

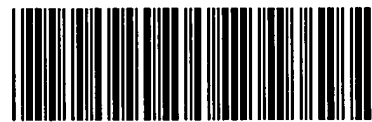
SEPARATOR SHEET

SOFT CAT PLC

02174990

COMPANIES HOUSE BARCODE

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21/12/2024

#204

COMPANIES HOUSE

Highlights

Sustained performance

Financial highlights

Gross profit £m

£417.8

24	417.8
23	373.8
22	327.2
21	276.4
20	235.7

Gross profit per customer £'000²**£40.6**

24	40.6
23	37.0
22	33.0
21	28.4
20	24.8

Operating profit £m

£154.1

24	154.1
23	140.9
22	136.1
21	119.4
20	93.7

Revenue £m¹**£962.6**

24	962.6
23	985.3
22	1,077.9
21	784.0

Customer base '000²**10.3**

24	10.3
23	10.1
22	9.9
21	9.7
20	9.5

Cash conversion %³**95.9**

24	95.9
23	93.2
22	76.2
21	89.9
20	88.0

Gross invoiced income £m³**£2,852.2**

24	2,852.2
23	2,563.3
22	2,507.5
21	1,938.4
20	1,646.2

- During FY2022, there was a change in accounting policy following the IFRS IC agenda decision - IFRS 15 Revenue from Contracts with Customers, treatment of software revenue as agent revenue. This resulted in the restatement of the FY2021 comparatives. As a result, revenue is only available on a comparable basis for 2021 to 2024.
- Customer base is defined as the number of customers who have transacted with Softcat in both of the preceding twelve-month periods.
- Gross invoiced income ('GII') and cash conversion are alternative performance measures. Please see page 41 for further definitions and reconciliations.

Operational highlights

- Gross profit growth: 11.7%
- Operating profit growth: 9.3%
- Cash conversion: 95.9%
- Employee engagement: 90%
- Customer satisfaction: 98%
- Customer base up by: 1.8%
- Gross profit per customer growth: 9.7%

View more online

For more
information visit:
www.softcat.com

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Strategic report

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- At a glance
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Corporate governance

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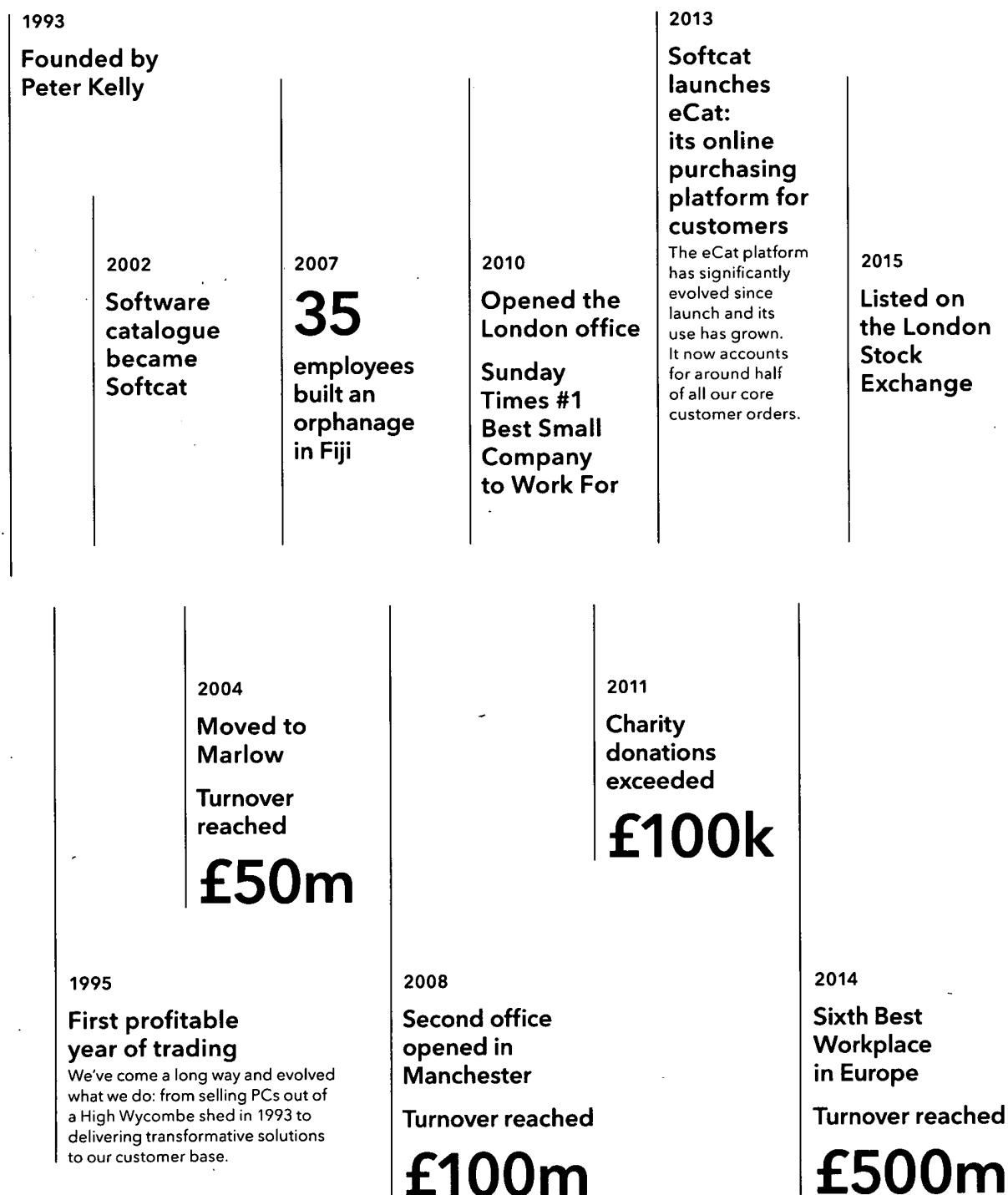
Financial statements

- Independent auditor's report
- Consolidated statement of profit or loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the consolidated financial statements
- Company statement of financial position
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Pages 1 to 89 form the Strategic Report of Softcat plc for the financial year ended 31 July 2024. The Strategic Report has been approved by the Board of Softcat plc and signed on behalf of the Board by Graham Charlton, CEO, and Katy Mecklenburgh, CFO.

Our evolution

Our journey of evolution...



... keeps us moving forward

2017

99%

customer satisfaction for seven years in a row

2020

Launched the Softcat Community Network

2022

Carbon neutral achieved (through offsetting scope 1, scope 2 and operational scope 3 emissions). This has been maintained since

2024

A fresh new look for Softcat, but with the same values and culture which has made us a success for more than three decades

Passed the 2,500 employees mark, demonstrating our commitment to invest and grow the business

2019

Ranked sixth in RateMy Apprenticeship's Top 100 Employers

2021

Softcat became the UK's #1 VAR, a position it still retains

Transformed part of our Marlow office into a COVID-19 vaccination centre

First FTSE 250 company to receive 5* from the UN for Sustainable Development Goals

2023

Opened the Newcastle office

The future

#1

We want to continue to be the UK's #1 VAR with the most satisfied customers, best culture and highly engaged employees

Read more on pages 24 to 29

At a glance

Evolved to be the best

#1 The UK's largest value added reseller

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

Our offering

We support commercial and public sector organisations to design, procure, implement and manage their digital infrastructure. Our continuing success puts us in the privileged position to invest in new capabilities in exciting and emerging areas of technology. Our offerings are evolving and are changing to be organised around five propositions for our customers:

Hybrid platforms	Networking and connectivity
Workspace	Data, AI and automation
Cyber security	

Read more on pages 26 and 27

Our vendors

We're proud to collaborate and work closely with all the biggest global technology vendors, as well as emerging innovators, to deliver the broadest possible choice for our customers and we work hard on maintaining excellent alliances with them. In many instances, we have best-in-class accreditations with our vendors, which means both our vendors and customers trust us to deploy the right solutions in the right way. Our employees are highly skilled and knowledgeable, with first-class knowledge of our vendors' solutions and products and how they can be used to help our customers use technology to succeed.

Read more on pages 28 and 29

Where we operate



Onwards and upwards

We are predominantly based in the UK, with branches in Ireland, the Netherlands, Hong Kong, Singapore and Australia. Business in our US branch is transferring to our wholly owned subsidiary Softcat US LLC as we continue to build on our multi-national operations. Our customers are based in the UK and Ireland and our multi-national business supports the international needs of our UK and Irish customers through the branch and subsidiary company network.

We've expanded and evolved the capability of our multi-national operations so they can handle the most complex logistics and operational demands of our customers, regardless of the geography they operate in.

We continue to grow and at the end of FY2024 we exceeded 2,500 employees and we further grew our customer base.

As we continue to grow, we maintain our focus on our customers. We achieved an impressive rating of 98% customer satisfaction, which built on the prior year rating of 97%.

Read more on our approach to stakeholders on pages 42 to 49 and on our progress to build a more sustainable business on pages 60 to 82.

98%

customer satisfaction

10,291

customer base

2,509

employees

A simple but effective roadmap

Our purpose and strategy is unchanged and continues to bring us success. It serves as a guide for Softcat’s direction, culture and how we should approach key decisions. We have a well-defined purpose and vision which helps both our internal and external stakeholders to understand our long-term goals and how we plan to achieve them.

Our purpose

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

Our vision

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

Strategy

Acquire more customers.
[Read more on pages 30 to 35](#)

Sell more to existing customers.
[Read more on pages 30 to 35](#)

Enabled by our...

People and culture.
[Read more on page 18](#)

Ease of doing business.
[Read more on page 17](#)

Maintaining relevance and expanding our addressable market.
[Read more on pages 17 and 18](#)

Guided by our values

- Fun
- Responsibility
- Community
- Intelligence
- Passion

[Read more on pages 52 to 59](#)

Investment case

Why invest in Softcat?

We have grown into the largest provider of cyber security, cloud and IT infrastructure solutions in the UK, supporting our UK and Irish customers with their needs.

This means we are well positioned to help commercial businesses of all sizes and public sector organisations to design, procure, implement and manage the right IT solutions. We set ourselves apart from our peers as the solutions provider of choice through our unique culture and breadth of offering. By providing the best IT solutions with exceptional customer service, we provide the underpinnings to the modern digital economy. As can be seen from our strategic roadmap, we have a simple but effective business strategy. We are well placed in our market, which is in a sector seeing substantial growth and we think there is so much more growth to come.

We advise, design, procure, implement and manage technology for our customers

Read more on page 4 and pages 24 to 29

We work with all of the leading global technology manufacturers to provide our customers with the broadest possible choice of IT infrastructure solutions to suit their needs. This includes software licensing, workplace technology, networking, security, cloud and datacentre. We do all of this through our own teams of technologists augmented by numerous specialist service partners. In many instances, we have best-in-class accreditations with our vendors which means both our vendors and customers trust us to deploy the right solutions in the right way.

400+
vendors and partners

Proven customer excellence

Read more on pages 24 to 29

We provide much the same technology as our competitors. What makes us different is the passion and expertise of our people in supporting our customers across our offering.

98%
customer satisfaction

A dedicated and passionate team

Read more on page 52

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

90%
employee engagement

Market-leading growth and financial strength

Read more on pages 16 to 19 and pages 38 to 41

We have delivered 19 consecutive years of gross invoiced income and profit growth, all of which has been organic. The business has no debt and a strong track record of cash generation.

19%
compound annual growth rate in GII over the last ten years

Large and growing addressable market

Read more on pages 24 to 29

We estimate our UK and Irish addressable market is around £60bn. Our addressable market has a forecast compound annual growth rate of around 10% through to 2028. Although we are the UK's largest VAR, we have a relatively small share of the addressable market, giving us the opportunity to deliver market-leading growth.

5%
estimated share of addressable market in FY2024

Another record year at Softcat

Our focus on delivering outstanding customer service by nurturing a culture with the highest possible levels of care, motivation and engagement remains key to our current and future growth.

Graeme Watt
Non-Executive Chairman

I am delighted to be highlighting another strong performance in our Annual Report this year from the entire team at Softcat.

We started the year with new leadership in three key positions, namely Chairman, CEO and CFO. I would like to begin by extending an enormous thank you and say well done to Graham Charlton and Katy Mecklenburgh for their outstanding contributions and leadership in their first full financial year as CEO and CFO, respectively. The performance of the business is explained in detail in Graham's CEO review on pages 16 to 19 and in Katy's CFO review on pages 38 to 41. We have moved forwards on a number of key financial measures, including growth on gross profit, gross profit per customer and operating profit. It has not been an easy market and the team has stood up and met the challenges of a weak UK macro-economic picture, stalling demand in the workspace and a snap July general election. Against that backdrop, the team has remained focused on delivering what the customer wants and needs, delivering growth as we have continued to take market share and have grown the gap over our nearest rivals in the UK and Ireland.

Our focus on delivering outstanding customer service by nurturing a culture with the highest possible levels of care, motivation and engagement remains key to our current and future growth. I am delighted that our annual engagement scores for customers and employees were again industry leading and the team does a great job of sifting through the detailed feedback and acting on it. Strongly influenced by that employee feedback, the team has invested in AI with Microsoft Copilot for employees and we are modernising and investing in key workspace platforms to work smarter and more effectively at the same time as developing further our existing and new office environments to make sure they are fit for purpose.

Introduction to governance

Read more about our approach to governance on page 92

How we evolve

Read more about how we've evolved on pages 4 and 5

Stakeholder engagement

Read more about how we engage with our stakeholders on pages 42 to 49

The world has embraced hybrid working and we are no different. We have a strong presence in the office so we can foster the learning, collaboration and relationship building we all need, and I think we have got the balance just about right. We aim to deliver productivity levels that are at least as good as our peers, but it will take more time for us all to work out just what the right balance is for our employees and our customers in the longer term.

From a customer perspective, the team has focused on responding to the feedback they have provided on relationship and operational attributes. Our customers have been clear to highlight cyber security, artificial intelligence, automation and workspace as key areas of focus. We are ready to respond to those demands and at the same time are taking a look at the wider picture. The team has been working really hard to evolve and further define our technology and services proposition – what it is, where we build or partner and how we deliver and articulate. This sharper focus should really help customers partner with Softcat to deploy the elements of IT infrastructure that they need to run their business.

How we brand our business is important too and many of you will have noticed in this report that we have refreshed our branding. This gives us a fresh, modern look and further emphasises what we do and what we stand for. I hope our refreshed branding will resonate well with all of our audiences. We feel our new brand identity will further differentiate us as a clear market leader in our sector, drawing more attention to us, as we continue to build on loyalty and trust with our customers and other stakeholders. Creating a clear and differentiated brand, in conjunction with our equally unique culture, will serve us well to stand out in a sector which still remains highly fragmented.

If I turn to look at our future opportunities, they exist everywhere and are well captured in our technology pillars. Every single business and public sector entity has needs in the areas of hybrid platforms, workspace, cyber security, networking and connectivity and data/AI/automation. Our focus is to take time to understand what each individual customer needs and customise our offering to them. With rapidly evolving trends around the hyperscalers, marketplaces, AI and continued growth in the core technology areas, our customers need help with the challenges of complexity, choice and pace of change more than ever before. We aim to say 'yes' to the customer as often as we can. We would like to be their primary partner where we can, or first in the queue if we are not. We are not opportunity limited so one of our key imperatives remains the allocation of the right level of resources to the right parts of our business. Those resources are mainly our people and our internal capital allocation on our own IT infrastructure projects to stay current and deliver even higher levels of satisfaction to our team and our customers.

We operate in a market that continues to be fragmented and difficult to differentiate. Our focus on delivering outstanding customer service born from our strong employee culture is as important as ever and the Board and management remain focused on preserving our culture across many aspects, such as celebrating our achievements, charitable fundraising and volunteering, improving inclusion, delivering further diversity, and driving employee engagement as the number one priority. Our community network is as vibrant and supportive as ever and we have again made important strides forward on our efforts to be a more environmentally responsible and sustainable company. During the year, the Board held very productive and extensive discussions with management on our people capabilities and development. The resulting plans are a key element of our wider strategy.

It's not just our culture that makes us stand out of the pack. We are the only IT infrastructure solutions provider to hold the AWS Premier Tier Partner status and the Azure Expert MSP accreditation in the UK. In this world of growing cloud consumption, that is really significant. From a people perspective, we are currently recognised for four different Great Places to Work (super large company category) attributes, namely: Best Workplaces; Best Workplaces for Development; Best Workplaces for Wellbeing; and Best Workplaces for Women.

Board changes

A number of changes to the Board were set out in the 2023 Annual Report, some of which were planned for our 2024 financial year. In line with those announcements, I am delighted to say that Mayank Prakash joined the Board in September 2023 and Jacqui Ferguson joined a few months later in January 2024. They both took part in a comprehensive on boarding programme and are already making significant contributions to the Board.

Graham Charlton has now completed his first year as our CEO. As part of our orderly succession plan, Graham invested a significant amount of energy and time to prepare for the move to CEO and at the same time pave the way for Katy Mecklenburgh to join as Softcat's new CFO in June 2023. Graham's deep understanding of the business and what makes Softcat successful meant that he settled in as CEO very quickly and he is focused on driving the business on its next chapter of growth. Katy's strong affinity to our culture and fresh perspectives have allowed her to make early significant contributions to the performance and direction we are taking. I am pleased to see Graham and Katy working so effectively together in their new roles.

A refreshed brand

A fresh new look for Softcat, but with the same values and culture which has made us a success for more than three decades. This gives ourselves a modern look and further emphasises what we do and what we stand for.

We feel our new brand identity will further differentiate us as a clear market leader in our sector, drawing more attention to us, as we continue to build on loyalty and trust with our customers and other stakeholders.

Chairman's statement continued

Board changes continued

Vin Murria is our longest serving Non-Executive Director, having joined Softcat in 2015 when Softcat listed on the London Stock Exchange. Non-Executive Directors are appointed for an initial three-year term, extendable by a further two additional three-year terms, making a total of nine years. Having served nine years, Vin has confirmed that she will not stand for reappointment at the Company's AGM on 9 December 2024, at which point she will leave the Board. On behalf of the Board, I would like to take the opportunity to thank Vin for her invaluable contributions, energy, passion and counsel over the years. We will miss Vin and wish her all the very best. Given that we have a broad range of skills and good levels of bandwidth in those that remain on the Board, we have decided not to replace her at this point.

As Vin steps down from the Board, Robyn Perriss will assume the Chair of the Sustainability Committee and Lynne Weedall will become our Designated Non-Executive Director for Workforce Engagement.

As a reminder, I was appointed as Softcat's Non-Executive Chairman in August 2023 after having served as Softcat's CEO for five years. The Board is aware and has acknowledged that the appointment of the CEO into the role of the Chairman is not in line with the recommendations of the UK Corporate Governance Code. The rationale for my appointment is provided in further detail in the Governance Report on page 92. I fully transitioned away from executive duties on 1 August 2023 and Graham Charlton as CEO has since been fully in charge of the business. Graham, I and the Board have a very clear understanding of the separate and distinct duties of the Non-Executive Chairman and of the CEO and this is being fully observed.

In August 2024, I took on an additional non-executive chair responsibility at Infinigate – a privately owned security IT distributor. It is an opportunity to further hone my chairing skills and bring value to both Infinigate and Softcat as I will be exposed to an expanded view of the IT channel.

I am very pleased with the composition of the Board following the recent changes and on how well our most recently appointed Directors have settled in. We have developed a good rhythm and cadence of working together. I am pleased that we had and continue to have a robust succession planning process which we were able to lean on and execute when we needed. We have built a strong skill set on the Board that provides a strong governance and compliance framework as well as strategic oversight, constructive challenge, advice and support.

Board effectiveness

A recent internal Board evaluation (see pages 100 and 101) concluded that your Board remains highly effective and committed. I am pleased with the way the Board operates and how the changes have bedded in. We are always looking for ways to improve and do better and the evaluation identified some minor points for improvement which we will progress during the coming year. During my first year as Chairman, I discussed with the Board the way we work together and, as a result, we agreed some modifications which we have found to be very useful. We have created space for NED-only discussion and dedicated more time to the Committee meetings and the main Board sessions too. These, and other progressive steps we have taken, are described in the Governance Report on pages 98 and 99.

Stakeholders

During the year, the Board continued its interaction with some of our most important stakeholders. This included highly interactive engagements with some of our customers, vendors and employees. These were very useful for the Board to gain further insights from the perspectives of our stakeholders. Regular updates and discussions were held during the year on employee engagement, employee capability, our culture and on customer satisfaction. The Board, through the Sustainability Committee, continued to monitor progress on our environmental initiatives, which continue to mature. We are making steady advances in all of these areas, which are described in more detail throughout the Annual Report.

At the end of the 2024 financial year, 36% of our employees were women and 17% from an ethnic background. In the leadership layers, 40% of the Senior Leadership Team were women and 62.5% of the Board were women. We have a range of initiatives at Softcat which reflect our commitment to make Softcat an increasingly diverse and inclusive place to work. I would like to thank our employees for their continued efforts. We still have more to do to improve on some of our diversity metrics, particularly in the leadership layers, and both the Board and management remain fully committed to this long-term endeavour.

The Board regularly reviews employee engagement and customer satisfaction. We recently completed our annual customer engagement survey and can happily report that our net promoter score ('NPS') increased to 63, which is market leading. Our current employee NPS of 59 is excellent and also market leading. I would like to thank our leadership team for again achieving such high levels of satisfaction.

