

Softcat

Investor Materials

October 2021



We are a leading reseller of IT infrastructure solutions, supporting UK and Irish customers with their global needs

Softcat



200+ vendors



Our purpose is to help customers use technology to succeed, by putting our employees first

1,779

Employees at 31 Jan 2022

£1.94bn

FY21 gross invoiced income

£119m

FY21 operating profit

9,700

Customer base at 31 Jan 2022

£276m

FY21 gross profit

90%

FY21 cash conversion

Who we are

We are a leading reseller of IT infrastructure solution, supporting UK and Irish customers with their global needs

What we do

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

Our mission

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

Our purpose

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

Our strategy and priorities

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

Our values



Fun



Intelligence



Responsibility



Passionate



Community



**ACQUIRE MORE
CUSTOMERS**



**SELL MORE TO
EXISTING CUSTOMERS**

PEOPLE AND CULTURE

EASE OF DOING BUSINESS

**EXPANDING OUR
ADDRESSABLE MARKET**

Softcat UK market share:

~4% ⁽¹⁾

~50k

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

9,700

Softcat customers

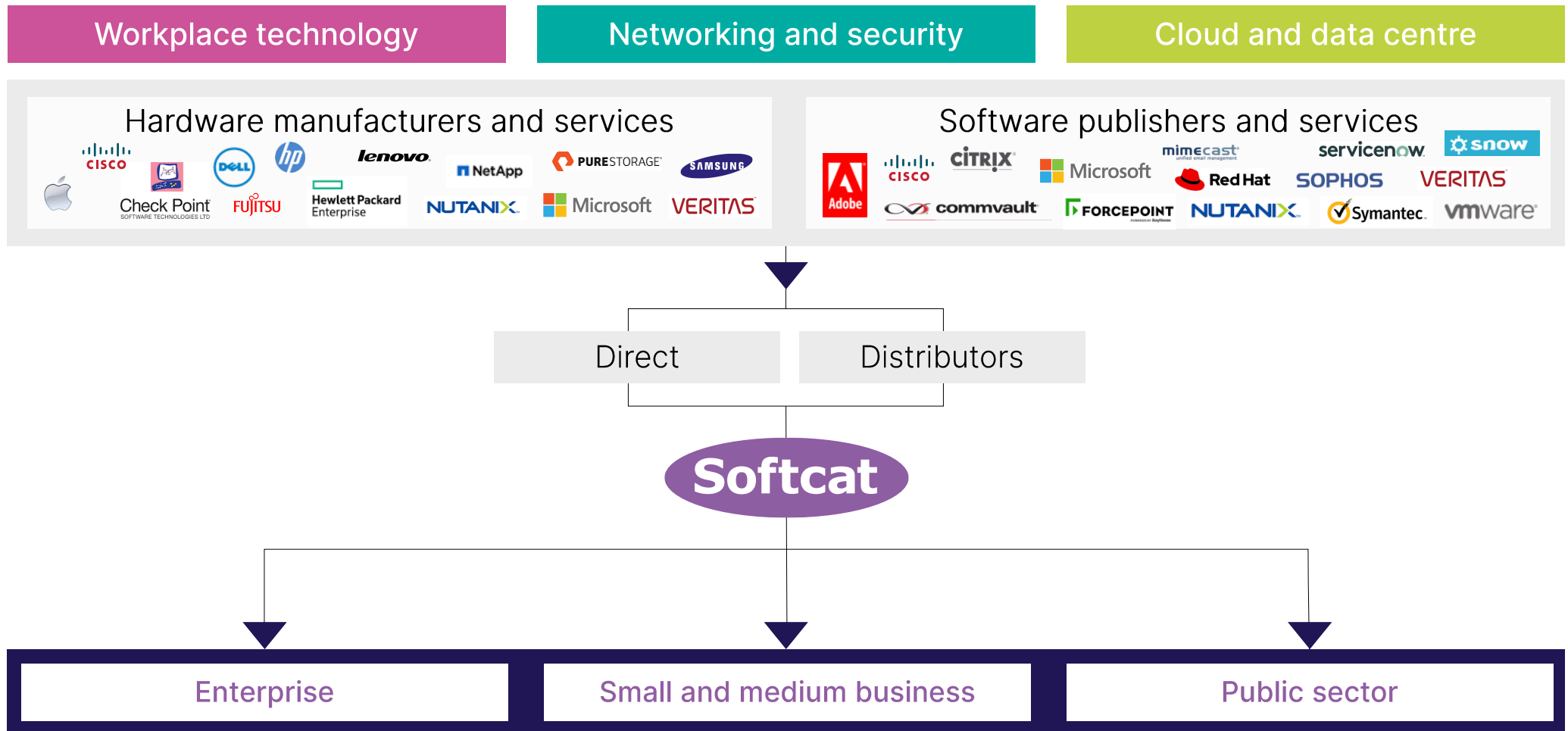
Source: Company information, Gartner and DueDil.

(1) See page 8.

(2) Estimated 40k UK&I companies with 20+ employees and 10k public sector organisations in the UK worth targeting.

