary shares of £0.01 each were held by, or in trust for, the Core Selling Shareholders or their family members; and
- (c) the Company held no treasury shares.

4.5 Immediately prior to Admission, the Company intends to issue 10,000 ordinary shares of £0.01 each fully paid for consideration of £8.88 per ordinary share and 10,000 ordinary shares of £0.01 each fully

paid for consideration of £21.18 per ordinary share pursuant to the exercise of options under the Company's share plans and employee incentive schemes.

- 4.6 Immediately after Admission, the Company's issued share capital will be £98,388.13 comprising 196,776,260 Ordinary Shares (all of which will be fully paid).
- 4.7 The Ordinary Shares have been created under the Companies Act and they conform with the laws of England and Wales. The Ordinary Shares have been and will be duly authorised according to the requirements of the Articles and have and will have all necessary statutory and other consents.
- 4.8 The Ordinary Shares will carry the right to receive dividends and distributions paid by the Company after Admission. Shareholders will have the right to receive notice of and to attend and vote at all general meetings of the Company. There are no different voting rights for any Shareholder.
- 4.9 Further information on the rights attaching to the Ordinary Shares is set out in paragraph 5 of this Part IX.
- 4.10 Further information on dealing arrangements and CREST is set out in paragraph 10 of Part VII (*Details of the Global Offer*).
- 4.11 As at the date of this Prospectus, and save as otherwise disclosed in this Part IX:
- (a) no share or loan capital of the Company has, since the incorporation of the Company, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;
 - (b) no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital; and
 - (c) no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

5. ARTICLES

The Articles, which were adopted on 12 November 2015, subject to and with effect from Admission, are available for inspection at the addresses specified in paragraph 19.1 of this Part IX. The Articles contain provisions (among others) to the following effect:

5.1 Limited liability

The liability of the Company's members is limited to any unpaid amount on the shares in the Company held by them.

5.2 Voting rights

(a) Votes on a show of hands

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Shareholder present in person or by proxy at a general meeting of the Company and every duly authorised corporate representative shall have one vote. If a proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution and the proxy has been instructed by one or more of those Shareholders to vote for the resolution and by one or more other of those Shareholders to vote against it then the proxy shall have one vote for and one vote against the resolution. If a proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution and has been granted both discretionary authority to vote on behalf of one or more of those Shareholders and firm voting instructions on behalf of one or more other Shareholders, the proxy shall not be restricted by the firm voting instructions in casting a second vote in any manner he so chooses under the discretionary authority conferred upon him.

(b) Votes on a poll

On a poll, votes may be given in person or by proxy. A Shareholder, who is entitled to more than one vote, need not use all his votes or cast all the votes in the same way.

5.3 Dividends and return of capital

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of Shareholders, but no dividend shall exceed the amount recommended by the Board.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution passed at a general meeting of the Company and any other sanction required by the Companies Act, divide among the Shareholders in specie or kind the whole or any part of the assets of the Company (whether or not the assets shall consist of property of one kind or not), and may for such purposes set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator with the like authority shall think fit, but so that no Shareholder shall be compelled to accept any shares or other property in respect of which there is a liability.

5.4 Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the Company.

5.5 Transfer of shares

Any Shareholder may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided, in the CREST Regulations and the rules of any relevant system.

Any Shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. The transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it. All instruments of transfer, when registered, may be retained by the Company.

Subject to the provisions of the Companies Act, the Board may, in its absolute discretion, decline to register any transfer of any share which is not a fully paid share provided that where such a share is a member of a class of share admitted to the Official List, such discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis.

The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in the CREST Regulations, and the facilities and requirements of the relevant system. The Board may decline to register a transfer, whether fully paid or not, if in favour of more than four persons jointly.

The Board may decline to register any transfer of a certificated share unless:

- the instrument of transfer is left at the registered office of the Company or such other place as the Board may from time to time determine accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer; and
- the instrument of transfer is in respect of only one class of share.

5.6 Restrictions on shares

Where the holder of any shares in the Company, or any other person appearing to be interested in those shares, fails to comply within the relevant period (as defined below) with any notice under section 793 of the Companies Act in respect of those shares (in this sub-section, a “**statutory notice**”), the Company may give the holder of those shares a further notice (in this sub-section, a “**restriction notice**”) that the Shareholder shall not, nor shall any transferee otherwise than permitted by the articles, be entitled to be present or vote or count as part of the quorum at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company.

If the Board is satisfied that the default in respect of which the restriction notice was issued no longer continues, any restriction notice shall cease to have effect on or within seven days of that decision.

The Company may (at the absolute discretion of the Board) at any time given notice to the Member cancelling, or suspending for a stated period the operation of, a restriction notice in whole or in part.

The relevant period referred to above is the period of 14 days following service of a statutory notice.

Where the restricted shares represent at least 0.25 per cent. (in nominal value) of the issued shares of the same class, the restriction notice may also direct that:

- any dividend or other monies payable in respect of the restricted shares shall be withheld, bear no interest and shall be payable only when the restriction notice ceases to have effect; and/or
- where an offer of the right to elect to receive shares of the Company instead of cash in respect of any dividend has been made, any election made thereunder in respect of such restricted shares shall not be effective; and/or
- no transfer of any of the shares held by such Member shall be recognised or registered by the Directors unless the transfer is a permitted transfer or:
- the Member is not in default as regards supplying the information required; and
- the transfer is of part only of the Member's holding and, when presented for registration, is accompanied by a certificate by the Member in a form satisfactory to the Directors to the effect that after due and careful enquiry the Member is satisfied that none of the shares the subject of the transfer are restricted shares.

5.7 Variation of rights attaching to shares

Subject to the provisions of the Companies Act, all or any of the rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

5.8 Conditions governing the manner in which annual general meetings and general meetings are called

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Act and at such time and place as the Board shall appoint.

An annual general meeting shall be convened by not less than twenty-one clear days' notice in writing. Subject to the Companies Act, all other general meetings shall be convened by not less than fourteen clear days' notice in writing. However, a meeting can be properly convened on a shorter notice period if it is so agreed by (a) in the case of an annual general meeting, by all the Shareholders entitled to attend and vote at the meeting; and (b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving the right.

Notice of every general meeting shall be given to all Shareholders other than any who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company.

Before a general meeting carries out business, there must be a quorum present. Unless the Articles state otherwise in relation to a particular situation, a quorum for all purposes is two Shareholders present in person or by proxy and entitled to vote.

5.9 Notices to Shareholders

Any notice or document (including a share certificate) may be served on or delivered to any Shareholder by the Company either personally or by sending it through the post addressed to the Shareholder at his registered address or by leaving it at that address addressed to the Shareholder or by means of a relevant system or, where appropriate, by sending it in electronic form to an address for the time being notified by

the Shareholder concerned to the Company for that purpose, or by publication on a website in accordance with the Companies Act or by any other means authorised in writing by the Shareholder concerned. In the case of joint holders of a share, service or delivery of any notice or document on or to the joint holder first named in the register in respect of the share shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

5.10 Directors

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (disregarding alternate directors) shall not be less than 2 nor more than 15.

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was elected or re-elected (as the case may be) unless he was appointed or re-appointed by the Company in the general meeting at, or since, either such meeting.

The Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board. Without prejudice to this power the Board may appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board.

Only the following people can be elected as Directors at a general meeting:

- a Director who is retiring at the annual general meeting; or
- a person who has been proposed for election or re-election by way of notice signed by a Shareholder qualified to vote at the meeting (not being the person to be proposed) and also signed by the person to be proposed indicating his willingness to be appointed or reappointed.

In addition to any powers of removal conferred by the Companies Act, the Company may by ordinary resolution of which special notice has been given in accordance with the Companies Act remove any Director before the expiration of his period of office and may (subject to the Articles) by ordinary resolution, appoint another person who is willing to act in his place.

The Directors shall be paid out of the funds of the Company by way of fees for their services as directors, such sums (if any) and such benefits in kind as the Board may from time to time determine and such remuneration shall be divided between the Directors as the Board shall agree or, failing agreement, equally. Such remuneration shall be deemed to accrue from day to day.

Any Director who is appointed to any executive office or who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may in its discretion decide.

The Board or any committee authorised by the Board may exercise all the powers of the Company to award pensions, annuities, gratuities or other retirement, superannuation, death or disability allowances or benefits whether similar to the foregoing or not, to any Director or former director or the relations, connections or dependants of any Director or former director provided that no benefits (except such as may be provided for by any other Article) may be granted to or in respect of a Director or former director who has not been employed by, or held an executive office or place of profit under, the Company or anybody corporate which is or has been its subsidiary undertaking or any predecessor in business of the Company or any such body corporate without the approval of an ordinary resolution of the Company.

Save as otherwise provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the Company in which he has an interest which (taken together with any interest of any person connected with him) is to his knowledge an interest of which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Company and, if he shall do so, his vote shall not be counted.

A director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

- the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- any contract concerning any other company (not being a company in which the Director owns 1 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors and employees of the Company or of any of its subsidiary undertakings and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- any contract for the benefit of the employees of the Company or of any of its subsidiary undertakings under which he benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom the contract relates;
- any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any Director or Directors or for, or for the benefit of, persons who include Directors; and
- the provision of funds to any Director, or the doing of anything to enable a Director to avoid incurring expenditure of the nature described in section 205(1) of the Companies Act.

If any question arises at any meeting of the Board as to whether the interest of a Director gives rise to a conflict, or could reasonably be regarded as likely to give rise to a conflict, with the interests of the Company or as to the entitlement of any Director to vote or be counted in the quorum and the question is not resolved by him voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be decided by the chairman of the meeting.

The Board may, subject to the provisions of the Articles, authorise any matter which would otherwise involve a Director breaching his or her duty under the Companies Act to avoid conflicts of interest.

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest.

5.11 Indemnity of directors

To the extent permitted by the Companies Act, the Company may indemnify any director or former director of the Company or of any associated company against any liability and may purchase and maintain for any director or former director of the Company or of any associated company insurance against any liability.

5.12 Borrowing powers

Subject to the provisions of the Companies Act, the Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6. DIRECTORS AND SENIOR MANAGEMENT

6.1 Other directorships and partnerships

Details of those companies and partnerships outside the Company of which the Directors and Senior Management are currently directors or partners, or have been directors or partners at any time during the five years prior to the date of this Prospectus, are set out in the table below.

<u>Director/Member of Senior Management</u>	<u>Current Directorships/Partnerships</u>	<u>Past Directorships/Partnerships</u>
<i>Directors</i>		
Brian Wallace	First Group plc Full Moon Holdco 4 Limited Thame and London Limited Travelodge Hotels Limited	Camelot Entertainments plc Hays plc Hilton Group plc Ladbroke's plc The Miller Group Scottish & Newcastle plc
Martin Hellowell . .	—	—
Graham Charlton . .	—	—
Lee Ginsberg	Cantina Laredo (UK) Limited Mothercare plc On the Beach Group plc Oriole Restaurants Limited Patisserie Valerie Holdings plc Trinity Mirror plc	American Pizza Company Limited D A Hall Trading Limited DAHT Limited Domino's Leasing Limited Domino's Pizza Germany (Holdings) Limited Domino's Pizza Germany Limited Domino's Pizza Group plc Domino's Pizza UK & Ireland Limited Domino's Pizza West Country Limited DP Beach A Limited DP Beach B Limited DP Capital Limited DP Group Developments Limited DP Milton Keynes Limited D.P. Newcastle Limited DP Realty Limited DP Shayban Limited DPG Holdings Limited Live Bait Limited MLS Ltd
Vin Murria	Elderstreet Holdings Limited Elderstreet Investments Ltd Greenko plc Interceded 2445 Limited PS Foundation VM/AV Corporate Services Limited Zoopla Property Group Plc	5 Star Computer Systems Limited A.S.R Computers Limited Adastra Software Limited ADV Management Services Limited Advanced 365 Limited Advanced Accounts Limited Advanced Business & Healthcare Solutions India Private Limited Advanced Business Software and Solutions Limited

**Director/Member of
Senior Management**

**Current
Directorships/Partnerships**

Past Directorships/Partnerships

Advanced Business Software and Solutions Pte. Ltd.
Advanced Business Solutions CRM Limited
Advanced Chorus Application Software Limited
Advanced Communications Software and Solutions Limited
Advanced Computer Software Group Limited
Advanced Enterprise Software Limited
Advanced Field Service Solutions Limited
Advanced Health and Care Limited
Advanced Legal Solutions Limited
Advanced Sharpowl Software Limited
Advanced Ticketing Limited
AIM Group Holdings Limited
Aim Holdings Limited
AIM Professional Systems Limited
Alphalaw Limited
Applied Computer Expertise Limited
Belmin Group Limited
Belmin Healthcare Limited
BI Inform Limited
Business Systems 365 Limited
Business Systems Group Holdings Limited
Care Business Solutions Limited⁽¹⁾
Caresys Software Limited
Cedar Consulting Holdings Limited
Cedar Group US, Inc.
Cerrus Limited
Charitysoftware Limited
Chime Communications plc
COA Solutions Limited
Compass Computer Consultants Limited
Computer Software Group Limited
Computer Software Holdings Limited
Computer Software Limited
Consensus Information Technology Limited
ConsultCRM Limited
Consultgrp Limited
Covemead Limited
CSG Bidco Limited
CSG EquityCo Limited
CSG Midco Limited
CSG Shareholder Debtco Limited
Drury Lane (Jersey) Limited