This year the Board agreed to change the way our Non-Executive Directors engage directly with our employees. Each Non-Executive Director engaged with at least one nominated office to listen to their views on the Group. With our open culture we found this programme of engagements to be highly informative and to gain further insights of local and Group-wide matters. This complements well the existing extensive engagement between the Executive Directors and our employees. The engagement programme is explained further on pages 50 and 51.

The views of our shareholders continue to be very important. During the year, I continued our long-standing programme of contact between the Chairman and our largest shareholders. This programme does not cover operational business matters but focuses on Board matters, governance and stewardship. The programme was particularly valuable for me during my first year as Chairman. Our shareholders remain overwhelmingly supportive of our governance arrangements.

Softcat continues to work on reducing its environmental impact. We have made progress on operational matters, such as completing the installation of solar panels at our head offices in Marlow. The solar panels are now fully operational and are making a significant contribution to the office's energy usage. We plan to relocate our London and Birmingham offices in 2025 and will take the opportunity to make our new offices more sustainable than the legacy offices. We continue to work with our industry partners towards our longer-term goal of being net zero by 2040. We have also put more resources into helping our customers make more sustainable purchase decisions. More on this can be found in our Sustainability Report on pages 60 to 82.

59

employee net promoter score

Capital allocation and dividend

The Board reviews Softcat's capital allocation framework (see page 102) and our dividend policy regularly and both remain unchanged. Our dividend policy is a progressive one which targets an annual (interim and final) dividend of between 40% and 50% of the Group's profits after tax in each financial year before any exceptional items. Subject to any cash requirements for ongoing investment, the Board will prioritise returning excess cash to shareholders over time. We recommend a final dividend of 18.1p per ordinary share, taking the total dividend to 26.6p per ordinary share.

In addition, we recommend a special dividend of 20.9p per ordinary share is paid at the same time as the final dividend. Further details on our dividend and distributions policy can be found on pages 102 and 103.

Shareholders will be asked to approve the final and special dividends at the AGM on 9 December 2024.

Looking ahead

I am optimistic about our opportunity for further growth and success at Softcat. We operate in an industry that serves customers who consume IT infrastructure and we deliver solutions that address their needs. The market is likely to grow again next year and with our relatively low market share penetration, there are plenty of opportunities to help our customers more and increase our share of wallet. How we serve our larger customers in the corporate and public sector space and how we deliver to their international requirements are two areas of future focus. We will never stop on our relentless journey to provide customer service at levels above anyone else and success, here is dependent on prioritising our employee engagement and motivation through all the work we do to promote our culture. The Group continues to perform very well in these areas and our market-leading net promoter scores tell us that we are well regarded and that we have highly engaged employees and very satisfied customers. We continue to be successful in our simple strategy to acquire more customers and to sell more to existing customers. Our purpose 'to help customers use technology to succeed, by putting our employees first' continues to guide us in our actions and decisions. This puts us in a great position to take advantage of the opportunities available to us.

I would like to thank everyone for making me feel welcome over the last year in my new role and for all their engagement and wise words. I have learned a lot. I enjoy the role and look forward to developing further in this coming year.

I would like to thank the rest of the Board for their fabulous support and contributions, Graham for his fantastic leadership and a huge thank you to the entire team throughout the organisation for making Softcat such a great place to work. Thank you also to our customers, vendors, suppliers and partners without whom we couldn't add the value that we do.

Our Annual General Meeting will be held on 9 December 2024 and I look forward to meeting any shareholders who wish to attend.

Graeme Watt
Non-Executive Chairman
23 October 2024

Leading the evolution

In conversation with Graeme Watt (Non-Executive Chairman),
Graham Charlton (CEO) and Katy Mecklenburgh (CFO).

Graeme, Graham and Katy reflect on their achievements during the last twelve months and discuss their priorities for the year ahead.

Q

What are your personal highlights from the first year in your respective new roles?

GW I'm delighted with the way Graham, Katy and I have settled into our new roles and how we've executed on the transition plan that we announced two years ago. It has also been very rewarding seeing the changes to the Board come together so well and the effectiveness of the Board continue to strengthen through its revised composition and some minor tweaks to our Board processes. The performance of the leadership team and our entire Group has been outstanding, especially in the face of a challenging macro-economic environment. As a result, we've learnt a lot about ourselves and our ability to succeed, underpinned by the strength of our culture. Our approach has always been to put people first and, under Graham's leadership, the success of this approach continues and is evidenced by the excellent rankings in four categories of the latest 'Great Places to Work' awards.

GC My transition into the CEO role has been smooth and I am really enjoying the fresh perspectives and challenges it has brought. Most importantly, Softcat has continued to perform well. Our resilient business model, supported by the breadth and depth of our customer offering, together with our consistent strategic execution, has resulted in another year of strong growth. This is only possible thanks to the incredibly hard work of all our teams, their positive attitude and relentless drive to serve the needs of our customers.

KM It is really great to see the progress we have made during the last twelve months, again delivering double-digit gross profit growth and high single-digit operating profit growth. This is a standout performance in the context of the wider market and reflects all the attributes that make Softcat such a fantastic business. I feel like I've been able to make a real difference since I joined, bringing external perspective to blend with the fantastic knowledge of the existing team, helping evolve our strategy and shape where we invest, while making sure we don't lose focus on the things that have made Softcat so successful to date. The other highlight for me is Softcat's culture, I've really enjoyed becoming part of the Softcat team.

Top: Graeme Watt
Non-Executive Chairman

Middle: Graham Charlton
Chief Executive

Bottom: Katy Mecklenburgh
Chief Financial Officer

The performance of the leadership team and our entire Group has been outstanding, especially in the face of a challenging macro-economic environment.

Graeme Watt
Non-Executive Chairman

Q

Given the changes in the composition of the Board this year, could you describe the impact on its collective range of skills and experience?

GW We welcomed two new independent Non-Executive Directors during FY2024, with the appointments of Mayank Prakash and Jacqui Ferguson to the Board. They are both great additions and I'm delighted with the early contributions they've been able to make. Mayank is a highly experienced senior executive across the areas of operations, technology and digital information and transformations. Jacqui offers a wealth of knowledge in the large-scale, growth-oriented business-to-business technology environment and has significant experience in listed company non-executive roles and extensive familiarity with Softcat's business ecosystem. We very much appreciate the experience and perspective they bring to the Board which are making a real difference, particularly as we further articulate our strategy and customer propositions and invest in more modern systems.

The Board evaluation undertaken during the year tells us that the Board is in good shape and works well together and we have a broad range of skills that match our business and governance needs. There are some minor areas we have identified where we can improve, which we will progress in FY2025. We are sorry to see Vin Murria leave after nine years of amazing contribution to Softcat. We will keep in touch and we wish her all the very best in the future.

Q

What progress is Softcat making in respect of its sustainability strategy?

KM As the Executive Director with lead responsibility for the delivery of Softcat's sustainability agenda, I'm proud of the progress we've made this year. We are absolutely committed to reducing our carbon emissions, having already reached an important milestone of achieving 100% renewable energy across all our offices. We have completed our solar panel installation project at our head office and the panels are now producing a substantial amount of the energy used at the office. We also planned and hosted our first carbon neutral, Group-wide Kick Off employee event for FY2025. We have increased the engagement with our partners and assigned new dedicated resources to help our customers on their sustainability journey. Our achievements and progress have received external recognition, with Softcat named as one of Europe's Climate Leaders for 2024 by the Financial Times and as Sustainability Partner of the Year at the Tech Excellence awards.

My focus is on ensuring that we make the right investments as a business, with the first priority to ensure we are best placed for continuing our growth trajectory. This includes investing in additional headcount, both to increase sales capacity but also to grow our technology proposition in the systems and supporting processes that enable us to continue to scale and operate effectively. The investment we are planning to make in replacing our sales system is just one example of this

type of investment and will help us evolve our business and improve employee and customer experience as we continue to grow.

Setting us up for success in FY2025 and beyond is a key priority for me. Our impressive results year after year are only possible thanks to the longer-term thinking and strategic planning that we undertake. Regardless of the macroeconomic environment, we make investment decisions that support future growth and enable us to outperform the competition.

Group Q&A continued

Q

'Evolution' is the theme of this year's Annual Report – can you talk about how Softcat's strategy is evolving and why this is important?

GC The industry in which we operate is increasing in complexity and there is growing demand from our customers for the advice and solutions we offer, to help them modernise on their IT infrastructure. Our word of the year 'Evolution' encapsulates our approach to support them on this journey by embracing the innovative solutions and services that are driving our industry forward.

Put simply, our technology proposition is evolving to enable us to better meet the needs of our customers and to remain relevant to them. While our people and our culture underpin everything we do at Softcat, the breadth and depth of our technology offering, as well as the ease of doing business with us, is increasingly important. By continuing to invest to transform our own operations, we can achieve our goals of acquiring new customers and selling more to existing customers. All of these changes will create a customer proposition that is able to embrace the opportunities offered by automation and AI,

enabled by the use of data and deployed in a workspace suitable for the hybrid working world. In this way, we can add more value to customers, improve our service and, further strengthen our competitive advantage. Over time, our improved systems and processes will enable us to fully harness the data flowing around our business, to inform better decision making and leverage the benefits of our broad view of the market.

KM My focus is on ensuring that we make the right investments as a business, to equip our internal teams with the tools and capabilities they need to maintain good governance, controls, and relevance with customers and our vendor partners. It is vital that we invest in areas that will drive future gross profit growth, whether that is directly in our technology proposition or, less directly, in the systems and supporting processes that enable us to continue to scale and operate effectively. The investment we are planning to make in replacing our sales system is just one example of how we can evolve our business to put in place the foundations to improve employee and customer experience, supporting our growth ambition.

Q

What are your customers focusing on and how does Softcat continue to address their needs?

GC At Softcat, we are dedicated to customer excellence and one of the many ways we achieve this is by staying close to customers, understanding their individual needs and customising our offer to them. The pace of change in IT infrastructure, together with an ever-expanding choice and increased complexity, makes it clear how much of a competitive advantage Softcat has, when considering the breadth of our portfolio.

In terms of the specific areas that our customers are focused on, our most recent customer experience survey highlighted cyber security, AI and automation as their key IT priorities. The results of our extensive customer survey once again show our customers are delighted with the service and solutions we provide. Industry-leading metrics of 98% customer satisfaction and a net promoter score of 63 highlight the unwavering dedication of employees to our customers and that Softcat remains a partner of choice.

Our evolving technology proposition is designed around the priorities of our customers. We think about this proposition in terms of five technology towers - workspace, hybrid platforms, cyber security, networking and connectivity and data automation and AI. By structuring our offerings in this way, we will continue to be best positioned to deliver the solutions and services that customers value, supporting further sustainable growth.

100%

renewable energy across our offices

98%

customer satisfaction score

Q

Can you outline your priorities for the year ahead?

GW We have deliberately spent a lot of time over the past year further articulating our strategic objectives and making sure the business is fit for the future. While our strategy will continue to evolve, the focus for the coming year is on the execution of that strategy and continuing to outperform the market and our peers.

GC We must continue to prioritise the positive attitudes and customer dedication that make the Softcat culture so unique and which underpin our competitive advantage. We have an incredible opportunity to build on current momentum in the business and strengthen our leading position in the UK market, at a time of rapid change in the industry. The evolution of our technology proposition and services offering will ensure that we maintain relevance with customers, and I am excited by the enormous opportunity for us to drive significant growth from here.

KM Setting us up for success in FY2025 and beyond is a key priority for me. Our impressive results year after year are only possible thanks to the longer-term thinking and diligent strategic planning that we undertake. Regardless of the macro-economic environment, we make investment decisions that support future growth and enable us to outperform the competition.

A year of strong performance and profitable organic growth

We have the capacity and skills to be the best possible partner for our ten thousand customers as they continue to transform their technology in the years ahead.

Graham Charlton
Chief Executive Officer

I'm delighted to report another record year for Softcat, delivering strong growth ahead of market expectations despite challenging market conditions. These results are testament to the power of our culture and our continued ability to deliver high quality value to customers just when, more than ever, they need our help to navigate the increasing pace of technological change.

During the year we made further progress against our two key strategic goals: expanding our position with existing customers whilst also adding to our customer base. We also continued to evolve our technology and service proposition, reframing and strengthening our offer to enable further strategic progress in the years to come. The investment we have made in our team, growing headcount by more than 30% over the past two years, puts us in an incredibly strong position for when economic conditions improve. We have the capacity and skills to be the best possible partner for our ten thousand customers as they continue to transform their technology in the years ahead.

The Group's financial position is as strong as ever, with cash generation continuing to support our progressive ordinary dividend and once again also enabling the recommendation of a special dividend.

As always, I'd like to give a heartfelt thank you to the Softcat team for their outstanding attitude and dedication to each other, our customers and our partners during the past year. Their spirit and ability create an unbeatable foundation upon which we will continue to build as we drive towards our full potential in the years ahead.

Our strategy

Read more about our strategy on pages 30 to 35

Our business model

Read more about our business model on pages 22 and 23

Our market and offering

Read more about our market and offering on pages 24 to 29

Performance and market conditions

We are pleased to report another strong year of growth that was ahead of market expectations in a challenging macroeconomic environment.

This continues our unbroken record of double-digit gross profit growth stretching back almost 20 years, demonstrating the sustainability of our model and consistency in execution.

During the year we made further progress against our two key strategic goals: winning new customers, up 1.8% year on year, and selling more to existing customers, delivering an increase of 9.7% in gross profit ('GP') per customer. Looking closer at the performance of the customer base, it was encouraging to see how we continue to strengthen our relationships with existing customers. For example, the number of customers generating over £1k of gross profit in the year grew 5.1% from 7.5k to 7.9k and the average GP delivered from each of those customers expanded by 6.3% from £49.6k to £52.7k.

This progress comes despite general weakness in UK economic conditions, which had a dampening effect on customer demand throughout the year, resulting in longer sales cycles and deferred spending. We observed customers prioritising cost optimisation and sweating existing assets ahead of committing to major new projects and while, for example, sales of client devices delivered growth for the year, this was an area of our industry that was especially impacted.

Notwithstanding these challenges, our continued growth highlights the resilience of our business model supported by our diverse product offering and customer base, and our ongoing ability to gain market share. We estimate that our share of the UK and Irish markets remains in the region of 5%. While external conditions can have an impact on trading from period to period, we see significant opportunities for growth in the years ahead.

Market trends

There are many technology-related factors that contribute to our optimism, including the increasing impact of AI, and the more positive outlook for economic growth, together with reducing inflation and interest rates.

There is widespread anticipation of a device refresh cycle, expected to gain momentum into calendar year 2025. In addition, there is the ongoing impetus created by the continuing evolution of the AI opportunity.

We continue to see customers engage with and adopt Microsoft Copilot as well as the AI enhancements being built into other SaaS solutions. On top of that, organisations are beginning to move ahead with bespoke and internally developed AI tools and solutions, which in turn creates demand for datacentre evolution and expansion, whether on premise or in the cloud.

This new generation of applications are more dependent than ever on information-rich and well-organised data sets, but also increase the attack surface and potential for harm if compromised. This in turn leads to an increasing array of ever more sophisticated cyber threats, ensuring that security also remains a top priority for our customers. Against this backdrop, we continue to invest at pace in relevant capabilities through internal training, expanding our advisory teams and staying in-step with our vendor partners as they continue to bring innovations to their product portfolios and remaining close to our customers' needs and enquiries.

Such innovations place ever greater demand on the foundational layers of IT infrastructure, reinforcing existing megatrends in compute and storage to ensure the right workloads are hosted in the right place, and data is secure at all stages of processing. The unrivalled breadth and depth of our technology proposition means we are very well placed to help customers navigate these complexities, adding value to CIO and IT manager decision-making processes.

Ease of doing business and maintaining relevance

Average headcount increased during the year by 14.3%, as we invest for future growth and build on the very strong investment in our teams over recent years. Growth was delivered across all departments but with a bias towards our technical and support functions as we continue to scale our ability to go deeper into existing customer relationships. This reflects that, for the vast majority of our customer base, we have huge opportunity to gain a larger share of their spend.

We have also been investing in productivity enhancing tools and processes. We have, for example, implemented Microsoft Copilot licences for around two thirds of our staff, including all of our salespeople, bringing the added benefit of being better able to support our customers with their AI projects. The roll out of Microsoft Copilot to all remaining staff will be completed in the year ahead.

Chief Executive Officer's review continued

Ease of doing business and maintaining relevance continued

Alongside this, our digital strategy continues to gather pace with the appointment of a new Head of Digital as we seek to consolidate the number of systems and platforms both employees and customers interact with. As part of this, we are centralising our content management and market data tools, paving the way for AI functionality. This has the potential to better and more intuitively equip our account managers with the tools they need to address customer needs at the right time, as well as more efficiently match our expertise and solutions to our customers' problems. We have also kicked off a project to replace our sales system over the coming years and put in place the foundations for continuous evolution of our capabilities and employee experience.

Our multinational business has continued to grow too, via our network of branches in Europe, APAC and an office in Virginia, USA. Rising demand from our customers to serve their operations beyond the UK and Ireland will drive further expansion of our international footprint in the year ahead.

We continue to embrace and lead the market in adoption of new consumption models and routes to market, with investment in vendor marketplace offerings and a rise in as-a-service consumption models for both software and hardware. Our word of the year, "Evolution," encapsulates our approach to maintaining relevance in a dynamic and disrupted industry, making good use of our capacity to invest in change compared to our competitors.

Feedback from customers strongly supports our desire to remain their clear partner of choice, with our latest survey showing 98% customer satisfaction (FY2023: 97%) and a net promoter score of 63 (FY2023: 62) which all our staff should be proud of.

People and culture

Whilst we continue to make huge investments in the evolution of our customer proposition, the core of our strategy and competitive advantage will always be firmly rooted in our culture and the very strong customer service this delivers. Softcat was created to be a special place to work, and we obsessively monitor the results of our efforts to remain so. This year we have updated our learning and development platform, broadened our flexible working policy and enacted a number of developments to help teams work more closely together. It has been very pleasing to receive recognition for these efforts from our people, and also by winning the award for the 'Best Overall UK Workplace in Tech' by The Great Places to Work Institute in the Super Large category. We were also absolutely thrilled to be named the UK's 'Best Workplace for Women', 'Best Workplace for Development' and fifth 'Best UK Workplace' in the Super Large category.

Our internal Communities play an integral and increasing role in promoting and protecting an inclusive and supportive environment. A packed calendar of events across our network of offices helps make them a vibrant place to work, whilst charity days and fundraising are an important part of our social engagement. This year, for the first time, we were pleased to bring our Community Leaders together for an event in partnership with vendors and distributors, sharing knowledge and experiences and celebrating the contribution they make to Softcat and society.

Our 11th charity ball in May 2024 was a huge success, bringing together over 900 guests from Softcat and our partners to raise over £400k for charity. Other events during the year helped bring our total charitable donations to over £540k.

We also recently held our largest ever annual Kick Off event at the NEC in Birmingham with 2,200 Softcat staff in attendance, an event which remains the highlight of our calendar.

Our growth has meant that we are reaching capacity in our London and Birmingham offices, and so we will relocate these teams to improved premises during the new financial year. These moves are part of a rolling 5-year strategy to ensure we have the right environments for hybrid working as we continue to scale across all our regions.

Strategy evolution

Our strategic growth goals remain clear: to deepen our relationship with existing customers whilst also adding to the customer base. During the past financial year we have looked closely at the trends and opportunities driving our industry forward to ensure we remain best placed to deliver against these goals – not just next year but for the years ahead. As a result, we have implemented an enhanced strategic framework to ensure we create a customer proposition fit for the age of data and AI and to ensure we can continue to operate effectively and efficiently as we continue to scale.

Our technology proposition is a keystone to this, and we have defined a new structure within which to frame our offering. This will allow our customers to interact with us in a way that is intuitive and easy for them to do business with, whilst also improving our collaboration with vendor partners. In addition, we can more clearly define the direction for the further development of our services portfolio to augment and complement the in-house capabilities of our customers in the areas of technology that matter most to them.

These customer- and vendor-facing developments will be underpinned by further investment in our own data and digital strategies. We have ambitious plans to modernise our own operations, increasing our digital footprint and ability to drive insight from our uniquely broad view of the market. This will benefit the user experience internally in Softcat as well as within our customers, and increase our relevance to both customers and vendors by bringing together the right people, to have the right conversations, at the right time, more often.

The developments we are planning form a strategic roadmap for Softcat in the years ahead, all of which can be pursued through organic investment. We also have and will explore the option to accelerate some of these enhancements through acquisition and/or strategic partnership.

Sustainability

We remain committed to making progress against our stated goals to reach net zero emissions by 2040, taking purposeful steps to minimise our impact on the environment and build momentum in the wider industry to do the same. It is part of our integrated approach to ESG (Environmental, Social and Governance) and we continue to move forward on this journey with close alignment and collaboration with key partners and supporting our customers with sustainable solutions and services.

This year we launched a fully carbon neutral managed support service in partnership with Cisco, one of the first in our industry. We've also received recognition in the period from valued partners including Lenovo and HP, and we were named Sustainability Partner of the Year at the Tech Excellence Awards.