Softcat: at the core of the IT value chain

Softcat



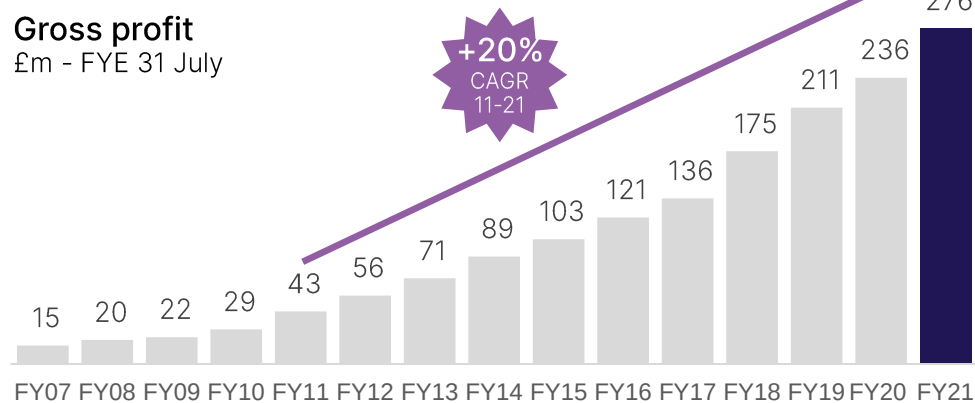
Note: Enterprise includes companies with over 2,000 employees. SMB includes companies with 0-1,999 employees. Public sector includes local government, education and healthcare.

Our track record: 100% organic

Softcat

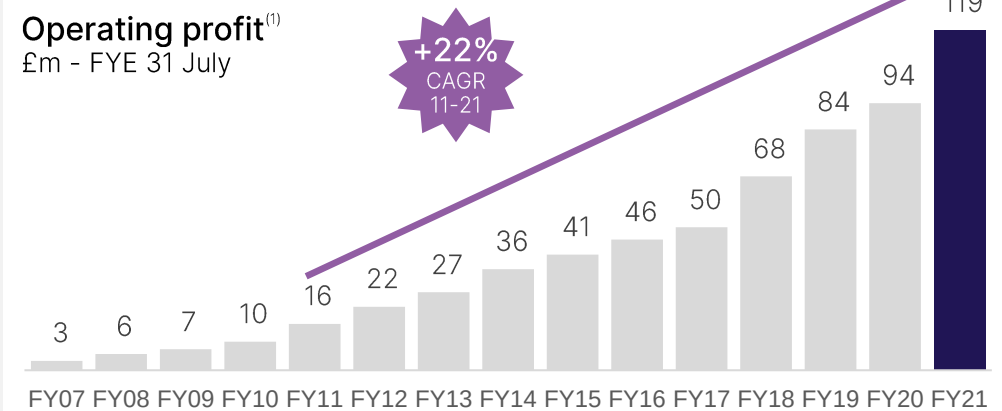
16 years of uninterrupted growth

Gross profit
£m - FYE 31 July



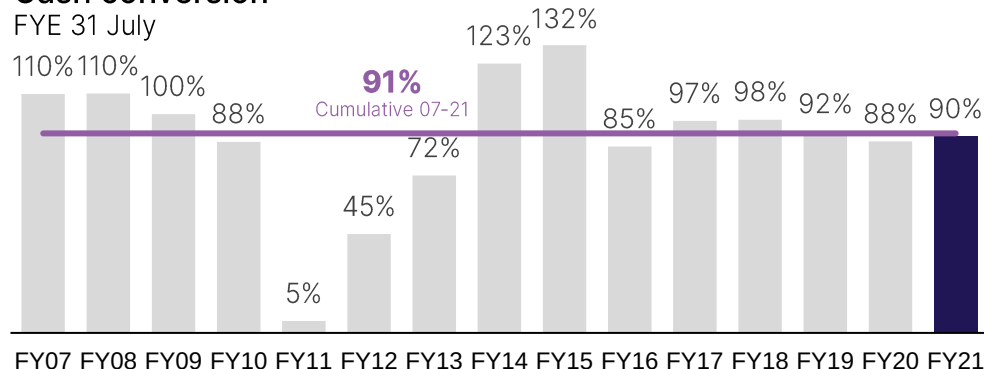
Scaled and stable platform

Operating profit⁽¹⁾
£m - FYE 31 July



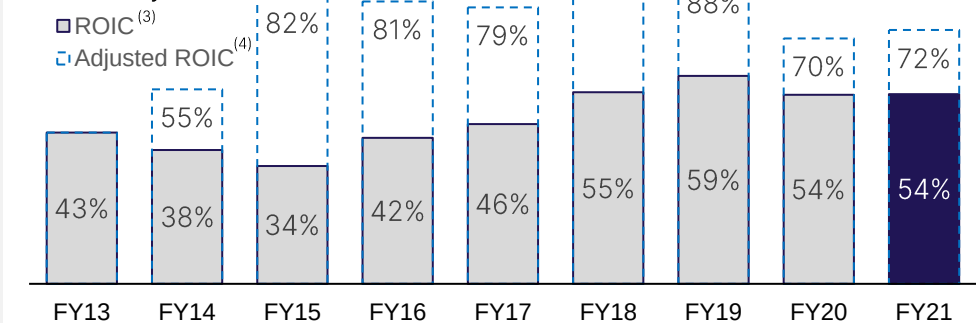
Strong cash conversion

Cash conversion⁽²⁾
FYE 31 July



Attractive returns on capital

Return on invested capital
FYE 31 July



Source: Company information.

Note: Financial data FY07-FY12 is stated under UK GAAP; financial data FY13-FY21 is stated under IFRS.