**Director/Member of
Senior Management**

**Current
Directorships/Partnerships**

Past Directorships/Partnerships

Exchequer Software Limited
Exchequer365 Mobile Solutions Limited
Fabric Technologies Limited
Formation Software Limited
G B Systems Limited
Goldcrest Solutions Limited
Goldenhill Computer Systems Limited
Healthy Software Limited
Integra Computer Systems Limited
Integrated Support Systems Limited
JBS Computer Services Limited
Konnekt IT Solutions Limited
Laserform International Limited
Lawwwdiary Limited
LFM Partnership Solutions Limited
Management Support Systems Limited
Meridian Law Limited
Minerva Computer Systems Limited⁽¹⁾
Open Accounts Limited
Open Logistix Systems Limited
Openpeople Limited
Opsis Limited
Opsis Practice Management Solutions Limited
Penfold Heath Media Limited
Pinnacle Computer Systems Limited⁽¹⁾
Plain Healthcare Limited
Prolog Systems Limited
Redac Limited
Springstone Software Services Limited⁽¹⁾
Staffplan Enterprise Ltd
Staffplan Limited
Strand Technology Limited
Strata (Systems) Limited
Strata Systems (Holdings) Limited
Systems Team Limited
Teamflo Limited
Teamflow Limited
Transoft Group Limited
Transoft Inc
Transoft Limited⁽¹⁾
V1 Document Management Inc.
V1 Limited
Videss Limited

<u>Director/Member of Senior Management</u>	<u>Current Directorships/Partnerships</u>	<u>Past Directorships/Partnerships</u>
		Webgenerics Limited
Peter Ventress	BBA Aviation plc ⁽²⁾ Galliford Try plc Premier Farnell plc	Berendsen plc Berendsen UK Limited
Senior Management		
Colin Brown	—	—
Doug Fawell	—	—
Sam Routledge	—	—

(1) Dormant companies which were each dissolved following a members' voluntary liquidation on 5 November 2014.

(2) Appointment effective as of 1 January 2016.

As at the date of this Prospectus, none of the Directors:

- (a) has any convictions in relation to fraudulent offences for at least the previous five years;
- (b) save as set out above, was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings; and
- (c) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

6.2 Director and Senior Management and other interests in the Company's share capital

- (a) The interests of the Directors and Senior Management in the Company's share capital are set out in the table below.

<u>Director/Member of Senior Management</u>	<u>Ordinary Shares held immediately prior to Admission⁽¹⁾</u>		<u>Ordinary Shares to be sold pursuant to the Global Offer⁽¹⁾⁽²⁾</u>		<u>Ordinary Shares held immediately after Admission⁽¹⁾⁽²⁾</u>	
	<u>Number of Ordinary Shares</u>	<u>Per cent. of total issued share capital</u>	<u>Number of Ordinary Shares</u>	<u>Per cent. of total issued share capital</u>	<u>Number of Ordinary Shares</u>	<u>Per cent. of total issued share capital</u>
Directors						
Brian Wallace	860,000	0.44%	—	—	860,000	0.44%
Martin Hellawell ⁽³⁾	23,467,300	11.93%	7,159,969 ⁽⁴⁾	3.64%	16,307,331 ⁽⁴⁾	8.29%
Graham Charlton	200,000 ⁽⁵⁾	0.10%	200,000	0.10%	—	—
Lee Ginsberg	—	—	—	—	20,833	0.01%
Vin Murria	—	—	—	—	30,000	0.02%
Peter Ventress	—	—	—	—	30,000	0.02%
Senior Management						
Colin Brown	2,000,000	1.02%	900,000	0.46%	1,100,000	0.56%
Doug Fawell	3,875,180	1.97%	1,046,299	0.53%	2,828,881	1.44%
Sam Routledge	2,111,060	1.07%	696,650	0.35%	1,414,410	0.72%
Total	32,513,540	16.52%	10,002,918	5.08%	22,591,455	11.48%

(1) Assuming the share capital reorganisation described in paragraph 4.2(v) of this Part IX has taken place.

(2) Excluding any new Ordinary Shares to be issued after Admission in the Employee Award being made pursuant to the Softcat Share Incentive Plan as described in paragraph 8.6 of this Part IX.

(3) Includes Ordinary Shares held by, or in trust for, Martin Hellawell and/or his family members.

(4) Assuming no exercise of the Over-allotment Option.

(5) Includes Ordinary Shares to be issued immediately prior to Admission following the exercise of options granted under the Softcat Company Share Option Plan.

- (b) As at the date of this Prospectus, in so far as is known to the Company and except as disclosed below, no person is, directly or indirectly, interested in 3 per cent. or more of the Company's issued share capital or voting rights.

Shareholder	Ordinary Shares held immediately prior to Admission ⁽¹⁾		Ordinary Shares held immediately after Admission ⁽¹⁾⁽²⁾⁽³⁾	
	Number of Ordinary Shares	Per cent. of issued share capital	Number of Ordinary Shares	Per cent. of issued share capital
Peter Kelly ⁽⁴⁾	103,136,600	52.41%	71,669,202	36.42%
Martin Hellawell ⁽⁵⁾	23,467,300	11.93%	16,307,331	8.29%
Gilbert John Chalk and John Alan Putt ⁽⁶⁾	21,140,260	10.74%	14,690,281	7.47%
William Kenny	6,218,860	3.16%	3,731,316	1.90%

- (1) Assuming the share capital reorganisation described in paragraph 4.2(v) of this Part IX has taken place.
- (2) Assuming no exercise of the Over-allotment Option.
- (3) Excluding any new Ordinary Shares to be issued after Admission in the Employee Award being made pursuant to the Softcat Share Incentive Plan as described in paragraph 8.6 of this Part IX.
- (4) Includes Ordinary Shares held by family members of Peter Kelly.
- (5) Includes Ordinary Shares held by, or in trust for, Martin Hellawell and/or his family members.
- (6) Ordinary Shares held as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary.
- (c) In so far as is known to the Company, the following persons intend to purchase more than five per cent. of the Ordinary Shares being offered (including the Over-allotment Shares).

Shareholder	Ordinary Shares held immediately prior to Admission		Ordinary Shares held immediately after Admission	
	Number of Ordinary Shares	Per cent. of issued share capital	Number of Ordinary Shares	Per cent. of issued share capital
Blackrock International Limited	—	—	7,000,000	3.56%
Fidelity Management and Research Company	—	—	7,000,000	3.56%
Schroder Investment Management Limited	—	—	5,000,000	2.54%
J.P. Morgan Asset Management UK Limited	—	—	5,000,000	2.54%

- (d) Save as disclosed in paragraph 6.2(a) of this Part IX, no Director or member of Senior Management has any interests (beneficial or non-beneficial) in the Company's share capital or any other securities of the Company.
- (e) Save as disclosed in this paragraph 6.2 and paragraph 10.4 of this Part IX, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or, immediately after Admission, could exercise control over the Company.

6.3 Director service contracts and letters of appointment

(a) Executive Director service contracts

- (i) Martin Hellawell entered into a service agreement with the Company on 29 October 2015, which will take effect on Admission. Under the terms of this agreement, Martin will be paid a salary of £250,000 per annum, or such other rate as maybe agreed from time to time, which is subject to an annual review by the Company. He is also eligible to receive a discretionary bonus award pursuant to the Softcat plc Annual and Deferred Bonus Plan and may participate in the Softcat plc Long-term Incentive Plan. For the financial year ending 31 July 2017, the maximum bonus Martin may be awarded is expected to be up to 200 per cent. of his salary and one-third of any annual bonus awarded will be deferred into shares.
- (ii) Graham Charlton entered into a service agreement with the Company on 29 October 2015, which will take effect on Admission. Under the terms of this agreement, Graham will be paid a salary of £170,000 per annum, or such other rate as maybe agreed from time to time, which is subject to an annual review by the Company. He is also eligible to receive a discretionary bonus award pursuant to the Softcat plc Annual and Deferred Bonus Plan and may participate in the

Softcat plc Long-term Incentive Plan. For the financial year ending 31 July 2017, the maximum bonus Graham may be awarded is expected to be up to 120 per cent. of his salary and one-third of any annual bonus awarded will be deferred into shares.

Each Executive Director's service agreement will be terminable on 12 months' written notice served by either party. The Company may terminate a service agreement at any time by making a payment in lieu of the notice period (or, if applicable, the remainder of the notice period) in an amount equivalent to the salary, private health insurance, dental insurance and death in service benefit and, in respect of Graham Charlton only, the pension, and may also place an Executive Director on garden leave during all or part of his notice period. In the event an Executive Director is guilty of gross misconduct or in certain other specified circumstances, the Company may terminate his agreement with immediate effect and without notice or payment in lieu thereof.

The terms of each Executive Director service agreement contain certain restrictive covenants applicable for a term of either six or twelve months following termination in respect of non-competition, non-solicitation of customers, non-dealing with customers, non-interference with suppliers and non-poaching of key employees. In addition each Executive Director will be required to keep information about the Company confidential and to assign to the Company any IP made by him in the course of his employment.

Each of the Executive Directors is eligible to participate in the Company's private health insurance scheme, dental insurance scheme and death in service benefit.

In addition, each Executive Director will be reimbursed for all reasonable expenses wholly, exclusively and necessarily incurred by him in performing his duties under his service agreement, provided that these are incurred in accordance with Company policy from time to time and properly authorised by the Board.

(b) *Non-executive Director letters of appointment*

- (i) Pursuant to a letter of appointment dated 4 August 2015, Lee Ginsberg was appointed Non-executive Director and Senior Independent Director of the Company as of 1 September 2015 and for an initial term of three years from such date. Lee is entitled to an aggregate annual fee of £60,000 per annum, comprised of a base fee of £45,000, with a further £10,000 payable in respect of his role as chair of the Audit Committee and £5,000 payable in respect of his role as Senior Independent Director. In the event that Admission does not occur and Lee's appointment is terminated by the Company within three months from the date on which it is determined that the Global Offer has been aborted, he shall be entitled to a termination payment of £15,000.
- (ii) Pursuant to a letter of appointment dated 29 September 2015, Peter Ventress was appointed Non-executive Director as of 1 October 2015 and for an initial term of three years from such date. Peter is entitled to an aggregate annual fee of £55,000 per annum, comprised of a base fee of £45,000, with a further £10,000 payable in respect of his role as chair of the Remuneration Committee. In the event that Admission does not occur and Peter's appointment is terminated by the Company within three months from the date on which it is determined that the Global Offer has been aborted, he shall be entitled to a termination payment of £13,750.
- (iii) Pursuant to a letter of appointment dated 29 October 2015, Brian Wallace's continuing appointment as Non-executive Chairman as of 1 July 2014 was confirmed for an initial term of three years from such date. Brian is entitled to an aggregate annual fee of £100,000 per annum, including in respect of any service on any Board committee.
- (iv) Pursuant to a letter of appointment dated 3 November 2015, Vin Murria was appointed Non-executive Director of the Company as of 3 November 2015 and for an initial term of three years from such date. Vin is entitled to an aggregate annual fee of £45,000 per annum. In the event that Admission does not occur and Vin's appointment is terminated by the Company within three months from the date on which it is determined that the Global Offer has been aborted, she shall be entitled to a termination payment of £11,250.

Each Non-executive Director's letter of appointment is terminable with immediate effect and without entitlement to any compensation (save for any accrued but unpaid fees as at such termination date and any termination payment due) at any time by written notice from either the Company or the relevant Non-executive Director. Otherwise, each Non-executive Director must stand for re-election

each year at the Company's annual general meeting. If a Non-executive Director is not re-elected by the Shareholders at any time and for any reason, that Non-executive Director's appointment will terminate automatically with immediate effect and without compensation.

In addition, each Non-executive Director will be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties, which includes expenses incurred in seeking independent professional advice in accordance with the Company's policy on Directors seeking independent professional advice.

- (c) The Company will maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

6.4 Director and Senior Management remuneration

- (a) The amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to the Directors for services in all capacities to the Company for the year ended 31 July 2015 was as set out below.

