

Softcat

Investor Materials

October 2022



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

Softcat



400+ vendors



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

1,921

Employees at 31 July 2022

£2.5bn

FY22 gross invoiced income

£136m

FY22 operating profit

9,900

Customer base at 31 July 2022

£327m

FY22 gross profit

£97m

Cash at 31 July 2022

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:

<5% ⁽¹⁾

~50k

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

9,900

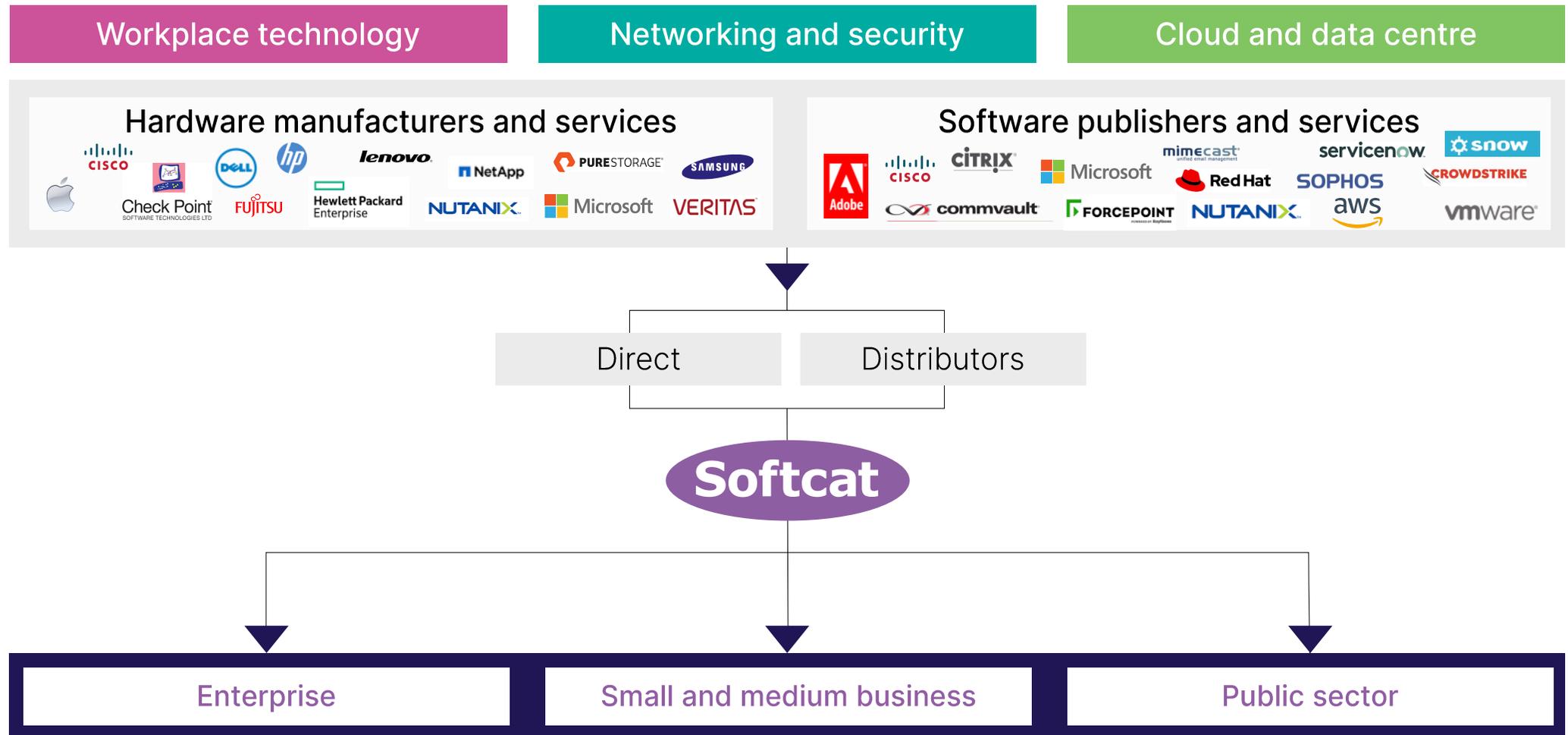
Softcat customers

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.