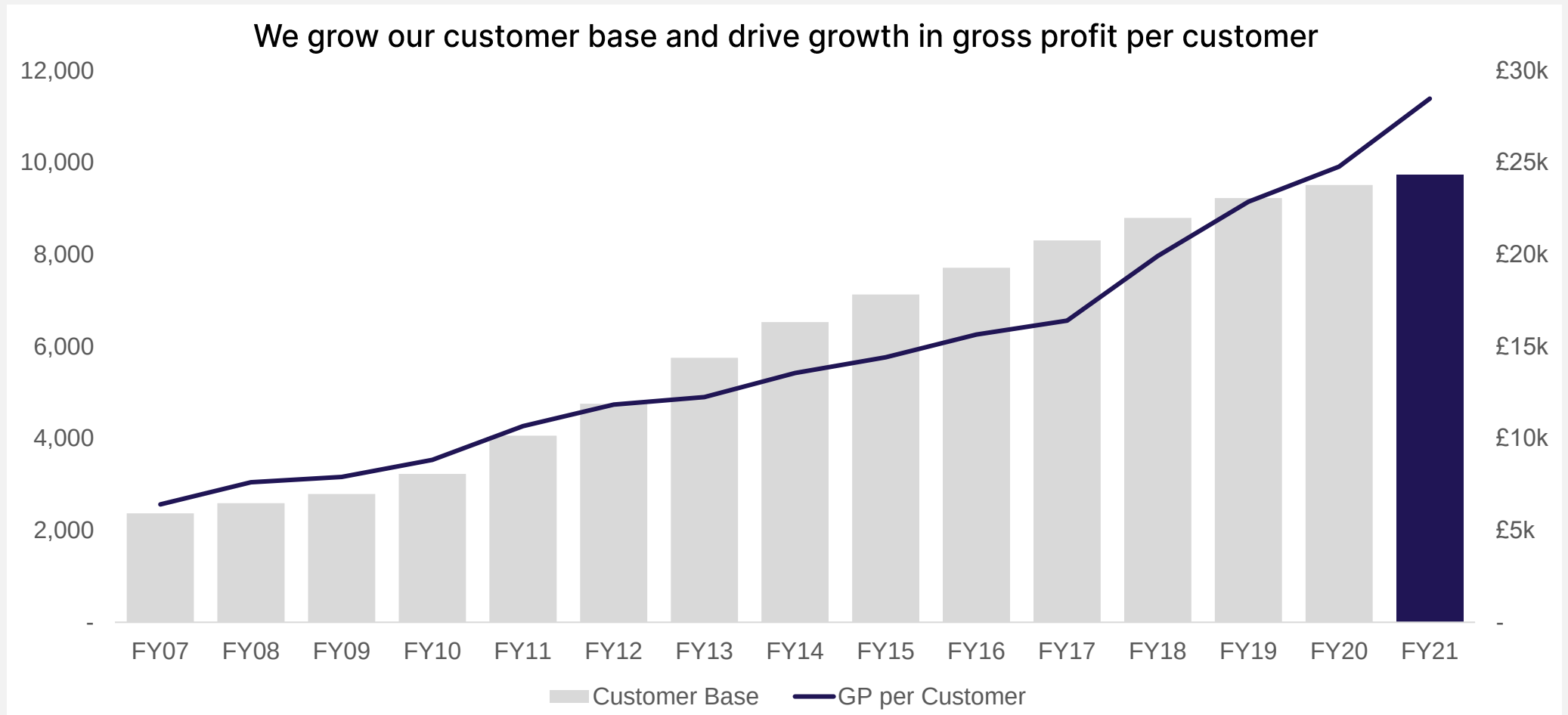
(1) FY15 profit figure is presented before £1.0m exceptional items related to the IPO process; FY16 profit figure is presented before £3.7m exceptional items related to the IPO process.

(2) Cash conversion is a non-IFRS financial measure defined as cash generated from operations after capex and as a percentage of non-adjusted operating profit. Cash generated from operations is pre-tax and interest expenses (or finance income).

(3) Return on invested capital (ROIC) is a non-IFRS financial measure defined as the ratio of operating profit after tax to invested capital. Invested capital is defined as bank loans and overdrafts plus total equity as at the end of the period.

(4) Adjusted ROIC is a non-IFRS financial measure defined as the ratio of operating profit after tax (as defined above) to adjusted invested capital. Adjusted invested capital is defined as the minimum of total equity and total equity less cash and cash equivalents as at period end plus 3% of revenue for the relevant period.

Outstanding sale track record...



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

Source: Company information.

Note: Financial data FY07-FY12 is stated under UK GAAP; financial data FY13-FY21 is stated under IFRS.

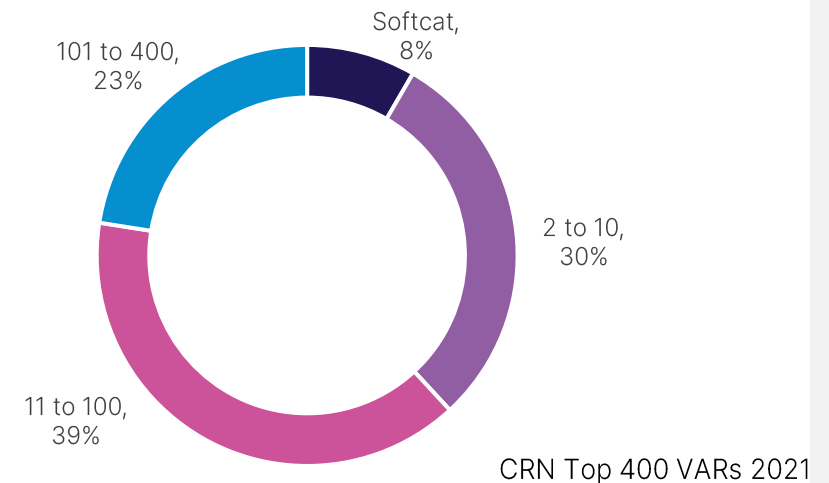
Large and growing market

- The most recent CRN Top 400 VARs report comprises businesses reporting a total of £23bn in income
- Gartner estimate that the UK (non-consumer) IT market was worth £115bn in 2021
- Company analysis of these and other sources suggests that our addressable market is worth around £52bn
- With gross invoiced income of £1.9bn in FY21 our market share was 3.7%
- Gartner estimates our addressable market will grow at 7% CAGR 2021 to 2025