<u>Director</u>	<u>Annual remuneration</u>	<u>Bonus</u>	<u>Pension contributions</u>	<u>Benefits in kind</u>	<u>Total</u>
Brian Wallace	£100,000	—	—	—	£100,000
Martin Hellowell	£168,920	£187,500	—	—	£356,420
Graham Charlton ⁽¹⁾	£ 63,281	£ 28,500	£1,898	—	£ 93,679
Total	£332,201	£216,000	£1,898	—	£550,099

(1) Graham Charlton commenced employment with the Company on 19 January 2015.

- (b) The aggregate amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to Senior Management for services in all capacities to the Company in the year ended 31 July 2015 was £737,039.

6.5 Transactions with Directors and Senior Management

- (a) None of the Directors or Senior Management has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business which was effected by the Company during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.
- (b) None of the Directors or Senior Management has or has had a beneficial interest in any contract to which the Company was a party during the current or immediately preceding financial year.
- (c) Save as disclosed in paragraph 12(d) of this Part IX, no loan has been granted to, nor any guarantee provided for the benefit of, any Director or Senior Management by the Company.
- (d) None of the Directors or Senior Management is considered to be subject to any conflicts of interest between his duties to the Company and his private interests or other duties.

7. SELLING SHAREHOLDERS

7.1 Transfers shortly prior to the date of this Prospectus

After 31 July 2015 and prior to the date of this Prospectus, certain of the Core Selling Shareholders transferred ordinary shares in the Company as gifts to family members. Transferred interests are included in the holdings set out in paragraphs 6.2(a) and 6.2(b) of this Part IX, as applicable.

7.2 Ordinary Shares to be sold in the Global Offer

The following table sets out the interests of the Selling Shareholders in the Ordinary Shares immediately prior to and immediately after Admission.

Selling Shareholder ⁽³⁾	Ordinary Shares held immediately prior to Admission ⁽¹⁾		Ordinary Shares to be sold pursuant to the Global Offer ⁽¹⁾⁽²⁾		Ordinary Shares held immediately after Admission ⁽¹⁾⁽²⁾	
	Number of Ordinary Shares	Per cent. of total issued share capital	Number of Ordinary Shares	Per cent. of total issued share capital	Number of Ordinary Shares	Per cent. of total issued share capital
Core Selling Shareholders						
Peter Kelly ⁽⁴⁾	103,136,600	52.41%	31,467,398 ⁽⁷⁾	15.99%	71,669,202 ⁽⁷⁾	36.42%
Martin Hellowell ⁽⁵⁾	23,467,300	11.93%	7,159,969 ⁽⁷⁾	3.64%	16,307,331 ⁽⁷⁾	8.29%
Gilbert John Chalk and John Alan Putt ⁽⁶⁾	21,140,260	10.74%	6,449,979 ⁽⁷⁾	3.28%	14,690,281 ⁽⁷⁾	7.47%
Other Selling Shareholders						
Selling Shareholders subject to a 365-day lock-up ⁽⁸⁾	17,543,440	8.92%	6,347,558	3.23%	11,195,882	5.69%
Selling Shareholders subject to a 180-day lock-up ⁽⁹⁾	9,951,380	5.06%	4,458,143	2.27%	5,493,237	2.79%
All other Selling Shareholders ⁽¹⁰⁾	17,492,080	8.89%	8,036,909	4.08%	9,455,171	4.81%
Total	192,731,060	97.94%	63,919,956	32.48%	128,811,104	65.46%

(1) Assuming the share capital reorganisation described in paragraph 4.2(v) of this Part IX has taken place.

(2) Excluding any new Ordinary Shares to be issued after Admission in the Employee Award being made pursuant to the Softcat Share Incentive Plan as described in paragraph 8.6 of this Part IX.

(3) The business address of each Selling Shareholder is Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW.

(4) Includes Ordinary Shares held by family members of Peter Kelly. Peter Kelly is the Founder and a former director of the Company. He will cease being an employee of the Company immediately after Admission. Peter Kelly and his family members holding Ordinary Shares have undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 180 days after the date of the Underwriting Agreement.

(5) Includes Ordinary Shares held by, or in trust for, Martin Hellowell and/or his family members. Martin Hellowell is the CEO and an Executive Director of the Company. Martin Hellowell, his family members holding Ordinary Shares and the trustees of a trust of which Martin Hellowell and/or his family members are beneficiaries have undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 365 days after the date of the Underwriting Agreement.

(6) Ordinary Shares held as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary. Gilbert John Chalk and John Alan Putt, in their capacity as trustees, have undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 180 days after the date of the Underwriting Agreement.

(7) Assuming no exercise of the Over-allotment Option.

(8) Comprises each Selling Shareholder, other than the Core Selling Shareholders, who has undertaken in a separate Deed Poll of Election not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 365 days after the date of the Underwriting Agreement.

(9) Comprises each Selling Shareholder, other than the Core Selling Shareholders, who has undertaken in a separate Deed Poll of Election not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 180 days after the date of the Underwriting Agreement.

(10) Comprises Selling Shareholders who are not subject to any lock-up arrangements in respect of their Ordinary Shares.

Ordinary Shares held by non-Selling Shareholders will represent 2.1 per cent. of the Company's total issued share capital immediately after Admission. Certain non-Selling Shareholders have agreed to enter into lock-up arrangements in respect of their Ordinary Shares. Under these arrangements, 108,640 Ordinary Shares will be subject to a 180-day lock-up, representing 0.1 per cent. of the Company's total issued share capital immediately after Admission. 3,936,560 Ordinary Shares held by non-Selling Shareholders will not be subject to any lock-up arrangements. Therefore, the total number of Ordinary Shares held by Selling Shareholders and non-Selling Shareholders not subject to any lock-up arrangements will represent 6.8 per cent. of the Company's total issued share capital immediately after Admission.

8. SHARE PLANS AND INCENTIVE SCHEMES

The Company previously operated the Softcat Company Share Option Plan adopted on 16 May 2011, approved by HMRC on 27 May 2011, and amended on 24 June 2014 (the “CSOP”). No grant of options will be made under the CSOP on or after Admission.

On 29 October 2015, conditional on Admission, the Directors adopted the Softcat plc Long-Term Incentive Plan (the “LTIP”), the Softcat plc Share Incentive Plan (the “SIP”) and the Softcat plc Annual and Deferred Bonus Plan (the “**Bonus Plan**”).

The Company also operates the Softcat Employee Share Trust (the “**Softcat EBT**”), in conjunction with its share plans and incentive schemes.

After Admission, the Company intends to award each eligible employee up to £3,600 worth of new Ordinary Shares, depending on their length of service, as part of a free share award made under the SIP. For further details, see paragraphs 8.3(a) and 8.6 below.

Summaries of each of these share plans and incentive schemes are set out below.

8.1 CSOP

Immediately after Admission, there will be 500,000 Ordinary Shares subject to unvested options under Section B of the CSOP (“**Section B**”). Exercise of those options is governed by the rules concerning exercise and lapse of options under Section A of the CSOP (“**Section A**”). Immediately after Admission, no Ordinary Shares will be subject to option under Section A.

As mentioned above, no grant of options under the CSOP will be made on or after Admission.

(a) Section A

Section A permitted the Company to grant options which have tax advantages pursuant to the provisions of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 (“**Schedule 4**”).

No transfer

No option may be transferred, assigned or charged and any purported transfer, assignment or charge shall be void ab initio.

Exercise and lapse

Outstanding options will vest on the second anniversary of the date of grant, or on such earlier date as may have been specified in the option certificate issued to the grantee. Subject to Schedule 4, a vested option may be exercised by the optionholder or, if deceased, by his or her personal representatives, in whole or in part, following cessation of employment by reason of injury, ill health or disability, pregnancy or retirement or death, or on such earlier date as may be specified in accordance with the rules. The Board, acting fairly and reasonably, may exercise its discretion to approve the vesting or exercise of an option, including in the event of a reconstruction.

A vested option shall become incapable of exercise and shall lapse on the tenth anniversary of the date of grant (to the extent it has not otherwise lapsed in accordance with the rules).

Change of control and other corporate events

In the event of a takeover, reconstruction or liquidation, all unvested options shall vest and may be exercised for (i) a period of six months from the date on which such takeover has become unconditional and completes; (ii) the period from the date on which a compromise or arrangement is approved by a court under Section 899 of the Companies Act until such compromise or agreement becomes effective; (iii) any period during which any person is bound or entitled to acquire Ordinary Shares under Sections 979 to 982 of the Companies Act; or (iv) the period from the date on which optionholders receive notice of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company until the resolution is duly passed or defeated or the general meeting is concluded or adjourned, whichever shall first occur. Any options which are not exercised by the end of the relevant specified period of time shall lapse. Subject to Schedule 4, where agreed by any acquiring company, a subsisting option may be released in consideration for the grant of a new option.

Variation of share capital

Subject to Schedule 4, in the event of any variation of the Company's share capital, including any capitalisation, rights issue or open offer or any consolidation, sub-division or reduction of capital the number of Ordinary Shares subject to any option, the exercise price and the description of the Ordinary Shares may be adjusted by the Board in such manner as the Board considers to be, in its opinion, fair and reasonable, provided that the exercise price is not reduced below its nominal value unless (and to the extent that) the Board gives an undertaking that, upon the exercise of such option, arrangements will be made for the capitalisation of undistributed profits or reserves of the Company of an amount equal to the difference between the aggregate exercise price and the aggregate nominal value of the Ordinary Shares to be issued upon such exercise. So long as Section A remains approved by HMRC, any adjustment to key features of Section A shall have effect only on the prior approval of HMRC.

Amendment

The rules of Section A may be amended by the Board from time to time, provided that no amendment may materially adversely affect an optionholder as regards an option granted prior to the amendment being made except with the consent in writing of the optionholder.

Termination

Section A shall terminate as to the grant of new options on Admission.

(b) Section B

The rules of Section B have not been approved by HMRC and options granted under Section B do not benefit from tax advantages. The rules of Section A summarised in paragraph 8.1(a) above apply equally to Section B, save in respect of any reference to the requirements of Schedule 4 or any approval by HMRC, and otherwise as specifically set out in the rules of Section B. In particular, options granted under Section B have no default vesting date and do not vest automatically on Admission.

8.2 LTIP

The LTIP permits the Company to grant eligible employees options over Ordinary Shares, conditional rights to acquire Ordinary Shares and restricted Ordinary Shares (collectively, "LTIP Awards"), in each case without payment. Eligible employees include any person employed by the Company (or any subsidiary of the Company) on the award date.

References in this paragraph 8.2 to the Board includes any designated committee of the Board.

Administration

The Board has responsibility for the administration of the LTIP.

Limits

The number of Ordinary Shares issued or issuable pursuant to rights granted within the preceding ten-year period under the LTIP and under any other employees' share scheme operated by the Company (save for rights granted prior to, or within the first 42 days after, Admission) may not exceed 10 per cent. of the Company's issued ordinary share capital from time to time.

The number of Ordinary Shares issued or issuable pursuant to rights granted within the preceding ten-year period under the LTIP and under any other discretionary employees' share scheme adopted by the Company (save for rights granted prior to, or within the first 42 days after, Admission) may not exceed 5 per cent. of the Company's issued ordinary share capital from time to time. The Company's discretionary incentive schemes are the LTIP and the Bonus Plan.

Ordinary Shares issued out of treasury will count towards the above limits for so long as is required by institutional shareholder guidelines. LTIP Awards which are renounced or lapse will be disregarded for the purposes of these limits.

The number of Ordinary Shares over which LTIP Awards may be granted to any individual employee shall be limited so that the market value of the Ordinary Shares subject to a new LTIP Award, when aggregated with the market value of the Ordinary Shares subject to any other LTIP Award granted to that employee in

the same financial year would not exceed 200 per cent. of that employee's annual remuneration, subject to the Board determining that exceptional circumstances exist which justify the grant of an LTIP Award in excess of such limit, in which case the limit shall be extended to not more than 250 per cent. of the relevant employee's annual remuneration.

The market value of Ordinary Shares will be:

- if at the relevant time the Ordinary Shares are listed in the Official List of the London Stock Exchange (or any other recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007 or the Alternative Investment Market of the London Stock Exchange), the closing middle market quotation (as derived from the Official List) or, if the Board so decides, the closing price on the preceding dealing day; or
- where the Ordinary Shares are not so listed, the market value of an Ordinary Share calculated as described in the Taxation of Chargeable Gains Act 1992,

provided that for LTIP Awards granted within 42 days of Admission, the Board reserves the right to calculate market value by reference to the Offer Price.

Grant of LTIP Awards

Granting of an LTIP Award will be evidenced by a deed executed by or on behalf of the Company and an award certificate will be issued as soon as reasonably practicable following the grant.