We continue to take meaningful steps on our sustainability journey within our business, recruiting into our sustainability team and rolling out expanded training to all staff. We worked hard to make our annual Kick Off event carbon neutral and it was pleasing to see the impact of the recent project to install solar panels at our Marlow office which now provide up to 80% of the annual power requirements at that site, whilst the rest of our office network is powered by 100% renewable electricity.

Investment in sales system

During FY2025 we are commencing work on a replacement sales system. Due to the accounting standard requirements regarding the capitalisation of SaaS based solutions, we will not know whether the cost for building this system will be capitalised or treated as operating expenditure until we have selected the vendor and finalised the contract details. Due to the materiality and non-trading nature of the cost, if the solution cannot be capitalised, we intend to treat it as an adjusting item to operating profit.

Board changes

Vin Murria is Softcat's longest serving Non-Executive Director, having joined Softcat in 2015 when Softcat listed on the London Stock Exchange. Non-Executive Directors are appointed for an initial three-year term, extendable by a further two additional three-year terms, making a total of nine years. Having served nine years, Vin has confirmed that she will not stand for re-appointment at the Group's Annual General Meeting to be held on 9 December 2024, at which point she will leave the Board. Graeme Watt, Non-Executive Chairman commented "On behalf of the Board, I would like to take the opportunity to thank Vin for her invaluable contributions, energy, passion and counsel over the years. We will miss Vin and wish her all the very best."

Vin Murria is currently the Chair of the Sustainability Committee and the designated Non-Executive Director for Workforce Engagement. With effect from 9 December 2024, Non-Executive Director Robyn Perriss will assume the Chair of the Sustainability Committee and Non-Executive Director Lynne Weedall will become the designated Non-Executive Director for Workforce Engagement.

Outlook

Softcat operates in a significant and growing market, and we continue to invest to capitalise on this exciting growth potential. As we drive further market share gains, we expect to deliver another year of double-digit gross profit growth together with high single-digit operating profit growth in FY2025.

Graham Charlton

Chief Executive Officer
23 October 2024

Evolving technology

Responding to changes in the technology landscape

‘Evolution’ as our word of the year also encapsulates an increased focus on changes in the technology landscape which are shaping how we work at Softcat and the needs of our customers. We embrace these changes, which drive key aspects of our strategy, including:

- acquire more customers;
- sell more to existing customers;
- ease of doing business; and
- maintain relevance and expand our addressable market.

Helping our customers evolve

The future opportunity in our industry remains incredibly exciting. Evolutions in artificial intelligence (‘AI’), data management and cyber security, amongst other technologies, continue to drive rapid transformation in technology and this will generate growth across all areas from the cloud and datacentre to the edge. These incremental tailwinds to an already growing market play perfectly into our comprehensive offering at a time when customers need broader and more integrated support from their partners than ever before. This is a great opportunity for us to further increase our market share and make ourselves an indispensable partner of choice.

The ever-expanding use of AI is increasing in relevance to our customers and they are very interested in generative AI (‘Gen-AI’). We are already seeing great customer engagement and our most recent customer experience survey showed AI and automation were two of the top three of our customers’ technology priorities. We offer advice and support to our customers and prospective customers via workshops, webinars, podcasts and one-to-one meetings. These interactions keep us well placed to help our customers assess their readiness for adoption, as use cases and products start to come to market. In many situations, customers are discovering through their interactions with us that they first need to make improvements to their foundational data governance and management for Gen-AI, as more and more use cases are established.

While it is still very early days, we are already beginning to see the all-encompassing impact the broader AI opportunity will have across both infrastructure and applications. We believe the early-stage adoption of tools such as Microsoft Copilot will increase steadily over the medium term. However, Gen-AI and large language models are just one aspect of AI that we expect will drive both volume and innovation in IT over the long term.

Softcat is a market leader for Microsoft in the UK and we are leading the way on the Microsoft Copilot opportunity. Our teams are expertly equipped to advise and sell Copilot as part of the wider Microsoft portfolio to millions of licence holders. Many of our customers tell us that they are exploring the potential and use cases of the many branches of AI, which we think will lead to more customer adoption of AI technology. The broad AI opportunity is exciting, as both vendors and customers look at the datacentre, end user devices and other parts of infrastructure and evaluate how these will impact in the years ahead. We believe our ability to support customers in thinking about how all these requirements come together will remain a key advantage for many years to come. We are developing our technology propositions, preparing for the potential opportunities presented by AI and AI-readiness. As more uses of AI expand and customer adoption rates increase, we will work even closer with our vendors and play an integral part in our customers’ journey.

The AI opportunity

For our customers	Education • Webinars • Workshops • 1:1 customer meetings	Readiness • Data governance security • Datacentre infrastructure • Change management	Implementation • Client devices • Datacentre transformation • Microsoft Copilot • AI application innovation
	Opportunity identification and response	Tender and bid generation	Proposition navigation and resource management

Softcat's evolution through technology

Within Softcat, we continue to invest in evolving technology. This has wide-ranging benefits, particularly for employee productivity and engagement and for our strategic underpin of ease of doing business.

We are investing in our own data strategy, recognising the intrinsic importance of effective data collection, management and governance in an efficient, modern operating model and the exciting potential to accelerate growth through automation and analytics. We are making good progress with our external partner towards a unified data analytics platform that will capture and cleanse internal and external data streams into a single, well-structured and secure platform. The first iteration of this is live in a proof of concept with a small subset of data and users and is providing us valuable insights to improve future iterations. As we progress through the rest of FY2025, we will see further progress that lays the foundations with the potential to incorporate further AI techniques and enhancements over time.

Building on this data platform, we are also investing in analytics and reporting tools as part of our digital strategy. Existing internal tools and systems will be consolidated over time into a single, enhanced view of customer behaviour that will improve insights for our salespeople and drive innovation in our technology offering. Similarly, the Board has approved the required investment for us to move towards a unified platform for our customers to view and manage

the products and services they receive from us, making us more responsive and easier to do business with. This customer platform will accommodate new distribution models, notably marketplaces and 'as-a-service' software and hardware propositions, providing a complete modern range of solutions.

For Softcat, evolution is a journey rather than a destination and we will continue to adapt and move onwards, just as we have successfully done for over 30 years.

I think AI is going to have a very, very foundational impact. Everything from power density...datacentre design...the main compute unit...the network, the memory architecture, all of it. So, the core computer architecture changes. I think every workload changes.

Satya Nadella
Microsoft CEO
January 2024

2,000

Microsoft Copilot licences are being rolled out internally at Softcat, as we modernise the way we work and use technology to be more productive and responsive to our employees' feedback

Business model

Evolved for success

Our business model is resilient and has not changed in the last year. It is designed to drive value for our stakeholders. Our people are bright, motivated, driven and enthusiastic and are trained to meet their customers' needs. Most importantly, they care about Softcat and the customers it serves. This drives the business model to deliver long-term success.

What sets us apart

1 Our employees

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

[Read more on pages 52 to 59](#)

3 Our customers

The longevity of our customer relationships is a direct product of the trust they place in our people and the value we deliver from our technical capabilities. During the past 19 years of consecutive organic growth, the number of customers and the average GP per customers have both more than trebled.

[Read more on pages 24 to 29](#)

5 Our financial strength

In a world of risk, leverage and market uncertainties, we are proud to be a bit different. We have never had any debt and maintain a strong balance sheet, providing strategic agility. We have a highly liquid business model which can comfortably fund both our priority to invest for organic growth and a progressive ordinary dividend policy.

[Read more on pages 38 to 41](#)

2 Our market opportunity and offerings

Despite 19 years of organic growth in profit and gross invoiced income, a share of around 5% of our addressable market affords us potential for further growth. Our success continues to fuel reinvestment into our technical capabilities, which we add to relentlessly year after year. As a result, we have one of the broadest and deepest technical offerings in the market, positioning us as the partner of choice for even the biggest and most complex solutions. We continuously evolve our offerings and use of our channel to maintain relevance to our customers and expand our addressable market.

[Read more on pages 24 to 29](#)

4 Our vendor partnerships

Technology vendors face intense competition and need partners that can accurately, reliably and credibly represent their products and services to tens of thousands of target organisations in the UK and Ireland. In many cases, we hold the highest levels of accreditation with our major vendors, demonstrating the trust those vendors have in us when we implement solutions for our customers. With our scale, expertise, and highly valued accreditations, we offer unrivalled access for both global and local partners to UK and Irish customers. This reach is being further expanded through investment in our multi-national branch network.

[Read more on pages 28 and 29](#)

The value we create for our stakeholders

Customers

98%

customer satisfaction

Shareholders

19

years of consecutive
organic profit growth

Employees

90%

employee engagement

How we deliver value

We recruit and train great people with high potential

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

We incentivise and engage our people to perform

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

We deliver outstanding customer service

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

We maintain relevance and expand our addressable market

We continue to mature and evolve our market approach and offering, making sure we remain relevant to customer and market needs. We have a strong track record of developing new revenue streams and are fast to move as the market evolves. Despite our success to date, it's hard to foresee a time when there won't still be opportunity for growth.

We win new customers and sell more to existing customers

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

Underpinned by our values

Fun

Responsibility

Community

Intelligence

Passion

Read more on pages 52 to 59

Our market and offering

We provide the broadest range of technology solutions and services in a growing market

Our business is broad-based from both a technology and customer perspective, providing us with the best opportunity to take advantage of an addressable market which is expected to continue expanding.

Our simple strategy to acquire more customers and sell more to existing customers and our investment in employees to continue building customer trust give us the confidence that Softcat has a long-term future organic growth opportunity. We are capitalising on our opportunity by investing significantly in modern systems and ways of working and expanding our geographic presence to serve customers better and through ongoing highly effective training and development. Our sales teams are supported by internal specialists and technology experts who make sure as technology evolves we continue to add to and update our offerings to existing and potential customers.

Room for growth in our addressable market

Gartner (a leading research firm) estimates that the non-consumer UK IT market is worth £171bn in 2024. Company analysis of this and other sources, such as the CRN Top VARs report, suggests that our addressable market in the UK and Ireland is worth around £60bn. This gives us a market share of around 5%, up from 3% in 2019. Our current customer base of 10,291 represents around 20% of the addressable universe, with whom we have an estimated average of 20% to 25% share of IT infrastructure spend.

Industry commentators predict more market growth in the years ahead, with Gartner forecasting that the non-consumer UK IT market will grow to £243bn by 2028 – a four-year compound annual growth rate ('CAGR') of 9.2%. The areas addressable by us are forecast to grow slightly faster with a four-year CAGR of 9.9%, taking our addressable market to £86.7bn in 2028.

A strong pipeline of opportunities for Softcat

Our proven model of building customer trust over the long term gives us the confidence that Softcat has a future organic growth opportunity best measured in decades rather than years. To capitalise on this opportunity, we continue to invest significantly in new resources to expand our geographic presence and increase our capacity for training and development, as well as adding new specialist and technical skills to the team. As technology evolves over time, it is a strategic imperative that we continue to add complementary offerings to remain relevant to our customers and partners.

Our opportunity goes beyond the UK and Ireland with many of our customers asking for support for IT solutions and services across their global operations. We have branches in the Netherlands, Hong Kong, Singapore and Australia to enable us to support these customers with their IT infrastructure needs, wherever they are.

There has been particularly strong demand for support in the US where we operate a team made up of long-term Softcat UK employees and local employees. Our UK and Irish customers who have a footprint in the US are now being served through our wholly owned subsidiary Softcat US LLC. This allows us to better cater for growth and customer service.

In the ongoing challenging macro-economic environment, technology will be integral to enabling businesses to regain, maintain or improve their efficiency and profitability. Organisations across corporate and public sectors will need to further adapt their infrastructure models to deliver enhanced employee and customer experiences and drive productivity and efficiency improvements whilst deriving value from and protecting their data. These drivers and trends play straight into our diverse range of solutions including managed, professional and support services and cloud, datacentre, infrastructure, security and digital workspace solutions from hardware, peripherals and software licensing.

IT spend outpaced real GDP growth in 19 of the last 20 years.

IDC 'State of the Market', August 2024

How we're evolving and responding

To meet the needs of organisations, we have continued to invest heavily in our tools and technical offering. In the face of economic uncertainty, we have taken very deliberate steps to maintain our investments to keep on taking advantage of long-term expected growth. After extensive review and collaboration, we are evolving our customer propositions to make sure they are relevant and fit for our customers in the future.

Hybrid platforms

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

Workspace

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

Cyber security

Securing a digital future by guiding customers through the assessment, design, implementation and ongoing operation of best practice cyber security.

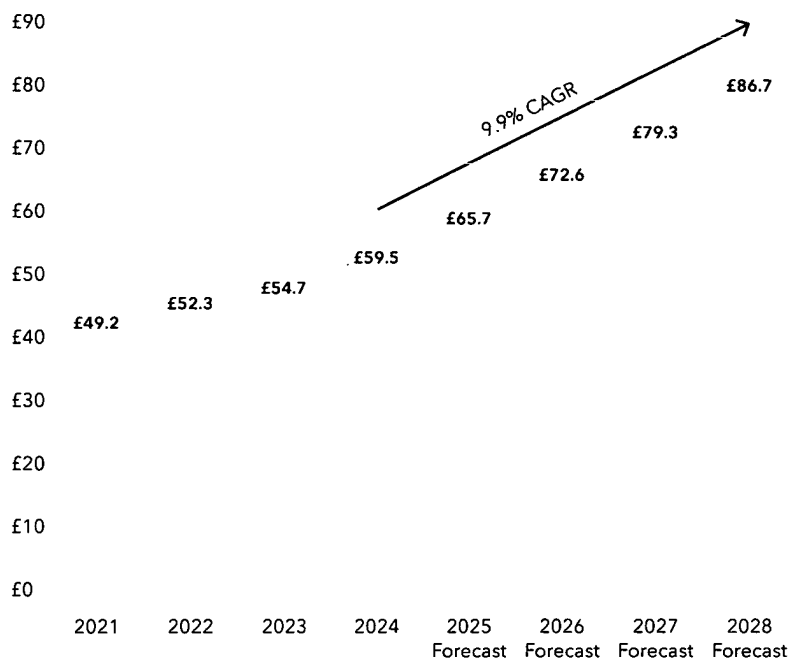
Networking and connectivity

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

Data, AI and automation

Providing advice and guidance to unlock data value, deliver AI innovation and accelerate business efficiencies using the latest technologies in an increasingly fast data and AI landscape.

Addressable market 2021 to 2028 (£bn)



(Source: Gartner IT Spending Forecast, Q2 2024 Update and Softcat analysis)

With our focus firmly on the long-term opportunity, we have maintained high levels of investment in our capabilities across the business including sales, specialists, support, technical and business operations. Our customers and partners can expect more of the same from us in the years to come.

Our market and offering continued

Growing our offering in an expanding and evolving market

A structurally growing market

Multiple structural drivers are growing the IT market and Softcat is well placed to capitalise over the long term.

Technology trends continue to create new opportunities to drive transformational change, deliver operational efficiencies, ensure resilience and compliance and reduce costs. Businesses are also focusing on interactions with their employees and customers which need to be engaging, seamless and secure. Investment in technology is a tool for our customers to achieve these goals. Organisations of all sizes are recognising how technology can enhance their competitive position and improve their value proposition.

Global consultancy firm McKinsey has found that 'as much as 71% of the impact from business transformations depends on technology'. Leadership teams across corporate and public sector organisations recognise that IT is integral to protect and enhance a competitive and effective position. These competing demands to deliver operational efficiency, reduce costs and deploy technology that enhances organisations' commercial offering and capabilities provide substantial challenges to Chief Information Officers ('CIOs') and their IT departments. Also, whilst macroeconomic conditions and sector trends shape near-term demand trends, IT spend is expected to continue to outpace UK GDP growth over the medium term.

Softcat has a proven track record of leveraging deep expertise across a broad technology offering to support customers with all aspects of their IT needs. This, combined with our outstanding customer service, places Softcat in a unique position

to advise, architect, deliver and manage across a CIO's remit. Long-term, structural shifts in technology include mature trends in hybrid cloud adoption and XaaS that continue at pace, in addition to emerging themes that are gathering pace, such as sustainable IT, Gen-AI and the requisite data strategy and platform.

The rise in the use of AI has been particularly prominent in recent years and we are seeing AI integrating into the strategic and operational plans of our customers. Use cases continue to emerge and the rate and scale of change are expected to accelerate in future. A recent survey of UK CIOs by leading research firm Gartner showed Gen-AI as the top technology to be implemented. For organisations of all sizes, in both public and private sectors, we will be needed to advise, architect and deliver on the increased demands AI will place on core infrastructure and on the new AI environments.

Increasingly, the traditional boundaries of IT are extending into multiple business lines as technology is embedded more deeply across business operations. Amy Hood, Microsoft CFO said, 'spending maybe in other areas that we don't traditionally think of as being in the IT budget spend under a CIO. It's spend being done by the Head of Customer Service. It's spend being done by the Head of Marketing. IT and other business leaders face a more complex IT landscape in parallel with more numerous and sophisticated cyber security threats. Softcat's breadth and depth of offering, delivered with outstanding customer service, places Softcat in a unique position to advise, architect, deliver and manage across a CIO's expanding remit.

Our customers supported by our employees

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

- fostering a high-performance sales culture;
- simplifying the sales and customer journey; and
- maturing our market approach and offerings.

We train our account managers to build trust through always following through on our promises and taking responsibility to deal with challenges and any problems. As they identify new opportunities, they collaborate with vendors and our technology experts to offer guidance, design solutions, procurement advice, or services tailored to customers' needs. Over time, customers develop multiple relationships within Softcat, spanning several areas of IT infrastructure.

As much as 71% of the impact from business transformations depends on technology.

McKinsey
April 2023

Spending maybe in other areas that we don't traditionally think of as being in the IT budget spend under a CIO. It's spend being done by the Head of Customer Service. It's spend being done by the Head of Marketing.

Amy Hood, Microsoft CFO
April 2024

Our annual customer experience survey plays a crucial role in shaping our strategy. It guides our continuous investment in employees and other resources necessary to uphold and maintain the relevance of our commitments to customers. Over 80% of our Softcat team members engage directly with customers in one manner or another, including account managers, sales specialists, technical designers, professional consultants, managed services and our customer experience team. Customer Success Managers collaborate with service delivery teams to ensure the seamless integration and high-quality delivery of complex solutions.

More customers are also looking to integrate sustainability into their IT solutions, in an effort to reduce their environmental footprint. We have a growing sustainability team which works closely with many parts of the business and our vendors to consider these needs. This includes the addition to the sustainability team of a dedicated Customer Success Manager who supports the sales team in making it easier for our customers to make more sustainable choices.

We prioritise attracting, developing and retaining top talent, increasing our expertise to better understand the environments and industries in which our customers operate. This enables us to collaborate across industries, share best practices, and drive innovation to provide the best possible customer experience and address their challenges. Additionally, we are committed to placing the right people in key roles and investing in their capabilities and long-term growth. Our ongoing efforts include programmes and initiatives on diversity and inclusion – issues that are important to our leadership, employees, customers and partners.

Our technology offerings are evolving to be shaped around five pillars:

- cyber security;
- data, AI and automation;
- workspace;
- hybrid platforms;
- networking and connectivity.

These are well aligned to the priorities expressed by our customers and will serve us well for the future.

Evolution insights

Our customers' top five technology priorities

1. Cyber security
2. AI
3. Automation
4. End user devices and computing
5. IT service management

Our customers' top five strategic priorities

1. Cost control and budgeting
2. Technology sourcing and procurement
3. Governance, risk and compliance
4. Technology adoption
5. Technology awareness and selection

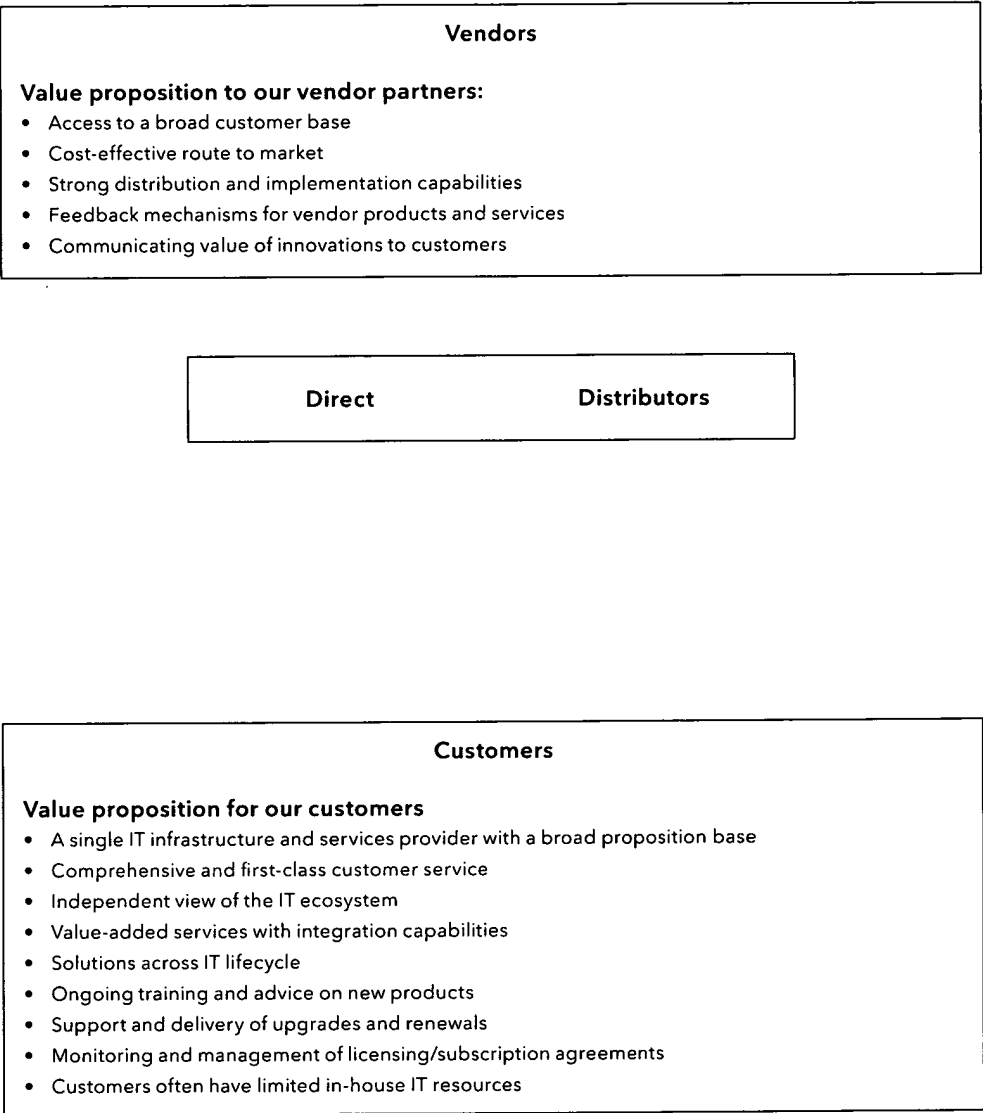
(Source: Softcat 2024 customer experience survey)

Our market and offering continued

A strong position in the UK technology sector

Softcat is at the core of the IT value chain

Softcat has a strong position in the UK technology sector. We are the UK's largest value-added reseller ("VAR") and provide some of the broadest and deepest ranges of solutions and services to our customers. Our customer base includes corporate companies of all sizes and also organisations in the public sector. Many businesses buy their technology solutions from VARs, rather than from vendors direct and the value propositions for our vendors and customers are shown below. Our position in the IT value chain, a structurally growing market, combined with our highly skilled and dedicated employees brings together the vital ingredients for long-term growth and success.



