

SOFTCAT plc
(‘Softcat’, the ‘Group’)

Half year results for the six months to 31 January 2025

Strong first half performance with positive momentum

Softcat plc (LSE: SCT.L), a leading UK provider of IT infrastructure products and services, today announces its half year results for the six months to 31 January 2025 (‘the period’).

These results demonstrate continued successful strategic execution, enabling the delivery of further strong growth in gross profit and operating profit, together with healthy cash generation. Our performance in the period, coupled with an encouraging second half pipeline, provides us with the confidence to upgrade full year operating profit guidance.

Financial Summary

	Six months ended		
	31 January	31 January	Change
	2025	2024	
	£m	£m	
Gross invoiced income^a	1,507.1	1,263.5	19.3%
Revenue^b	545.6	467.2	16.8%
Gross profit	220.2	196.5	12.1%
Operating profit	73.7	66.7	10.4%
Cash conversion %^c	110.9%	101.1%	9.8ppts
Interim dividend (p)	8.9p	8.5p	4.7%
Basic earnings per share (p)	28.7p	25.6p	12.3%

Highlights for the six months to 31 January 2025

- Continued double-digit growth of 12.1% in gross profit and 19.3% in gross invoiced income, reflecting broad-based success across technology areas and customers.
- Strong operating profit growth of 10.4%, delivering another record first half profit.
- Further targeted strategic investment to underpin future growth, with headcount up 6.0% on the prior period.
- Continually evolving technology and service proposition supports our ability to take market share and add further scale in a growing industry.
- Strong cash conversion of 110.9%, with closing cash of £141.0m.
- Interim ordinary dividend growth of 4.7% to 8.9p, in line with progressive policy.
- Outlook: operating profit growth in the first six months of the financial year is slightly ahead of the Board’s expectations. We continue to expect to deliver another year of double-digit gross profit growth in FY2025, with operating profit growth now expected to be low double-digit, up from high single-digit previously.

^a Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue items. This is an Alternative Performance Measure (APM). For further information on this, please refer to the CFO Report on page 9.

^b Revenue is reported under IFRS 15, the international accounting standard for revenue. IFRS 15 requires judgements be made to determine whether Softcat acts as principal or agent in certain trading transactions. These judgements, coupled with slight variations of business model and contractual arrangements between IT Solutions Providers, means the impact of IFRS 15 across the peer group is not uniform. Income prior to the IFRS 15 adjustment is referred to as gross invoiced income, which is an Alternative Performance Measure (APM).

^c Cash conversion is defined as net cash generated from operating activities before tax but after capital expenditure, as a percentage of operating profit. This is also an Alternative Performance Measure. For further information on this, please refer to the CFO Report on page 9.

Graham Charlton, Softcat CEO, commented,

“We have continued to successfully implement our strategy, resulting in a first half performance slightly above our initial expectations and an upgrade to full year guidance, despite the persistent backdrop of generally more challenging trading conditions. Our progress is attributable to the breadth of our offering and sustainability of our growth model, powered by Softcat’s special culture and the differentiated customer service it delivers.

We are excited by the rapid pace of innovation across our industry, with more organisations embedding AI and automation into their systems and processes. Our existing capabilities and continued investment mean we are well positioned to support the evolving technological needs of our customers, enabling us to sustainably grow market share. Should a compelling opportunity arise, our financial strength also provides us with the flexibility to accelerate further through acquisitions.

As ever, these results are only possible thanks to the tremendous efforts of the entire Softcat team. I would like to thank all our people for their positive attitude, customer focus and outstanding support for each other. Reflecting the strength of collaboration between our people, customers and partners, we have an incredible opportunity to build on our current momentum and further improve our market-leading UK position.”

Outlook

Operating profit growth in the first six months of the financial year is slightly ahead of the Board’s expectations. We continue to expect to deliver another year of double-digit gross profit growth in FY2025, with operating profit growth now expected to be low double-digit, up from high single-digit previously, supported by an encouraging second half pipeline.

Softcat operates in a significant and growing market, and we continue to invest to capitalise on this exciting growth potential, to drive further market share gains.

Analyst and investor call

The management team will host an investor and analyst conference call at 9.30am UK time, on Wednesday, 19 March 2025. To join the conference call, please use the following webcast link:

https://brrmedia.news/SCT_HY_25

Please register approximately 10 minutes prior to the start of the call.

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Forward-looking statements

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements.' By their nature, such statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements.

Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the Financial Conduct Authority, the Group undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect subsequent events or circumstances following the date of this announcement.

This announcement has been determined to contain inside information. The responsible individual for insider information at Softcat plc is Luke Thomas (Company Secretary).

Chief Executive Officer's Review

Performance and market conditions

We have continued to successfully execute on our strategy, delivering another strong performance in the period, which was slightly ahead of our expectations. These results are particularly pleasing given the ongoing challenges within the UK economy and are testament to the quality of our business. Our success reflects the resilience and sustainability of our growth model, which is based upon the breadth of our product offering and the trust placed in us by a large and diverse customer base.

During the period we made further good progress against our two key strategic goals: winning new customers, up 1.4% year-on-year, and selling more to existing customers, with an increase of 10.7% in gross profit (GP) per customer. Growth was once again broad-based but especially strong in security, networking and data centre infrastructure, with a number of customers making significant investments in these technologies.

We continue to invest in the long-term relevance of our offering, building further depth in our data, AI and automation capabilities. In addition, we are bolstering our own internal data and systems to generate insights and analysis that can be leveraged by our sales teams, further enhancing the customer experience and improving collaboration with our vendor partners. While our growth to date has been entirely organic, the strength of our financial position means that we could also complement the development of our offering through acquisitions, should a compelling opportunity arise.

We are excited by the pace at which our industry is innovating, providing us with significant opportunities for growth in the years ahead, supported by our unique culture and the richness of our customer proposition. In the near term, we have a confident outlook for the remainder of this financial year, resulting in an upgrade to our operating profit growth guidance for the full year. This is based on the strength of our execution in the first half as well as an encouraging second half pipeline.

Customer priorities and technology trends

Technology plays a critical role in many organisations, to help drive growth, increase productivity and efficiency, and to improve customer experience. The rapid pace of technological innovation places huge demands on organisations to invest in the right IT solutions and services at the right time. Softcat helps customers to navigate this increasingly complex IT landscape, supporting their unique requirements by enabling them to harness the latest innovations, deploy effective solutions and achieve greater success. Softcat has done this successfully for years, and we believe we are better placed than ever given the investments we have continued to make through different economic and technology cycles.