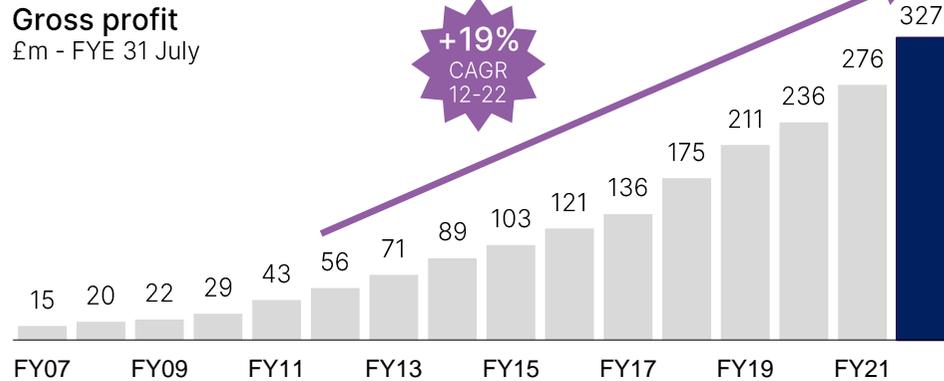
Softcat: at the core of the IT value chain



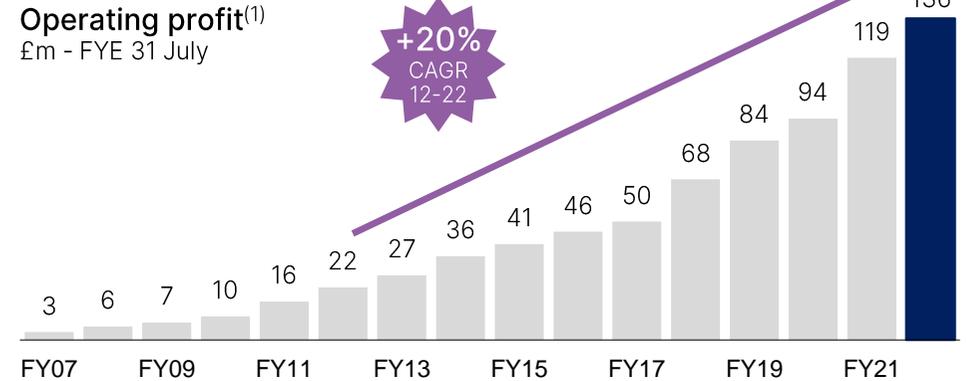
Note: Enterprise includes companies with over 2,000 employees. SMB includes companies with 0-1,999 employees. Public sector includes local government, education and healthcare.