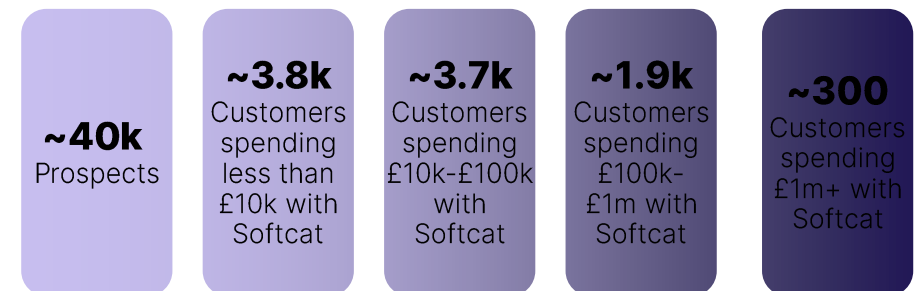
Lots of wallet share to go for

- The current customer base of 9,700 represents around 20% of the UK&I target universe, estimated to be 50k
- This analysis puts our average share of wallet across the existing customer base in the region of 20%
- Our experience with long-standing customers is that a wallet share of >60% is achievable

Highly fragmented UK market

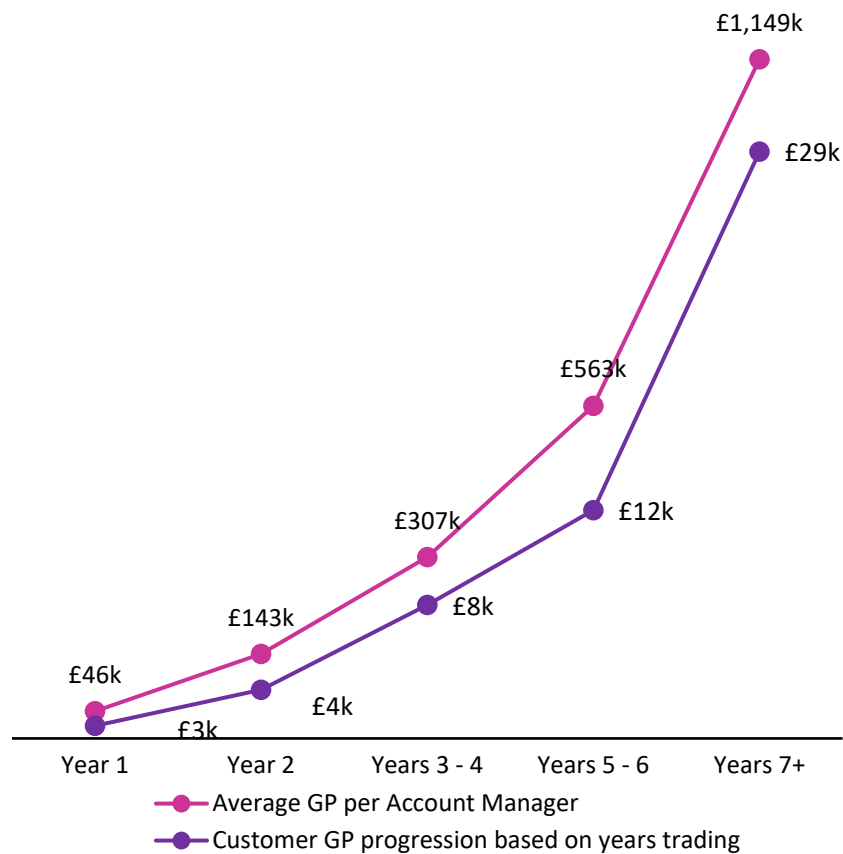


Significant growth opportunities in both existing customers and prospects⁽¹⁾