Our annual customer experience survey highlighted cyber security as the most common customer priority, reflecting the relentless development of new cyber threats and the need to protect proliferating and increasingly sensitive data and operating systems. This means organisations must constantly adapt to emerging methods of attack, alongside implementing comprehensive monitoring to mitigate security risks. We are also seeing a significant increase in organisations embedding AI and automation into their systems and processes, either hosted in the cloud or deployed at the edge of the network, both within existing applications or through bespoke proprietary development. All this innovation is encouraging more organisations to promote a data-driven culture across their operations which in turn creates demand across multiple areas of our technology proposition.

The anticipated refresh cycle for end user devices is showing some signs of momentum but is not yet a significant driver of industry growth.

Strategic developments

Our strategic framework, alongside further investment in our own data and digital strategies, enables us to deliver a highly relevant customer proposition, while also accommodating the rapid pace of vendor innovation. The five pillars of our technology proposition cover all aspects of modern IT infrastructure and, by framing our offering in this way, we make our services more easily accessible.

We have also established a service offering across each of these five technology towers, covering advisory, architecture, implementation, support and managed, and recently appointed a new Service Operations Director. This new role will ensure that what is now one of the UK's largest and most diverse infrastructure services offerings is continually enhanced and delivered to the right customers in an efficient manner at the right time.

As part of our investment in our data and digital strategy, and in common with many of our customers, we are investing in the Microsoft ecosystem as part of our own technology stack. We have rolled out Microsoft Copilot across our employee base, enabling new ways of working and improving both productivity and quality of work. We have also recently selected Microsoft Dynamics to replace our current sales system. This will enable us to improve our customer and employee experience by leveraging integrated AI functionality between core systems.

Work has taken place during the period on our evolved UK vendor management framework, which is due to be launched later this year. The framework will allow us to work more effectively with our strategic vendors and is clearly aligned with our growth strategy and technology proposition.

We have also continued to invest in our capabilities to serve large and complex customers, alongside growing our multinational customer base. We now have an extensive network of branches in Europe, APAC and an office in Virginia, USA. As we pursue further growth by serving more of our customers' operations outside the UK and Ireland, we expect to continue expanding our international footprint and recently established a presence in Germany.

People and culture

Nurturing Softcat's unique culture will always be at the centre of our strategy; it forms the foundation of our ongoing success in delivering exceptional customer service and sustainable growth. Our relentless efforts in maintaining Softcat's special culture create an environment where our people display enormous passion, working collaboratively and support each other as they strive to meet the needs of customers. This creates the cycle of trust that results in customers placing more of their requirements through us, fuelling further investment in our offering, and reinforcing our key competitive advantages. In our annual employee engagement survey, undertaken in October 2024, we achieved an employee net promoter score of 55 (FY2024: 59), which remains at a market-leading level.

We have continued to invest in our people and during the first half we increased total headcount by 6.0% year-on-year to 2,617 with new hires focused across our technical, specialist and sales support functions, as we build our capability to do more with existing customers. We anticipate net headcount expansion for the full year to be in the range of 6-8%.

Softcat champions diversity, equity, and inclusion through employee community groups, inclusion training, and strategic partnerships. By fostering an inclusive culture, we create a workplace where all employees thrive. We are delighted to have received excellent recognition for our efforts, not only from our people, but also through external awards. Softcat won the Best Diversity Initiative Award at the CRN Channel Awards in October 2024,

with our entry highlighting the work we have done to meet our ambition of reaching a 35% female gender balance (now raised to a new target of 40%). At the same event, we also won the Cultural Inclusion Company of the Year Award and were highly commended in the Equitable Place to Work and Championing Diversity Award. Elsewhere, Softcat has been recognised in the Fortune 100 Best Companies to Work for in Europe, which showcases the best large and multinational organisations successfully creating cultures that put people first.

Our continued fast pace of growth and our focus on creating vibrant and welcoming office environments, have necessitated moves to new locations across several of our office sites. In November 2024, we settled into our new Birmingham office, which has seen average daily attendance increase by a fifth since opening. In March 2025, we moved our London presence to one of the single largest floorplates in the City, and a new Bristol office will also open soon. These changes enable us to provide facilities to enhance wellbeing and collaboration between our people, vendors and customers, and ensure that we can continue to successfully scale across all our UK regions.

Sustainability

We are focused on making progress across all areas of sustainability in the IT industry. Our integrated approach to implementing innovative environmental strategies, impactful social initiatives, and robust governance, helps us deliver on our sustainability commitments, while our close collaboration with partners and customers empowers them to achieve their own sustainability goals, creating a ripple effect of positive change.

We remain committed to minimising our direct impact on the environment and supporting wider industry efforts to reduce emissions. Mandatory sustainability training ensures a Group-wide commitment to these goals. Our successful transition to renewable energy, where possible, across our office locations and the resulting decline in our Scope 2 carbon emissions, was recently recognised as Net Zero Project of the Year at the CRN Sustainability in Tech Awards.

Our "8 Steps to Sustainable Success" framework is helping our customers decarbonise through the adoption of sustainable solutions and services. We offer tailored pre-purchase guidance, asset optimisation and post-use recycling solutions, enabling customers to extend product lifecycles and generate measurable environmental benefits that support the circular economy.

Chief Financial Officer's Review

Financial Summary	H1 FY2025	H1 FY2024	Change
<u>Gross invoiced income split</u>			
Software	£942.8m	£769.5m	22.5%
Hardware	£326.6m	£275.6m	18.5%
Services	£237.7m	£218.4m	8.8%
Total gross invoiced income¹	£1,507.1m	£1,263.5m	19.3%
<u>Revenue split</u>			
Software	£105.9m	£96.2m	10.1%
Hardware	£324.6m	£273.1m	18.9%
Services	£115.1m	£97.9m	17.6%
Total revenue	£545.6m	£467.2m	16.8%
Gross profit	£220.2m	£196.5m	12.1%
Gross profit margin ²	14.6%	15.6%	(1.0%) pts
Operating profit	£73.7m	£66.7m	10.4%
Operating profit margin ²	4.9%	5.3%	(0.4%) pts
Gross profit per customer ³	£43.1k	£38.9k	10.7%
Customer base ⁴	10.3k	10.1k	1.4%
Cash conversion ⁵	110.9%	101.1%	9.8% pts

1 Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue items. This is an Alternative Performance Measure (APM). For further information on this, please refer to page 9.