LTIP Awards may be granted only during the 42 days beginning on (i) Admission; (ii) the announcement of the Company's results, including a preliminary announcement for any period through a Regulatory Information Service; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of an LTIP Award at that time; or (iv) the day after the lifting of any dealing restrictions which prevented the granting of LTIP Awards during any of the times described above. Awards may not be granted when prevented by any dealing restrictions or after the tenth anniversary of the date on which it was adopted by the Board, being 29 October 2025.

An LTIP Award (except an LTIP Award of restricted Ordinary Shares where the right to dividends has not been waived) may include the right to receive an amount in Ordinary Shares or cash on vesting equal in value to the dividends which were payable on the number of Ordinary Shares in respect of which the LTIP Award has vested during the period between the date of award and the date of vesting (or in the case of an option the number of Ordinary Shares subject to the option shall be increased as at the date of vesting by the relevant value in Ordinary Shares). The payment shall not include any associated tax credit.

Vesting

The date or dates on which an LTIP Award will vest will not normally be earlier than three years from the date of award.

The vesting of an LTIP Award and the extent to which it vests will be subject to the satisfaction of any applicable performance targets and any other conditions set by the Board at the time of grant. Any performance targets or other conditions must be objective and may only be substituted, varied or waived if an event has occurred which causes the Board to consider that such performance target or condition is no longer appropriate and the substitution, variation or waiver is conducted in a manner that is reasonable in the circumstances and, except in the case of a waiver, produces a fairer measure of performance and is not materially less difficult to satisfy had the event not occurred.

An LTIP Award may not vest while any dealing restrictions on vesting apply.

Upon vesting of an option, the employee will be entitled to exercise the option at any time during the specified exercise period which shall not exceed ten years from the grant of the option. Upon vesting of a conditional right to acquire Ordinary Shares, the employee will be entitled to acquire the Ordinary Shares subject to the conditional right. Upon vesting of restricted Ordinary Shares, the restrictions set out in the relevant restricted share agreement will cease to apply.

Holding period

The Board may, in its absolute discretion determine that Ordinary Shares acquired by an employee pursuant to an LTIP Award be subject to a holding period of a maximum of two years following vesting during which time the employee may not transfer, assign or otherwise dispose of any such Ordinary Shares

except in limited specified circumstances. In addition, the Board may arrange for Ordinary Shares subject to a holding period to be issued or transferred to a designated trustee or nominee upon vesting, to be held for the benefit of the relevant employee.

Cessation of employment

If the holder of an LTIP Award ceases to be employed by the Company (or a subsidiary of the Company) by reason of injury, ill health or disability evidenced to the satisfaction of the Board, redundancy within the meaning of the Employment Rights Act 1996 (or any applicable equivalent overseas legislation), retirement by agreement with the holder's employer, being employed in a part of the Company which is transferred to another person or any other circumstances if the Board decides in any particular case, any unvested LTIP Award held by that person will normally continue until the normal time of vesting and any performance target or other condition imposed shall be considered at the time of vesting. Alternatively, the Board may decide that any unvested LTIP Award will vest immediately, in which case the Board shall determine the extent to which the LTIP Award vests at its absolute discretion taking into account, among other factors, the extent to which any applicable performance targets or other conditions have been satisfied at the date of cessation. Unless the Board in its absolute discretion decides otherwise, the number of Ordinary Shares which may be acquired by an employee leaving for the above reasons upon vesting of an LTIP Award will be reduced pro rata to reflect the number of whole months from the date of award to the date of cessation of employment. Any vested options may be exercised in the six months, or such later period as the Board may determine, following cessation of employment, after which any unexercised options shall lapse.

If the holder of an LTIP Award ceases to be employed by the Company by reason of death, a proportion of LTIP Awards which are not vested shall vest immediately, in which case the Board shall determine the extent to which the LTIP Award vests at its absolute discretion taking into account, among other factors, the extent to which any applicable performance targets or other conditions have been satisfied. Alternatively, the Board may decide that any unvested LTIP Award will continue until the normal time of vesting and any performance target or other condition imposed shall be considered at the time of vesting. Unless the Board in its absolute discretion decides otherwise, the number of Ordinary Shares which may be acquired by a deceased employee upon vesting of an LTIP Award will be reduced pro rata to reflect the number of whole months from the date of award to the date of death. Any vested options may be exercised in the 12 months, or such later period as the Board may determine, following death, after which any unexercised options shall lapse.

If the holder of an LTIP Award ceases to be employed by the Company (or a subsidiary of the Company) for reasons other than those set out above, that holder's LTIP Award will lapse.

Relocation

If the holder of an LTIP Award is relocated to another country and, by reason of such relocation would suffer less favourable tax treatment in respect of his or her LTIP Award or becomes subject to a restriction on his or her ability to exercise an option, to have issued or transferred to him or her any Ordinary Shares to be acquired pursuant to an LTIP Award or to hold or deal in such Ordinary Shares or the proceeds of sale of such Ordinary Shares, the Board in its absolute discretion taking into account, among other things, the extent to which any performance targets have been met may decide that such LTIP Award vests immediately, either in full or to the extent determined by the Board and subject to such conditions as it may require. Any vested options may be exercised in the period beginning three months before the date of relocation and ending three months after the date of actual relocation, after which any unexercised option will continue in force in accordance with the rules of the LTIP.

Malus and clawback

The Board may, acting fairly and reasonably, at any time up to and including the time of vesting of an LTIP Award, reduce the number of Ordinary Shares subject to the LTIP Award, in whole or in part (including for the avoidance of doubt, to nil), in the following circumstances:

- the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company; and/or
- the discovery that the assessment of any performance target or condition in respect of an 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 an LTIP Award was based on error, or inaccurate or misleading information; and/or
- the action or conduct of a holder of an LTIP Award which, in the reasonable opinion of the Board, amounting to fraud or gross misconduct; and/or
- events or behaviour of a holder of an 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 the LTIP Award was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

In addition if at any time during the two years following the vesting of an LTIP Award, any of the above circumstances occurs, the Board may in its absolute discretion apply clawback to all or part of a holder's LTIP Award. Clawback may be effected, among otherways, by requiring the holder of an LTIP Award to transfer to the Company all or some of the Ordinary Shares acquired pursuant to the vesting of the relevant LTIP Award or, in the case of an LTIP Award which is an option, the exercise of that option or repay to the Company an amount equivalent to all or part of the proceeds of sale of any such Ordinary Shares.

Takeover and other corporate events

In the event that:

- a person obtains control of the Company, an LTIP Award shall vest on the date the person obtains such control;
- a person becomes bound or entitled to acquire Ordinary Shares under Sections 979 to 982 of the Companies Act, an LTIP Award shall vest;
- a person proposes to obtain control of the Company in pursuance of a compromise or arrangement sanctioned by the court under Section 899 of the Companies Act, an LTIP Award will vest on the date of the court sanction;
- notice is given of a resolution for the voluntary winding-up of the Company, an LTIP Award will vest on the date notice is given; or
- the Board becomes aware that the Company will be affected by a demerger, distribution (which is not an ordinary dividend) or other transaction not otherwise covered by the rules of the LTIP, the Board may determine that an LTIP Award vests,

and in each such case vesting shall occur to the extent determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the LTIP Award has been held and having regard to any performance target and any other condition.

Any LTIP Award in the form of options will lapse unless exercised within a specified period of time after one of the above events has occurred.

If there is a change of control of the Company, an LTIP Award will not vest, but will be exchanged for a new award to the extent that a holder of the LTIP Award accepts an offer to exchange that award or the Board, with the consent of the person acquiring control, decides that an exchange should happen automatically.

Variation of share capital

In the event of any variation of the Company's share capital, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company, the number of Ordinary Shares subject to an LTIP Award which is an option or a conditional right to acquire Ordinary Shares, the description of the Ordinary Shares and/or the price at which Ordinary Shares may be acquired under an LTIP Award may be adjusted by the Board in such manner as it determines, provided that the price at which Ordinary Shares may be acquired under an LTIP Award is not reduced below its nominal value except where the Company puts in place arrangements to pay up the nominal value at the date of issue of Ordinary Plan Shares (or the difference between the adjusted price and the nominal value as the case may be).

Amendment

The rules of the LTIP may be amended by the Board from time to time, provided that the prior approval of the Shareholders in general meeting will be required for amendments to the advantage of award recipients relating to eligibility and limits under the LTIP, the basis for determining an eligible employee's entitlement to an LTIP Award, the persons to whom an LTIP Award may be made, and adjustments that may be made on any variation in the share capital of the Company, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company. Any minor amendment to benefit the administration of the LTIP, to take into account a change in legislation, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made without Shareholder approval.

No amendment may be made which would materially adversely affect the rights of a holder of an LTIP Award unless the amendment is made to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement or consent is sought from any affected holders.

Benefits not pensionable

Benefits received under the LTIP are not pensionable.

8.3 SIP

The SIP permits the Company to enable certain employees to acquire Ordinary Shares in a manner that is designed to meet the provisions of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (“**Schedule 2**”). The SIP operates through a UK resident trust (the “**SIP Trust**”) of which the trustee will be a professional third-party trustee (the “**SIP Trustee**”). The SIP Trustee is Capita IRG Trustees Ltd.

Pursuant to the trust deed dated 13 November 2015 between Softcat and the SIP Trustee, the SIP Trustee may subscribe for or purchase Ordinary Shares using monies provided to it by the Company.

Under the rules of the SIP, the Board may, in its absolute discretion, invite eligible employees to participate in a free share award or a partnership share award. Eligible employees include all employees of the Company (or any participating subsidiary of the Company) who have been employed for a minimum qualifying period specified by the Board (subject to certain maximum periods in respect of specific types of awards). The specific terms of each type of award, as well as the general terms which apply to all awards made under the SIP, are summarised below.

(a) Free share award

The Board may offer to eligible employees the opportunity to acquire free Ordinary Shares (“**Free Shares**”) having an aggregate market value up to the limit specified in Schedule 2, which as at the date of this Prospectus is £3,600 per employee in each tax year. A free share award must be offered to all relevant employees on similar terms, but the number of Free Shares awarded to each employee may be determined by reference to remuneration, length of service, number of hours worked and/or the satisfaction of such other fair and objective performance criteria as the Board considers appropriate.

The market value of Free Shares will be, while the Ordinary Shares are admitted to trading on the London Stock Exchange, either the closing middle market quotation of an Ordinary Share (as derived from the Daily Official List of the London Stock Exchange) for the dealing day immediately preceding the day in question or, in certain circumstances, the average price paid by the SIP Trustee for the shares.

Free Shares awarded to an employee under the SIP are normally subject to a holding period ending not earlier than the third anniversary and not later than the fifth anniversary of the date on which beneficial interest in the relevant Ordinary Shares is conferred by the SIP Trustee to the employee. During the holding period, neither the employee nor the SIP Trustee may normally assign, charge or otherwise dispose of the employee's beneficial interest in the relevant Free Shares.

In addition, the Free Shares may be subject to a forfeiture period if the recipient ceases employment within a period of up to three years from the date of the award. However, if a recipient of Free Shares under a free share award ceases to be employed by the Company (or a subsidiary of the Company), including as a result of injury or disability, redundancy within the meaning of the Employment Rights Act 1996, a transfer of employment which is subject to the Transfer of Undertaking (Protection of Employment) Regulations 2006 or retirement, forfeiture will not apply and the holding period will end.

(b) Partnership share award

The Board may offer eligible employees the opportunity to purchase Ordinary Shares out of their pre-tax salary (“**Partnership Shares**”) up to the lower of (i) the limit specified in Schedule 2, which as at the date of this Prospectus was the lesser of (x) £1,800 per employee in each tax year; and (y) 10 per cent. of the employee’s pre-tax salary; and (ii) such lesser amount as is determined by the Board in its absolute discretion.

An employee accepting a partnership share award must specify the amount to be deducted from his or her salary toward payment for the relevant Partnership Shares, subject to a minimum deduction amount as determined by the Board, which may not be greater than £10, or such other amount as may be permitted under Schedule 2, on any occasion. The amount to be deducted and the interval of deduction may be varied by agreement of the employee and the Company. In addition, an employee may by notice in writing to the Company suspend the making of deductions and recommence the making of deductions, subject to certain limitations.

Amounts deducted from an employee’s salary towards payment of Partnership Shares will be paid to the SIP Trustee to acquire Partnership Shares on behalf of such employee.

The SIP Trustee will purchase Partnership Shares on behalf of an employee either (i) not more than 30 days after the employee has accumulated sufficient funds through deductions made over a specified period, being not more than 12 months, to acquire the full number of Partnership Shares awarded to the employee (an “**Accumulation Period**”), where an Accumulation Period is offered; or (ii) within 30 days after each time a deduction is made from that employee’s salary for the purpose of purchasing Partnership Shares. An Accumulation Period may end early if, among other things, certain corporate events occur.