Our track record: 100% organic

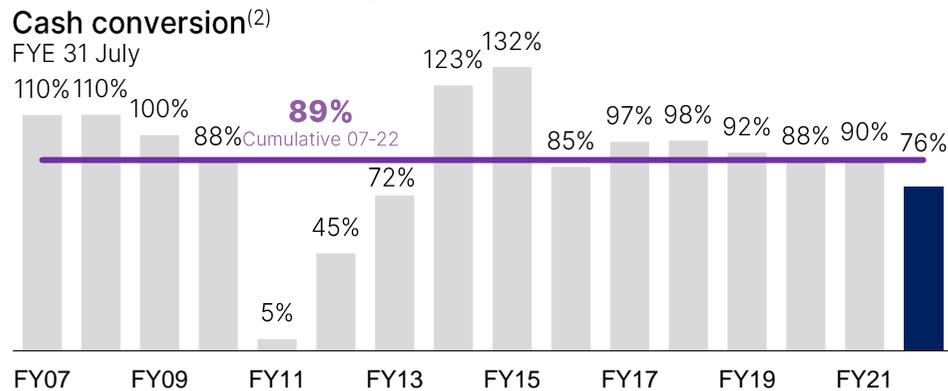
17 years of uninterrupted growth



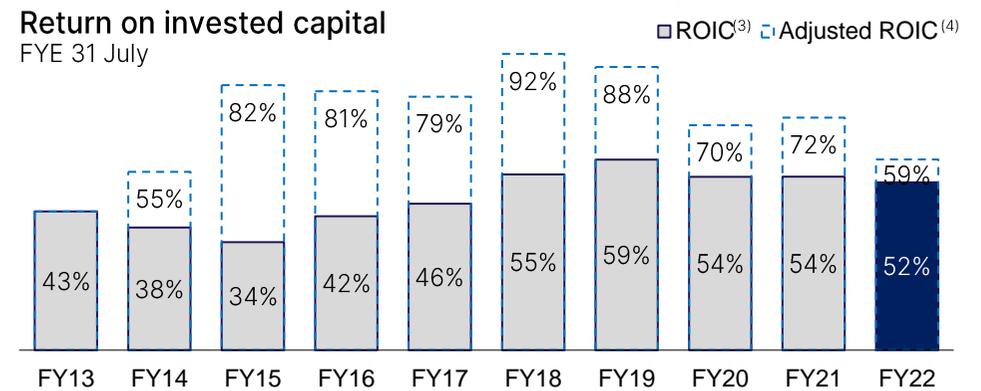
Scaled and stable platform



Strong cash conversion



Attractive returns on capital



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.

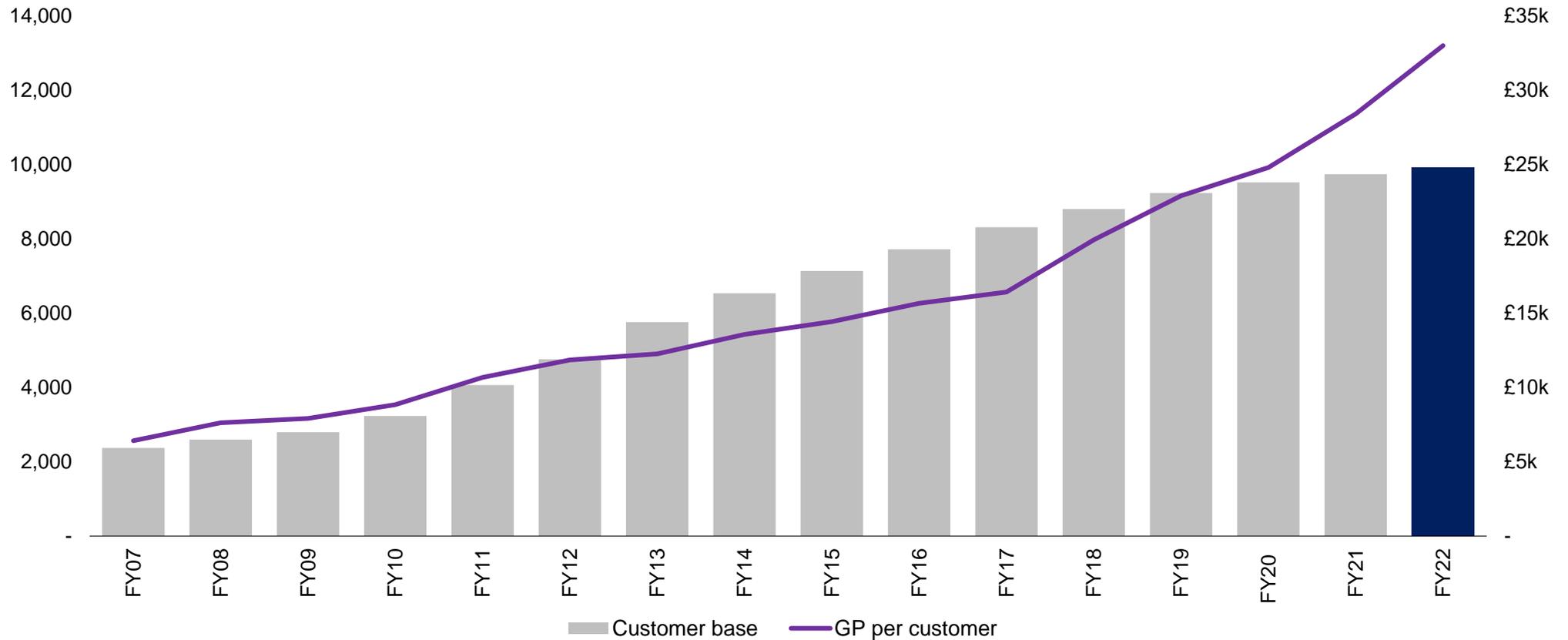
(2) Cash conversion is a non-IFRS financial measure defined as cash generated from operations after capex and as a percentage of non-adjusted operating profit. Cash generated from operations is pre-tax and interest expenses (or finance income).