2 Gross profit margin and operating profit margin are both calculated as a percentage of gross invoiced income.

3 Gross profit per customer is defined as Gross profit divided by the customer base.

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

5 Cash conversion is defined as net cash generated from operating activities before tax but after capital expenditure, as a percentage of operating profit. This is also an Alternative Performance Measure. For further information on this, please refer to page 9.

Gross profit, revenue and gross invoiced income

Our H1 FY2025 results reflect the resilience of our business model and consistent success in strategic execution. We continue to support the IT infrastructure needs of new and existing customers through our comprehensive range of technology solutions, served by highly engaged employees providing superior customer service.

Gross profit (GP), our primary measure of income, grew by 12.1% to £220.2m, consistent with full year guidance for low double-digit growth and slightly ahead of our expectations for the first half. Market conditions have remained relatively challenging with continued macroeconomic uncertainty, and our performance in these conditions highlights the resilience of our business model, including the benefit of having a very broad portfolio of solutions catering to a diverse customer base.

GP growth was broad based across enterprise, mid-market and public sector customer segments with all growing high single-digit or double-digit. By technology area GP growth was driven by security, reflecting the continued prioritisation by customers of investment in cyber, alongside growth in data centres and networking, where demand was broad-based and supplemented by some larger orders. Workplace growth was impacted by slower recovery in client devices and some margin dilution on certain products.

By product type, hardware, software and services GP also all grew high single-digit or double-digit. Hardware growth was supported by datacentre and networking infrastructure, server and compute sales. Software GP growth was broad-based across technologies and services growth was driven by some large, high margin support service deals in the period.

Revenue is reported in accordance with IFRS 15 with some transactions (generally hardware and internally delivered services) reported gross (principal) and others (generally software and externally provided services) reported net (agent) which can make revenue trends hard to understand. We therefore continue to report GII to help provide a clearer view of underlying growth. H1 FY2025 revenue grew overall by 16.8% driven by: (1) an 18.5% increase in hardware GII due to strong datacentre, networking, server and compute sales; (2) software revenue growth of 10.1% was lower than GII growth of 22.5%, due to a lower software gross margin, reflecting product mix and a mix into high volume, low margin, transactions in the period; and (3) services revenue growth of 17.6%, reflecting a higher share of internally-delivered services, which are reported on a gross basis, and particular success in support services mentioned above.

GII increased 19.3% to £1,507.1m, driven by strong growth in software and hardware, as discussed above, while services grew by 8.8% supported by strong growth in high margin internal services. GII grew ahead of GP reflecting the impact of several higher volume, low margin sales in the period, together with the dilution in software margin described above, resulting in GP as a percentage of GII declining year-on-year to 14.6% (H1 FY2024: 15.6%).

Customer KPIs

During the period, GP per customer grew by 10.7% to £43.1k (H1 FY2024: £38.9k) and the customer base expanded by 1.4%, to 10.3k (H1 FY2024: 10.1k).

As the longevity of the relationship with our customers increases, the GP transacted with them also increases. Over time, customers buy across more technology areas and an increasing range of vendors. Loyalty, as measured by lower rate of customer churn, also significantly increases. We track this effect by measuring core KPIs among those customers transacting over £1k of GP with us each year, at which point average churn drops significantly. This number of customers in this more stable cohort, grew at 4.9% to over 8.0k during the period, with the average GP delivered from each of those customers expanding by 7.0% to £54.9k.

The long tail of customers with whom we interact less often, along with customers who have not purchased from Softcat in the last 12 months or at all, constitute future growth opportunities. The balance between winning new customers and doing more with existing customers is integral to our Account Manager model and strategic goals.

Internal analysis, incorporating data from multiple sources (Gartner, HG Insights, CRN and ICG), indicates that our market share remains around 5% in the UK. We serve approximately 20% of the customers in our target market in the UK, based on those who trade with us in two consecutive 12-month periods, which implies a 25% average share of wallet. This analysis suggests there remains a significant future growth opportunity and is supportive of our strategy to attract new customers and go deeper with our existing customers.

Operating profitability and investment in future growth

Operating profit of £73.7m (H1 FY2024: £66.7m) increased by 10.4% year-on-year, ahead of our expectations, driven by the over delivery of gross profit, with the GP growth of 12.1% partially offset by a 12.9% rise in operating costs.

Operating cost growth was driven by increased commissions broadly in line with GP growth and a 10.7% increase in wages and salaries, including average headcount growth of 6.6%, reflecting a more measured level of investment as we leverage the significant headcount growth in recent periods. Moves to new office sites also contributed to increased operating costs during the period. Our new London office was the main driver behind the increase in right-of-use assets, lease liabilities and property, plant and equipment.

As a result of the ongoing investments we are making in the long-term future of our business, the ratio of operating profit to gross profit has marginally decreased to 33.5% (H1 FY2024: 34.0%).

Corporation tax charge

The effective tax rate for H1 FY2025 was 25.2% (H1 FY2024: 25.2%) and marginally higher than the UK statutory rate of 25.0% due to the impact of non-deductible expenses. Our tax strategy continues to be focused on paying the right amount of tax in the right jurisdiction, at the right time.

Cash flow and cash conversion

The Group entered the period with £158.5m of cash and cash equivalents before paying an aggregate final ordinary and special dividend of £77.9m in December 2024. This was largely offset by strong cash generation during the first half, resulting in cash and cash equivalents at the end of the period of £141.0m (H1 FY2024: £112.5m). The Group remains debt free.

Cash conversion, defined as net cash generated from operating activities before tax but after capital expenditure, as a percentage of operating profit, was 110.9% (H1 FY2024: 101.1%). This strong performance reflects continued good working capital management, alongside the timing impact of certain customer transactions, including £16.0m paid up front by a single customer. Excluding this advanced customer payment, cash conversion would have been 89.2%, within our target cash conversion range of 85%-95%.

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

Finance net income

In the period, net interest income totalled £3.1m (H1 FY2024: £1.5m). The year-on-year increase was driven by improved management of cash and cash equivalents held in interest bearing accounts.