The number of Partnership Shares to be purchased on behalf of a relevant employee will be calculated:

- where the purchase of Partnership Shares is to be made after an Accumulation Period, by dividing (as nearly as possible) the aggregate amount to be deducted under the employee’s partnership shares agreement during the Accumulation Period (together with any amount carried forward from a previous Accumulation Period) by the market value of the Ordinary Shares on either (i) the first day of the relevant Accumulation Period; or (ii) the date on which the Partnership Shares are acquired, being not more than 30 days after the end of the relevant Accumulation Period; and
- where the purchase of Partnership Shares is to be made after each deduction, by dividing (as nearly as possible) the amount to be deducted under the employee’s partnership shares agreement (together with any deduction carried forward) by the market value of such Partnership Shares, which shall be, while the Ordinary Shares are admitted to trading on the London Stock Exchange, either the closing middle market quotation of an Ordinary Share (as derived from the Daily Official List of the London Stock Exchange) for the dealing day immediately preceding the day in question or, in certain circumstances, the average price paid by the SIP Trustee for the Partnership Shares.

An employee may at any time after beneficial interest in Partnership Shares has been conferred on him or her, direct the SIP Trustee by notice in writing to transfer any such Partnership Shares to him or her, or to some other person named by him or her, or dispose of any such Partnership Shares by way of sale.

An employee may at any time notify the Company in writing that he or she wishes to terminate a partnership shares agreement.

(c) Matching share award

If the Board offers an employee a partnership share award, it may also in its absolute discretion offer that employee the opportunity to acquire a number of free Ordinary Shares equalling up to two times the number of Partnership Shares purchased by him or her (“**Matching Shares**”). Acceptance of a matching share award by an employee must be made in conjunction with the entry into the relevant partnership shares agreement with the Company.

Matching Shares are subject to the same holding period as Free Shares.

If an employee requests a transfer or disposal of his or her Partnership Shares, the rules of SIP may provide that his or her beneficial entitlement to any Matching Shares in respect of such Partnership Shares shall lapse immediately.

If an employee has any Matching Shares and ceases to be employed by the Company (or a subsidiary of a Company), the rules of SIP provide that such employee's Matching Shares may be subject to forfeiture where cessation of employment occurs within three years of the award. However, if a recipient of Matching Shares under a matching share award ceases to be employed by the Company (or a subsidiary of a Company) as a result of injury or disability, redundancy within the meaning of the Employment Rights Act 1996, a transfer of employment which is subject to the Transfer of Undertaking (Protection of Employment) Regulations 2006 or retirement that recipient's Matching Shares will not be forfeited and the holding period will end.

(d) General terms

Limits

The number of Ordinary Shares issued or issuable pursuant to rights granted within the preceding ten-year period under the SIP and under any other employees' share scheme operated by the Company (save for rights granted prior to, or within the first 42 days after, Admission) may not exceed 10 per cent. of the Company's issued ordinary share capital from time to time.

Ordinary Shares issued out of treasury will count towards these limits for so long as is required by institutional shareholder guidelines. SIP Awards which are renounced or lapse will be disregarded for the purposes of this limit.

Dividends

Employees are eligible to receive cash dividends in respect of any Ordinary Shares acquired and held in trust for them by the SIP Trustee pursuant to the SIP. The Board may in its absolute discretion direct that some or all of any cash dividends paid in respect of Ordinary Shares held by the SIP Trustee in trust for relevant employees be used, or at the election of the relevant employees be used, to acquire Ordinary Shares on their behalf ("**Dividend Shares**"), such Dividend Shares to also be held in trust by the SIP Trustee for the relevant employees.

The number of Dividend Shares to be acquired will be calculated by taking the aggregate amount of the cash dividends paid on Ordinary Shares held by the SIP Trustee in trust for the relevant employees (together with any cash dividends previously paid and directed to be used, but not so used, to acquire Dividend Shares, which will be held in trust by the SIP Trustee) and dividing this amount (as nearly as possible) by the market value of the Ordinary Shares.

Dividend Shares are subject to a three year holding period.

Corporate events

In the event of a general offer for the Company and certain other corporate events during a holding period, SIP award holders will be able to direct the SIP Trustee how to act in relation to their Ordinary Shares. In the event of a corporate re-organisation, any Ordinary Shares held by SIP award holders may be replaced by equivalent shares in a new holding company.

Forfeited shares

Ordinary Shares held by the SIP Trustee which are required to be forfeited under the rules of the SIP may be retained by the SIP Trustee for use under the SIP on future occasions or sold and the proceeds used in accordance with the terms of the trust deed constituting the SIP Trust.

Death of a SIP participant

Following the death of an employee, the SIP Trustee shall, as soon as practicable after death, transfer all Ordinary Shares held by it in trust for that employee under the SIP to, or to the order of, his or her legal personal representatives.

Amendment

The SIP may be amended by the Board from time to time, provided that the prior approval of the Shareholders in general meeting will be required for amendments to the advantage of award recipients relating to eligibility and limits under the SIP, the basis for determining an eligible employee's entitlement to SIP awards, the persons to whom SIP awards may be made, the price payable for Ordinary Shares by

employees and the provisions affecting variations of share capital. Any minor amendment to benefit the administration of the LTIP, to take into account a change in legislation, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made without Shareholder approval.

Benefits not pensionable

Benefits received under the SIP are not pensionable.

Termination

The Company may terminate the SIP at any time.

8.4 Bonus Plan

The Bonus Plan permits the Company to grant eligible employees a bonus award (a “**Bonus Award**”) under which, if specified performance targets in a financial year have been met, a bonus will be provided either in cash (a “**Cash Bonus Award**”) and/or in the form of options over Ordinary Shares, conditional rights to acquire Ordinary Shares and restricted Ordinary Shares (any such award a “**Share Bonus Award**”). Eligible employees include any person employed by the Company (or any subsidiary of the Company) on the award date.

References in this paragraph 8.4 to the Board includes any designated committee of the Board.

Administration

The Board has responsibility for the administration of the Bonus Plan.

Limits

The maximum bonus under a Bonus Award that may be made to a single employee in respect of any financial year may not exceed 200 per cent. of that employee’s basic salary in the financial year to which the Bonus Award relates.

The number of Ordinary Shares issued or issuable pursuant to rights granted within the preceding ten-year period under the Bonus Plan and under any other employees’ share scheme operated by the Company (save for rights granted prior to, or within the first 42 days after, Admission) may not exceed 10 per cent. of the Company’s issued ordinary share capital from time to time.

The number of Ordinary Shares issued or issuable pursuant to rights granted within the preceding ten-year period under the Bonus Plan and under any other discretionary employees’ share scheme adopted by the Company (save for rights granted prior to, or within the first 42 days after, Admission) may not exceed 5 per cent. of the Company’s issued ordinary share capital from time to time.

Ordinary Shares issued out of treasury will count towards the above limits for so long as is required by institutional shareholder guidelines. Bonus Awards which are renounced or lapse will be disregarded for purposes of these limits.

Performance targets and conditions

A Bonus Award will be subject to the satisfaction of performance targets for the relevant financial year and any other conditions set by Board at the time of grant. Any performance targets or other conditions may only be substituted, varied or waived if an event has occurred which causes the Board to consider that such performance target or condition is no longer appropriate and the substitution, variation or waiver is conducted in a manner that is reasonable in the circumstance and, except in the case of a waiver, produces a fairer result and is not materially less difficult to satisfy had the event not occurred.

As soon as practicable following the end of the financial year in respect of which a Bonus Award has been granted, the Board shall determine the extent to which the performance targets and any further condition, in their original form or as substituted or varied from time to time, have been satisfied and the amount of the bonus deliverable under the Bonus Award.

Cash Bonus Awards and Share Bonus Awards

A Bonus Award may be delivered as a Cash Bonus Award and a Share Bonus Award in such proportion as the Board shall in its absolute discretion determine, subject to a Share Bonus Award comprising a

maximum of 50 per cent. of the bonus. After the end of the financial year to which a Bonus Award relates, the Board will determine the amount of any Cash Bonus Award payable and the number of Ordinary Shares over which any Share Bonus Award will be granted. The number of Ordinary Shares subject to a Share Bonus Award will be calculated by dividing the amount of the bonus to be deferred and granted as a Share Bonus Award by the average market value of the Ordinary Shares (measured over the last 30 days of the financial year to which the Share Bonus Award relates or such other period of measure as determined by the Board in its absolute discretion). The number of Ordinary Shares shall be rounded down to the nearest whole Ordinary Share.

A Share Bonus Award (except a Share Bonus Award of restricted Ordinary Shares where the right to dividends has not been waived) may include the right to receive an amount in Ordinary Shares or cash on vesting equal in value to the dividends which were payable on the number of Ordinary Shares in respect of which the Share Bonus Award has vested during the period between the date of award of the Share Bonus Award and the date of vesting (or in the case of an option the number of Ordinary Shares subject to the option shall be increased as at the date of vesting by the relevant value in Ordinary Shares). The payment shall not include any associated tax credit.

A Share Bonus Award will be personal to the employee and, except in the case of the death, may not be transferred, charged or otherwise alienated and shall lapse immediately if the employee purports to transfer, charge or otherwise alienate the Share Bonus Award.

Vesting of Share Bonus Awards

Share Bonus Awards will normally vest on the third date of grant.

A Share Bonus Award may not vest while any dealing restrictions on vesting apply.

Upon vesting of an option, the employee will be entitled to exercise the option at any time during the specified exercise period, which shall not exceed ten years from the grant of the option. Upon vesting of a conditional right to acquire Ordinary Shares, the employee will be entitled to acquire the Ordinary Shares subject to the conditional right. Upon vesting of restricted Ordinary Shares, the restrictions set out in the relevant restricted share agreement will cease to apply.

Holding period

The Board may, in its absolute discretion, determine that Ordinary Shares acquired by an employee pursuant to a Share Bonus Award be subject to a holding period of a maximum of two years following vesting during which time the employee may not transfer, assign or otherwise dispose of any such Ordinary Shares except in limited specified circumstances. In addition, the Board may arrange for Ordinary Shares subject to a holding period to be issued or transferred to a designated trustee or nominee upon vesting, to be held for the benefit of the relevant employee.

Cessation of employment

If the holder of a Bonus Award ceases to be employed by the Company during the relevant financial year to which the Bonus Award relates by reason of death, injury, ill health or disability evidenced to the satisfaction of the Board, redundancy within the meaning of the Employment Rights Act 1996 (or any applicable equivalent overseas legislation), retirement by agreement with the holder's employer, being employed in a part of the Company which is transferred to another person ("**Good Leaver Reasons**") or any other circumstances (apart from dishonesty, fraud, misconduct or any other circumstances justifying summary dismissal), the Board may in its absolute discretion determine that a Bonus Award will continue with any performance target or other condition imposed for the relevant financial year considered at the time the Board determines the amount of the Bonus Award. Unless the Board in its absolute discretion decides otherwise, the amount of the Bonus Award will be reduced pro rata to reflect the number of whole months from the beginning of the relevant financial year to which the Bonus Award relates until the date of cessation of employment as a proportion of the relevant financial year.

If the holder of a Bonus Award ceases to be employed by the Company (other than by reason of gross misconduct) after the relevant financial year to which the Bonus Award relates but before the time at which a bonus relating to that Bonus Award would otherwise have been paid, the Board may at its absolute discretion determine that the Participant shall remain eligible for the delivery of a bonus of such amount as it determines at its absolute discretion based on its assessment of the extent to which the performance targets for the relevant financial year and any other condition imposed has been met. Any amount payable

in respect of the Bonus Award will be delivered in the same way and at the same time as if the employee had not ceased employment.

Except as set out above, a Bonus Award will lapse upon cessation of employment.

Where the holder of a Share Bonus Award ceases employment with the Company (or a subsidiary of the Company) for one of the Good Leaver Reasons or any other circumstances if the Board decides in any particular case, that holder's Share Bonus Award will normally vest on the date it would have vested if the holder had not ceased employment. Alternatively, the Board may decide that the unvested Share Bonus Award will vest immediately. Unless the Board in its absolute discretion decides otherwise, the number of Ordinary Shares which may be acquired by a holder leaving for the above reasons upon vesting of a Share Bonus Award will be reduced pro rata to reflect the number of whole months from the date of award to the date of cessation of employment.

If the holder of a Share Bonus Award ceases to be employed by the Company by reason of death, the proportion of that holder's Share Bonus Award which is not vested shall vest immediately. Unless the Board in its absolute discretion decides otherwise, the number of Ordinary Shares which may be acquired by a deceased Share Bonus Award holder upon vesting of a Share Bonus Award will be reduced pro rata to reflect the number of whole months from the date of award to the date of death.