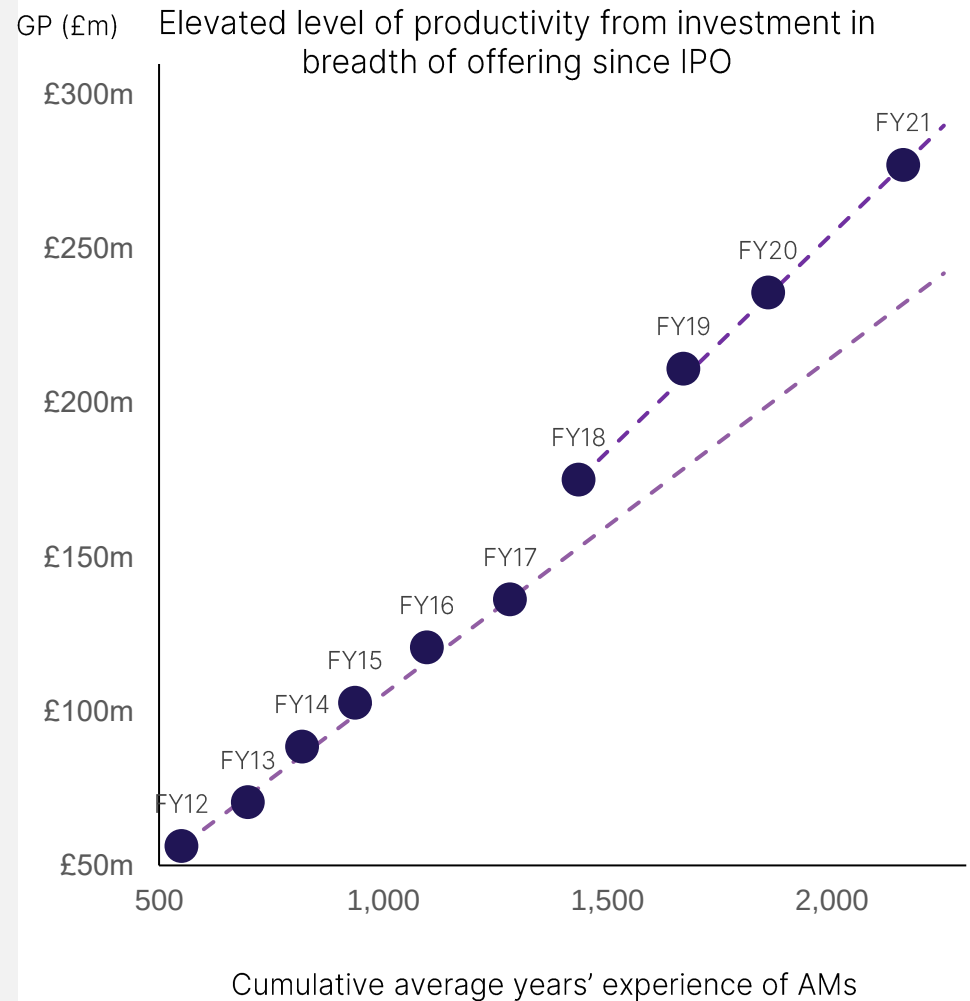


(1) Estimated 40k UK&ROI companies with 20+ employees and 10k public sector organisations in the UK worth targeting.

Account manager and customer progression...



...delivers strong gross profit growth

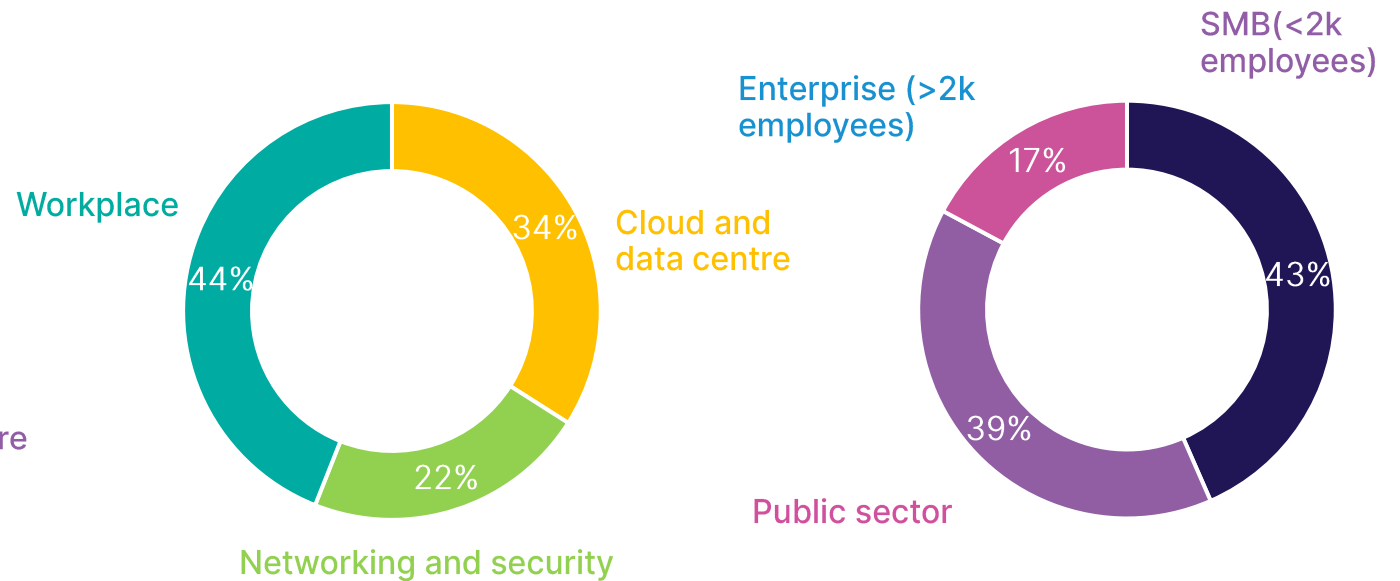
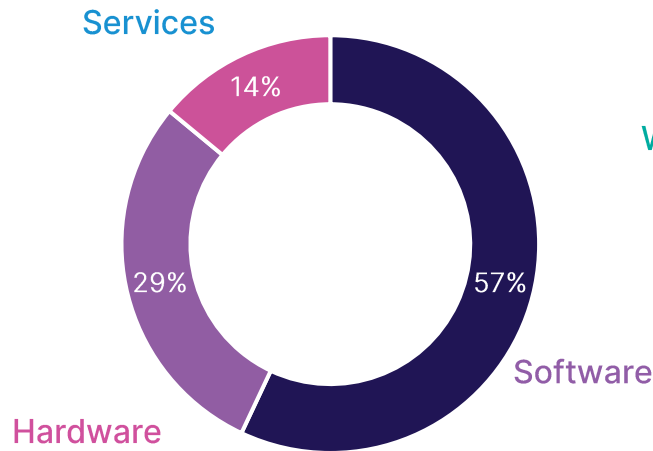


Diverse offering with broad and deep capability

FY21 gross invoiced income:

£1,938m

Selling to a variety of customers...