Small and medium business Enterprise Public sector

Partnering for success

We pride ourselves on partnering with over 400 of the largest and the best emerging technology partners, enabling us to deliver the latest pioneering solutions to our customers. We work closely with these industry-leading vendors on a common goal to deliver the best solution or service which meets the IT needs of our customers. By continuously listening to and asking questions of our customers, we are able to evolve and improve our partner strategy.

Some of the awards we have won and some of our vendor accreditations

Our vendors

Strategy

Making good progress on our strategy

Successful execution of our simple but effective unchanged strategy supports us as we continue to look to acquire new customers and gain an ever greater share of wallet in existing customers.

Our strategy

Acquire more customers

- We are evolving our customer propositions
- Penetration of target market remains low
- Consistent year-on-year increases in customer base

Sell more to existing customers

- Continued investment and training in employees
- Longer tenure customers are more likely to transact more with us
- Opportunities to increase customer share of wallet
- Consistent year-on-year increases in gross profit per customer

Enabled by

People and culture

- Focus on preserving our culture
- High and consistent employee engagement (FY2024: 90% employee engagement and employee NPS of 59)
- Progress on improving employee diversity and inclusion

Ease of doing business

- Investment in new systems which will modernise ways of working and improve customer service
- Investment in resources to support the sales function
- High and consistent customer service (FY2024: 98% customer satisfaction and customer NPS of 63)

Maintaining relevance and expanding our addressable market

- Developing our technology proposition, augmented by the opportunity presented by AI
- Further investment in multi-national with more customers engaging with this offering
- Evolving our customer sustainability propositions and capabilities

Our strategy in focus

Acquire more customers

In 2024, customer numbers grew organically for the 17th year in a row, but we still only serve around one in five from our target market.

Progress in 2024

Our customer base grew by 1.8% during the year, with success across each of our key segments: mid-market, enterprise and public sector. Average headcount increased during the year by 14.3%, which included expanding our sales team, as well as supporting specialist and technical teams.

Future focus

Our customers reflect approximately 20% of the addressable market. We will continue to target new accounts through further investment, training and development of our sales team and allowing our unique culture to flourish. We are also evolving our offerings to more closely align them with our customers' priorities and our expectations of the market.

KPIs

+1.8%

increase in customer base during the year

98%

customer satisfaction

Sell more to existing customers

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

Progress in 2024

We continued to evolve our customer offering in response to the changing technology landscape, keeping pace with emerging customer needs.

Future focus

The rate of change in our industry, with respect to the technology we are selling but also the channels through which it is sold and the manner in which it is consumed, continues at pace. This gives organisations like Softcat an exciting prospect to take a bigger share of an ever growing opportunity. We will also maintain our position as a key partner to both established and emerging technology vendors, evolving our skills around the ever-changing portfolios of services, products and channels coming to market.

KPIs

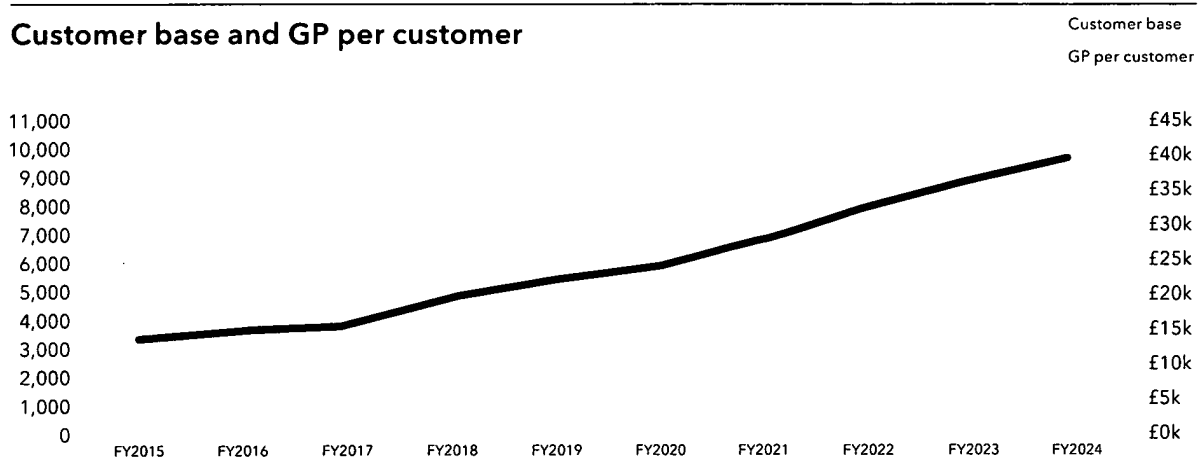
+9.7%

increase in gross profit per customer during the year

98%

customer satisfaction

Customer base and GP per customer



Strategy in action:

Free 5G wireless solution helps Social Bite in the movement to end homelessness

Social Bite benefits from Softcat's long-standing, robust relationships with leading technology providers, securing a free-of-charge solution capable of making a real difference to both the charity and the people it supports.

Social Bite's challenges

In 2022, Social Bite opened a new coffee shop in London, featuring its innovative 'pay-it-forward' scheme that allows customers to donate food for homeless people. It realised that providing free Wi-Fi would attract more visitors and enhance engagement with the community and its charitable programmes. Initially, it considered a fixed-line internet connection but found it too expensive and time consuming to install. It reached out to Softcat for a more cost-effective solution to provide secure wireless internet access.

Softcat's solution

Softcat conducted initial discovery calls with the Social Bite team to understand its requirements, quantifying the potential number of users, device types, floor plans, and wireless use cases. Softcat's professional services consultants performed a remote wireless network assessment to determine optimal locations for wireless access points. The Softcat architecture services team defined a future state solution, including necessary access points, a cellular 5G router and firewall, and a 5G data SIM. Softcat worked with trusted providers to deliver the proposed architecture free of charge: Cisco Meraki for wireless access points, Cradlepoint for the cellular router and firewall, and Jola for the 5G data SIM. Softcat's professional services team then installed and configured the solution on-site in a single day.

The impact

The Social Bite coffee shop is now operational with secure and reliable internet access available for all staff and customers. This initiative aims to attract more visitors, increase footfall, and support the charity's 'pay-it-forward' strategy, which provides aid to those experiencing homelessness.

Social Bite has leveraged Softcat's strong relationships with leading technology providers to secure a free solution that significantly benefits both the charity and the people it supports. With many support services only accessible online, this initiative ensures that those in need can easily access available help.

Softcat remains committed to supporting the charity. During May's Big Cyber Summit at London's King's Place, visitors to the Softcat and Cradlepoint stands could get a card stamped to support the charity. Each completed card resulted in a donation to Social Bite, raising over £4,000 to provide free meals for vulnerable people.

£4,000

raised for Social Bite to provide free meals for vulnerable people

When we approached Softcat about getting Wi-Fi in our coffee shop in London, we'd been struggling to resolve the issues on our own, with no solution in sight. We were hoping for Softcat's help but we didn't anticipate the outstanding level of support it provided to deliver a result beyond our expectations. It leveraged its expertise and mobilised its supplier networks to find ways around numerous obstacles and sourced the answers and technology required.

Along the way, it skilfully influenced multiple stakeholders to prevent delays and remain resourceful and solutions-focused. Softcat took us from no Wi-Fi at all to live, free customer Wi-Fi, saving vital funds and facilitating a better guest experience, which in turn will support increased awareness and donations and help more people break the cycle of homelessness. The Softcat team was a dream to work with and we are hugely grateful for what it has made possible. Thank you so much.

Sara Rees
Social Bite Director of Partnerships and Fundraising

Solution highlights and benefits

- Extensive collaboration to determine solution scope and project goals
- Full provision of professional services to specify suitable technologies and implement the solution
- High-quality vendors providing free-of-charge solution components
- Improved connectivity

Key facts

- Registered charity dedicated to supporting the homeless
- Leveraging of Softcat's expertise to co-ordinate implementation of an improved technology connectivity solution at a key location for the charity
- The solution provided strongly aligned to the charity's goals of increasing awareness and future donations

Please scan the
QR code to read
the full article

Strategy in action:

Transforming service delivery through digital innovation and strategic technology partnerships for the Royal Borough of Greenwich

Softcat's wealth of knowledge has helped The Royal Borough of Greenwich ('RBG') refine its technology roadmap and deliver on time. Enhancing service delivery through innovative technology and data solutions, all built on a longstanding, collaborative relationship, has been at the core of this project.

RBG's challenges

Deploying technology and data to transform service delivery while managing costs is a significant challenge for RBG. Its long-held ambitions have been to foster a 'digital mindset' and align technology investments with its digital strategy, amidst the significant cost restraints every Government organisation operates within. This became even more critical following the Covid-19 pandemic.

Its main challenge has been how to bring on technologies and new ways of working, while minimising cost and gaining optimum value for money for residents, businesses and visitors. RBG wanted to work alongside a technology provider who could implement an ambitious digital strategy.

Softcat's solution

Softcat has collaborated with the RBG IT team for nearly a decade, providing high-performance technologies to support its digital strategy. As with all local authorities, despite the IT purchase going out to tender, Softcat delivered, both on quality and the best possible value throughout the relationship.

RBG's strategy centres on migrating resident services to an online platform by default, equipping staff with necessary tools, building digital capability and data proficiency, ensuring robust infrastructure and systems, and fostering innovation.

Softcat has been pivotal in achieving these goals, offering essential data harnessing via Power BI and enhanced security with M365 E5. As RBG moves to a feature-rich Microsoft E5 licensing agreement, Softcat continues to support its digital transformation.

The impact

Softcat leverages deep industry knowledge and partnerships with leading technology providers to meet organisational needs while minimising costs. By closely collaborating with the RBG IT team, Softcat delivered necessary technologies strategically, introducing costlier solutions only when essential.

Softcat worked to ensure RBG had the data tools needed to streamline operations and support future goals. It also enhanced security and resilience by aiding the transition to an E5 licensing model, timed perfectly for RBG's strategic objectives.

The relationship with Softcat is very collegiate. We discuss problems openly and trust them to work in our best interests. Softcat feels like an extension of our team.

Softcat takes the time to understand our challenges from our perspective, then draw on their wide array of expertise to show us potential solutions. The account team is very proactive in their approach, supporting our timeframe and priorities.

Timo Bayford

Interim Head of ICT at Royal Borough of Greenwich

Solution highlights and benefits

- Longstanding collaborative working relationship
- Evolution of service delivery and ways of working
- Effective, value-for-money response to new challenges

Key facts

- High profile public sector customer: Borough includes a UNESCO World Heritage site and is home to the Greenwich Prime Meridian
- Public sector customer delivering services to 300,000 residents and businesses
- Focus on transforming service delivery through harnessing technology and data

Please scan the QR code to read the full article

KPIs

Summary results and KPIs

The financial and non-financial key performance indicators shown below demonstrate the Group's progress against strategic goals and delivery of financial performance and shareholder value. These metrics are referred to throughout this report and further discussed in more detail within the Chief Financial Officer's Review on pages 38 to 41.

Financial

Revenue £m¹

962.6

24	962.6
23	985.3
22	1,077.9
21	784.0

Strategic link

Comments

- Revenue includes all income from the resale of third-party software, hardware and services, as well as the sale of the Group's own services.

Gross profit £m

417.8

24	417.8
23	373.8
22	327.2
21	276.4
20	235.7

Strategic link

Comments

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

Operating profit £m

154.1

24	154.1
23	140.9
22	136.1
21	119.4
20	93.7

Strategic link

Comments

- Operating profit comprises gross profit net of administrative expenses.

Link to Directors' remuneration³

- For 2024, operating profit accounts for 80% of the weighting for the Executive Directors' annual bonus, reflecting an important role in measuring the delivery of in-year shareholder value.

Gross invoiced income £m²

2,852.2

24	2,852.2
23	2,563.3
22	2,507.5
21	1,938.4
20	1,646.2

Comments

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

Basic earnings per share p

59.7

24	59.7
23	56.2
22	55.5
21	48.4
20	38.2

Comments

- Basic earnings per share ('EPS') is defined as profit after tax divided by the number of shares in issue at the balance sheet date.

Link to Directors' remuneration³

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

Cash conversion %²

95.9

24	95.9
23	93.2
22	76.2
21	89.9
20	88.0

Comments

- Cash conversion ratio is net cash generated from operating activities before taxation, net of capital expenditure, as a percentage of operating profit.
- The five-year average for cash conversion is over 88%, reflecting the highly liquid nature of the business operations and a disciplined approach to working capital management.
- In FY2022 there was a transient expansion in year-end trade receivables following the implementation in the fourth quarter of a new finance system.

Non-financial

Employee engagement score %

90

24	90
23	92
22	90
21	93
20	93

Strategic link

Comments

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

Link to Directors' remuneration³

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

Customer satisfaction %

98

24	98
23	97
22	94
21	95
20	97

Strategic link

Comments

- Customer satisfaction is defined as the percentage of customers who rate themselves as either 'satisfied' or 'very satisfied' in response to an annual survey (possible responses also include 'dissatisfied' and 'very dissatisfied'). In 2024, the survey had 5,663 respondents (2023: 4,049).

Link to Directors' remuneration³

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

Link to strategy:

- Acquire more customers
See page 30
- Sell more to existing customers
See page 30
- People and culture
See page 30
- Ease of doing business
See page 30
- Maintain relevance and expand our addressable market
See page 30

Gross profit per customer £'000

40.6

24	40.6
23	37.0
22	33.0
21	28.4
20	24.8

Strategic link

Comments

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

Customer base '000

10.3

24	10.3
23	10.1
22	9.9
21	9.7
20	9.5

Strategic link

Comments

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

- During FY2022, there was a change in accounting policy following the IFRS IC agenda decision - IFRS 15 Revenue from Contracts with Customers, treatment of software revenue as agent revenue. This resulted in the restatement of the FY2021 comparatives. As a result, revenue is only available on a comparative basis for 2021 to 2024.
- Gross invoiced income ('GII') and cash conversion are alternative performance measures. Please see page 41 for further definitions and reconciliations.
- For more information on the remuneration of the Executive Directors, please see the Annual Report on Remuneration on pages 125 to 146.

Read more in our Chief Financial Officer's review; see pages 38 to 41.

Profitable growth across all customer segments

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

Katy Mecklenburgh
Chief Financial Officer

Gross profit, revenue and gross invoiced income

Our FY2024 results reflect both the strength of our business model and excellent execution, as we support the needs of new and existing customers through our comprehensive range of IT solutions and highly engaged employees while also investing in strategic priorities that will position us for future success.

Gross profit (GP), our primary measure of income, grew by 11.7% to £417.8m, in line with guidance of double-digit growth for the year. Our FY2024 forecast was based on the premise that market conditions would remain in line with the second half of FY2023, when we saw some customers adopting a more considered approach to buying decisions, and this turned out to be materially correct with macro volatility continuing across the period.

This performance demonstrates, yet again, the resilience our broad product portfolio and diverse customer base brings to the business.

GP growth across enterprise, mid-market and public sector customer segments was broad based with all segments growing high single-digit or double-digit. GP growth across technology areas was also widespread, albeit with particularly strong growth in networking and security driven by the continued high demand for cyber, while workplace was impacted by a continued weak market for client devices partially offset by an increase in demand for devices-as-a-service.

Software and services GP also grew double-digit, with hardware GP growth accelerating in the second half to finish the year at high single-digit. Hardware GII declined by (8.0%), due to the market driven decline in client devices and a reduction in low margin server and compute sales linked to a handful of sizeable transactions in the base period, however, this was more than offset by gross margin expansion driven by a mix into margin rich datacentre infrastructure sales.

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 have thus continued to also report GII to help give a clearer view of underlying growth. FY2024 revenue declined overall by (2.3%) driven by: (1) an (8.0%) decline in hardware GII due to client devices and a reduction in low margin server and compute sales described above; (2) software revenue which grew at 13.1% compared to GII growth of 17.1% due to a lower software gross margin driven by a mix into high volume, low margin, mostly public sector transactions in the period; and (3) services revenue which registered 1.1% revenue growth compared to a GII growth of 18.5% caused by a mix into services fulfilled by partners which is reported net.

Financial Summary

	FY2024	FY2023	Change
Gross invoiced income split			
- Software	£1,807.5m	£1,543.5m	17.1%
- Hardware	£568.5m	£617.8m	(8.0%)
- Services	£476.2m	£402.0m	18.5%
Total gross invoiced income¹	£2,852.2m	£2,563.3m	11.3%
Revenue split			
- Software	£213.5m	£188.8m	13.1%
- Hardware	£561.2m	£610.6m	(8.1%)
- Services	£187.9m	£185.9m	1.1%
Total revenue	£962.6m	£985.3m	(2.3%)
Gross profit	£417.8m	£373.8m	11.7%
Gross profit margin ²	14.6%	14.6%	- pts
Operating profit	£154.1m	£140.9m	9.3%
Operating profit margin ²	5.4%	5.5%	(0.1) pts
Gross profit per customer ³	£40.6k	£37.0k	9.7%
Customer base ⁴	10.3k	10.1k	1.8%
Cash conversion ⁵	95.9%	93.2%	2.7 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 41.
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 41.

GII increased 11.3% to £2,852.2m, driven by the strong growth in software and services mentioned above, partially offset by hardware. Year on year, GP grew largely in line with GII, with GP as a percentage of GII stable year on year (14.6% vs. 14.6% in FY2023). GP growth accelerated slightly into H2, driven by the relatively weaker base with macro volatility continuing to impact the trading environment across both halves of FY2024.

As shown in the below table, GII growth accelerated in H2 (17.8%) vs H1 (4.0%) associated with a decline in GP as a percentage of GII (13.9% vs 15.6% in H1). In H1 gross margin expanded compared to the prior year due to the decline in low margin client device sales and a reduction in low margin server and compute sales linked to a handful of sizeable transactions in the base period and a mix into margin rich datacentre infrastructure solutions; while in H2 there was a higher volume of lower margin deals, primarily through public sector frameworks transactions which predominantly drove the year-on-year and H2 vs H1 decline.

Customer KPIs

During the year, GP per customer grew by 9.7% to £40.6k (FY2023: £37.0k) and the customer base expanded by 1.8%, to 10.3k (FY2023: 10.1k). Growth in GP per customer was broad based, driven by all three of our solution types (datacentre infrastructure, networking and security and workplace).

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 thus across an increasing range of vendors. Loyalty, as measured by lower churn of customers, also significantly increases.

Once a customer is transacting greater than £1k of GP p.a., the likelihood that they stop trading with Softcat drops significantly. The churn rate in customers doing less than £1k GP is 29%, falling to an average of 6% in customers trading above this threshold, with the churn rate inversely correlated to per annum increases. This, more stable, customer cohort doing >£1k grew at 5.1% from 7.5k to 7.9k with the average GP delivered from each of those customers expanded by 6.3% from £49.6k to £52.7k.

The long tail of low transactional customers, along with customers who have not purchased from Softcat in the last 12 months or at all, constitute future growth opportunities which our Account Manager model balances against the opportunity from continuing to go deeper with the existing customer base, thus optimising the balance between both strands of our strategy, to attract new customers and go deeper with our existing customers.