Dividend

An interim ordinary dividend of 8.9p per share (H1 FY2024: 8.5p), amounting to £17.8m (H1 FY2024: £17.0m), has been approved by the Board of Directors. This is in line with our updated approach to pay one-third of the previous year's ordinary dividend as an interim dividend in the current year. The interim dividend will be payable on 21 May 2025, to shareholders whose names are on the register at the close of business on 11 April 2025. Shares in the Group will be quoted ex-dividend on 10 April 2025. The last day for dividend reinvestment plan ('DRIP') elections is 29 April 2025.

Alternative Performance Measures

The Group uses two non-Generally Accepted Accounting Practice ('non-GAAP') financial measures in addition to those reported in accordance with IFRS. The Directors believe that

these non-GAAP measures which are set out below, assist in providing additional useful information on the underlying trends, sales performance and position of the Group.

Consequently, non-GAAP measures are used by the Directors and management for performance analysis, planning and reporting and have remained consistent with the prior year. These non-GAAP measures comprise gross invoiced income (or 'GII') and cash conversion.

1. **Gross invoiced income** is a measure which correlates closely to the cash received by the business and therefore aids the user's understanding of working capital movements in the statement of financial position and the relationship to sales performance and the mix of products sold. Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue as reported in the IFRS measure. A reconciliation of IFRS Revenue to gross invoiced income is provided within Note 3 of the interim financial statements.
2. **Cash conversion ratio** is net cash generated from operating activities before taxation, net of capital expenditure, as a percentage of operating profit. Cash conversion is an indicator of the Group's ability to convert profits into available cash. A reconciliation to the adjusted measure for cash conversion is provided below:

	H1 2025	H1 2024
	£'000	£'000
Net cash generated from operating activities	65,329	51,198
Income taxes paid	24,281	19,082
Cash generated from operations	89,610	70,280
Purchase of property, plant and equipment	(4,896)	(682)
Purchase of intangible assets	(2,997)	(2,115)
Cash generated from operations, net of capital expenditure	81,717	67,483
Operating Profit	73,662	66,731
Cash conversion ratio	110.9%	101.1%

Excluding an advance customer payment, cash conversion in H1 FY2025 would have been 89.2%.

Principal Risks and Uncertainties

The principal and emerging risks facing the Group have been identified and evaluated by the Board.

In assessing the Group's likely financial performance for the second half of the current financial year, these risks and uncertainties should be considered in addition to the comments made under the heading "outlook" in the Chief Executive Officer's Review.

In summary, principal risks include:

Risk	Potential impacts	Management and mitigation
BUSINESS STRATEGY		
Failure to respond to market changes including technology offering, channel disintermediation, competitor landscape and customer needs. (no change in net risk)	<ul style="list-style-type: none"> • Loss of competitive advantage • Reduced number of customers and profit per customer 	<ul style="list-style-type: none"> • Insight from ongoing industry analysis and subscriptions input into annual strategy process • Regular insights into customer priorities including climate-related through the annual customer experience survey results and 'voice of the customer' surveys. Multi-layered

		<p>relationship with strategic vendors and executive sponsor alignment</p> <ul style="list-style-type: none"> • Regular Quarterly Business Reviews with vendors • Regular meetings between senior representatives from sales, technology and vendor management teams to review technology and market trends and customer propositions.
OPERATIONAL		
Customer dissatisfaction (no change in net risk)	<ul style="list-style-type: none"> • Reputational damage • Loss of customers • Financial penalties 	<ul style="list-style-type: none"> • Dedicated Customer experience team, who manage and escalate customer dissatisfaction cases • ISO20000-1 IT Service Management and ISO-9001 Quality management certified • Ongoing customer service excellence training • 'Big-deal review' process
Cyber security risk & business interruption risk (no change in net risk)	<ul style="list-style-type: none"> • Inability to deliver customer services • Reputational damage • Financial loss • Customer dissatisfaction 	<ul style="list-style-type: none"> • ISO27001 accredited processes. Group-wide information security policy and mandatory security-related training • Regular testing of disaster recovery plans and business continuity plans • Established and documented processes for incident management, change of control, etc. • Ongoing upgrades to network. • All employees issued with corporate devices with standardised access monitoring and control • Key software used is from large multi-national companies who have a 99.9% SLA and who also provide us with SOC2 reports that provide assurance on their processes and controls • Annual penetration test by a third party
FINANCIAL		
Macro-economic factors, including geo-political conditions, impact on customer sentiment, inflationary pressures, interest and foreign currency volatility (no change in net risk)	<ul style="list-style-type: none"> • Short-term supply chain disruption • Reduced margins • Reduced customer demand • Reduced profit per customer • Higher operating costs • Customer insolvencies and cash collection challenges 	<ul style="list-style-type: none"> • Customer base is well diversified in terms of both revenue concentration but also public and commercial sector exposure • Close dialogue with supply chain partners • Market conditions are factored in our annual budgeting process • Operating costs are budgeted and reviewed regularly • Going concern and viability statements are underpinned by robust analysis of scenarios
Ineffective working capital management, including customer credit risk relating to both in-year and multi-year deals (no change in net risk)	<ul style="list-style-type: none"> • Increased bad debts • Increased cost of operations 	<ul style="list-style-type: none"> • Robust credit assessment process including use of trade credit insurance • Regular review of the aged debt position by management • Defined treasury policy covering liquidity management processes and thresholds • Regular cash forecasting, actual reporting and variance analysis to highlight any adverse trends and allow sufficient time to respond