Using our diverse range of solutions...



Source: Company information.

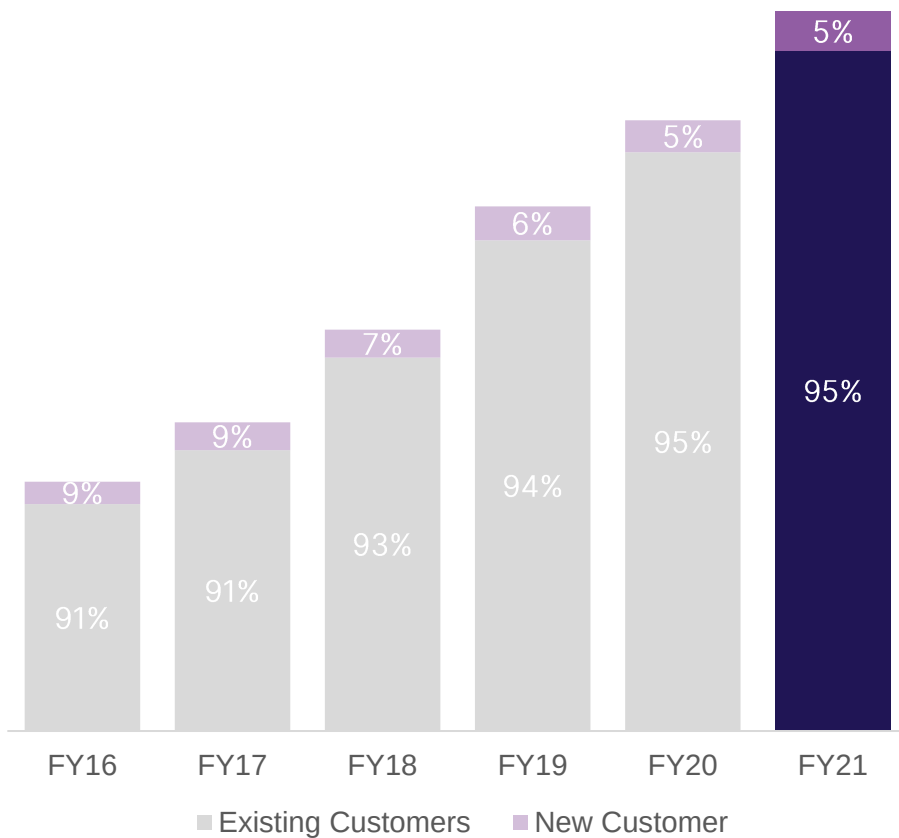
Softcat: the vendors' trusted partner

Vendor	% of FY21 gross invoiced income	Selected accreditations	FY18 to FY21 CAGR
 Microsoft	26%	Gold Partner	29%
 Hewlett Packard Enterprise	8%	Platinum Partner	41%
 Dell Technologies	6%	Titanium Partner	20%
 Cisco	5%	Gold Partner	14%
 VMware	4%	Platinum Partner	15%
 HP	3%	Amplify Power Services Partner	3%
 Lenovo	2%	Platinum Partner	15%
 Mimecast	2%	Elite Partner	12%
 Apple	2%	Authorised Reseller	17%
 Adobe	1%	Platinum Partner	9%
 Citrix	1%	Platinum Partner	10%
 Nutanix	1%	Cloud Champion	19%
All other vendors	39%		20%

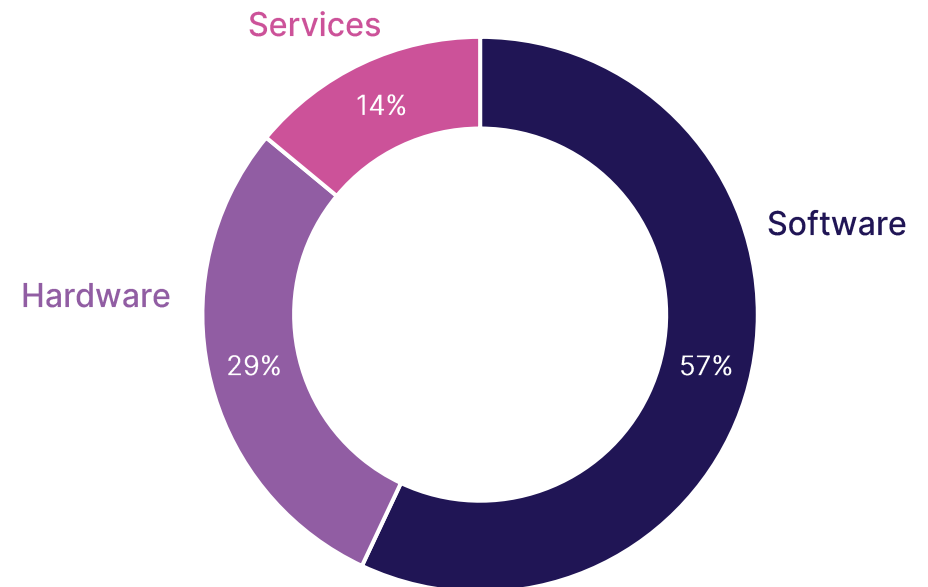
- Delivering revenue growth to our vendors well ahead of their global revenue growth
- Top-level accreditations with all major IT channel vendors
- Superior sales performance and technical capability creates strong relationships
- Always ready to work with upcoming new vendors

Source: Company information.