If the holder of a Share Bonus Award ceases to be employed by the Company (or a subsidiary of the Company) for reasons other than those referred to above, that holder's Share Bonus Award will lapse.

Malus and clawback

The Board may, acting fairly and reasonably, at any time up to and including the time of determination of a Cash Bonus Award or Share Bonus Award, reduce the Cash Bonus payable or potentially payable or the number of Ordinary Shares subject to the Share Bonus Award, in each case, in whole or in part (including, for the avoidance of doubt, to nil), in the following circumstances:

- the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company; and/or
- the discovery that the assessment of any performance target or condition in respect of a Bonus 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 was based on error, or inaccurate or misleading information; and/or
- the action or conduct of a proposed recipient of a Bonus Award which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
- events or behaviour of a proposed recipient of a Bonus 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 proposed recipient of the Bonus Award was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

In addition if at any time during the three years following the date on which a Share Bonus Award was determined by the Board, any of the above circumstances occurs, the Board may in its absolute discretion apply clawback to all or a part of a holder's Share Bonus Award. Clawback may be effected, among, other ways, by requiring the holder of a Share Bonus Award to repay all or some of any Cash Bonus Award paid, transfer to the Company all or some of the Ordinary Shares acquired pursuant to a Share Bonus Award or repay to the Company an amount equivalent to all or part of the proceeds of sale of any such Ordinary Shares.

Takeover and other corporate events

In the event that before a Bonus Award has been delivered:

- a person obtains control of the Company, the amount of any outstanding Bonus Award payable shall be determined on or as soon as practicable after the person obtains such control;
- a person becomes bound or entitled to acquire Ordinary Shares under Sections 979 to 982 of the Companies Act, the amount of any outstanding Bonus Award payable shall be determined on or as soon as practicable after the person obtains such control;

- a person proposes to obtain control of the Company in pursuance of a compromise or arrangement sanctioned by the court under Section 899 of the Companies Act, the amount of any outstanding Bonus Award payable shall be determined on or as soon as practicable after the date of the court sanction;
- notice is given of a resolution for the voluntary winding-up of the Company, the amount of any outstanding Bonus Award payable shall be determined on or as soon as practicable after the date notice is given; or
- the Board becomes aware that the Company will be affected by a demerger, distribution (which is not an ordinary dividend) or other transaction not otherwise covered by the rules of the Bonus, the Board may determine that a Bonus Award shall be payable,

and in each such case taking into account such factors as the Board may consider relevant including, but not limited to, the performance targets for the relevant financial year and any other condition imposed.

Further, unless the Board in its absolute discretion decides otherwise, the amount of any outstanding Bonus Award payable will be reduced pro rata to reflect the number of whole months from the beginning of the relevant financial year to which the Bonus Award relates until the person obtains control as a proportion of the relevant financial year.

Any amount of Bonus Award determined to be payable will be paid in the form of a Cash Bonus Award as soon as practicable following the Board's determination.

In the event that one of the first four events set out above occurs after a Share Bonus Award has been granted, the Share Bonus Award vests early (in the event of the fifth event, the Board may determine that the Share Bonus Award will vest early). The proportion of the Share Bonus Award that vests shall be determined by the Board taking into account, among other factors, the period of time the Share Bonus Award has been held by the holder.

If there is a change of control of the Company, a Share Bonus Award will not vest, but will be exchanged for a new award to the extent that a holder of the Share Bonus Award accepts an offer to exchange that award or the Board, with the consent of the person acquiring control, decides that an exchange should happen automatically.

Variation of share capital

In the event of any variation of the Company's share capital, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company, the number of Ordinary Shares subject to a Bonus Award which is an option or a conditional right to acquire Ordinary Shares, the description of the Ordinary Shares and/or the price at which Ordinary Shares may be acquired under a Bonus Award may be adjusted by the Board in such manner as it determines, provided that the price at which Ordinary Shares may be acquired under a Bonus Award is not reduced below its nominal value except where the Company puts in place arrangements to pay up the nominal value at the date of issue of Ordinary Plan Shares (or the difference between the adjusted price and the nominal value as the case may be).

Amendment

The rules of the Bonus Plan may be amended by the Board from time to time, provided that the prior approval of the Shareholders in general meeting will be required for amendments to the advantage of award holders relating to eligibility and limits under the Bonus Plan, the basis for determining an eligible employee's entitlement to a Bonus Award, the persons to whom a Bonus Award may be made, and adjustments that may be made on any variation in the share capital of the Company, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company. Any minor amendment to benefit the administration of the Bonus Plan, to take into account a change in legislation, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made without Shareholder approval.

No amendment may be made which would materially adversely affect the rights of a holder of a Bonus Award unless the amendment is made to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement or consent is sought from any affected holders.

Benefits not pensionable

Benefits received under the Bonus Plan are not pensionable.

8.5 Softcat EBT

The Softcat EBT was established by the Company on 22 May 2005 as a discretionary employee benefit trust. The Softcat EBT may hold Ordinary Shares required to satisfy awards and options granted under the Company's share plans and incentive schemes. The trustee of the Softcat EBT may acquire or be issued with Ordinary Shares for this purpose and the Company may provide sufficient funds by way of loan or gift to it. Currently, the trustee of the Softcat EBT is Capita Trustees Limited. The class of beneficiaries of the Softcat EBT includes employees and former employees of the Company and their relatives. The Company has the power to appoint new and additional trustees or to remove any trustee. With the agreement of the trustee, the Company may amend the trust deed governing the Softcat EBT.

As at the date of this Prospectus, the Softcat EBT holds no Ordinary Shares.

8.6 Employee Award

After Admission, the Company intends to award each eligible employee up to £3,600 worth of Free Shares under the SIP, depending on their length of service. Pursuant to the terms of the SIP, the Company intends to contribute funds to the SIP Trustee to be used by the SIP Trustee to subscribe for Free Shares on behalf of such employees. The Company expects to issue these Free Shares within 90 days from Admission. Applications will be made to the FCA and the London Stock Exchange for the admission of any Free Shares issued pursuant to the Employee Award to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

The Employee Award is not part of the Global Offer and, therefore, the terms of the Employee Award will be communicated to eligible employees in a separate communication and in accordance with the terms of the SIP.

9. PENSIONS

The Company operates a defined contribution pension scheme. As at 31 July 2015, contributions payable by the Company were £0.2 million.

10. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE ORDINARY SHARES

Other than as provided by the City Code on Takeovers and Mergers of the United Kingdom (the "City Code") and Chapter 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares or the Company.

10.1 Mandatory bids

The City Code applies to the Company. Under Rule 9 of the City Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Panel on Takeovers and Mergers (the "Takeover Panel")) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

10.2 Squeeze-out rules

Under the Companies Act, if a “takeover offer” (as defined in section 974 of the Companies Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

10.3 Sell-out rules

The Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. in value of the shares and not less than 90 per cent. of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

10.4 Rule 9 disclosures

Overview

For the purposes of the City Code (which is described in paragraph 10.1 above), the Company understands that shareholders in a company before a public offering of its shares, together with their closely connected persons/friends, will be acting in concert with each other unless the contrary can be established. The Company further understands that, until such time as the relevant shareholder of the Company prior to Admission (“**Existing Shareholder**”) or his or her connected persons can rebut this presumption, each of Peter Kelly and his family members, Gilbert John Chalk and Alan Putt (as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary), John Nash, Martin and Mandy Hellowell (individually and as trustees of a trust of which they and/or their family members are beneficiaries) and Brian Wallace are presumed to be acting in concert for the purposes of the City Code (the “**Presumed Concert Party Group**”). On Admission, the Presumed Concert Party Group will hold 52.6 per cent. of the Company’s total issued share capital.

In relation to the Presumed Concert Party Group:

- (a) Peter Kelly and his family members accept that they are acting in concert with each other (and collectively will, on Admission, hold 36.4 per cent. of the Company’s total issued share capital);
- (b) Martin and Mandy Hellowell (individually and as trustees of a trust of which they and/or their family members are beneficiaries) accept that they are acting in concert with one another and such trust (and collectively will, on Admission, hold 8.3 per cent. of the Company’s total issued share capital); and
- (c) each of Gilbert John Chalk and Alan Putt (as trustees of a trust of which John Nash is the ultimate beneficiary) and John Nash accept that they are acting in concert with each other (and collectively will, on Admission, hold 7.5 per cent. of the Company’s total issued share capital).

Notwithstanding the above presumption and save for the accepted concert parties described above, each of Peter Kelly and his family members, Gilbert John Chalk and Alan Putt (as trustees of a trust of which John Nash is the ultimate beneficiary), John Nash, Martin and Mandy Hellowell (individually and as trustees of a trust of which they and/or their family members are beneficiaries) and Brian Wallace is of the view that they are not actually acting in concert and have confirmed to the Company in writing that there will be no agreement or understanding (whether formal or informal) in place between any of them and between any of them and any Shareholders who are also employees on or following Admission to co-operate to obtain or consolidate control (as defined in the City Code) of the Company or to frustrate the successful outcome of an offer for the Company following Admission. Further, the Panel has agreed with a submission by the Company that no other Existing Shareholder is acting in concert with any member of the Presumed Concert Party Group.

Stabilisation arrangements in connection with the Global Offer

Under the stabilisation arrangements described in Part VII (*Details of the Global Offer*) of this Prospectus, the Stabilising Manager may borrow Ordinary Shares (representing in aggregate up to 15 per cent. of the total number of Offer Shares) from the Over-allotment Shareholders under the terms of the Stock Lending Agreement for the purposes of satisfying over-allotments of Ordinary Shares. The Stabilising Manager will, within 30 calendar days of the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange, re-deliver to the Over-allotment Shareholders equivalent securities in respect of any borrowing it makes under the terms of the Stock Lending Agreement by transferring the same number of Ordinary Shares to the Over-allotment Shareholders as the Stabilising Manager has borrowed from the Over-allotment Shareholders. The Stabilising Manager may also utilise the Over-allotment Option to acquire Ordinary Shares representing in aggregate up to 15 per cent. of the total number of Offer Shares (prior to the utilisation of the Over-allotment Option) from the Over-allotment Shareholders whereupon the Over-allotment Shareholders will be obliged to transfer such Ordinary Shares to the Stabilising Manager.

As a result of the combined effect of lending Ordinary Shares pursuant to the Stock Lending Agreement and granting the Over-allotment Option, the Over-allotment Shareholders' shareholding in the Company can only remain the same or decrease from what its shareholding would be if it were not party to any stabilisation arrangements. In particular, the Over-allotment Shareholders' shareholding in the Company will return to its original level when the loan is repaid and then decrease if the Stabilising Manager acquires Ordinary Shares from it pursuant to utilisation of the Over-allotment Option.

The Company understands that, pursuant to Note 4 on the definition of "Interests in securities" and Note 17 on Rule 9.1 in the City Code, none of the Over-allotment Shareholders will be treated as having disposed of an interest in any Ordinary Shares when it lends Ordinary Shares to the Stabilising Manager under the Stock Lending Agreement and will not therefore be treated as having increased its interest in Ordinary Shares upon the redelivery of the lent Ordinary Shares. Accordingly, no Rule 9 mandatory offer obligation will arise under the stock lending arrangements.

An announcement will be made by the Company or by the Stabilising Manager on its behalf following utilisation of the Over-allotment Option, not later than one week after the end of the stabilisation period, and a further announcement will be made to record the movements that have taken place in the Over-allotment Shareholders' shareholding in the Company consequent upon the arrangements referred to above.

Acquisitions of further shares following Admission

Prospective investors should be aware that, assuming that the Over-allotment Option is not exercised in full, following Admission, the members of the Presumed Concert Party Group may between them hold more than 50 per cent. of the Company's voting share capital and (if the Presumed Concert Party Group was deemed to exist at any relevant time) may accordingly be able to increase their aggregate shareholding without incurring any obligation under Rule 9.1 to make a general offer, although, individual members of the Presumed Concert Party Group or any sub-group of the Presumed Concert Party Group will not, without the consent of the Takeover Panel, be able to increase their interests in Ordinary Shares through a Rule 9 threshold (i.e., to or through 30 per cent. of the Company's voting share capital or any increase between (and including) 30 per cent. but no more than 50 per cent. of the Company's voting share capital) without incurring an obligation under Rule 9 to make a general offer for the Company.

In addition, each member of the Presumed Concert Party Group has entered into a standstill arrangement with the Company pursuant to which each member of the Presumed Concert Party Group has undertaken not to acquire any interest in shares in the Company if and for so long as the aggregate interest of any concert party of which that member is presumed to be a member exceeds 50 per cent. of the Company's voting share capital. The Company understands that members of the Presumed Concert Party Group have also entered into a separate agreement among themselves whereby no member will acquire any interest in Ordinary Shares without the others' prior written consent.

11. MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company since its incorporation and are, or may be, material or that contain any provision under which the Company has any obligation or entitlement which is or may be material to the Company as at the date of this Prospectus.

11.1 Underwriting Agreement and Deed Polls of Election

On 13 November 2015, the Company, the Directors, the Core Selling Shareholders, the Over-allotment Shareholders, the Joint Sponsors and the Joint Bookrunners entered into the Underwriting Agreement, under which the Joint Bookrunners have agreed, subject to certain conditions that are typical for an agreement of this nature, the last condition being Admission, to use their respective reasonable endeavours to procure purchasers for the Offer Shares at the Offer Price. Separate Deed Polls of Election have been executed by each of the Selling Shareholders (other than the Core Selling Shareholders) under which such Selling Shareholders have agreed to sell all or a portion of their existing Ordinary Shares.

The Global Offer will be fully underwritten. For their services in connection with the Global Offer and provided the Underwriting Agreement becomes wholly unconditional and is not terminated, the Joint Bookrunners shall be entitled to a commission, together with any VAT chargeable thereon:

- payable by each Selling Shareholder, equal to 2 per cent. of the product of the Offer Price and total number of Offer Shares sold by that Selling Shareholder in the Global Offer; and
- payable by each Over-allotment Shareholder, equal to 2 per cent. of the product of the Offer Price and total number of Over-allotment Shares sold by that Over-allotment Shareholder pursuant to the exercise of the Over-allotment Option, if any.

In addition, the Company, in consultation with the Core Selling Shareholders, may, in its absolute and sole discretion, grant the Joint Bookrunners an additional commission, together with any VAT chargeable thereon, payable by the Company, of up to 1 per cent. of the product of the Offer Price and the aggregate of (x) the total number of Offer Shares sold by the Selling Shareholders in the Global Offer and (y) the total number of Over-allotment Shares sold by the Over-allotment Shareholders pursuant to the exercise of the Over-allotment Option, if any, payable to the Joint Bookrunners in such proportions as the Company shall, in its absolute and sole discretion, determine.

The Joint Bookrunners will be entitled to be reimbursed by the Company for all their properly incurred charges, fees and expenses in connection with or incidental to the Global Offer and Admission. Under the Underwriting Agreement, the Company, the Directors and the Core Selling Shareholders have given certain market standard warranties and, in the case of the Company, indemnities to the Joint Bookrunners concerning, among other things, the accuracy of the information contained in this Prospectus.

Pursuant to the Underwriting Agreement and/or the Deed Polls of Election:

- the Company has undertaken not to issue any Ordinary Shares, other than pursuant the operation of any share schemes in existence at the date of Admission, for a period of 180 days after the date of the Underwriting Agreement;
- each Core Selling Shareholder who is not a Director (or a family member of a Director who is a Selling Shareholder) has undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 180 days after the date of the Underwriting Agreement;
- each Director (and each of his or her family members and each trustee of a trust the beneficiary of which is a Director and/or a family member of a Director, in each case who is a Selling Shareholder) has undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 365 days after the date of the Underwriting Agreement;

- each Selling Shareholder, other than the Core Selling Shareholders, who was an employee of the Company and who had a holding of Ordinary Shares of 0.5 per cent. or more of the Company's issued share capital, in each case as at the date of this Prospectus has undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 365 days after the date of the Underwriting Agreement;
- each Selling Shareholder, other than the Core Selling Shareholders, who was not an employee of the Company and who had a holding of Ordinary Shares of 0.5 per cent. or more of the Company's issued share capital, in each case as at the date of this Prospectus has undertaken not to sell any further Ordinary Shares, other than pursuant to the Global Offer, for a period of 180 days after the date of the Underwriting Agreement; and
- certain non-Selling Shareholders have undertaken not to sell any Ordinary Shares for a period of either 180 or 365 days after the date of the Underwriting Agreement,

in each case subject to customary exemptions.

In addition, pursuant to the Underwriting Agreement, the Over-allotment Shareholders have granted the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may over-allot Ordinary Shares up to a total of 15 per cent. of the total number of Ordinary Shares comprised in the Global Offer or effect other transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market.

The Joint Bookrunners have the right to terminate the Underwriting Agreement, which is exercisable in certain circumstances prior to Admission. These circumstances include the breach by the Company, any Director or any of the Core Selling Shareholders of any of the warranties, undertakings or covenants contained in the Underwriting Agreement.

The Joint Bookrunners' obligations under the Underwriting Agreement are conditional, among other things, upon Admission occurring not later than 8.00 a.m. on 18 November 2015 (or such later date and time as the Joint Bookrunners, the Core Selling Shareholders and the Company may agree) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms.

11.2 Relationship Deed

On 13 November 2015, the Company and the Founder entered into the Relationship Deed. The principal purpose of the Relationship Deed is to ensure that the Company will be capable of carrying on its business independently of the Founder and certain persons deemed to be connected with him ("**Connected Persons**").

Pursuant to the Relationship Deed the Founder, inter alia:

- shall procure that all transactions, agreements or arrangements entered into between the Company and the Founder (or any of his Connected Persons) are conducted on an arm's length basis, on normal commercial terms and in accordance with the related party transaction rules set out in Chapter 11 of the Listing Rules and the Founder shall abstain from voting on any resolution to which LR 11.1.7R(4) of the Listing Rules applies relating to a transaction with the Founder (or any of his Connected Persons) as the related party;
- 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 Company from complying with its obligations under the Listing Rules or be prejudicial to the Company's status as a listed company or the Company'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 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 Company's independence, including its ability to operate and make decisions independently from the Founder, or otherwise inconsistent with the provisions of the Relationship Deed;
- has agreed that for a period of two years from Admission, he shall not be entitled to operate, establish or acquire an undertaking which constitutes a competing business; and

- (d) has agreed that for a period of two years from Admission, he shall not (and shall procure that each of his Connected Persons shall not) solicit or encourage for service or employment any of the Executive Directors or members of Senior Management.

Furthermore, the Company and the Founder have agreed that for so long as the Founder (together with any of his Connected Persons) holds 10 per cent. of the Company's issued share capital, the Founder shall be entitled to appoint one non-executive director of the Company, although no such director has been appointed as at the date of this Prospectus.

The Relationship Deed will be effective as from Admission and remain in effect for so long as:

- (a) the Founder (and/or any of his Connected Persons) holds at least 10 per cent. of the Company's issued share capital; and
- (b) the Ordinary Shares are admitted to the premium listing segment of the Official List maintained by the FCA.

12. RELATED PARTY TRANSACTIONS

Between 1 August 2012 and the date of this Prospectus, the Company did not enter into any related party transactions (within the meaning ascribed to that term in paragraph 9 of International Accounting Standard 24, being the standard adopted according to Regulation (EC) No. 1606/2002) other than:

- (a) as disclosed in Note 32 ('Related party relationships and transactions') to the Company's historical financial information in Part VI (*Historical Financial Information*);
- (b) payroll benefit payments to employees in the ordinary course of business;
- (c) the dividend payments described in paragraph 3 of Part V (*Capitalisation and Indebtedness*);
- (d) loans made by the Company to certain members of Senior Management and other employees, each of whom is a Selling Shareholder. As at the date of this Prospectus, the aggregate amount outstanding under these loans was £1.7 million. Each loan is expected to be repaid in full by the relevant Selling Shareholder within 14 days after Admission from the net proceeds received by that Selling Shareholder under the Global Offer; and
- (e) the Relationship Deed described in paragraph 11.2 of this Part IX.

13. LITIGATION

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the previous 12 months preceding the date of this Prospectus which may have, or have had in the recent past significant effects on the Company's financial position or profitability.

14. SIGNIFICANT CHANGE

On 14 September 2015, the Company declared a dividend on all ordinary, 'A' ordinary and 'MR' shares of £40.0 million, which was paid to holders of such shares on 5 October 2015. On the same date, the Company declared a dividend on the 'MR' shares of £97,500, which was paid to the holder of the 'MR' shares on 30 September 2015. Other than the payment of these dividends, there has been no significant change in the Company's financial or trading position since 31 July 2015, being the latest date to which the Company's historical financial information in Part VI (*Historical Financial Information*) was prepared.

15. WORKING CAPITAL STATEMENT

The Company is of the opinion that it has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

16. FACILITIES

Details of Softcat's leased and owned properties, and any material encumbrances thereon, are set out in the table below.

<u>Location</u>	<u>Tenure</u>	<u>Purpose</u>	<u>Term Expiry Date</u>
Solar House, Fieldhouse Lane, Marlow, SL7 1TB	Freehold	Office	—
Lunar House, Fieldhouse Lane, Marlow, SL7 1TB	Leasehold	Office	29 April 2018
3rd Floor, Building 5, Universal Square, Devonshire Street, Manchester, M12 6JH	Leasehold	Office	13 June 2019
6th Floor, 101 Finsbury Pavement, London, EC2A 1RS	Leasehold	Office	25 December 2017
Second Floor, Eden House, 10 Eastgate Office Park, Bristol, BS5 6XY	Leasehold	Office	25 November 2018
3rd Floor, St Andrews House, 119 and 121 The Headrow, Leeds, LS1 5JW	Leasehold	Office	11 January 2020

17. CONSENTS

17.1 Ernst & Young LLP has given and has not withdrawn its written consent to the inclusion of its name and its accountant's report as included in Part VI (*Historical Financial Information*) and the references thereto in the form and context in which they appear and has authorised the contents of its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

17.2 A written consent under the Prospectus Rules is different from a consent filed with the Securities Exchange Commission under section 7 of the US Securities Act. As the Ordinary Shares have not been and will not be registered under the US Securities Act, Ernst & Young LLP has not filed a consent under section 7 of the US Securities Act.

18. GENERAL

18.1 The historical financial information contained in this Prospectus does not constitute full statutory accounts as referred to in section 434(3) of the Companies Act. Statutory audited accounts of the Company have been delivered to the Registrar of Companies in respect of the accounting periods ended 31 July 2013, 2014 and 2015.

18.2 The information set out in this Prospectus that has been sourced from third parties has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

19. DOCUMENTS AVAILABLE FOR INSPECTION

19.1 Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months from the date of publication of this Prospectus:

- (a) the Articles;
- (b) the report of Ernst & Young LLP set out in Part VI (*Historical Financial Information*);
- (c) the consent letter referred to in paragraph 17.1 of this Part IX; and
- (d) this Prospectus.

19.2 Copies of this Prospectus are also available for inspection at the National Storage Mechanism at www.morningstar.co.uk/uk/nsm.

19.3 For the purposes of PR 3.2.4 of the Prospectus Rules, the Prospectus will be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months from the date of publication of this Prospectus at the registered office of the Company at Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW. In addition, the Prospectus will be published in electronic form and be available on the Company's website at www.softcat.com, subject to certain access restrictions.

PART X—DEFINITIONS AND GLOSSARY

The following definitions will apply throughout this Prospectus unless the context otherwise requires.