Company analysis, incorporating data from multiple sources (Gartner, HG Insights, CRN and ICG), indicates that our market share remains around 5% in the UK. We transact with approximately

	H1 FY2024	H1 FY2023	Change	H2 FY2024	H2 FY2023	Change
GII	£1,263.5m	£1,214.7m	4.0%	£1,588.7m	£1,348.6m	17.8%
GP	£196.5m	£177.1m	11.0%	£221.3m	£196.7m	12.5%
GP/GII %	15.6%	14.6%	1.0 pts	13.9%	14.6%	(0.7) pts

Chief Financial Officer's review continued

20% of the customers in our target market in the UK based on those who trade with us in two consecutive 12 month periods and this implies a 25% average share of wallet.

Operating profitability and investment in future growth

Operating profit of £154.1m (FY2023: £140.9m) increased by 9.3% year on year, ahead of expectations, and reflects the 11.7% increase in GP offset by a 13.2% rise in operating costs.

Operating cost growth was driven by increased commissions, in line with GP growth, and a 16.8% increase in wages and salaries, driven by a 14.3% increase in average headcount. H2 operating cost growth of 12.2% represented a deceleration from the growth of 13.9% in H1, predominantly driven by lower average headcount growth (H1: 16.3% vs H2: 11.7%), with closing headcount growth of 8.4%, in line with the more moderate high single-digit headcount growth planned for FY2025 as we fully leverage the 30.6% combined headcount growth of the last two years.

We continue to invest in our systems and data and digital journey. During FY2024 we invested £7.1m across operating expenditure and capital expenditure to build further finance system functionality, upgrade our service management system and automate parts of our credit assessment and cash allocation processes, as well as develop our data governance and digital strategy. In the second half of FY2024 we decided to invest in Microsoft Copilot for all our staff with 60% of staff already having access by the end of the financial year.

At the end of FY2024 we committed to office moves in London and Birmingham. We expect to finalise these moves during FY2025 and this will significantly increase our office capacity in these two regions.

As a result of the ongoing investment, we are making in the future of our business, the ratio of operating profit to gross profit has marginally decreased from 37.7% in FY2023 to 36.9% in FY2024 and was consistent in the second half of both periods at 39.5% and 39.6% in FY2024 and FY2023 respectively.

Corporation tax charge

The effective tax rate for FY2024 was 25.3% (FY2023: 21.0%), reflecting the UK statutory increase to 25.0% from April 2023. This is marginally higher than the UK statutory rate due to a small number of non-deductible expenses and share-based payment transactions. Our tax strategy continues to be focused on paying the right amount of tax in the right jurisdiction, at the right time.

Cash flow and cash conversion

Cash at the FY2024 balance sheet date increased by £35.8m to £158.5m (FY2023: £122.6m), and 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 95.9% (FY2023: 93.2%). The result is slightly above our target range of 85%-95% cash conversion. The strong performance was due to good working capital management particularly on receivables, only partially offset by increased capex due to investments in IT platforms.

Our capital allocation policy remains unchanged, prioritising investment in organic growth to ensure we can continue to take market share in our growing addressable market; secondly to maintain a progressive ordinary dividend. Remaining excess capital is then either returned to shareholders or allocated to strategic investments such as M&A. In FY2024 we have continued to invest in the long-term growth potential of Softcat, increasing headcount, investing in new office capacity and continuing to develop our data and digital platforms. Our proposed total ordinary dividend of 26.6p is 6.4% higher than FY2023 and excess cash will be returned to shareholders via a special dividend.

Finance Income

In the period income from cash and cash equivalents held in interest bearing accounts totalled £5.8m (FY2023: £1.2m).

Dividend

A final ordinary dividend of 18.1p per share (FY2023: 17.0p) has been recommended by the Directors, bringing the total dividend for the year to 26.6p per share (FY2023: 25.0p). If approved by shareholders, the final ordinary dividend will be payable on 17 December 2024, to shareholders whose names are on the register at the close of business on 8 November 2024. Shares in the Company will be quoted ex-dividend on 7 November 2024. The last day for dividend reinvestment plan ('DRIP') elections is 26 November 2024.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 20.9p per share has been proposed. If approved by shareholders, this will also be paid on 17 December 2024 alongside the final ordinary dividend. This will bring the total amount returned to shareholders since becoming a public company to £571.2m.

Group consolidation

Softcat US LLC, a Limited Liability Company (LLC) began trading on 1 February 2024 and is a wholly owned subsidiary of Softcat plc. Prior to this, trade in the US was recorded within a branch of Softcat plc and single entity accounts were prepared. Following this change, consolidated full year accounts have been prepared for the first time.

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 users understanding of working capital movements in the statement of financial position and the relationship to sales performance and the mix of products sold. Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue as reported in the IFRS measure. A reconciliation of IFRS Revenue to gross invoiced income is provided within Note 2 of the financial statements.
2. **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:

	2024 £'000	2023 £'000
Net cash generated from operating activities	115,608	104,802
Income taxes paid	39,226	29,793
Cash generated from operations	154,834	134,595
Purchase of property, plant and equipment	(1,115)	(2,544)
Purchase of intangible assets	(6,017)	(701)
Cash generated from operations, net of capital expenditure	147,702	131,350
Operating Profit	154,064	140,898
Cash conversion ratio	95.9%	93.2%

Katy Mecklenburgh
Chief Financial Officer
23 October 2024

Section 172 - Stakeholder engagement

Engaging with all of our stakeholders

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

We define our key stakeholders as individuals or groups who have an interest in, or are affected by, the activities of our business. The Board believes a good understanding of our key stakeholders and their needs is essential to deliver sustainable value creation over the long term, bringing benefits to both our shareholders and our stakeholders.

Director responsibilities

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

Section 172 imposes a duty on our Directors to consider the likely consequences of any decision in the long term and there are a variety of means by which the Directors achieve this obligation. The Board receives standing updates at each Board meeting from the CEO and CFO on key market developments and on the Group's operational and financial performance. Members of the Senior Leadership Team ('SLT') also provide regular updates on a wide range of topics, including business updates, changes in our market, and customer and employee issues. The Company Secretary also provides regular briefings to the Board which include updates on regulation, compliance and corporate governance. Updates often include the outcome of engagement with employees, customers and key suppliers. The Board also holds an annual strategy review, which includes presentations from key areas of the business and the review of a three-year financial plan.

The annual strategy review provides a dedicated forum, in addition to the Board meetings, for the Board to discuss the areas of focus and change over the coming year and beyond. Actions arising from the annual strategy review are progressed and considered throughout the year.

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

Our key stakeholders

The Board has identified Softcat's key stakeholders to be our employees, customers, suppliers and vendors, investors, and the environment and communities in which we operate. We connect with our stakeholders at all levels of our business. The potential impact of the Group's operations on each of our stakeholders is an important consideration for the Board. The Board has approved a framework of key topics which ensures that regular updates are received and discussed by the Board regarding each stakeholder group. On occasion, as explained within this report, the Board has also directly engaged

with its stakeholders, when it determines this to be the most effective method of engagement to support its views and potential decision making. The Board's approach to engagement and stakeholder management ensures it remains well informed and able to make appropriate considerations when deciding Softcat's strategy and other business decisions.

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

Read more elsewhere in this Strategic Report, our report on social value is on pages 52 to 59, our report on climate-related financial disclosures and sustainability on pages 60 to 82 and our corporate governance section on pages 90 to 153.

Our key stakeholders

Employees

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

Customers

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

Suppliers and vendors

Our strong relationships with our suppliers and vendors help us provide the best solutions and support for our employees and customers

Investors

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

Communities and the environment

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

Section 172 - Stakeholder engagement continued

Decision making by the Board

Board information	Board discussion	Board decisions
• The CEO provides standing updates, including on culture, competitive activity, market trends and customers. • The CFO provides standing updates including on Group performance, investment capacity and the needs of the business. • A formal annual Board strategy review session is held, with updates throughout the year. • The Board has a schedule of future presentations and direct engagements with customers, vendors and employees. • The CEO and CFO conduct roadshows with current and prospective shareholders. The Chairman engages with the largest shareholders on governance. • A schedule of matters is reserved to the Board which facilitates formal decisions requiring Board approval, many of which relate to our stakeholders. • Other important information relevant to the Directors' duties are presented to either the Board or the relevant Board Committee.	• Strategic discussion by the Board reflects the Section 172 factors, in particular on long-term value creation. • The Board receives sufficient, timely, accurate and comprehensive information to support high-quality review, discussion and decision making. The Company Secretary has a standing mandate to ensure that information flows meet this requirement. • All Board items are clearly marked for either approval, discussion or noting. • The Chairman, with the support of the Company Secretary, ensures sufficient time is allocated for the Board to review and approve decisions. • Duties to our stakeholders are taken into account as appropriate when making decisions.	• The Board considers and if appropriate, approves all items where an approval request is made. • Actions are taken to implement the Board's decisions. These are captured as needed by the Company Secretary so that outcomes are reported back to the Board. • Actions are also taken as a result of various engagements and surveys with stakeholders, particularly for our employees and customers. Actions implemented and outcomes from the prior year's customer satisfaction and employee engagement surveys are presented to the Board.

Section 172 considerations

Likely long-term consequences

Employee interests

Relationships with customers, suppliers and others

The impact on the community and environment

Maintaining a reputation for high standards of business conduct

Acting fairly between shareholders of the Company

Employees

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

How we engaged and monitored

- The Board operates an extensive framework of employee engagements and monitoring of employee views. These are captured in a twelve-month forward schedule which is managed by the Company Secretary to ensure there are sufficient engagement opportunities and comprehensive information flows to the Board.
- Vin Murria, our Designated Non-Executive Director for Workforce Engagement, is responsible for ensuring we have an effective employee engagement process. During the year, the Board agreed a more comprehensive engagement process between the Non-Executive Directors and each Softcat office, as explained on pages 50 and 51.
- The Chair of the Remuneration Committee also holds an annual engagement session with employee representatives to discuss the approach to pay, incentives and reward throughout the organisation. The session also provides an opportunity to explain and discuss executive remuneration. Employee representatives asked questions to the Chair of the Remuneration Committee and they received responses. A summary of the session was then discussed with the Remuneration Committee.
- Each year we hold a 'Kick Off' event, which all employees are invited to attend in person. This provides the Executive Directors (on behalf of the Board) with an opportunity to engage with all employees together at a single event. The event includes presentations of key business achievements of the year and key business goals to consider in the coming year. Vendors also attend in an exhibition area, providing the vendors with a further opportunity to engage with employees. Key achievers in the business are celebrated in an employee awards event.
- Through the Nomination Committee, management presents a succession plan on key positions in the Company. Effective leadership is vital to maintain our special culture, capabilities and performance, all of which benefit our key stakeholders. The Committee provides oversight and constructive challenge to management to ensure

that robust plans are in place to maintain high-quality leadership for the benefit of the Group and its employees.

- We hold an annual employee engagement survey, the results of which are reported to the Board, with an action plan to tackle the issues raised. Results are compared against last year's equivalent questions to track progress. Quarterly surveys are also discussed with the Board on the performance and engagement by our most senior managers.
- Virtual all-hands meetings are held to update employees on the business. This includes opportunities for employees to submit questions to Directors and senior management after the event for a response. Feedback on these meetings is shared by the CEO with the Board.
- Internal communications, such as weekly 'love' emails, detailing initiatives, recognising accomplishments and raising awareness of key matters are regularly circulated Group-wide.
- Feedback on employee pay is collated through a variety of sources, including through the employee engagement survey and exit interviews. The Board or Remuneration Committee receives regular updates on employee attrition levels and on pay conditions. In particular, the Remuneration Committee takes into consideration pay rises for the wider workforce before it considers any pay rises for the Executive Directors.
- As part of our Board strategy review, the Chief People Officer presented an update to the Board on the evolving capability requirements of our employees and the plan to address this.

Key topics of engagement

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

Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- The Board agreed that the more extensive engagement programme it had approved between Non-Executive

Directors and each Softcat office was a more effective engagement process. This supported a more comprehensive discussion and wider understanding from the perspective of employees. Please see pages 50 and 51 for more details.

- The Board reviews each year its capital allocation framework (see page 102) which defines priority areas for investment. Following review this year, investment remains prioritised for organic growth, which is primarily achieved by increasing headcount, investing in employees and investing in systems and processes to further empower employees on our strategic enabler of ease of doing business.
- Direct engagements were held between the Board and certain employees identified for potential progression in the management succession plan. This provided the Board with an opportunity to better understand the role and contribution of those employees and provided the employees with a development opportunity.
- Given the importance of employee engagement to the success of Softcat's strategy, the Remuneration Committee of the Board decided once again to incorporate performance metrics in the Executive Directors' annual bonus plan in respect of good employee engagement (see the Annual Report on Remuneration on pages 125 to 146).
- We continue to invest in improvements to our internal IT infrastructure. This was included as part of the Board's annual strategy review and investment costs were also included in the annual operating budget and longer-term three-year plan discussed and approved by the Board. The improvements are designed to better the employees' user experience and enhance their productivity.
- An annual review of salaries for all roles was undertaken and discussed with the Remuneration Committee, on behalf of the Board.
- The Board requested further updates on the plans to further enhance employee capabilities.
- The Board welcomed as a successful metric an employee net promoter score of 59 and employee engagement of 90%.

Section 172 - Stakeholder engagement continued

Customers

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

How we engaged and monitored

- Our annual customer experience survey, sent out to customers, requests honest feedback, the results of which are reported to the Board against the results of the previous year to track progress.
- Direct engagement between the Board and key customers of Softcat.
- The Board receives standing updates at each Board meeting on any material customer disputes.
- The Board reviews regular management information which analyses important customer data and trends, such as growth in the customer base and the changes in the type of customer.
- The annual Board strategy review includes a focus on how the business will need to evolve and change to continue best serving our customers. Ongoing investment to ensure we serve our customers well is included in the annual operating budget, which is approved by the Board.

- Senior managers from the sales team meet with the Board regularly to discuss strategic customer issues, such as the evolution of our customer propositions. This provides the Board with advance views of how Softcat's relationships with its customers are expected to mature and improve.

Key topics of engagement

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

Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- A comprehensive action plan, developed from the feedback received through the annual customer experience survey, to further improve customer satisfaction.

- Holding a direct engagement between the Board and one of our customers. This helped the Board to better understand the role Softcat plays for the customer and the views from the customer as to why they chose Softcat as their partner.
- Approval of the annual budget which includes investment to better support ease of doing business with customers. The Board has also approved an upgrade to the existing sales IT system and will oversee a post-investment review once the upgrade is complete to ensure it meets the objective to better support our customers' needs.
- Given the importance of customer satisfaction to the success of Softcat's strategy, the Remuneration Committee of the Board agreed to include a performance metric in the Executive Directors' annual bonus on maintaining good customer satisfaction (see the Annual Report on Remuneration on pages 125 to 146).
- The Board welcomed as a successful metric 5,663 respondents to the customer survey with 98% customer satisfaction.

Case study

Softcat offices

Stakeholders considered or impacted:

Employees

Communities and the environment

Suppliers and vendors

During the year, management reviewed our London and Birmingham offices. The review considered, amongst other things, the capacity of the offices to adequately accommodate the needs of employees. Following review, management proposed that larger offices were required for each office and proposed to the Board moves for both offices.

In addition to better accommodating the needs for employees, our offices also provide facilities for our vendors to visit and engage with employees, which is important to promoting stronger relationships and better understanding of vendor products and services. The new offices provide better facilities, including a 'vendor bar'.

Sustainability was a consideration in the proposal to move offices. The Board was informed that landlords for the new offices would work with our sustainability team to ensure the new offices will meet our sustainability strategy, objectives and targets.

Employee wellbeing was also a consideration in the Board proposal. Our facilities and workplace team explained the work being done to focus on optimising health within the building, through bespoke office design strategies.

The Board considered the proposal, including the beneficial impacts it will have in respect of the relevant stakeholders (employee, vendors and environment). Following review, the Board approved management's proposals.

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

- Likely long-term consequences: the office moves are strategically aligned to our growth agenda, which includes increased headcount.
- Employee interests: the move to the London office in particular received input from the local teams who expressed an interest of moving to an office where all of the staff could be located on a single floor. This was considered to be beneficial to upholding the excellent employee culture in the office.
- Impact on environment: a high-quality sustainability office environment was included as part of the Board proposal, allowing this to be a relevant decision criterion as part of the Board's approval.
- Relationships with customers, suppliers and others: customers and vendors often visit our offices. By moving to larger premises with more meeting and collaboration spaces, we enhance our everyday relationships with our customers and vendors.
- Maintaining a reputation for high standards of business conduct: a post-investment review will be conducted a year after the office moves are complete. This will provide feedback to the Board on several matters, including whether the objectives of the office moves and beneficial impacts on its stakeholders have been achieved.

Section 172 - Stakeholder engagement continued

Suppliers and vendors

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

How we engaged and monitored

- Direct engagements between the Executive Directors and key vendors. Regular updates at Board meetings from the CEO reflect on recent engagements and also include matters such as major changes in technology offerings.
- Our dedicated internal 'vendor alliance teams' manage and maintain Softcat's relationships with key vendors. Any key market developments are informed to the CEO for further discussion with the Board.
- During the year, the Board held a direct engagement with one of its major vendors (by revenue). This provided good insight for the Board to understand the relationship from the vendor's perspective and to directly discuss the key strategic priorities of the vendor and how these might impact on Softcat.
- Our sustainability team continues to enhance its engagement to better understand the sustainability commitments and net zero targets of our major suppliers and vendors. This is part of a Board-approved target to achieve a carbon net zero supply chain by 2040 (see page 77 for more information). The sustainability team

has mapped the net zero plans of our largest vendors to see the degree of alignment to Softcat's target and it presented its findings to the Sustainability Committee on behalf of the Board. The Sustainability Committee also received an update on a very successful Partner Forum meeting, which included a dedicated sustainability breakout session focusing on the opportunities and challenges of greater sustainability in the supply chain.

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

Key topics of engagement

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

Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- The Board discussed potential market changes which may impact the way in which certain vendors trade and the potential impact on parts of Softcat's operating model. The Board requested further updates from management on how the business will respond and management demonstrated the additional focus and plans which are in place.
- The potential impacts of changes in technology, particularly in respect of AI, data and automation, were discussed regularly. This provided the Board with better insight on vendor offerings and how Softcat was engaging with the vendors on changes in technology to remain relevant to the products and services sold to customers. This equips the Board with the information it needs for future decisions.
- Sustainability measures and activities with vendors were endorsed. The Sustainability Committee in particular has asked management to provide further updates on working with vendors to achieve our 2040 net zero supply chain target.
- Through robust procedures and systems, management demonstrated to the Board that payment times to suppliers continued to improve. The Board noted improvements in the performance to pay more of our suppliers in a timely manner.

Investors

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

How we engaged and monitored

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

Further analysts have started their coverage on Softcat in the last year. Any key updates from the analysts are summarised by the CFO to the Board.

- The Chair of the Audit Committee reached out to major shareholders on Softcat's annual audit plan.

Key topics of engagement

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

Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- An in house Head of Investor Relations resource was appointed to better support the Executive Directors with their investor engagements. This better supports working with a greater number of analysts who cover Softcat.

- Each year, the Board reviews its capital allocation framework which defines priority areas for investment. The framework is closely associated with the dividend policy approved by the Board on the return of cash to shareholders by way of dividend payments. During the year, the Board approved the operation of the framework and the policy. The final and special dividend for the year proposed by the Board is explained on page 103.
- Feedback from investors/analysts on Group performance and on our strategy.
- A better understanding of investor expectations in respect of corporate governance.
- Additional disclosures in the Annual Report to support our investors' understanding of the business.
- The Board welcomed as a metric the high level of shareholder support received on each resolution at the 2023 AGM.

Communities and the environment

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

How we engaged and monitored

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

new offices include sustainability considerations which are factored into the Board's approval process (see case study on page 47).

Key topics of engagement

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

Outcomes

The Board reviewed, approved or endorsed outcomes, including:

- Operating a Sustainability Committee, which has delegated responsibility for setting Softcat's sustainability strategy, monitoring Softcat's performance against its emissions targets and oversight of sustainability initiatives and activities.
- The Board had previously approved, through the annual operating budget, installation of solar panels at the head office in Marlow. Confirmation was provided to the Sustainability Committee on behalf of the Board that the installation project was now complete and operational.

Management is providing updates to the Sustainability Committee on the level of energy now self-generated for the head office's use.

- Softcat works closely on a number of initiatives which support volunteering, charitable giving, social mobility, diversity and inclusion (please see page 57). This further demonstrates our commitment to being a purpose and people-led business by boosting opportunities in the communities in which we operate.
- Given the importance of the success of Softcat's strategy of reducing our impact on the environment and further boosting employee inclusivity, the Remuneration Committee of the Board decided to include performance metrics in the Executive Directors' annual bonus plan in respect of environmental sustainability and employee inclusivity. Please see the Annual Report on Remuneration on pages 125 to 146 for further details and outcomes.

Employee engagement

Trusted, empowered and engaged

A consistent and overarching theme was the overall positive feel for working at Softcat, affinity to our culture and loving the 'buzz' in our offices.

Vin Murria
Designated Non-Executive Director for Workforce Engagement

Introduction

The Non-Executive Directors ('NEDs') of the Board value the opportunity to engage directly with Softcat's employees, as this adds a further opportunity to bring the voice of the workforce directly into the Boardroom. Our culture is at the heart of our success and direct engagement brings us additional insight and perspective on our culture and on the matters which our employees consider to be important. Our engagements are two-way, and we provide plenty of opportunities for employees to seek answers and views from our perspective.