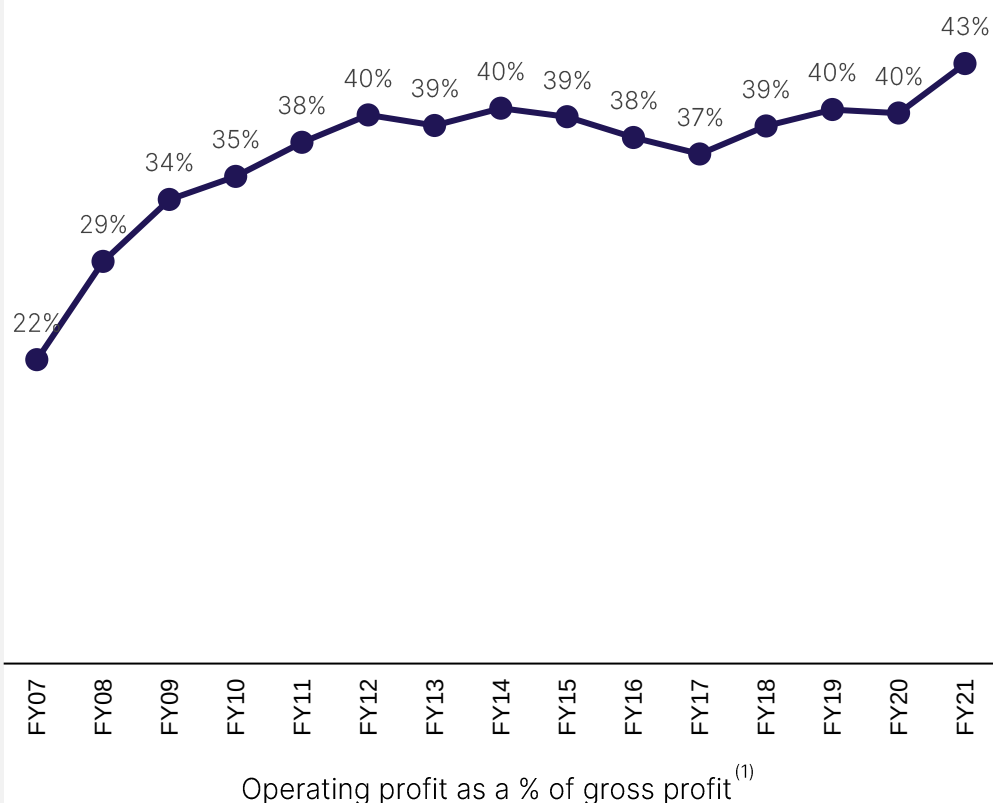
Majority of gross invoiced income comes from existing customers



Investing in high growth software, cloud and cyber

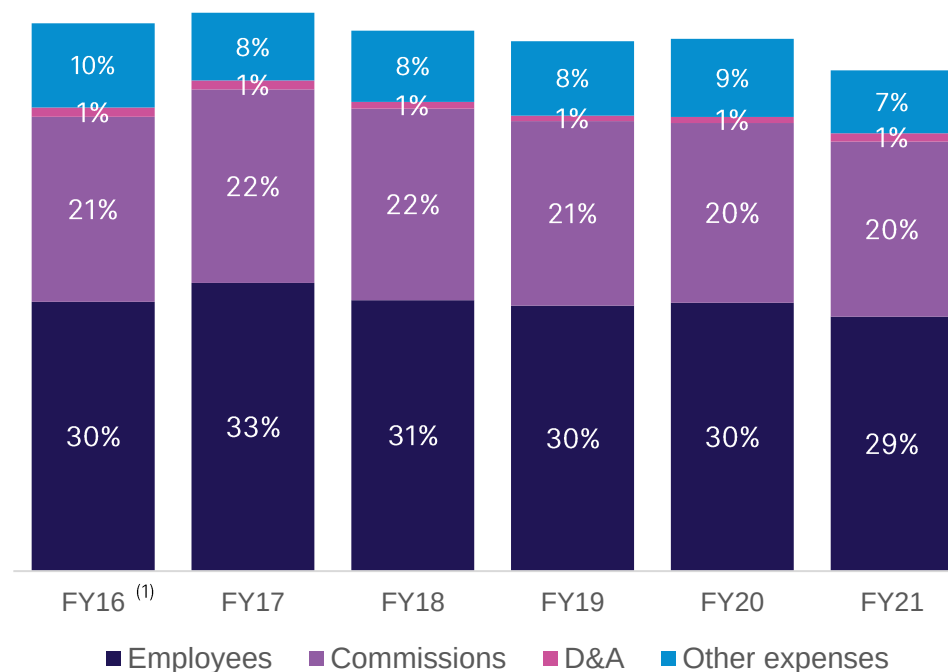


Best-in-class operating efficiency...



...and lean cost base

Administrative expenses evolution as % of gross profit FYE 31 July



Source: Company information.

Note: Financial data FY07-FY12 is stated under UK GAAP; financial data FY13-FY21 is stated under IFRS.

(1) FY15 profit figure is presented before £1.0m exceptional items related to the IPO process; FY16 profit figure is presented before £3.7m exceptional items related to the IPO process.