(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...

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



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

Source: Company information

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

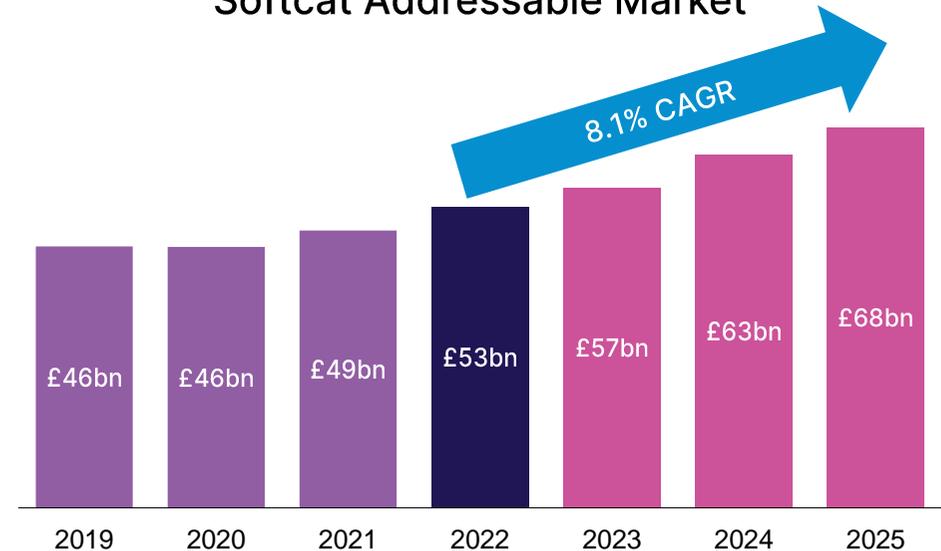
Large and growing market

- 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 £124bn in 2022
- Company analysis of these and other sources suggests that our addressable market is worth around £53bn
- With gross invoiced income of £2.5bn in FY22 our market share was 4.7%
- Gartner estimates our addressable market will grow at 8.1% CAGR 2022 to 2025
- If we maintain mid double-digit GII growth for the next 10 years, while our addressable market grows at 5% after 2025, we would more than quadruple in size and have about 10% market share

Lots of wallet share to go for

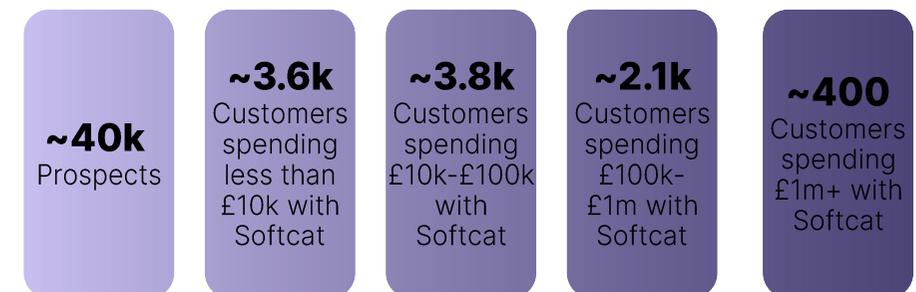
- The current customer base of 9,900 represents around 20% of the UK&I target universe, estimated to be 50k
- This analysis puts our average share of wallet across the existing customer base in the region of 22%
- Our experience with long-standing customers is that a wallet share of >60% is achievable