Review of NED workforce engagement process

For a number of years, the Board has operated an engagement process which involved the Board visiting one selected Softcat office each year outside of the usual Board meeting venues of Marlow or London. The process was reviewed as part of last year's Board effectiveness evaluation and it was agreed that engagement could be improved by visiting more of our offices. This is particularly relevant given the ongoing growth of the business. FY2024 saw the introduction of a new method of NED engagement with the workforce. Each NED agreed to be allocated either one or two Softcat offices to 'sponsor', with the minimum engagement required being one annual session with their designated office. This change of approach means that every Softcat office has at least one NED engagement each year.

Leading the evolution

Read more on pages 12 to 15

Section 172 - stakeholder engagement

Read more on pages 42 to 49

People

Read more on page 53

NED workforce engagements

A flexible approach was taken for each local office engagement, to best suit the needs of the individual office. The general format involved a NED holding an engagement session with local office management teams and, given the importance of good culture to the success of our business, there were often engagements with local representatives of our culture teams. Some offices have used the engagement to hold further NED sessions to deepen those relationships.

The key themes arising from the workforce engagement sessions included:

- Our employees tell us that they love working at Softcat, particularly in relation to people and culture. A consistent and overarching theme was the overall positive feel for working at Softcat, affinity to our culture and loving the 'buzz' in our offices. Employees continue to feel trusted, empowered and engaged.
- Challenges as the business continues to grow were discussed, in particular how this impacted on certain roles and on the ability to effectively collaborate across functions.
- Employees provided their views on the best opportunities and resources needed to further grow the business.
- The impact of macro-economic uncertainties (as described elsewhere in this Annual Report) persists for some, for example through cost of living pressures.

- We are investing in upgrades to several core IT systems and more internal communications on this would be appreciated.
- There was very positive feedback on our induction, training and sales development programmes. Suggestions were made that more training for leadership development would be helpful.

The NEDs were familiar with the vast majority of the topics raised in the engagements. This reflects the high-quality and relevant regular discussions at the Board on matters such as employee engagement, and ongoing potential challenges to our culture as the business scales and on the general performance of the business.

Outcomes and next steps

The NEDs discussed their engagement feedback at a meeting of the Board and a number of actions were agreed. Some of the actions will be addressed during our Board discussions whilst others have been rolled into the annual employee satisfaction survey action plan. Feedback has been provided to local office management by the Chief People Officer, who helped to support the overall engagement process.

The NEDs agreed that the process this year had been highly effective and had been successful in ensuring that NEDs remain well informed about the employee views across the business. The local offices also appreciated the direct engagement of a Board member. Both the NEDs and local offices are keen to continue working in this way for FY2025 and the next round of workforce engagement sessions will be planned in due course.

In addition to the office sponsorship role, NEDs also have opportunities throughout the year at several Board meetings to interact with high-potential employees featured on Softcat's succession plan. Further meetings will be planned for FY2025.

I would like to thank each NED for their energy and commitment in making this revised engagement process a great success. As explained elsewhere in this report, I will retire from the Board at the conclusion of the Annual General Meeting in December 2024. Lynne Weedall will succeed me as the Designated Non-Executive Director for Workforce Engagement and I have no doubt she will continue to ensure we have an effective engagement process.

Vin Murria
Designated Non-Executive Director
for Workforce Engagement

Evolving our responsible business

This report covers our approach to sustainability and also how we act in a responsible manner.

Highlights

- Continued improvement in diversity across the business
- Market-leading employee engagement results
- Non-Executive Directors of the Board engaged directly with each Softcat office during the year
- Highly rated as one of the very best places to work
- Further employee training and increased awareness of the importance of climate-related issues
- Completed our solar panel project at the Marlow head office
- We continue to progress work on our Climate-related Financial Disclosures
- All of Softcat's scope 1, scope 2 and operational scope 3 emissions for FY2024 will be offset
- Our climate emissions data has been externally assured for the first time, improving trust in this increasingly important business metric
- Softcat maintains its obligations to pay the right amount of tax as required by legislation and made a significant tax contribution to the UK economy of £180m for the year

Our people

Diversity as at 31 July

Gender breakdown

Board of Directors

2024	2023	2022	2021
Female: 62.5%	Female: 57%	Female: 57%	Female: 50%
Male: 37.5%	Male: 43%	Male: 43%	Male: 50%

Senior Leadership Team

2024	2023	2022	2021
Female: 40%	Female: 33%	Female: 22%	Female: 20%
Male: 60%	Male: 67%	Male: 78%	Male: 80%

Total permanent employees

2024	2023	2022	2021
Female: 36%	Female: 35%	Female: 33%	Female: 33%
Male: 64%	Male: 65%	Male: 67%	Male: 67%

Ethnicity breakdown

Total permanent employees

2024	2023	2022	2021
Ethnic: 17%	Ethnic: 17%	Ethnic: 15%	Ethnic: 13%
White British and white other: 83%	White British and white other: 83%	White British and white other: 85%	White British and white other: 87%

People

Current female representation sits at 36%, so we have restated our 2030 ambition to be 40%, well above the current UK technology industry average of 27%.

Introduction

Softcat was founded over 30 years ago to create a great place to work. Our founder felt strongly that a company where people enjoyed coming to work would be more successful and for that reason, he instilled values of having fun, giving back to charity and being passionate about what we do. All of those values remain as strong as ever today. We are continually striving to stay true to the founder's original vision of Softcat's culture, whilst also evolving and enhancing it in line with modern ways of working.

The last twelve months have seen great progress in many of Softcat's people and culture initiatives. Our diversity and inclusion agenda continues to go from strength to strength, resulting in several industry-wide awards. Employee engagement has stayed at exceptionally high levels and the external awards we have received this year reflect our ongoing work in this space and tell us that our employees really enjoy working at Softcat, true to our founding values.

Recruiting for the future

Softcat continues to grow headcount at pace, as seen by the addition of 458 new starters this financial year. Overall attrition has been positive, losing approximately the same number of employees as in the previous financial year despite having much higher headcount. We are pleased with where net headcount has ended for the financial year and believe it sets us up well for further growth in FY2025.

Looking at recruitment through a diversity and inclusion lens, we have seen improvements in attracting women into apprenticeship and internship programmes, demonstrating that the work we do at grassroots level with local schools makes a significant impact on our early careers diversity. This year, we also asked a third-party specialist consultancy to undertake an audit on our recruitment processes for disabled candidates so we can comprehensively assess what could be done to improve the engagement and support at the recruitment stage for people with disabilities. That audit has resulted in an action plan that includes improvements being made to marketing materials, our careers website and our selection processes. Our recruitment team is making good progress on the action plan.

Watch us grow - this year we reached over 2,500 employees

Employees as at 31 July 2024

2,509

24	2,509
23	2,315
22	1,921
21	1,681
20	1,534
19	1,330
18	1,188

Evolving our inclusive workplace

We are very pleased to say that our ambition of reaching 35% female representation by 2030 has already been surpassed. Current female representation sits at 36% and so we have restated our 2030 ambition to be 40%, well above the current UK technology industry average of 27%. Improvements to flexible working, menopause, fertility and maternity policies and practices have all contributed to our female employees' experience of working at Softcat.

Our ethnic representation has remained constant at 17%, which is in line with the UK and slightly ahead of the UK technology industry average of 15%. We are still concerned that this is not reflected in management and leadership levels and more work needs to be done in this area. A deep dive into the reasons our ethnic minority employees are less likely to be in management roles will be undertaken in FY2025.

A survey conducted across the workforce to identify key characteristics such as sexuality, neurodiversity and socio-economic background, has given us more insight into the composition of our workforce. We will be using this data to consider further improvements to our policies and initiatives.

Our seven employee diversity networks have had a fantastic year hosting and celebrating several significant events such as Pride Month and Armed Forces Week. In collaboration with our major partners, TD Synnex and Microsoft, we held an event celebrating our community leads at the Museum of London. The event included discussions on ESG strategy and concluded with a cooking class at School of Work, where meals were prepared and donated to local homeless charities in London.

We are continuing to run our allyship training programme. The programme helps employees to further develop and explore diversity, inclusion and belonging at work and to be a greater allies through committing to making a difference by supporting fellow colleagues. All new starters are encouraged to attend the

programme within six months of starting at Softcat to ensure they have a full understanding of our approach to allyship across the business. We also run a programme designed for managers, Inclusive Cultures. This aims to help managers build more inclusive teams and provides an opportunity to further focus on the managerial behaviours to ensure everyone is valued and treated with respect.

In addition to our internal or partner initiatives, Softcat participates in and contributes to several industry programmes that aim to diversify the technology sector as a whole. We are a founding member of both Technology Channel for Racial Equality ('TC4RE') and Tech Channel Ambassadors (encouraging young people to consider the IT channel industry for their future careers).

Softcat's work in the diversity and inclusion space does not go unnoticed at an industry level. This year, we won several awards and accolades for our policies and practices at the CRN Women & Diversity in Channel awards and ranked 1st in the Super Large category for the UK's Best Places to Work for Women.

We are determined to ensure that we are a fair and inclusive organisation that is committed to being transparent about our gender and ethnicity pay. Our gender pay gap was once again published alongside our voluntary ethnic pay gap. We continue to monitor the latest developments from the Government so that we can respond quickly to any further pay gap reporting that may be introduced. The data in our pay gaps continues to be very consistent, with both gaps driven in large part by the small proportion of high-earning women and ethnic minority employees in sales. Although we are trying to address this by hiring more women and ethnic minority employees into our early careers schemes, the adoption of this strategy will take some time to show results.

Our latest pay gap report is available on our website and can be viewed by scanning the QR code with your tablet or smartphone.

ESG in our workforce

Our focus on the social aspects of ESG has been a major area of improvement this year. For example, we have taken strides to improve employability and awareness of careers in technology and our industry within schools, especially for pupils from low socio-economic backgrounds. As early careers talent has proved so crucial to our success as a business, we firmly believe in the importance of giving back to these communities by providing a range of opportunities from work experience to apprenticeships and career guidance.

Softcat continues to be a signatory to the Social Mobility Pledge, further demonstrating its ongoing commitment to social mobility. The pledge encompasses three main areas: outreach, access and recruitment.

Health and wellbeing remains core to our work this year. Our two Health and Wellbeing weeks continue to feature a wide range of activities designed to ensure our employees are putting themselves first and prioritising their wellbeing. We have had talks by Olympic athletes, fitness classes, seminars promoting financial health and much more.

From a mental health perspective, we have been pleased to note the uptake of our employee assistance programme ('EAP') is in line with other companies of our size and can see from the anonymous data that employees are contacting the EAP for a wide range of issues both inside and outside of work. We have continued with our regular training sessions for managers on how to manage employees with different mental health issues. We use both World Mental Health Day and Mental Health Awareness Week as the two main events in the calendar to raise awareness and talk about the importance of mental health.

More recently, we have been working on the introduction of a new social value platform that will enable us to calculate the social value of our work in terms of environmental, social and economic contributions. This will not only help us assess our own impact but also provide us with more comprehensive and accurate information for customer bids and tender processes.

The more I see of other companies via friends, colleagues/peers and family, the more I am grateful for how well we do culture and treat people and it's not an empty statement... we can back it up!

Although the culture has evolved, in some ways positive and some ways negative, I do feel that we are still a people-first organisation and that the Senior Leadership Team 'gets it'. Everyone wants everyone to succeed – this is the beauty of Softcat.

Responses from our latest annual employee engagement survey

Maintaining high levels of employee engagement

The annual employee satisfaction survey was conducted in October 2023 and resulted in an overall employee engagement score of 90%, with an employee net promoter score ('eNPS') score of 59. These world-class results show the importance we place on keeping our employees engaged in their roles and with Softcat as their employer. Our employee satisfaction survey action plan is a rolling plan and quarterly updates are provided to the Senior Leadership Team ('SLT'). The actions we have taken are also disclosed to employees on our regular all-hands calls.

Another regular survey we conduct is the quarterly management survey, which is sent to all 400 members of the management team. They are asked a short series of questions designed to

give us a pulse on morale and sentiment within the organisation. Additionally, they are asked to rate every member of the SLT. The feedback is discussed at subsequent management meetings with clear actions outlined.

The Softcat Board discusses the output of the management survey on a quarterly basis and the overall employee engagement survey on an annual basis, with regular updates provided on specific items throughout the year. The importance of employee engagement as a key metric at Board level is demonstrated by the use of the eNPS metric in the Executive Directors' annual bonus.

Externally, we had a successful year in FY2024, winning several employer-related awards as well as awards from our valued partners. A snapshot of these awards can be seen on page 56.

Company culture at Softcat plc

The employee experience below at Softcat plc, compared to a typical company.

91% of employees at Softcat plc say it is a great place to work*, compared to 54% of employees at a typical UK-based company.	Softcat plc	91%
	Typical company	54%

* Responses to the statement 'Taking everything into account, I would say this is a great place to work.' vs. a typical UK company.

98%

agree that people are treated fairly regardless of their sexual orientation.

98%

agree that this is a physically safe place to work.

97%

agree that people celebrate special events around here.

96%

agree that people here are treated fairly regardless of their race.

96%

agree that when you join the company, you are made to feel welcome.

Source: Great Place to Work Survey 2024
<https://www.greatplacetowork.co.uk/certified-company/1224092>

Social value continued

Softcat – a great place to work

#5

**Best Workplaces™
2024 (Super Large)**

#1

**Best Workplaces™
for Development
2024 (Super Large)**

#5

**Best Workplaces™
for Wellbeing 2024
(Super Large)**

#1

**Best Workplaces™
for Women 2024
(Super Large)**

In addition to celebrating our externally recognised success, we also love to celebrate success internally. Our Employee of the Month awards are eagerly anticipated, with our Lunch of the Quarter awards being a popular event in the Softcat calendar. Our Kick Off event every September is the highlight of the annual calendar, with the whole Group coming together to reflect on the highlights of the previous year and look forward to the future. The annual awards ceremony held at Kick Off celebrates our superstar employees in true style.

Learning and development

Softcat has a dedicated learning and development team, providing a comprehensive range of career and personal development support, giving our employees the best opportunities to learn, grow and successfully adapt to any changes in their role. Our commitment to developing and nurturing our employees in their careers continues to be of utmost importance. A large proportion of our new starters every year are school and university leavers, which means that our early careers training programmes are vital in inducting them into the Group in a way that sets them up for future success.

In addition to our regular apprenticeship programme, we have started to increase the number of employees undertaking upskill apprenticeships. This is in an embryonic stage at the moment, but our first employees have now graduated with a range of qualifications from management capabilities to data analytics skills. We will look to further increase our use of the Apprenticeship Levy by encouraging more employees to take advantage of upskill apprenticeships.

This year, we have introduced an operations development programme into the business operations function, which has provided clearer development and progression paths and resulted in better employee retention.

Our sales training is always undergoing evaluation and improvements. The feedback on our sales development programme and Elevate, for more experienced salespeople, continues to be incredibly positive. Statistically, we know that employees who complete these programmes outperform those who do not.

Our leadership foundations programme (for mid-level managers) and our leadership development programme (for senior-level managers) saw new cohorts successfully complete this year. These programmes have gone from strength to strength over the years and are now firmly cemented as our flagship leadership programmes. Uniquely, the leadership development programme is delivered by our own Senior Leadership Team, providing real-world insight and added value to the participants.

Charitable causes and volunteering

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

FY2024 was a fantastic year for Softcat's charitable endeavours. We raised over £540k (2023: £470k) for charitable causes, including an impressive £405k at our most successful ever Love2Give charity ball (2023: £389k).

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

Charitable donations to date since Softcat was formed as a business now stands at a remarkable £3.1m.

£3.1m

in charitable donations to date

Ethical behaviour

As the UK's largest value-added reseller, it is important that we meet and exceed the expectations of our customers, vendors and shareholders to uphold high standards of corporate and personal behaviour. We recognise the importance of good ethics to maintain a positive environment for both our employees and the business and we aim to meet all our legal obligations. We uphold our values (see page 23), which are fully aligned to good ethical behaviour, and our culture empowers our employees to promote and support the business in a customer-focused and ethical manner.

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

We are conscious that potential human rights risks exist within any business and supply chain, including labour risks, unsafe workplace conditions and bribery and corruption. We therefore continue to be compliant with the annual reporting requirements contained within Section 54 of the Modern Slavery Act 2015, being a relevant commercial organisation as defined by Section 54. Our approach to preventing modern slavery forms part of our wider corporate responsibilities and we expect organisations with whom we do business to adopt and enforce policies to comply with relevant legislation. We review the public disclosures of our largest vendors in respect of their practices to mitigate the risk of modern slavery to ensure they align to our values. We produced an updated Modern Slavery Statement this year, which is available on our website. We also provide additional disclosures if requested in respect of modern slavery and other matters in respect of corporate responsibility when bidding for large public sector contracts.

We do not currently operate a specific human rights policy as most of our business is focused in the UK and in jurisdictions where human rights are well observed and already protected. Management will, however, keep under review whether operating such a policy would be beneficial.

Softcat is aware that fraud is a constant threat which can have a considerable impact both for our business and for our stakeholders. We realise a key part of good anti-fraud management comes from good awareness of the types of fraud which might be perpetrated. Employees have received training on fraud awareness in order to continue protecting our business and important stakeholders such as our customers. The Audit Committee also receives regular reports from management on steps taken to detect and prevent any fraudulent attempts and exercises oversight to ensure that robust anti-fraud controls are in place. Management is also well prepared for the business to comply with the new corporate offence of a failure to prevent fraud, which was introduced in the recent Economic Crime and Corporate Transparency Act.

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

We have a detailed anti-bribery, corruption and tax evasion policy, which is regularly reviewed by management to ensure it is comprehensive, relevant and practical. Employee training is provided where appropriate, including at induction for new starters. The anti-bribery, corruption and tax evasion policy provides that we take a zero-tolerance approach to bribery, corruption and tax evasion and that we are committed to acting professionally, fairly and with integrity in all our dealings. The policy also sets out the types of behaviour which are unacceptable in the conduct of business and the procedures we have to prevent bribery, corruption and tax evasion. We also operate a register which requires all employees to seek approval from their line manager and to disclose any gifts or hospitality received or given which are valued over the applicable disclosure threshold. Guidance on accepting or giving gifts and hospitality is contained in the anti-bribery, corruption and tax evasion policy and the gifts and hospitality register is reviewed regularly by management. If employees have any questions about the operation of the policy or the gifts and hospitality register, they are encouraged to discuss this with either the Legal Director & General Counsel or the Company Secretary.

Softcat publishes twice-yearly details of its payment practices to its trade suppliers. This is reviewed by the Board during the year as part of the Directors' wider responsibilities to consider how Softcat impacts its key stakeholders. We take these responsibilities seriously and the Board noted during the year that management continued to maintain a good performance in respect of invoices paid within agreed terms.

The Group adopts an open and honest relationship when dealing with Government agencies. For example, during the year the Board approved an update to Softcat's tax strategy, which is published on our website (www.softcat.com/corporate-responsibility). The tax strategy includes an outline of our approach to dealing with HMRC and confirms that Softcat's primary tax objective is to ensure that it pays the right amount of tax, in the right jurisdiction, at the right time, as dictated by legislation.

Softcat's ongoing strong financial performance also contributes to the UK economy. In the 2024 financial year, our total tax contribution to the UK economy was £180.4m (FY2023: £176.4m). This includes corporation tax, payroll taxes, VAT and other business rates and taxes. In the last four years, Softcat's total tax contributions to the UK economy have exceeded £0.5bn.

Tax contributions

2024

£180.4m

Corporation tax: £40.2m
Employment taxes: £68.9m
VAT: £67.1m
Other rates/taxes: £4.2m

2023

£176.4m

Corporation tax: £29.8m
Employment taxes: £63.9m
VAT: £80.1m
Other rates/taxes: £2.6m

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

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

Introduction

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

Last year's Annual Report primarily focused on our progress against the disclosures required under the Task Force on Climate-related Financial Disclosures ('TCFD') framework. In December 2023, the TCFD was disbanded following the publication of its final status report, and the Financial Stability Board ('FSB') requested that the International Sustainability Standards Board ('ISSB') assume responsibility for monitoring progress of climate-related financial disclosures by companies. Whilst we wait for the UK Government to take its next steps on adopting new Sustainable Disclosure Standards ('UK SDS') based on the ISSB, which are anticipated in 2025, we have focused our progress this year on aligning to the mandatory requirements from the UK CFD.

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

We remain dedicated to ensuring that our success is strongly aligned with our corporate responsibility values. We continue to make changes within the business to support our approach to climate change and have increased collaboration with our partners and supply chain, all of which will aid our customers on their path to make sustainable purchasing decisions. The Board has ultimate responsibility for maintaining relationships with Softcat's stakeholders and we have formally delegated authority to our Sustainability Committee to provide the required focus on this aspect of our business.

To find out more about what we are doing on sustainability, please see our website at www.softcat.com/about-us/sustainability. This can also be viewed by scanning the QR code with your tablet or smartphone.

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

Whilst we wait for the UK Government to take its next steps on adopting new Sustainable Disclosure Standards ('UK SDS') based on the ISSB, which are anticipated in 2025, we have focused our progress this year on aligning to the mandatory requirements from the UK CFD.