<p>Failure to retain competitive terms with our suppliers and/or right- size our cost base compared to gross profit generated. (no change in net risk)</p>	<ul style="list-style-type: none"> • Uncompetitive pricing leading to loss of business • Reduced profitability/margins 	<ul style="list-style-type: none"> • Budgeting process and regular reviews ensure costs are managed appropriately and in consideration of gross profit growth. Any out of budget spend needs management level approval • Rebates form an important, but only minority, element of total operating profit. In addition, Rebate programmes tend to be industry standard and not specific to the Group, while vendor aligned teams ensure we optimise available rebate structures • Ongoing training to sales and operations teams to keep pace with new vendor programmes
<p>PEOPLE</p>		
<p>Loss of culture (no change in net risk)</p>	<ul style="list-style-type: none"> • Reduced staff engagement • Negative impact on customer service • Loss of talent 	<ul style="list-style-type: none"> • Culture sits at the heart of all changes that are made in Softcat. There is regular communication from Senior Leadership Team members to employees at 'Kick Off' and 'All Hands' calls about the importance of culture • Regional offices with empowered local management • Quarterly management satisfaction survey and annual all-employee survey with feedback acted upon • Regular staff events and incentives • Enhanced internal communication processes and events
<p>Talent, Capability & Leadership risk (no change in net risk)</p>	<ul style="list-style-type: none"> • Lack of strategic direction • Reduced staff engagement • Loss of talent • Loss of competitive advantage 	<ul style="list-style-type: none"> • Succession planning process in place. • Experienced and broad senior management team • Investment in robust recruitment and selection processes • Attrition tracked and action taken as necessary
<p>Regulatory and Compliance</p>		
<p>Compliance with existing regulation/legislation and being prepared for emerging regulation/legislation (no change in net risk)</p>	<ul style="list-style-type: none"> • Financial penalties • Reputational damage • Loss of customers 	<ul style="list-style-type: none"> • Significant investment in a second line of defence function (Risk Assurance and Process Improvement, Information Security, Legal and Company Secretarial teams) • Management committee in place to review second line progress and report to the Audit Committee • Ongoing engagement with specialist third parties where required

Climate change

In the prior year, in line with the approach recommended by the Taskforce on Climate-related Financial Disclosures ('TCFD') and pursuant to the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ('UK CFD'), we conducted a formal assessment of the potential impact of climate change to our business and supply chain. Please see our 2024 Annual Report and Accounts, pages 60 to 82 for more information. Climate change is already a component of the risk of failure to respond to market changes when considering the needs of our customers and how products, services and solutions might be affected by the drive towards carbon neutrality. Our most recent analysis

concluded that no other climate change-related risk is a principal risk which needs to be incorporated into the list of principal risks shown.

These risks and uncertainties have not changed significantly since those published in the 31 July 2024 Annual Report.

Going Concern

Please refer to note 2 under 'Basis of preparation'.

Cautionary Statement

This report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Interim Management Report should not be relied on by any other party or for any other purpose.

In making this report, the Group is not seeking to encourage any investor to either buy or sell shares in the Company. Any investor in any doubt about what action to take is recommended to seek financial advice from an independent financial advisor authorised by the Financial Services and Markets Act 2000.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- the condensed set of financial statements, which has been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting, has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- the Interim Management Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the Interim Management Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Neither the Group nor the Directors accept any liability to any person in relation to the half-year financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Graham Charlton

Chief Executive Officer

18 March 2025

Katy Mecklenburgh

Chief Financial Officer

18 March 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 31 January 2025

		Six months ended 31 January		Year ended 31 July
		2025	2024	2024
		Unaudited	Unaudited	Audited
	Note	£'000	£'000	£'000
Revenue	3	545,584	467,152	962,633
Cost of sales		(325,379)	(270,638)	(544,880)
Gross profit		220,205	196,514	417,753
Administrative expenses		(146,543)	(129,783)	(263,689)
Operating profit		73,662	66,731	154,064
Finance income		3,682	1,650	5,778
Finance cost		(629)	(165)	(443)
Profit before taxation		76,715	68,216	159,399
Income tax expense	4	(19,328)	(17,169)	(40,355)
Profit for the period		57,387	51,047	119,044
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Net gain on cash flow hedge		1,627	677	514
Foreign exchange differences on translation of foreign branches and subsidiaries		119	2	(620)
Total other comprehensive income/(loss)		1,746	679	(106)
Total comprehensive income for the period		59,133	51,726	118,938
Profit attributable to:				
Owners of the Parent Company		57,387	51,047	119,044
Total comprehensive income attributable to:				
Owners of the Parent Company		59,133	51,726	118,938
Basic earnings per Ordinary Share (pence)	12	28.7	25.6	59.7
Diluted earnings per Ordinary Share (pence)	12	28.6	25.5	59.4

All results are derived from continuing operations.

**Condensed Consolidated Statement of Financial Position
As at 31 January 2025**

	Note	Six months ended 31 January		Year ended
		2025	2024	31 July
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment		13,342	10,755	9,832
Right-of-use assets	6	26,752	8,779	10,066
Intangible assets		13,422	8,548	11,608
Deferred tax asset		2,497	2,623	2,571
		56,013	30,705	34,077
Current assets				
Inventories	7	21,335	3,992	2,916
Trade and other receivables	8	609,508	496,822	585,302
Cash and cash equivalents		141,045	112,455	158,454
Income tax receivable		3,980	2,184	-
		775,868	615,453	746,672
Total assets		831,881	646,158	780,749
Current liabilities				
Trade and other payables	9	(440,812)	(349,271)	(430,082)
Contract liabilities	10	(69,328)	(36,278)	(31,980)
Income tax payable		-	-	(1,141)
Lease liabilities	6	(3,422)	(2,385)	(2,253)
		(513,562)	(387,934)	(465,456)
Non-current liabilities				
Contract liabilities	10	(12,497)	(6,227)	(9,151)
Lease liabilities	6	(24,913)	(6,391)	(8,105)
		(37,410)	(12,618)	(17,256)
Total liabilities		(550,972)	(400,552)	(482,712)
Net assets		280,909	245,606	298,037
Equity				
Issued share capital	14	100	100	100
Share premium account		4,979	4,979	4,979
Cash flow hedge reserve		1,342	(122)	(285)
Foreign exchange revaluation reserve		2,857	3,360	2,738
Retained earnings		271,631	237,289	290,505
Total equity		280,909	245,606	298,037

Condensed Consolidated Statement of Changes in Equity (unaudited)

	Share capital £'000	Share premium £'000	Translation reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2023	100	4,979	3,358	(799)	243,807	251,445
Profit for the period	-	-	-	-	51,047	51,047
Impact of foreign exchange on reserves	-	-	2	-	-	2
Net gain on cash flow hedge	-	-	-	677	-	677
Total comprehensive income for the period	-	-	2	677	51,047	51,726
Share-based payment transactions	-	-	-	-	1,699	1,699
Dividends paid	-	-	-	-	(59,069)	(59,069)
Dividend equivalents paid	-	-	-	-	(98)	(98)
Tax adjustments	-	-	-	-	(97)	(97)
Balance at 31 January 2024	100	4,979	3,360	(122)	237,289	245,606
Balance at 1 August 2024	100	4,979	2,738	(285)	290,505	298,037
Profit for the period	-	-	-	-	57,387	57,387
Impact of foreign exchange on reserves	-	-	119	-	-	119
Net gain on cash flow hedge	-	-	-	1,627	-	1,627
Total comprehensive income for the period	-	-	119	1,627	57,387	59,133
Share-based payment transactions	-	-	-	-	1,652	1,652
Dividends paid	-	-	-	-	(77,907)	(77,907)
Dividend equivalents paid	-	-	-	-	(99)	(99)
Tax adjustments	-	-	-	-	93	93
Balance at 31 January 2025	100	4,979	2,857	1,342	271,631	280,909