Softcat Addressable Market



Sources: Gartner IT Spend forecasts Q3 2022 and Company analysis

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



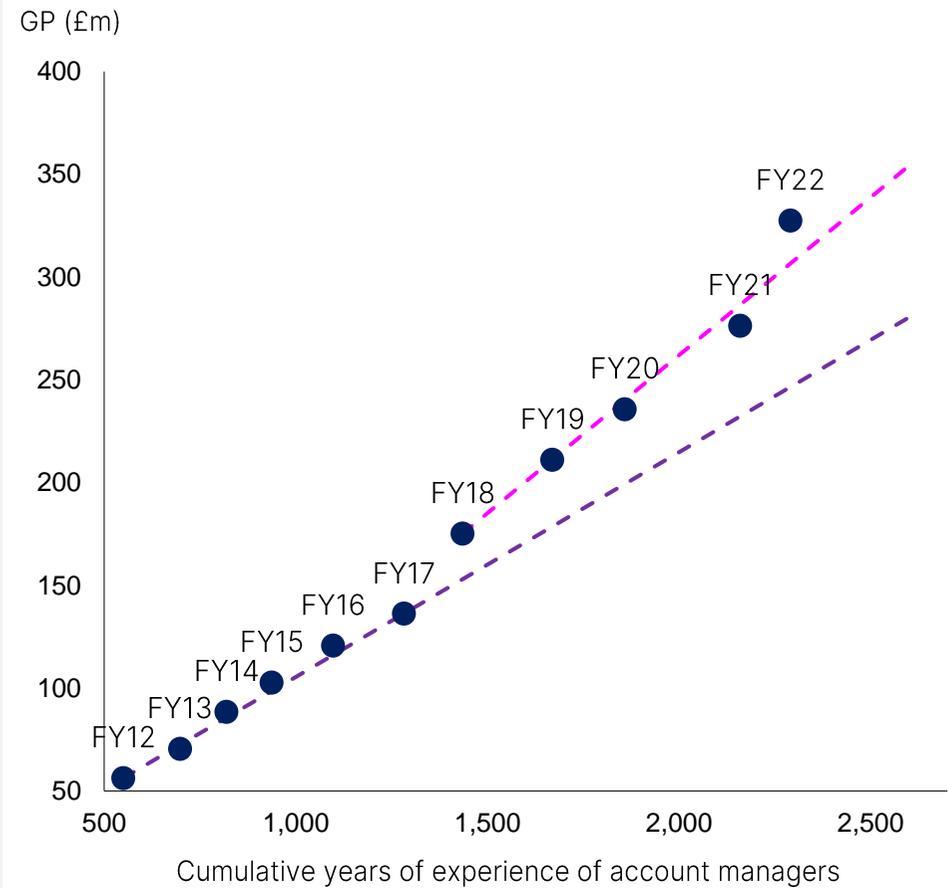
(1) Estimated 40k UK&ROI companies with 20+ employees and 10k public sector organisations in the UK worth targeting.

Account manager and customer progression...