Key sustainability highlights and progress

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

We are making steady progress towards full compliance with the UK's mandatory Climate-related Financial Disclosures ('CFD') requirements.

We remain committed to take action on greenhouse gas ('GHG') emissions. Our sustainability efforts have been recognised throughout our industry. We have, for the first time, obtained independent external assurance on our emissions data. During the year, Softcat hosted its first in-person sustainability session at the Softcat Partner Forum. The event brought together industry experts to discuss a collective vision and expectations and to emphasise the need for stronger partnerships on our sustainability journeys within the IT resale channel.

The head office solar panels project completed during the year and is now providing a substantial contribution towards the office's energy requirements.

Climate-related Financial Disclosures and sustainability continued

Approach to sustainability

In order to make sure we considered the right aspects, we started our journey by identifying the most relevant areas of the United Nations Sustainable Development Goals ('SDGs') for our business. These areas have not changed since last year and remain an important foundation for our approach on climate change and wider corporate responsibility:

Achieve gender equality and empower all women to achieve their goals.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Reduce inequality within and among countries.

Ensure sustainable consumption and production patterns.

Take urgent action to combat climate change and impact.

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

In 2022, we also undertook an ESG materiality assessment, which included both surveys and interviews, to better understand which ESG issues matter most. Employees, customers, suppliers and vendors participated in the materiality assessment, making sure the views of key stakeholders had been considered. The outputs from the materiality assessment helped to confirm our areas of focus.

Action on climate change

Climate change is having an impact on our planet and we have a role to play to mitigate our contribution to that impact. The Board recognises that climate change has potential business and financial impacts; these include both risks and opportunities for Softcat and it is our responsibility to lessen and take advantage of these, respectively.

We have taken steps to make our business more resilient to climate change and we continue to focus on the ambitious environmental targets that the Board approved in 2020.

The Board fully supports the adoption of the UK Climate-related Financial Disclosures ('CFD') as it considers that they will help organisations and Softcat's stakeholders to focus their efforts and ambitions towards achieving net zero. Enhancing our understanding of the climate-related risks facing us and the opportunities that may be available to Softcat continues to be a focus.

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

As we learn more about climate science and projections become clearer, we will continue to refine our approach to identifying, assessing and managing our climate-related financial risks and opportunities. We will do this each year to ensure we are resilient and prepared for reporting, in addition to renewing any detailed climate scenario analysis at least every three years to ensure the information is both up to date and relevant.

Key activities in FY2024

Governance/strategy	The Board held a direct stakeholder engagement with one of its largest vendors (by revenue). The discussion focused on a wide variety of issues and the Board also took the opportunity to understand the impact of key technology trends on the vendor's journey to net zero.
Strategy	The Sustainability Committee conducted a review of the ESG governance framework within the business, which concluded that the framework was working well. Changes were made in respect of an internal working group to more closely bring together the senior managers involved with all key elements of ESG. The Board once again considered sustainability and climate-related matters as part of its annual review of Softcat's business strategy. This results in a more joined-up approach to the resilience of Softcat's strategy to climate change and further opportunities for sustainable growth. Particular points of focus this year were on the importance of sustainability to customers and further evaluating the opportunities of the IT circular market. We undertook a second financial impact assessment of our climate-related risks and opportunities, building on our previous work and improving our understanding of risks and opportunities facing Softcat over the short, medium and long term. We made improvements to the geographical scope of our climate scenario analysis in relation to physical risks by conducting a more accurate assessment of the potential impacts to our key sites based on climate hazard data extracted using geographical co-ordinates. This improves the accuracy of the results and has thereby allowed us to refine some of our previous findings. A summary of the process and results is provided on pages 71 to 73. Softcat hosted its first in-person sustainability session at the Softcat Partner Forum. The event brought together industry experts to discuss a collective vision and expectations and to emphasise the need for stronger partnerships on our sustainability journeys within the IT resale channel. Given the success of the session, we intend to repeat this at future Partner Forums. Softcat also earned external recognition for its environmental initiatives and sustainability efforts, as summarised on page 79.
Risk management	We further refined our methodology for prioritising climate-related risks and opportunities, allowing us to focus on those risks and opportunities that present the highest potential to impact Softcat. Please see pages 71 to 75 for more information. We continued to mature our risk management framework and approach. Our Group risk and compliance team has been working on formalising our second and third lines of defence, including support on our risk register for climate change. The process will also lead to strengthening our internal processes and clarification of responsibilities and accountabilities.
Metrics and targets	The annual bonus plan for Executive Directors includes a non-financial element which included the achievement of key next steps on climate change. This is further explained in the Annual Report on Directors' Remuneration on pages 125 to 146. The Remuneration Committee has decided to include sustainability as part of the non-financial metrics in the annual bonus plan for FY2025. We continue to develop our opportunity metrics to take advantage of the move to a lower-carbon world. Key to this is ensuring our workforce understands key climate change issues. The vast majority of employees have completed training on climate change. We are developing more bespoke training on sustainability for our sales teams, to better enable them to help customers in making sustainable choices. Our sustainability team continues to review and better understand the opportunities relating to the IT 'circular economy' and other opportunities to increase the focus on more sustainable products and services to sell to our customers. Actions required to realise the opportunities are being developed. In order to fully realise the potential, we will need the support of other stakeholders, including vendors. During the year, an updated assessment of the current state of the IT circular market and potential opportunities was discussed by the Sustainability Committee. Opportunity metrics will be further developed. Our overall reported greenhouse gas emissions and energy consumed for FY2024 are shown on page 82). These includes explanations for year-on-year changes in reported emissions.

Climate-related Financial Disclosures and sustainability continued

TCFD cross-reference and compliance table

Our disclosures are as required by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ('UK CFD'). They also meet the requirements of the Financial Conduct Authority's ('FCA') Listing Rule 6.6.6R (formerly 9.8.6R) in respect of the original 2017 recommended disclosures from the Task Force on Climate-related Financial Disclosures ('TCFD'). We have concluded that we fully comply with nine of the eleven recommended disclosures, as set out below, and are making progress on the remaining two disclosures.

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

Thematic area	UK CFD required disclosures	FCA Listing Rule 6.6.6R - TCFD recommended disclosures	Cross-reference (within this Annual Report) or reason for non-compliance	Comments and next steps
Governance	A description of the governance arrangements of the Company in relation to assessing and managing climate-related risks and opportunities.	1) Board oversight of climate-related risks and opportunities.	(Pages 66 and 67) Compliant	The Sustainability Committee monitors climate-related risks, opportunities and disclosures and reports to the Board.
		2) Management's role in assessing and managing climate-related risks and opportunities.	(Pages 66 and 67) Compliant	The CFO is the executive lead for sustainability, supported by the Business Transformation Director and our sustainability team. As explained in this report, they form part of a comprehensive governance framework to manage climate change risks and opportunities. We will continue to develop the roles and responsibilities on the management of climate-related issues across Softcat.
Strategy	A description of (i) the principal climate-related risks and opportunities arising in connection with the operations of the Company and (ii) the time periods by reference to which those risks and opportunities are assessed.	3) Climate-related risks and opportunities the organisation has identified over the short, medium and long term.	(Page 69) Compliant	This year, we have refreshed our original scenario analysis in respect of the climate change risks and opportunities identified. We have also undertaken a financial impact assessment of our climate-related risks and opportunities, which was further refined this year, to improve our understanding and management of the risks and opportunities.
	A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the Company.	4) Impact of climate-related risks and opportunities on the business, strategy and financial planning.	(Pages 69 and 70) Compliant	Through our climate scenario analysis, no material or catastrophic net risk exposures have been identified in the time horizons assessed. We have integrated climate-related planning into our key strategic planning. In particular, during the year we considered sustainability and opportunities to take advantage of the IT circular economy as part of our annual Board strategy review.
	An analysis of the resilience of the business model and strategy of the Company, taking into consideration different climate-related scenarios.	5) Resilience of strategy, taking into consideration different future climate scenarios.	(Pages 69 and 70) Compliant	Through our climate scenario analysis of risks, mitigating actions and potential opportunities, we believe our business is resilient to climate change in the time horizons assessed. We continue to review how climate change may impact our strategy.

Thematic area	UK CFD required disclosures	FCA Listing Rule 6.6.6R - TCFD recommended disclosures	Cross-reference (within this Annual Report) or reason for non-compliance	Comments and next steps
Risk management	A description of how the Company identifies, assesses and manages climate-related risks and opportunities.	6) Processes for identifying and assessing climate-related risks.	(Page 76) Compliant	We undertook financial impact assessments of our climate-related risks and opportunities in both FY2023 and FY2024, improving our understanding and management of them. As we look to continue our growth, evolve our offerings and work further with our supply chain, we will increase our level of knowledge on climate-related risks.
		7) Processes for managing climate-related risks.	(Page 76) Compliant	We explain in our assessment of climate-related risks the mitigating actions which we can take or have taken. Through the financial impact assessments, we have improved our understanding and management of our climate-related risks and opportunities.
	A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the Company.	8) Processes for identifying, assessing and managing climate-related risks integrated into the organisation's overall risk management.	(Page 76) Compliant	We have conducted climate risk workshops to identify risks. Our process for assessing the materiality of our climate-related risks is consistent with the process for other corporate risks, which supports with incorporating these issues into our day-to-day risk management processes. We will continue to monitor and manage our climate-related risks and ensure that each risk is monitored and managed appropriately.
Metrics and targets	The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	9) Metrics used to assess climate-related risks and opportunities.	(Pages 77 to 79 and pages 125 to 146 (Annual Report on Directors' Remuneration)) Partially compliant - we have not yet fully set opportunity metrics related to low-carbon products and services.	Similarly to last year, for FY2024, the annual bonus plan for Executive Directors includes a non-financial element in respect of the achievement of key steps towards our climate change strategy. Our sustainability team continues to review further opportunities of the IT 'circular economy' and the actions required to realise the opportunities. Management has more clearly defined the next steps and dependencies to realise the opportunities. Realisation of some of the actions will require the support of some of our vendor partners. Metrics to support with monitoring and realising our opportunities continue to be developed.
		10) Scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions, and the related risks.	(Pages 77 to 79) Compliant	We disclose in this Annual Report our emissions, which cover scopes 1, 2 and 3. Available prior year data is included to support trend analysis. Softcat's net zero targets have been approved by the SBTi, using our FY2021 emissions as our baseline year.
	A description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.	11) Targets used to manage climate-related risks and opportunities and performance against targets.	(Pages 77 to 79) Partially compliant - our net zero targets have been approved by the SBTi. However, we have not yet fully set opportunity targets related to low-carbon products and services.	We have a defined approach to risk appetite on the level of risk that we are willing to accept in the pursuit of a specific objective or strategy (see page 84). Our sustainability team continues to review further opportunities, particularly the IT 'circular economy' and other opportunities to increase the focus on more sustainable products and services to sell to our customers. Management has more clearly defined the next steps and dependencies to realise the opportunities. Actions required to realise the opportunities are being developed.

Climate-related Financial Disclosures and sustainability continued

Governance

The Board retains ultimate responsibility and accountability for the oversight of the Company's strategy. Sustainability is an important issue at Softcat and is discussed both by management and the Board. The Board's approach includes seeking compliance with respect to sustainability and climate change and the approval of material environmental targets.

In 2022, the Board established a Sustainability Committee as a Committee of the Board. The Sustainability Committee meets twice per year and is chaired by Vin Murria. The Sustainability Committee is responsible for, on behalf of the Board, setting the sustainability strategy of Softcat, including goals, targets and objectives, and it monitors management's performance against these. Monitoring the effectiveness of management's processes for identifying, assessing, and responding to climate-related risks and opportunities has also been delegated to the Sustainability Committee. A report from the Sustainability Committee is provided on pages 123 and 124.

To successfully manage sustainability and implement associated initiatives effectively, Softcat operates a tiered governance approach. This ensures that all areas of sustainability get the right levels of focus throughout the business, including both the effective monitoring of climate-related risks and taking advantage of climate-related opportunities. The wider framework in respect of how the Group manages its environmental, social and governance ('ESG') responsibilities was reviewed by the Sustainability Committee during the year. The review clarified where ESG sits within Softcat's obligations and aligned understandings and expectations across business functions. As a result of the review, we have established a Sustainability and ESG Leadership Working Group, bringing together senior managers working across these topics to further enhance co-ordination and delivery on key ESG issues.

The approach to climate change has been designed to focus on what is required to support Softcat, its supply chain and its customers on our vision. Katy Mecklenburgh is the executive lead for sustainability, and she is supported by various managers and employees. In particular, the Business Transformation Director (who is a member of the Senior Leadership Team) provides executive-level support on strategy and direction. Both Katy and the Business Transformation Director are supported by a sustainability team, which has full-time responsibility for the day-to-day implementation of sustainability initiatives. The Business Transformation Director and Sustainability Lead (who heads up the day-to-day management of the sustainability team) attend each meeting of the Sustainability Committee to ensure the Committee engages with those who have responsibility for operational management of sustainability throughout the Company. The Sustainability Committee receives updates on the resourcing of the sustainability team to ensure it is sufficient to support future requirements for the business.

The sustainability team and the Company Secretary take responsibility for monitoring changes in regulation and required disclosures in respect of climate change and discussing this with the Sustainability Committee together with plans if required to adhere to incoming regulations. Updates on climate-related performance and initiatives in the Group are provided by the Sustainability Lead to each meeting of the Sustainability Committee.

The sustainability team works in collaboration with other teams as necessary to ensure the effectiveness of the climate-related risk assessment process and to explore opportunities. This includes organising initiatives and actions to mitigate these risks and to capitalise on opportunities. The sustainability team also works with external stakeholders, in particular the supply chain on the planning and co-ordination required to realise opportunities. The sustainability team is also supported by external specialists as needed on various issues, particularly to ensure effective compliance with disclosures and obligations.

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

We have now undertaken two financial impact assessments of our climate-related risks and opportunities to improve our understanding of potential implications over the short, medium and long term. Our process for assessing the materiality of our climate-related risks (on a gross and a mitigated net basis) is consistent with the process for other corporate risks. Any material risks (including any material climate-related risks), together with plans to mitigate or manage such risks, will be presented and reviewed by the Audit Committee as part of its responsibility for risk management oversight.

Sustainability governance structure



Climate-related Financial Disclosures and sustainability continued

Strategy

Softcat's strategy is to sell more to existing customers and to grow its customer base. Our purpose is to help customers use technology to succeed, by putting our employees first – this starts with providing employees with a great place to work. Our approach to climate change is well aligned to both our strategy and purpose.

As an IT reseller, we do not manufacture products. Our exposure to climate-related risks and opportunities is largely indirect and principally related to goods and services procured from our vendors and sold to our customers, often together with value added services and support. To enable Softcat to keep delivering value for its stakeholders, we must ensure that sustainability is embedded in the way our business operates. Each year, the Board conducts a formal strategy review, which this year, for a second year in a row, integrated a review of sustainability. This helps to provide the Board with a more holistic view of Softcat's strategy, including the resilience of the business to climate change and other sustainability challenges, as well as potential opportunities for sustainable growth.

We operate a framework for sustainability shown on this page which defines our approach, guides our actions and supports the steps we take to mitigate the impacts of climate change. This framework also supports our overarching strategy to grow our customer base and sell more to existing customers, as we expect the importance of sustainability to our customers will continue to increase. This methodology allows us to focus on relevant internal and external factors, better manage our scope 1, 2, and 3 emissions and work closely with identified stakeholders.

Softcat's framework for sustainability

Softcat

Making sustainability a core element to its business and embedding it in Softcat's future. Softcat will support all of its priority goals and continue to drive and develop a more efficient and lower-carbon industry.

Supply chain

Softcat is working with its partners, suppliers and vendors to better understand their net zero plans. It is also working with them to ensure they are adhering to Softcat's values and doing what they can to enable, deliver and support a more sustainable supply chain.

Solutions

Softcat is reviewing the services and solutions offered to its customers. This will enable its employees to create and deliver more sustainable products and services to assist customers on their own sustainability journey.

We have taken steps to put our strategy and framework into effect, including:

- setting environmental targets and developing action plans to achieve them;
- working closely with our key stakeholders, particularly:
 - vendors and our supply chain: to help us reduce our environmental footprints and to explore further opportunities in the circular economy;
 - customers: using our knowledge and solutions to help customers take a more environmentally responsible approach to how they use IT; and
 - employees: to reduce the environmental impact of our operations. This includes Group-wide sustainability training, which nearly all employees have completed. We will also roll out more bespoke training on sustainability for our sales teams, enabling them to better help customers in making sustainable choices.

Given the nature of our business, we do not envisage that material investments or changes to our business model are required to mitigate the risks of climate change or to take advantage of opportunities. For example:

- we do not expect to incur any material research and development costs;
- our strategic focus is on organic growth, rather than growth through acquisition and divestments;
- we are debt free and prioritise our capital for organic growth. We do not envisage the need for additional access to capital in respect of our approach to managing climate change (see our capital allocation framework on page 102);
- our operations are office-based, and we work in modern, energy-efficient offices. All offices, apart from our head office in Marlow, are leased properties for which we can change location should it be necessary. We have now completed installation of solar panels in the Marlow office, which is making a material contribution to the office's energy requirements.

Climate-based scenario analysis

In line with the UK CFD requirements, we have conducted climate scenario analyses for the last three years, with the aim of refining our approach to better understand the potential impacts and opportunities for Softcat against possible climate futures. Our first year of scenario analysis (2022) focused on establishing a baseline approach to assessing our key risks and opportunities, whilst in 2023 and 2024, we worked with our external advisers to refresh the analysis to ensure it is up to date and that potential business impacts more accurately reflect our operations.

We consider three key variables in our scenario analyses: the appropriate physical and transition climate scenarios, geographical scope of the analysis, and time horizons. This year, we have made improvements to the geographical scope of the analysis in relation to physical risks by conducting a more accurate assessment of the potential impacts to our key locations based on climate hazard data extracted using geographical coordinates. This improves the accuracy of the results and has thereby allowed us to validate and reduce the associated initial risk ratings from last year, which were instead based on wider regional trends.

For the scenario analysis to remain effective, we have followed the UK CFD recommendations to use a divergent range of scenarios. We have therefore made our assessments based on the climate scenarios on the right from the Intergovernmental Panel on Climate Change ('IPCC') Fifth Assessment Report ('AR5'), which are known as Representative Concentration Pathways ('RCPs'), as well as transition scenarios from the Network for Greening the Financial System ('NGFS'). These scenarios vary from the scenarios used last year due to changes in our approach, and the data available to support the more detailed physical risk analysis; however, they have been closely aligned based on their temperature outcomes and narratives, to ensure there are no material changes which could affect our assessment of the magnitude of financial impacts between years. These changes do not materially affect the assessment's outcomes.

Physical scenarios

Low emissions scenario (RCP2.6)	A predicted global temperature increase between 1.5°C and 1.7°C by 2100, compared to pre-industrial levels. This would bring the world in line with the Paris Agreement of 1.5°C. This is commonly referred to as the best-case and most ambitious scenario.
Medium emissions scenario (RCP4.5)	A predicted global temperature increase between 1.7°C and 3.2°C, in line with current climate change policies, pledges and commitments. If the world continues on its current trajectory, this is seen as the most likely scenario.
High emissions scenario (RCP8.5)	A predicted global temperature increase between 3.2°C and 5.4°C, where carbon emissions continue growing unmitigated. With no mitigation, this is deemed the worst-case scenario.

Transition scenarios

Net zero 2050 scenario ('NZ2050')	This is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation.
Nationally determined contributions scenario ('NDCs')	This scenario accounts for all Government-pledged climate targets, even if not yet backed up by implemented effective policies.
Current policies scenario ('CPs')	This is a pragmatic exploratory scenario, which assumes that only currently implemented policies are preserved, into the future.

The UK is the most significant location for our operations and our revenue (representing over 95% of both headcount and revenue). Most of our key vendors also have operations in the UK. In 2024, our climate scenario analysis also included impacts on operations in our offices in the USA and APAC, in addition to our Dublin office, which was already considered in the 2023 assessment. As part of our risk management framework, we conducted our analysis across three time horizons:

Term	Horizon	Milestone year
Short term	2024 to 2030	2027
Medium term	2030 to 2040	2035
Long term	2040 to 2050	2045

Consistent with CFD, our assessment covered the following:

Physical risks:

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

Transition risks:

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

Opportunities:

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

Climate-related Financial Disclosures and sustainability continued

Climate-related risks and opportunities

Through the application of our risk management approach, we summarise below the most relevant climate-related risks and opportunities. These are in respect of the emissions scenarios and the time horizons as set out above. Through our initial analysis, no major or catastrophic net risk exposures were identified in the short-term time horizon assessed across our climate scenarios. We believe there are opportunities, which we continue to explore and develop. We will continue to assess the potential risks over the medium and long term, ensuring that mitigative actions are developed.

Our process for assessing the materiality of our climate-related risks is consistent with the process for other corporate risks. The assessment of our corporate risks includes an assessment of the potential financial impact:

Risk	Potential financial impact
Insignificant	Up to £100k
Minor	£100k-£500k
Moderate	£500k-£3m
Major	£3m-£25m
Catastrophic	Greater than £25m

In 2024, we undertook a financial impact assessment of our climate-related risks and opportunities, to further improve our understanding of the materiality of these risks and opportunities and how to manage them. This refined the previous financial impact assessment conducted in 2023, by reviewing the identified risks and opportunities with key stakeholders, capturing any other relevant issues which were not considered previously, and updating the financial impact ratings and associated mitigation measures to reflect the progress we have made between years. These assessments also help to inform any inputs required into the annual operating budget, or other longer-term financial plans, as approved by the Board.