Softcat

Appendix



Summary income statement

£m	FY21	FY20	Growth
Revenue	1,156.7	1,077.1	7.4%
<i>Gross invoiced income</i>	1,938.4	1,646.2	17.7%
Gross profit	276.4	235.7	17.2%

GP/GII % 14.3% 14.3%

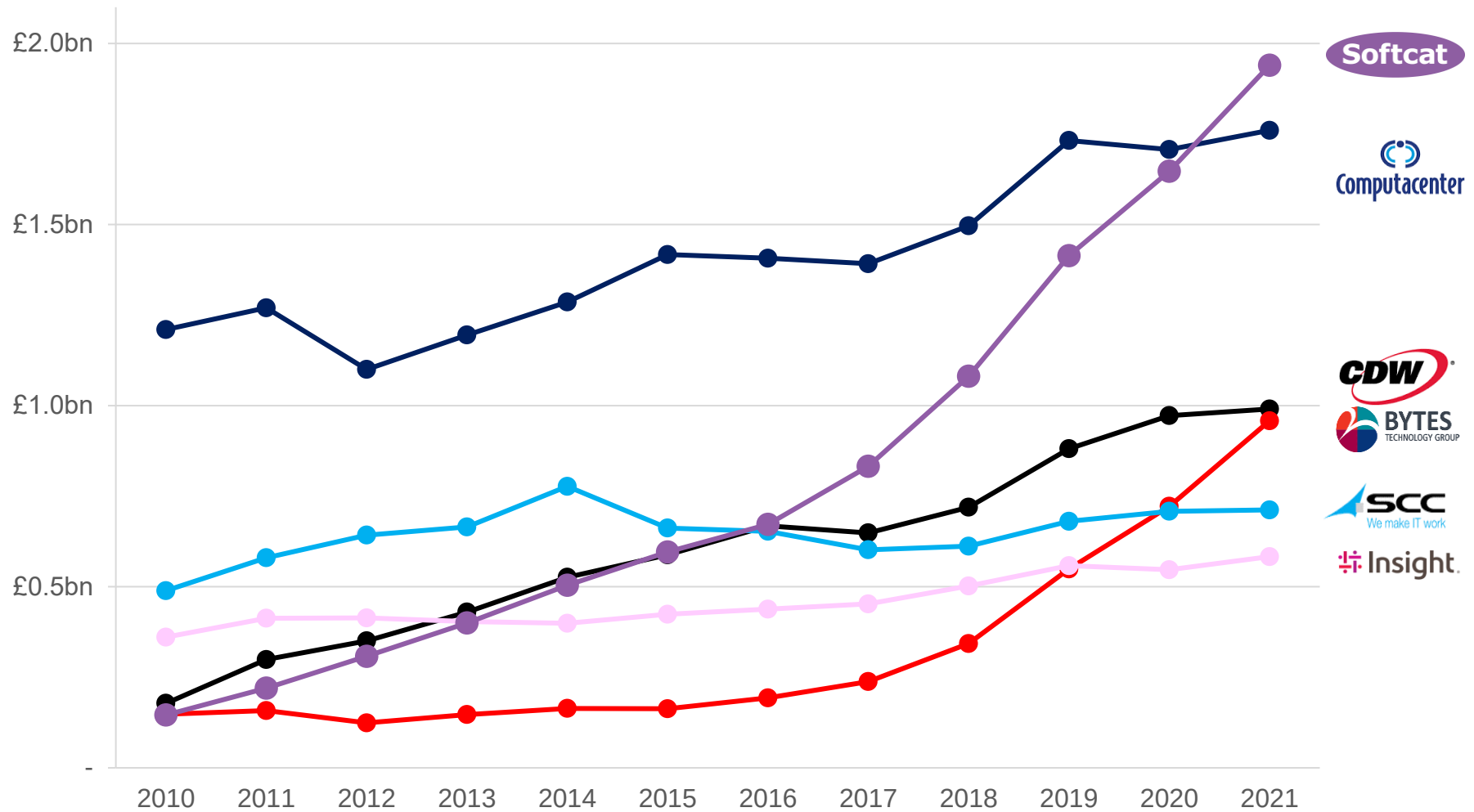
Admin. expenses	(156.9)	(142.0)	(10.5%)
Operating profit	119.4	93.7	27.4%
OP/GP %	43.2%	39.8%	
Interest	(0.4)	(0.1)	
Tax	(22.8)	(18.0)	
Profit after tax	96.2	75.7	27.1%

- Revenue growth slower than GII growth reflects the continued shift towards cloud-based software and security
- GII and GP expansion closely matched reflecting relatively stable product and customer segment mix
- GP growth once again driven strongly by increased income per customer as well as growth in the customer base
- Some individually very large deals in H1 but income remains well diversified - top 100 customers contributed 39% of GII (FY20: 36%)

- Average headcount in the period up 11% was the key driver of cost growth, with investment once again across all areas of the business including sales, specialists, support, technical and business operations
- Commission costs rose broadly in line with GP
- Overall cost growth was below headcount and GP trend due to CV19-related savings of c.£1m per month on travel and staff events – we expect these activities to resume in the year ahead
- OP/GP ratio expected to normalise below 40% in FY22

- The effective tax rate is 19.2% (FY21: 19.2%), reflecting the statutory rate of 19.0% (FY20: 19.0%) at the reporting date and the relatively marginal impact of non-deductible expenses

UK Gross Invoiced Income per CRN Top 100 VARs for selected peers



Source: ChannelWeb CRN Top VARs 2011 to 2021 and selected company published financial statements.