Condensed Consolidated Statement of Cash Flows
For the six months ended 31 January 2025

		Six months ended 31 January		Year ended 31 July
		2025	2024	2024
		Unaudited	Unaudited	Audited
Note		£'000	£'000	£'000
	Net cash generated from operating activities	65,329	51,198	115,608
	Investing activities			
	Finance income	3,682	1,650	5,778
	Purchase of property, plant and equipment	(4,896)	(682)	(1,115)
	Purchase of intangible assets	(2,997)	(2,115)	(6,017)
	Net cash used in investing activities	(4,211)	(1,147)	(1,354)
	Financing activities			
	Issue of share capital	-	-	-
	Dividends paid	(77,907)	(59,069)	(76,048)
	Payment of principal portion of lease liabilities	(110)	(985)	(1,929)
	Payment of interest portion of lease liabilities	(629)	(165)	(443)
	Net cash used in financing activities	(78,646)	(60,219)	(78,420)
	Net (decrease)/increase in cash and cash equivalents	(17,528)	(10,168)	35,834
	Exchange gains/(losses) on cash and cash equivalents	119	2	(1)
	Cash and cash equivalents at beginning of period	158,454	122,621	122,621
	Cash and cash equivalents at end of period	141,045	112,455	158,454

Notes to the Consolidated Financial Information

1. General information

The Directors of Softcat plc (the "Group") present their Interim Report and the unaudited Condensed Consolidated Interim Financial Statements for the six months ended 31 January 2025 ("Condensed Consolidated Interim Financial Statements").

Softcat plc is a public limited company, incorporated and domiciled in England and Wales. Its registered address is Solar House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW.

The Condensed Consolidated Interim Financial Statements have been reviewed, but not audited, by Ernst & Young LLP and were approved by the Board of Directors on 18 March 2025. The financial information contained in this report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 July 2024, which have been prepared in accordance with UK-adopted international accounting standards (IFRS) in accordance with the requirements of the Companies Act 2006. The Annual Report and Financial Statements for the year ended 31 July 2024 were approved by the Board of Directors on 23 October 2024 and delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

Basis of preparation

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with UK adopted International Accounting Standard ("IAS") 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The Condensed Consolidated Interim Financial Statements are presented in Pounds Sterling, rounded to the nearest thousand ('£'000'), unless otherwise stated. They were prepared under the historical cost convention.

The accounting policies adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those applied in the preparation of the Group's Financial Statements for the year ended 31 July 2024.

Going Concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period to at least 31 March 2026.

Overview

In considering the going concern basis for preparing this financial information, the Directors consider the Group's objectives and strategy, its principal risks and uncertainties in achieving its objectives and its review of business performance and financial position, which are all set out in the Chief Financial Officer's review.

Given the current macro-economic environment and considering the latest guidance issued by the FRC the Directors have undertaken a fully comprehensive going concern review.

The Group has modelled three scenarios in its assessment of going concern. These are:

- the base case;
- the severe but plausible case; and
- the reverse stress test cases.

Further details, including the analysis performed and conclusion reached, are set out below.

The Directors have reviewed detailed financial forecasts for a twelve-month period from the date of this report (the going concern period) until 31 March 2026.

Liquidity and financing position

At 31 January 2025 the Group held instantly accessible cash and cash equivalents of £141m, with net current assets of £262m. Note 1 to the financial statements in the Annual Report includes the Group's objectives, policies and processes for managing its capital, its financial risk management and its exposures to credit risk and liquidity risk. Operational cash flow forecasts for the going concern period are sufficient to support the business with the desired liquidity position set by the Board not being breached.

There is a sufficient level of liquidity headroom post mitigation across the going concern forecast period in base and severe but plausible scenarios considered and outlined in more detail below.

Challenging economic environment

Management have, in all three scenarios, considered the principal challenges to short term business performance which are expected to be;

- An economic downturn in the UK economy, aided by high broad-based inflation and interest rates; and
- Higher risk of credit losses.

Despite the challenging economic environment, the Group has traded well, delivering double-digit year-on-year growth in gross profit and operating profit growth in line with expectations. The Board continue to monitor the global and national economic environment and organise operations accordingly.

Base case

The base case, which was approved by the Board in March 2025, takes into account the FY2025 budget process which includes estimated growth and increased cost across the going concern period and is consistent with the actual trading experience through to February 2025. The key inputs and assumptions in the base case include:

- continued revenue growth in line with historic rates;
- rebate income continues to be received in proportion to cost of sales as in FY2024;
- employee commission is incurred in line with the gross margin; and
- increased levels of cost to reflect continued investment in our people and the businesses IT infrastructure.

The Group has taken a measured approach to the base case and has balanced the expected trading conditions with available opportunities in an increasingly resilient area of customer spend, which is supported by the current financial position. Year to date trading to the end of February 2025 is consistent with the base case forecast.

Severe but plausible case

Given the current economic challenges facing our customer base and supply chain, we have modelled a severe but plausible scenario. In this case we have modelled a decline in revenue, versus the base case, which is worse than any historic trend and more severe than experienced during the height of the COVID-19 pandemic. Further impacts of this scenario such as reduced margins and greater credit losses have also been considered.

The key inputs and assumptions, compared to the base case, include:

- an average 5% reduction in revenue;
- reduced gross profit margins of 0.5% in the period;
- additional bad debt write offs of £4.2m per annum, across the forecast period;
- an average 5% reduction in rebates;
- extending the debtor days from historic levels achieved and no change to historic supplier payment days by an additional 3 days;
- paying a reduced final dividend in line with lower profitability but still within the range set out in the dividend policy; and
- commission cost adjusted downwards in line with reduced profitability and cost of sales, but at the same percentage rates as in the base case.