...delivers strong gross profit growth

Elevated level of productivity from investment in breadth of offering since IPO

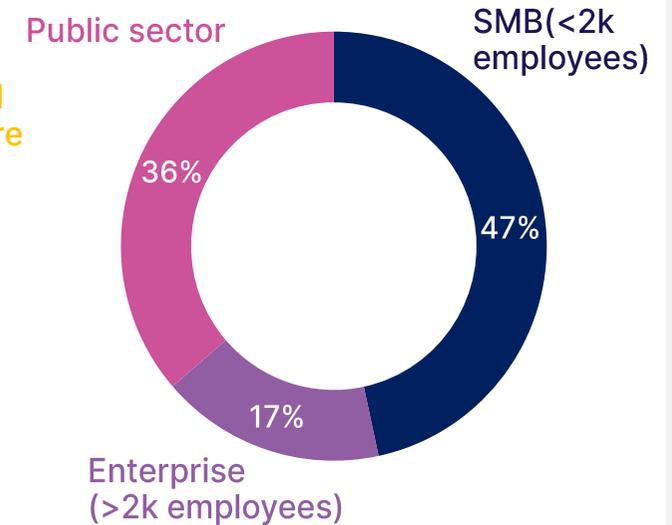
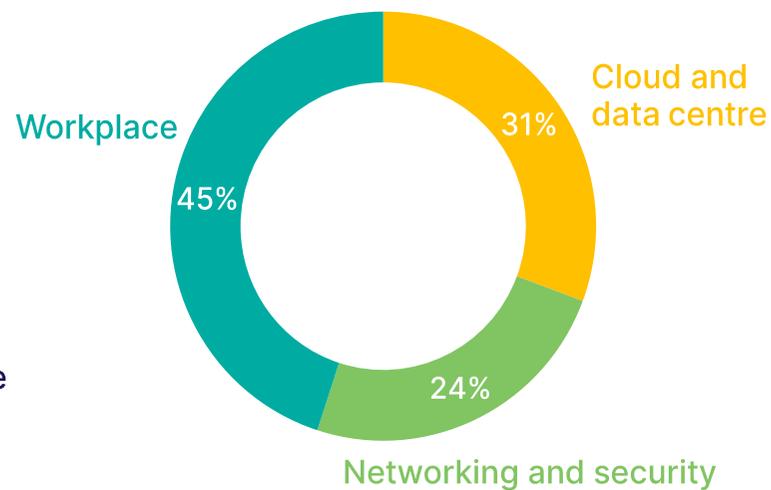
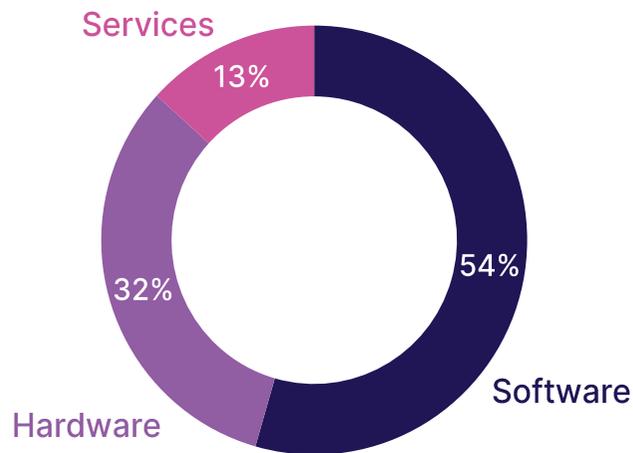


Diverse offering with broad and deep capability

FY22 gross invoiced income:

£2,508m

Selling to a variety of customers...



Using our diverse range of solutions...



Source: Company information.