“£” or “p” or “pounds sterling” or “pence”	the lawful currency of the United Kingdom;
“Accumulation Period”	the specified period over which an eligible Softcat employee may be allowed to accumulate sufficient funds through pre-tax payroll deductions to acquire Partnership Shares;
“adjusted invested capital”	either (i) total equity; or (ii) in respect of the years ended 31 July 2014 and 2015 only, total equity as at the end of the relevant period plus 3.0 per cent. of revenue less cash and cash equivalents for the relevant period;
“adjusted operating profit”	operating profit before exceptional items and share-based payment charges;
“adjusted operating profit / gross profit margin”	adjusted operating profit as a percentage of gross profit;
“adjusted operating profit margin”	adjusted operating profit as a percentage of revenue;
“Admission”	admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities;
“Apple”	Apple Inc.;
“Articles”	the Company’s articles of association;
“Audit Committee”	the audit committee of the Board as described in paragraph 5.1 of Part II (<i>Directors, Senior Management and Corporate Governance</i>);
“Board” or “Directors”	the directors of the Company as at the date of this Prospectus and whose names are set out in Part II (<i>Directors, Senior Management and Corporate Governance</i>);
“Bonus Award”	a Cash Bonus Award and/or a Share Bonus Award;
“Bonus Plan”	the Softcat plc Annual and Deferred Bonus Plan adopted on 29 October 2015, conditional on Admission;
“Bribery Act”	the UK Bribery Act 2010, as amended from time to time;
“Business Day”	a day on which the London Stock Exchange and banks in London are normally open for business;
“CAGR”	compound annual growth rate;
“Capita Asset Services”	a trading name of Capita Registrars Limited;
“Cash Bonus Award”	a cash bonus that may be awarded to an eligible Softcat employee pursuant to the Bonus Plan;
“cash conversion rate”	cash generated from operations after capex as a percentage of operating profit;
“certificated” or “certificated form”	not uncertificated or in uncertificated form;
“CISA”	the Swiss Federal Act on Collective Investment Schemes;
“Cisco”	Cisco Systems, Inc.;
“Citrix”	Citrix Systems, Inc.;
“City Code”	the City Code on Takeovers and Mergers of the United Kingdom;

“cloud” or “cloud computing”	shared, remotely accessible IT solutions;
“Code”	the US Internal Revenue Code of 1986, as amended;
“Companies Act”	the Companies Act 2006, as amended;
“Company” or “Softcat”	Softcat plc, a public limited company incorporated under the laws of England and Wales with registered number 2174990, or Softcat Limited, the previous name of Softcat plc prior to its re-registration on 19 October 2015, as the context requires;
“Core Selling Shareholders”	Peter Kelly and certain of his family members, Martin Hellawell, certain of his family members and the trustees of a trust of which Martin Hellawell and certain of his family members are beneficiaries, and Gilbert John Chalk and Alan Putt as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary;
“Corporate Governance Code”	the UK Corporate Governance Code as published by the Financial Reporting Council;
“Corporations Act”	the Corporations Act 2001 of the Commonwealth of Australia;
“Credit Suisse Securities”	Credit Suisse Securities (Europe) Limited;
“CREST”	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as “Operator” pursuant to the CREST Regulations;
“CREST Regulations”	the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755);
“CSOP”	the Softcat Company Share Option Plan adopted on 16 May 2011 and approved by HMRC on 27 May 2011, as amended on 24 June 2014;
“customer”	a sales account, with a unique post code, that has traded with the Company in the relevant financial period;
“Deed Polls of Election”	the separate deed polls of election executed by each of the Selling Shareholders who are not Core Selling Shareholders;
“Dell”	Dell Inc.;
“Disclosure and Transparency Rules”	the disclosure rules and the transparency rules made under Part VI of FSMA;
“Dividend Shares”	Ordinary Shares that may be issued to an employee participating in the SIP in lieu of cash dividends on Ordinary Shares held by the SIP Trustee on behalf of that employee;
“EEA”	the European Economic Area;
“EIR”	effective interest rate;
“Employee Award”	the award to be made by the Company after Admission to certain eligible employees of up to £3,600 worth of new Ordinary Shares (at the Offer Price) each as part of a free share award made under the SIP;
“enterprise customer”	a corporate customer with 2,000 or more personal computers;
“existing customer”	a customer with which Softcat has traded in both the current and immediately previous financial year;
“Existing Shareholders”	shareholders of the Company prior to Admission;
“Euroclear”	Euroclear UK and Ireland Limited;

“ FATCA ”	the United States Foreign Account Tax Compliance Act provisions of the US Hiring Incentives to Restore Employment Act 2000, which implemented sections 1471 through 1474 of the Code, any agreements entered into pursuant to section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreements entered into in connection with sections 1471 through 1474 of the Code;
“ FATCA Withholding ”	withholding on payments in respect of certain Ordinary Shares imposed by the provisions of FATCA;
“ FCA ”	the UK Financial Conduct Authority (or its successor bodies);
“ Financial Instruments and Exchange Act ”	the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended);
“ Founder ”	Peter Kelly;
“ Free Shares ”	Ordinary Shares that may be awarded to an eligible Softcat employee pursuant to a free share award under the SIP;
“ FSMA ”	the Financial Services and Markets Act 2000, as amended;
“ Global Offer ”	the offer for sale by the Selling Shareholders of the Offer Shares;
“ Good Leaver Reasons ”	the reasons an employee may cease employment as set out in the sub-paragraph entitled “Cessation of Employment” of paragraph 8.4 of Part IX (<i>Additional Information</i>);
“ gross profit margin ”	gross profit as a percentage of revenue;
“ HMRC ”	HM Revenue and Customs of the United Kingdom;
“ HP ”	The Hewlett-Packard Company;
“ IaaS ”	infrastructure-as-a-service;
“ IFRS ”	the International Financial Reporting Standards, as adopted by the European Union;
“ IGA ”	the inter-governmental agreement between the United Kingdom and the United States to implement FATCA in the United Kingdom;
“ IRS ”	the US Internal Revenue Service;
“ ISIN ”	International Securities Identification Number;
“ IT channel ”	the means of indirect distribution of IT products by IT vendors, including through their distributors who are authorised to make products available to resellers, including VARs;
“ Jefferies ”	Jefferies International Limited;
“ Joint Sponsors ”	Credit Suisse International and Jefferies;
“ Joint Global Co-ordinators ” and “ Joint Bookrunners ”	Credit Suisse Securities and Jefferies;
“ large enterprise customer ”	a corporate customer with 10,000 or more personal computers;
“ large public sector customer ”	a central government customer;
“ Lenovo ”	Lenovo Group Ltd.;
“ Listing Rules ”	the listing rules made by the UK Listing Authority under section 73A of FSMA;

“ London Stock Exchange ”	the London Stock Exchange plc;
“ lower enterprise customer ”	a corporate customer with 2,000-9,999 personal computers;
“ LTIP ”	the Softcat plc Long-Term Incentive Plan adopted on 29 October 2015, conditional on Admission;
“ LTIP Awards ”	awards of options over Ordinary Shares, conditional rights to acquire Ordinary Shares and restricted Ordinary Shares made pursuant to the LTIP;
“ Matching Shares ”	Ordinary Shares that may be awarded to an eligible Softcat employee in a ratio of two Matching Shares to each Partnership Share purchased by that employee;
“ medium customer ”	a corporate customer with 250-1,999 personal computers;
“ micro customer ”	a corporate customer with up to 49 personal computers;
“ Microsoft ”	Microsoft Corporation;
“ Mimecast ”	Mimecast Limited;
“ Model Code ”	the Model Code on Share Dealing included in the Listing Rules;
“ NOC ”	network operating centre;
“ Nomination Committee ”	the nomination committee of the Board as described in paragraph 5.3 of Part II (<i>Directors, Senior Management and Corporate Governance</i>);
“ NPS ”	a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix which Softcat defines as the percentage of customers who answer “9” or “10” less the percentage of customers who answer “1” to “6” in response to the question, “On a scale of 1-10 (with 1 being not likely at all and 10 being very likely), what is the likelihood that you would recommend Softcat as a supplier, either to other parts of your business or to another organisation?”;
“ Offer Price ”	240 pence per Ordinary Share;
“ Offer Shares ”	the existing Ordinary Shares being offered for sale by the Selling Shareholders pursuant to the Global Offer;
“ Official List ”	the list maintained by the UK Listing Authority pursuant to Part VI of FSMA;
“ operating profit after tax ”	operating profit less income tax expense calculated using the standard rate of UK corporation tax for the period;
“ Ordinary Shares ”	ordinary shares of £0.0005 each in the capital of the Company;
“ Over-allotment Option ”	the over-allotment option granted to the Stabilising Manager by the Over-allotment Shareholders pursuant to the Underwriting Agreement;
“ Over-allotment Shareholders ”	Peter Kelly, Martin Hellawell and Gilbert John Chalk and Alan Putt as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary;
“ Over-allotment Shares ”	Ordinary Shares sold by the Over-allotment Shareholders pursuant to the exercise of the Over-allotment Option (if it is exercised);
“ Partnership Shares ”	Ordinary Shares that may be purchased by an eligible Softcat employee pursuant to a partnership share award under the SIP;

“ PCAOB Standards ”	the auditing standards of the Public Company Accounting Oversight Board;
“ PFIC ”	passive foreign investment company;
“ Presumed Concert Party Group ”	Peter Kelly and his family members, Gilbert John Chalk and Alan Putt (as trustees of a trust of which John Nash, a former director of the Company, is the ultimate beneficiary), John Nash, Martin and Mandy Hellowell (individually and as trustees of a trust of which they and/or their family members are beneficiaries) and Brian Wallace;
“ Prospectus ”	this Prospectus;
“ Prospectus Directive ”	Directive 2003/71/EC as amended and including any relevant implementing measure in each Relevant Member State;
“ Prospectus Rules ”	the Prospectus rules made by the UK Listing Authority under section 73A of FSMA;
“ public sector customer ”	a UK government, healthcare or education customer;
“ QEF ”	qualifying electing fund;
“ QIB ”	a “qualified institutional buyer” as defined in Rule 144A;
“ Registrar ”	Capita Registrars Limited;
“ Regulation S ”	Regulation S under the US Securities Act;
“ Regulations ”	the UK regulations giving effect to the IGA, which came into effect on 1 September 2013;
“ Relationship Deed ”	the deed dated 13 November 2015 entered into by the Company and the Founder;
“ Relevant Member State ”	a member state of the EEA which has implemented Directive 2003/71/EC;
“ Remuneration Committee ”	the remuneration committee of the Board as described in paragraph 5.2 of Part II (<i>Directors, Senior Management and Corporate Governance</i>);
“ restriction notice ”	a notice given by the Company to a Shareholder following that Shareholder’s failure to comply with a statutory notice as used in paragraph 5.2 of Part IX (<i>Additional Information</i>);
“ return on invested capital ”	the ratio of operating profit after tax to total equity;
“ return on adjusted invested capital ”	the ratio of operating profit after tax to adjusted invested capital;
“ RIS ”	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulated information from listed companies;
“ RSA ”	the New Hampshire Revised Statutes Annotated 1955, as amended;
“ Rule 144A ”	Rule 144A under the US Securities Act;
“ SaaS ”	software-as-a-service;
“ Schedule 2 ”	Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003;
“ Schedule 4 ”	Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003;
“ SDRT ”	UK stamp duty and stamp duty reserve tax;

“Section A”	Section A of the CSOP;
“Section B”	Section B of the CSOP;
“Selling Shareholders”	the Core Selling Shareholders collectively with all other Shareholders who have agreed to sell existing Ordinary Shares pursuant to the Deed Polls of Election;
“Senior Management”	the members of the senior management team of the Company as at the date of this Prospectus, whose names are set out in Part II (<i>Directors, Senior Management and Corporate Governance</i>);
“Share Bonus Award”	an award in the form of options over Ordinary Shares, conditional rights to acquire Ordinary Shares and/or restricted Ordinary Shares that may be made to an eligible Softcat employee pursuant to the Bonus Plan;
“Shareholder”	a registered holder of an Ordinary Share;
“SID”	senior independent director;
“SIX”	the SIX Swiss Exchange;
“SIP”	the Softcat plc Share Incentive Plan adopted on 29 October 2015, conditional on Admission;
“SIP Trust”	the UK resident trust through which the SIP is operated;
“SIP Trustee”	the professional third-party trustee of the SIP Trust;
“small customer”	a corporate customer with 50–249 personal computers;
“small-to-medium public sector customer”	a local government, public education or healthcare customer;
“SMB”	a small-to-medium sized business;
“SMB customer”	a corporate customer with up to 1,999 personal computers;
“Snow”	Snow Software Limited;
“Softcat EBT”	the Softcat Employee Share Trust;
“Sophos”	Sophos Group plc;
“SPLA”	service provider licence agreement;
“Stabilising Manager”	Jefferies;
“statutory notice”	a notice under section 793 of the Companies Act as used in paragraph 5.6 of Part IX (<i>Additional Information</i>);
“Stock Lending Agreement”	the stock lending agreement dated 13 November 2015 between the Stabilising Manager and the Over-allotment Shareholders;
“Symantec”	Symantec Corporation;
“Takeover Panel”	the Panel on Takeovers and Mergers;
“UK GAAP”	generally accepted accounting practice in the United Kingdom;
“uncertificated” or “in uncertificated form”	recorded on the register of members as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
“Underwriting Agreement”	the underwriting agreement dated 13 November 2015 among the Company, the Directors, the Core Selling Shareholders, the Over-allotment Shareholders, the Joint Sponsors and the Joint Bookrunners;

“United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US GAAP”	generally accepted accounting principles in the United States;
“US GAAS”	generally accepted auditing standards in the United States;
“US Holder”	a beneficial owner of Ordinary Shares who, for US federal income tax purposes, is: (1) an individual citizen or a resident of the United States; (2) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised in or under the laws of the United States or any state thereof or the District of Columbia; (3) an estate the income of which is subject to US federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have authority to control all substantial decisions of the trust; or (B) that has a valid election in effect under applicable US Treasury regulations to be treated as a US person;
“US Securities Act”	the US Securities Act of 1933, as amended;
“VAR”	value-added reseller;
“VAT”	value added tax;
“Veeam”	Veeam Software UK Limited; and
“VMWare”	VMware, Inc.



Softcat plc

Fieldhouse Lane
Marlow
Buckinghamshire
SL7 1LW

www.softcat.com