The purpose of this scenario was to consider if there was a significant risk that the Group would move to being cash negative in any of the months in the going concern period. Even at these lower levels of activity, which the Directors believe is a highly unlikely outcome, the Group continues to be profitable

and maintains a positive cash balance at all times. Despite this, management have modelled further cost saving and working capital actions (see mitigating actions) that will enable the Group to mitigate the impact of reduced cash generation further and achieve the Boards desired minimum cash position, should this scenario occur. The Directors are confident that they can implement these actions if required.

Mitigating actions

There are several potential management actions that have not been included in the severe but plausible forecast, including significant cost reduction measures and additional annual working capital savings. The actions which if implemented would include:

- savings in discretionary areas of spend;
- delayed payment to suppliers foregoing early settlement discount; and
- short term supplier payment management.

The mitigations are deemed achievable and reasonable as the Group benefits from a flexible business model with a high proportion of costs linked to performance.

Reverse stress tests

The Directors have performed an analysis of each variable used in the severe but plausible case that would, standalone, trigger a threat to the going concern status of the business. This reverse stress testing goes beyond what is considered in the severe but plausible scenario to understand the limits of the business model.

Before a negative cash balance within the going concern period is likely, the following key inputs and assumptions, compared to the base case, would be required:

- a reduction in sales of 100%;
- reduction in gross margin of 10ppts;
- extending the debtor days by an additional 12 days

The Board considers the forecasts and assumptions used in the reverse stress tests, as well as the events that could lead to it, to be extremely remote.

Going concern conclusion

Based on the forecast and the scenarios modelled, together with the performance of the Group to date, the Directors consider that the Group has sufficient liquidity headroom to continue in operational existence for the twelve-month period from the date of this report (the going concern period) until 31 March 2026. Accordingly, at the March 2025 Board meeting, the Directors concluded from this analysis it was appropriate to continue to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements. Should the impact of these conditions be even more prolonged or severe than currently forecast by the Directors under the severe but plausible case scenario, the Group would need to implement additional operational or financial measures.

In relation to the identified potential climate change-related risks and opportunities, the Directors do not believe there would be a material impact on cash flows in the going concern period.

Critical accounting judgements and key sources of estimation uncertainty

When applying the Group's accounting policies, management must make several key judgements involving estimates and assumptions concerning the future. Key judgements management have made are those which have the most significant effect on the amounts recognised in the financial statements. Key sources of estimation uncertainty are those assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The key judgements and sources of estimation uncertainty reported in the financial statements for the year ended 31 July 2024 are still relevant. There have been no new areas of significant accounting judgement or key sources of estimation uncertainty arising from operations in the first six months of the financial year to 31 July 2025, nor in the months to the date of publication of this interim report.

Changes to accounting standards

No new standards or amendments became effective in the period to 31 January 2025 which have had a material effect on the financial statements.

3. Segmental information

The information reported to the Group'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 Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is that of "value-added IT reseller and IT infrastructure solutions provider". The Group's revenue, results and assets for this one reportable segment can be determined by reference to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income and Condensed Consolidated Statement of Financial Position. An analysis of revenues by product, which form one reportable segment, is set out below:

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue by type			
Software	105,940	96,142	213,520
Hardware	324,584	273,102	561,238
Services	115,060	97,908	187,875
	545,584	467,152	962,633

Gross invoiced income by type

Software	942,784	769,509	1,807,468
Hardware	326,572	275,590	568,450
Services	237,705	218,371	476,233
	1,507,061	1,263,470	2,852,151

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue by type of business			
Small and medium	336,006	264,634	473,985
Enterprise	127,346	120,234	298,434
Public sector	82,232	82,284	190,214
	545,584	467,152	962,633

Gross invoiced income by type of business

Small and medium	736,212	578,877	1,157,007
Enterprise	306,070	260,557	597,320
Public sector	464,779	424,036	1,097,824
	1,507,061	1,263,470	2,852,151

Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue items. Softcat continues to report gross invoiced income as an alternative financial KPI as this measure allows a consistent, year on year, understanding of gross income billed, business performance and position and correlates closely to working capital movements. The impact of IFRS 15 and principal versus agent consideration is an equal reduction to both revenue and cost of sales.

Reconciliation of gross invoiced income to revenue

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Gross invoiced income	1,507,061	1,263,470	2,852,151
Income recognised as agent under IFRS 15	(961,477)	(796,318)	(1,889,518)
Revenue	545,584	467,152	962,633

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

4. Taxation

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Current Tax			
Current period	19,205	17,065	40,338
Adjustment in respect of current income tax in previous years.	-	-	(465)
Foreign tax effects	-	-	84
Deferred Tax			
Temporary differences	123	104	398
Total tax charge for the period	19,328	17,169	40,355

The income tax expense was recognised based on management's best estimate of the annual income tax rate expected for the full financial year, applied to the profit before tax for the half year ended 31 January 2025. On this basis, the Group's tax charge was £19.3m (H1 2024: £17.2m). The half year effective tax charge being 25.2% (H1 2024: 25.2%).

5. Dividends

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Declared and paid during the period			
Interim dividend	-	-	16,970
Final dividend	36,159	33,956	33,965
Special dividend	41,748	25,113	25,113
	77,907	59,069	76,048

An interim dividend of 8.9p per share, amounting to a total dividend of £17.8m, was declared post period end and is to be paid on 21 May 2025 to those on the share register at the close of business on 11 April 2025.

6. Right-of-use assets and lease liabilities

Leases - as a lessee

Softcat has lease contracts for various properties and offices across the country, used for its operations. Property leases generally have lease terms of between 3 and 10 years. A number of these contracts include extension and termination options which are discussed below.

Set out below are the carrying amounts of right-of-use assets recognised and movements during the period:

	Six months ended 31 January		Year ended 31 July
	2025 Unaudited £'000	2024 Unaudited £'000	2024 Audited £'000
Property leases			
Opening right-of-use asset	10,066	9,970	9,969
Additions	18,087	-	2,526
Depreciation	(1,401)	(1,191)	(2,429)
Closing right-of-use asset	26,752	8,779	10,066

Set out below are the carrying amounts of lease liabilities included under current and non-current liabilities and the movements during the period:

	Six months ended 31 January		Year ended 31 July
	2025 Unaudited £'000	2024 Unaudited £'000	2024 Audited £'000
Property leases			
Opening lease liability	10,358	9,761	9,761
Additions	18,087	-	2,526
Accretion of interest	629	165	443
Payments	(739)	(1,150)	(2,372)
Closing lease liability	28,335	8,776	10,358
Current lease liability	3,422	2,385	2,253
Non-current lease liability	24,913	6,391	8,105
	28,335	8,776	10,358

On 27 September 2024, the Group signed a property lease in relation to relocating the London sales hub. The right-of-use asset and lease liability additions from this contract were £15.1m. Associated leasehold improvements increased property, plant and equipment by £2.7m.