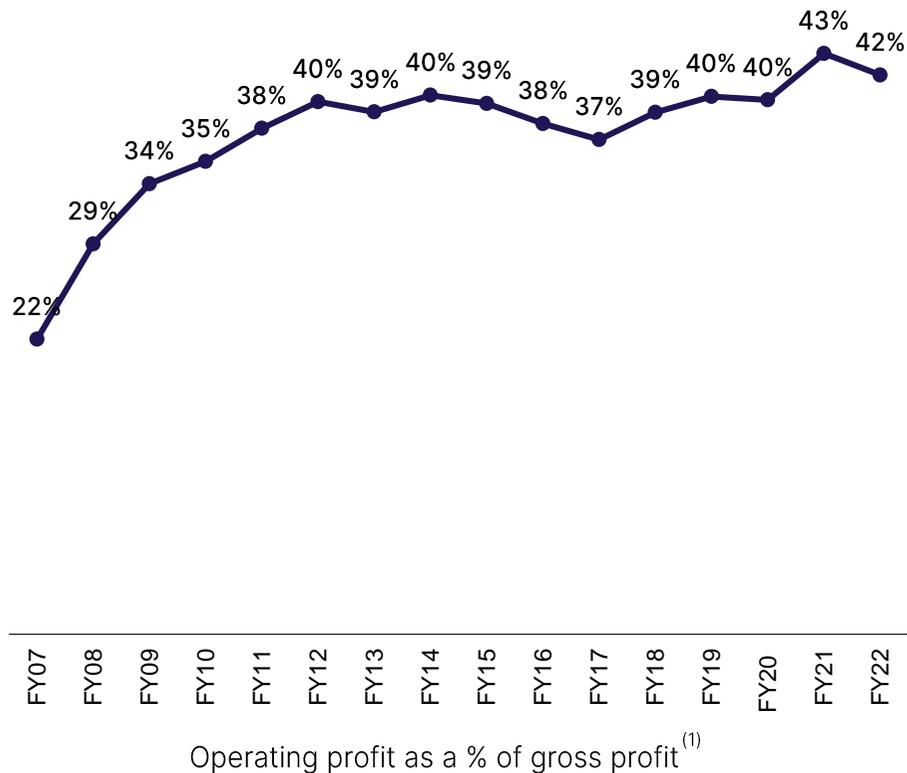
Softcat: the vendors' trusted partner

Vendor	% of FY22 gross invoiced income	Selected accreditations	FY19 to FY22 CAGR
Microsoft	23%	Advanced Specialisations Partner	22%
Hewlett Packard Enterprise	10%	Platinum Partner	46%
Cisco Partner	6%	Gold Partner	15%
Dell Technologies Titanium Partner	6%	Titanium Partner	20%
vmware	3%	Platinum Partner	3%
hp	3%	Amplify Power Services Partner	10%
Lenovo	2%	Platinum Partner	14%
mimecast	2%	Elite Partner	12%
Apple Authorized Reseller	1%	Authorized Reseller	16%
aws	1%	Consulting Services Partner	>100%
CROWDSTRIKE	1%	Elite Partner	>100%
Adobe	1%	Platinum Partner	17%
All other vendors	41%		19%

- 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

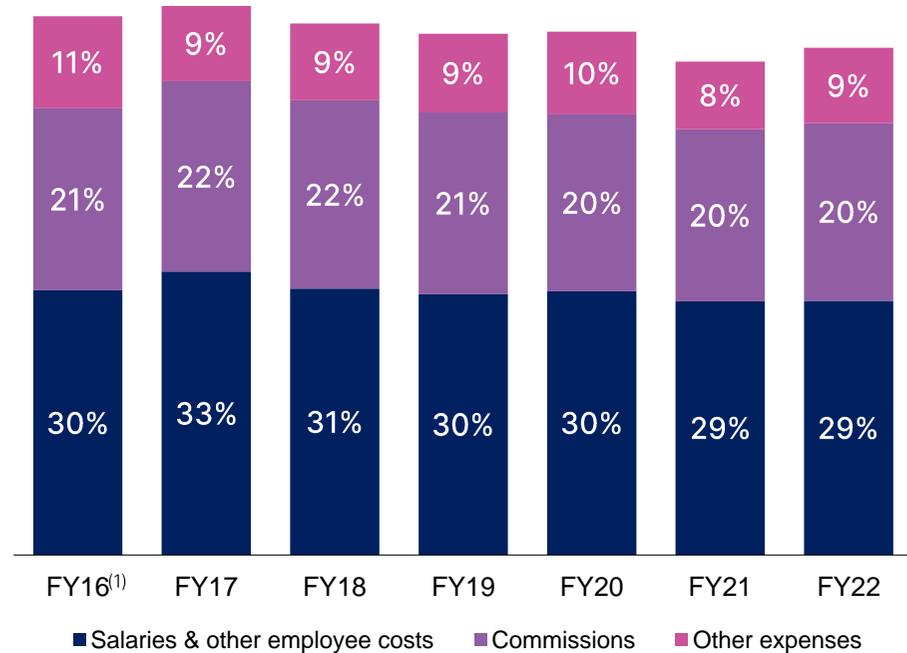
Source: Company information.

Best-in-class operating efficiency...



...and lean cost base

Operating expenses evolution as % of gross profit



Source: Company information.

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

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Appendix



Summary income statement

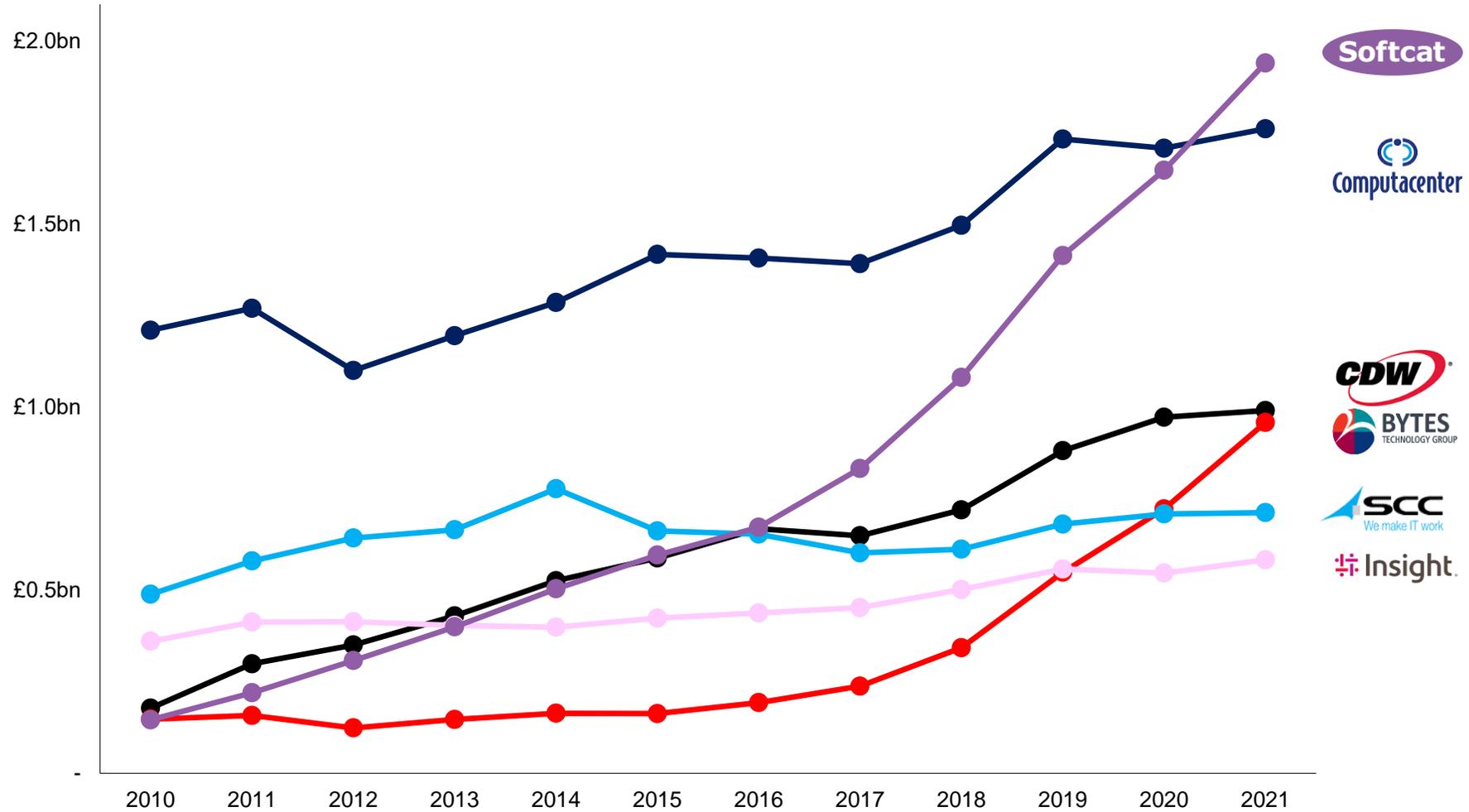
£m	FY22	FY21 (restated)	Growth
Revenue	1,077.9	784.0	37.5%
<i>Gross invoiced income</i>	2,507.5	1,938.4	29.4%
Gross profit	327.2	276.4	18.4%
GP/GII %	13.0%	14.3%	
Admin. expenses	(191.1)	(156.9)	(21.7%)
Operating profit	136.1	119.4	14.0%
OP/GP %	41.6%	43.2%	
Interest	(0.0)	(0.4)	
Tax	(25.7)	(22.8)	
Profit after tax	110.4	96.2	14.8%

- GP, our primary measure of income, grew strongly in both H1, 12%, and H2, 25%
- Some individually very large deals in the year but income remains well diversified: the top 100 customers contributed 33% of GP (FY21: 34%)
- Revenue growth was strong across all areas of technology, with software, hardware and services all growing >15%
- FY21 revenue restated following IFRS15 application clarification, no impact on GII or profit measures

- Costs growth reflects headcount growth of 14% and the return of events and travel costs in the second half
- Commission costs rose broadly in line with GP
- OP/GP ratio expected to normalise further in FY23

- The effective tax rate for 2022 was 18.9% (FY21: 19.2%), reflecting a stable UK statutory rate of 19.0% in both years, together with the relatively marginal impact of non-deductible expenses and share based payment transactions.

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.