Softcat had no variable lease expenses charged or income from sub-leases credited to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, nor any sale and leaseback transactions.

Softcat has several lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio to align to business needs. Management exercises significant judgement in determining whether these options are reasonably certain to be exercised.

As at 31 January 2025, the undiscounted potential future rental payments relating to periods following the exercise date of termination options that are not included in the lease term were £Nil (H1 2024: £Nil).

Lease charges related to low value and short-term leases recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income was £38,787 (H1 2024: £23,433).

7. Inventories

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Finished goods and goods for resale	21,335	3,992	2,916

The increase in stock is predominantly driven by stock in transit for a specific customer yet to be delivered. As control of the goods had not passed to the customer at the period end, the revenue and cost of sale have not been recognised.

8. Trade and other receivables

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Trade receivables	499,267	432,161	504,488
Allowance for expected credit losses	(3,672)	(3,718)	(3,122)
Net trade receivables	495,595	428,443	501,366
Unbilled receivables	67,797	37,476	40,487
Prepayments	5,886	4,147	6,982
Accrued income	11,505	10,898	10,279
Deferred costs	27,384	15,858	26,188
Other receivables	1,341	-	-
	609,508	496,822	585,302

The increase in unbilled receivables is predominantly driven by a specific order where Softcat's contractual obligation had been fulfilled but was not invoiced to the customer at the period end.

9. Trade and other payables

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Trade payables	302,293	217,987	290,869
Other taxes and social security	13,580	24,259	17,009
Accruals	124,939	107,025	121,919
Other creditors	-	-	285
	440,812	349,271	430,082

10. Contract liabilities

Contract liabilities is split as:

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Current deferred income	69,328	36,278	31,980
Non-current deferred income	12,497	6,227	9,151
	81,825	42,505	41,131

Contract balances

Deferred income includes goods or services to be delivered to customers by Softcat for which there is a contractual obligation arising from receipt of consideration or amounts due from the customer. Of this balance, £16.0m relates to a single customer advance and a further £15.0m relates to orders for which goods were in transit for another single customer at the period end. The remaining balances on these accounts have moved in line with the activity of the business and customer base. As at 31 January 2025, £81.8m remains on the Condensed Consolidated Statement of Financial Position as a contract liability. Softcat expects that £69.3m of the balance as at 31 January 2025 will be released in the following 12 months with the balance released within 2-5 years. Of the £41.1m balance as at 31 July 2024, £21.8m has been recognised in this period.

11. Financial instruments

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

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Financial assets			
The financial assets of the Group were as follows:			
Cash at bank and in hand	141,045	112,455	158,454
Trade receivables, other receivables and accrued income	576,238	476,818	552,132
	717,283	589,273	710,586
Financial liabilities			
The financial liabilities of the Group were as follows:			
Trade payables	(302,293)	(217,987)	(290,869)
Accruals	(124,939)	(107,025)	(121,919)
Lease liabilities	(28,335)	(8,776)	(10,358)
	(455,567)	(333,788)	(423,146)

The Directors consider that the carrying amounts for all financial assets and liabilities (excluding lease liabilities) approximate to their fair value.

12. Earnings per share (EPS)

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited Pence	Unaudited Pence	Audited Pence
Earnings per share			
Basic	28.7	25.6	59.7
Diluted	28.6	25.5	59.4

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

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Earnings			
Earnings for the purposes of EPS, being profit for the period	57,387	51,047	119,044

The weighted average number of shares is given below:

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited 000's	Unaudited 000's	Audited 000's
Number of shares used for basic earnings per share	199,623	199,415	199,490
Number of shares expected to be issued at nil consideration following exercise of share options	1,227	1,127	1,026
Number of shares used for diluted earnings per share	200,850	200,542	200,516

13. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Operating profit	73,662	66,731	154,064
Depreciation of property, plant and equipment	1,386	1,275	2,631
Depreciation of right-of-use assets	1,401	1,190	2,429
Amortisation of intangibles	1,183	722	1,564
Dividend equivalents paid	(99)	(98)	(98)
Cost of equity-settled employee share schemes	1,652	1,699	3,612
Operating cash flow before movements in working capital	79,185	71,519	164,202
(Increase)/decrease in inventories	(18,419)	(401)	675
Increase in trade and other receivables	(22,865)	(6,781)	(95,261)
Increase in trade and other payables and contract liabilities	51,709	5,943	85,218
Cash generated from operations	89,610	70,280	154,834
Income taxes paid	(24,281)	(19,082)	(39,226)
Net cash generated from operating activities	65,329	51,198	115,608

14. Share capital

	Six months ended 31 January		Year ended 31 July
	2025	2024	2024
	Unaudited £'000	Unaudited £'000	Audited £'000
Ordinary shares of 0.05p each	100	100	100
Deferred shares of 1p each	-	-	-
	100	100	100

15. Related party transactions

Dividends to Directors

The following Directors, who served as Directors for either the whole or part of the interim period, were paid the following dividends:

	Six months ended 31 January		Year ended 31 July
	2025 Unaudited £'000	2024 Unaudited £'000	2024 Audited £'000
G Watt	53	32	44
G Charlton	46	40	53
K Mecklenburgh	-	-	-
J Ferguson	-	-	-
V Murria	65	49	63
R Perriss	6	4	6
L Weedall	1	-	-
M Prakash	-	-	-
	171	125	166

Except for the above, there were no other significant related party transactions.

16. Post balance sheet events

Dividend

An interim dividend of 8.9p per share, amounting to a total dividend of £17.8m was declared post period end and is to be paid on 21 May 2025 to those on the share register at the close of business on 11 April 2025.

Conclusion

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2025 which comprises Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and Explanatory Notes 1 to 16. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 31 January 2025 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1 and 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting"

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Group in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
18 March 2025

Corporate Information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Directors

G Watt
G Charlton
K Mecklenburgh
J Ferguson
R Perriss
L Weedall
M Prakash

Secretary

L Thomas

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