Following the review, we do not envisage that adaptation and transition to a lower-carbon world will require a fundamental shift to the way we do business or a major change to our business model (which is shown on pages 22 and 23). We also do not envisage that we will need to make major divestments, acquisitions or other significant capital allocation decisions (including access to capital or financing, if required) to take climate change into consideration. We have approved relatively minor additional/changes in expenditure; in particular, during FY2024 we:

- completed the installation of solar panels on the roof of our head office in Marlow; and
- invested in growing our sustainability team to deliver on our sustainability strategy, including our approach to climate change.

Risks

Physical risk category	Identified risk and timeframe	Current or future control measure	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
Acute	Increased frequency and intensity of extreme weather events such as intense rainfall and heatwaves which could disrupt Softcat's operations, supply chain and services.	Softcat's largest vendors (see page 29) are major international businesses, which have the resilience and investment to mitigate the future risk of climate-related risks to their organisation. We work with a wide breadth of technology partners to reduce concentration risks.	Low Medium High			
	Link to principal risk: Business interruption (see page 86). Timeframe of potential materialisation: Medium, Long	We also hold ISO 22301 for Business Continuity. This was stress-tested during the COVID-19 pandemic. As a reseller, any increases in supplier costs are typically passed through to the customer. Remote/hybrid working is available to all employees, providing flexibility during challenging conditions. Alternative workplaces for employees are available if needed to avoid low-lying areas. Our offices are modern and energy efficient. Business interruption insurance coverage is in place. Our supply chain has previously shown resilience during periods of large-scale disruption, for example during the COVID-19 pandemic.				
Potential financial impacts include:						
- reduced revenue due to decrease in productivity and availability of workforce; - increased costs associated with office leases;		- increased costs for building repair, maintenance and insurance; and - increased energy consumption costs.				
Chronic	Long-term temperature increases in the UK and Ireland, leading to business disruptions or damaged infrastructure.	Softcat leases most of its premises, providing opportunity to seek out modern spaces more resilient to climate change.	Low Medium High			
	Link to principal risk: Business interruption (see page 86). Timeframe of potential materialisation: Medium, Long	Remote/hybrid working is available to all employees, providing flexibility during challenging conditions. Our offices are modern and energy efficient. Business interruption insurance coverage is in place.				
Potential financial impacts include:						
- reduced revenue due to decrease in productivity and availability of workforce; - increased costs associated with office leases;		- increased costs for building repair, maintenance and insurance; and - increased energy consumption costs.				
Chronic	Rising sea levels resulting in disruption to offices in the south-east, low lying coastal areas of the UK and the Dublin office.	We lease most of our premises, providing opportunity to seek out modern spaces more resilient to climate change.	Low Medium High			
	Link to principal risk: Business interruption (see page 86). Timeframe of potential materialisation: Medium, Long	Remote/hybrid working is available to all employees, providing flexibility during challenging conditions. Alternative workplaces for employees are available if needed to avoid low-lying areas. Our offices are assessed as necessary by our insurers for flood risk. We take action as recommended by our insurers to reduce the potential impact of flooding. Business interruption insurance coverage is in place. This risk has reduced since last year following a more detailed flood risk assessment of the geographical locations of our offices.				
Potential financial impacts include:						
- reduced revenue due to decrease in productivity and potential closure of certain offices; - increased costs associated with office leases;		- increased costs for building repair, maintenance and insurance; and - increased energy consumption costs.				

Key to potential financial impact: Low Medium High

Climate-related Financial Disclosures and sustainability continued

Risks continued

Physical risk category	Identified risk and timeframe	Current or future control measure	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
Policy and legal	Increasing policies and regulations that could place new requirements on Softcat, such as enhanced emissions reporting, regulation of critical minerals, and carbon taxes.	Softcat's current decarbonisation targets, submitted to SBTi, provide a trajectory which would result in net zero by 2040.	Low			
	Link to principal risk: Regulatory and compliance Timeframe of potential materialisation: Short, Medium, Long	As a reseller, increases in input costs are passed on to the customer. Management regularly reviews the impact of changes in legislation, taxes, etc. and oversees initiatives to ensure compliance. Through regularly conducting horizon scanning, supported by third-party advisers, we have good foresight of our potential risks. The Sustainability Committee has oversight in respect of sustainability reporting and progress towards our emissions targets. We are increasing engagement and collaboration with our suppliers and vendors on sustainability to mitigate potential risks to our supply chain. For example, we held a sustainability supplier session at the Softcat Partner Forum during the year to discuss supply chain issues.	Medium High			
Potential financial impacts include: - increased input costs incurred through vendor and partner products; - increased property costs associated with enhanced building standards;						- reduced revenue from potential termination of relationships with suppliers unable to transition to net zero; - costs from fines or increased carbon taxes; and - reduced investment from non-compliance.
Technology	The cost of transitioning to using low-carbon technology and energy sources in Softcat's operations, for example green energy tariffs.	We have signed up to the SBTi and have a goal to achieve 100% renewable energy by 2024. Our offices use renewable energy where possible and we purchase renewable energy credits where we are unable to use renewable energy.	Low Medium High			
	Link to principal risk: N/A Timeframe of potential materialisation: Short, Medium	We are actively developing our net zero delivery plan. Most of our offices are outfitted with modern amenities which are energy efficient. We have replaced our internal combustion car fleet with electric vehicles and installed additional charging points. We completed installation of solar panels at our head office in Marlow and the panels are now operational.				
Potential financial impacts include: increased capital allocation to low-carbon technologies and to retrofit office spaces for low-carbon technology; and						increased cost to accommodate changing energy tariffs.
Market	Suppliers being unable to transition to a low-carbon economy at the same pace as Softcat, making Softcat unable to achieve its net zero goal and commitments.	We are working with our supply chain and with the wider IT industry as part of our framework for sustainability. We understand many of their goals to achieve net zero and these will be reflected in our target to achieve a carbon net zero supply chain by 2040.	Low Medium High			
	Link to principal risks: Business interruption; failure to respond to market changes (see page 86). Timeframe of potential materialisation: Medium	In respect of our largest vendors, we have mapped their alignment to our net zero targets. This allows us to identify parts of the supply chain more robustly as to whether there is or is not alignment. The mapping exercise showed that many of these vendors have set net zero targets to be achieved by 2040. We continue to monitor those vendors who have set later target dates. As already noted, we held a sustainability supplier session at Softcat's Partner Forum during the year.				
Potential financial impacts include: reduced revenue due to a shift in consumer preference for low-carbon products; and						reduced investment as a result of failure to achieve net zero target.

Key to potential financial impact: Low Medium High

Physical risk category	Identified risk and timeframe	Current or future control measure	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
Market	Risks associated with not having a carbon-literate workforce able to promote low-carbon technology to our customers could generate lower customer satisfaction and engagement.	In respect of sustainability, we have a Group-wide structure with Board-level oversight for sustainability, including climate-related issues, operational responsibilities assigned to appropriate senior management and local-level activities and promotions undertaken by local green teams.	Low			
	Link to principal risk: Failure to respond to market changes (see page 86). Timeframe of potential materialisation: Medium, Long	We have rolled out Group-wide training on climate change, which has been completed by nearly all of the workforce. We are looking to develop further improvements to our sales systems to highlight and promote the sale of lower-carbon products across the product lifecycle. We are preparing to roll out more bespoke training on sustainability for our sales teams, enabling them to better help customers in making sustainable choices. We have increased resources in our sustainability team, which allows it to provide more support to our sales teams. This includes the creation of a new role of a Sustainability Customer Success Manager.	Medium High			
Potential financial impacts include:		- reduced revenue from lower sales of low-carbon products; - reduced capital and investment due to lower performance; and - increased expenditure on employee upskilling.				
Reputation	Negative perceptions from stakeholders, including customers, potential investors and existing shareholders, as a result of failure to embed sustainability into the business or take action on climate change.	We have developed and are communicating a clear climate change strategy and our targets to reduce carbon emissions.	Low			
	Link to principal risk: Failure to respond to market changes (see page 86). Timeframe of potential materialisation: Short, Medium	Softcat discloses performance data relating to climate-related risks, its net zero trajectory and other environmental performance information through its SBTi and Carbon Disclosure Project ('CDP') submissions. We have, for the first time, obtained external assurance in respect of our carbon emissions data. Assurance has been received in respect of the data for FY2023 and we plan to obtain assurance on our data for FY2024. Assurance statements are available to view on the Trust section of the Softcat website.	Medium High			
Potential financial impacts include:		- reduced revenue from customers as a result of impacted market positioning; and - reduced investment leading to impacted growth strategy and share prices.				
Reputation	Failure to attract or retain staff due to being viewed as an unsustainable business.	This is a new risk item, which reflects the wider heightened awareness of climate change in society.	Low			
	Link to principal risk: Talent, capability and leadership (see page 86). Timeframe of potential materialisation: Short, Medium, Long	A strong employee culture is at the heart of our business. This will help to retain and attract employees and to continue to drive our exceptional performance. We have embedded sustainability at different levels of our business, from Board level through to locally run initiatives by green teams. We have invested in growing the capability of our sustainability team to work more extensively with the rest of the business. We widely communicate our goals and progress on ESG and actively encourage employees to take part in supporting community actions. For example, we authorise up to two paid days each year for employees to take part in volunteering or charitable fundraising activities. We have rolled out Group-wide sustainability training.	Medium High			
Potential financial impacts include:		- increased expenditure on recruitment; and - reduced revenue/slower business growth due to a less effective and less engaged workforce.				
Key to potential financial impact:		Low	Medium	High		

Climate-related Financial Disclosures and sustainability continued

Opportunities

Category	Identified opportunity and timeframe	Current or future strategy	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
Markets	Engaging employees to understand Softcat's net zero ambitions, green skills and training.	Upskilling Softcat employees on the necessary green skills required for a low-carbon economy can help Softcat strengthen its relations with stakeholders, building reputation and competitive advantage.	Low			
	Timeframe of potential materialisation: Short, Medium	This can also support Softcat in improving its talent retention and development for its workforce, which is included as one of our key risks above. The market for good talent remains highly competitive. Ensuring we have a strong and credible approach to sustainability provides a competitive edge to attract and retain talent. We are proactive in our support for employees to benefit from environmental initiatives, such as: local green teams throughout the business; the provision of a tax-efficient salary sacrifice scheme to enable employees to lease electric vehicles for their use; a cycle-to-work scheme; and flexible hybrid working, allowing employees to work some days at home, thus reducing carbon emissions arising from commuting.	Medium High			
Potential financial impacts include:		- increased revenue associated with improved reputation and competitive advantage; and - lower expenditure on recruitment due to improved talent retention.				
Resource efficiency	Investing in more sustainable technology to improve Softcat's day-to-day operations, such as utilising green energy tariffs and low-carbon office equipment.	Whilst most of our offices already use energy-efficient equipment, this will be kept under review for further opportunities. The use of more sustainable technology in our day-to-day operations provides opportunity to lower our dependency on fossil fuels and reduce our annual operational expenditure. In the face of potentially rising fossil fuel prices, utilising renewable energy tariffs will also improve our resiliency.	Low			
	Adapting working spaces to create a productive working environment in a warmer climate. Timeframe of potential materialisation: Short, Medium, Long	All of Softcat's offices are ISO 50001 certified, with energy management systems in place. We have also recently appointed a new Head of Facilities, who will support with advising on long-term energy efficiency. The installation of solar panels at the Marlow office was completed this year, and we are continuing to invest in new office infrastructure, which will include sustainability considerations. By ensuring our offices remain productive working environments, we can maintain and even enhance our productivity. Our employee satisfaction surveys also provide our employees with the opportunity to provide feedback on our offices, allowing us to identify where further improvements can be made.	Medium High			
Potential financial impacts include:		lower expenditure on energy, and increased resilience against rising fossil fuel prices.				

Key to potential financial impact: Low Medium High

Category	Identified opportunity and timeframe	Current or future strategy	Relevant emissions scenario	Potential financial impact		
				Short	Medium	Long
Products and services	Promoting and encouraging the implementation of circular economy practices throughout the value chain, such as sustainable purchasing, takeback schemes, reuse or recycling of equipment, and remanufacturing. This can include leveraging Softcat's existing products and services, including promoting the sale of energy-efficient and sustainable IT solutions.	Encouraging circular economy practices and behaviour change on the use of technology and natural resources is paramount to achieving net zero. Doing so presents a strong case both environmentally and commercially, as it can result in greater operational savings, more resilient hardware and a longer lifespan of in-use products. Expanding services presents commercial incremental opportunities through existing and potential new services for customers. Softcat already operates some of these services and anticipates opportunities in the future, particularly if we can gain a competitive advantage over our peers. We can further leverage our expertise through our existing solutions service. This allows customers to maximise the use and lifespan of an asset and support the circular economy through recycling, refurbishing and reusing.	Low Medium High			
	Positioning Softcat as a thought leader in the industry through engagement with stakeholders to build customer solutions and propositions. Timeframe of potential materialisation: Short, Medium	Through our partners and vendors, we also have an opportunity to build on our existing relationships to promote low-carbon products and services to our customers. We expect growth in demand for more energy-efficient and sustainable IT solutions. Taking advantage of this opportunity will also mitigate the risk of failing to evolve our technology offering with changing customer needs.				
Potential financial impacts include:						
- lower expenditure due to operational savings and longer lifespan of in-use products; and - increased revenue or profit arising from expanding services or developing new services.						
Products and services	Developing new sustainability offerings based on evolving needs in the market, including new products, platforms and services, to increase Softcat's revenue and competitiveness as society transitions to net zero.	We recognise that innovating and developing new sustainable products and services can improve our competitive position and capitalise on shifting consumer and producer preferences as our stakeholders increasingly pursue their net zero goals.	Low Medium High			
	Timeframe of potential materialisation: Short, Medium	We are working on our offerings in these areas, and by 2026 we aim to have services certified as 'Carbon Neutral' (PAS 2060) as part of our ten in ten plan (see page 78).				
Potential financial impacts include:						
- increased revenue associated with increased demand for low-carbon products and services, and access to new customers; and - better competitive position to reflect shifting consumer preferences.						

Our approach to risk management is set out on pages 83 to 88. Through our regular risk assessments, new risks, including emerging climate-related issues, will be identified and assessed for materiality. There is a Board-approved definition for material emerging risks and a process is in place which requires the CFO to escalate promptly any such risk to the attention of the Board. Following our assessments of climate risk to Softcat, we are confident that our business strategies are resilient against the impacts of climate change due to the nature of our business operations and the breadth of global technology vendors with which we work.

We will remain proactive by refreshing scenario analysis and testing scenarios on an as-needed basis, at minimum every three years or whenever there are significant changes to the assumptions and climate scenarios used. We will re-evaluate our climate-related risks and opportunities on an annual basis to ensure Softcat remains resilient.

Key to potential financial impact: Low Medium High

Climate-related Financial Disclosures and sustainability continued

Risk management

Our risk management framework helps us to identify, assess, manage, monitor and act on risks, including those related to climate change. Managing our risks effectively will enable Softcat to deliver on its strategy. We recognise that climate change may have an impact on our strategy and operations and have considered these as part of our risk management process.

Climate change is already a component of the risk of failure to respond to market changes when considering the needs of our customers and how products, services and solutions might be affected by the drive towards carbon neutrality (see our principal risks and uncertainties on pages 86 to 88). We also have robust plans to mitigate the impact of business interruption (which may occur, for example, due to extreme weather events) and this is already included as a mitigating action in our principal risks. Climate change also provides us with opportunities to help our customers to reduce their environmental impacts and to differentiate our offerings from competitors.

We continue to mature our risk management framework and approach, including support from our Risk, Assurance and Process Improvement team (the 'Risk and Assurance' team). We operate a risk register for climate change. The risk register on climate change captures our climate-related risks and opportunities, and their associated business and potential financial impacts, providing a robust framework to identify, assess, manage and monitor the impacts of climate change on our business. We identify current or future mitigation measures and controls for the risks in order to reduce the impact and likelihood of each arising.

This year, we also updated our assessment of climate change risks and opportunities that could pose a financial impact to the business. The primary purpose of the updated assessment was to determine whether the risks and opportunities were still relevant since the last assessment and reassess these based on our progress over the last year, as well as to consider physical risks across our site locations more accurately. We have also identified and added some new risks and opportunities, but these are not considered material. We incorporated the identification and assessment of climate-related risks into our overarching corporate risk management framework using our current corporate risk framework.

Climate-related risks and their potential financial impacts were validated and scored through a risk review workshop. This year, the workshop was attended by several senior managers in the business, including the Business Transformation Director, Sustainability Lead, Head of Commercial Finance and Company Secretary.

A representative from our Risk and Assurance team (which is responsible for day-to-day management of the corporate risk register) also attended the workshop to ensure alignment of the approach between climate change risks and corporate risks. The inclusion of representatives from our sustainability team in the workshop helps us to deliver on addressing our key climate-related risks, by considering the views of the other senior managers. A summary of the key risks and opportunities was reviewed by the Sustainability Committee, which has oversight of the climate change risk and will be incorporated into the climate risk and opportunity register.

Our primary business is an IT reseller and the majority of our business is conducted in the UK and Ireland. We do not manufacture goods and we have no production facilities (e.g. factories). Given the nature, locations and operation of our business and following our assessment of risks, we believe that the direct impact of climate change on Softcat will be low. Our current view is that we are not materially exposed to climate change as a business and that climate-related risks do not present a material threat to our strategy, long-term viability, liquidity or ability to operate.

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

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

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

Metrics and targets

As we evolve our sustainability strategy, we continue to review our metrics and targets, to ensure the data we measure is relevant and meaningful to the business and aligns with our overarching strategy, culture and values. The data we measure and disclose also allows our stakeholders to effectively monitor Softcat's environmental performance over time.

The Board of Softcat has approved three key target commitments and the Sustainability Committee regularly monitors progress. Our metrics focus on our GHG emissions and these are assessed through the intensity measurements set out on page 81. The Sustainability Committee has also endorsed the GHG emissions reduction targets approved by the SBTi. Achieving these key targets forms the focus of our sustainability initiatives:

- our aim is to implement initiatives throughout the business to reduce emissions where possible. We then use carbon offsetting to offset the residual impact to operate as a carbon neutral business;
- to use, where possible, renewable energy across all office locations (by 2024);
- to work with our supply chain to help it become net zero (by 2040); and
- the SBTi has approved Softcat's targets to reduce GHG emissions by 45% by 2030 for scopes 1, 2 and 3 and to reduce GHG emissions by 90% by 2040 (relative to a FY2021 base year).

We are committed to improving the measurement of our carbon footprint and engaged an external firm specialising in sustainability for our FY2024 carbon footprint calculation. We have also, for the first time, obtained external assurance in respect of our carbon emissions data. Assurance has been received in respect of the data for FY2023 (scopes 1, 2 and 3) and we plan

to obtain assurance in respect of the data for FY2024. Assurance statements are available to view on the Trust section of the Softcat website.

Like the majority of businesses, scope 3 emissions comprise most of our carbon footprint. We therefore understand that to transition to a low-carbon future, it is imperative that we work with our supply chain and customers. Our emissions are disclosed on page 82.

Given the activities of our business, the use of nature-related resources such as water and land use are not material metrics. The Sustainability Committee has been kept updated on developments in respect of the recommendations of the Taskforce on Nature-related Financial Disclosures ('TNFD'). It is monitoring developments, particularly in respect of the International Sustainability Standards Board's ('ISSB') proposal to further research potential corporate disclosures and metrics on nature-related risks and opportunities.

Energy consumed primarily relates to our offices and initiatives to reduce energy consumption are shown on page 82.

Progress on our targets on CO₂

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

Timing	Goal	Summary and progress update
2022	Carbon neutral	Softcat has been operationally carbon neutral (self-certified) since 2022 and continues to be in 2024. Softcat has moved from conventional offsets to carbon removals, continuing to mature its journey. Complete
2024	100% renewable electricity	Softcat will use, where possible, renewable electricity across all office locations. Using renewable electricity will reduce scope 2 emissions and reduce the environmental impact of energy used in the business. We purchase renewable energy credits for the remaining offices where we are unable to use renewable energy. In FY2022, this target was expanded to include changing Softcat's pool car fleet from internal combustion to EVs. This changeover has now been completed. During FY2024, we completed installation of solar panels at our head office in Marlow. The panels are now operational and making a major contribution to the office's energy requirements. Complete
2040	Net zero supply chain	Softcat is working with its supply chain to help it become net zero. Good progress continues with our vendors, many of which have set net zero targets which align to our 2040 goal. Softcat has also received recognition from some leading market vendors and sustainability organisations. The UK Government has set a net zero target for the UK by 2050. Our goal is therefore ten years ahead of the UK target. Work in progress

As a pivotal part of our journey to net zero, Softcat has committed to the SBTi and had its net zero targets validated. This commits the business to reduce its GHG emissions in line with the Paris Agreement, limiting global warming to 1.5°C. Softcat's science-based targets have been approved as in line with the emissions reductions required to achieve net zero emissions across its value chain by 2050.

In FY2022, Softcat became the first IT company in Europe to have its targets on climate action approved by the SBTi; the targets approved cover emissions for scopes 1, 2 and 3. As noted above, our target to become net zero by 2040 is ambitious and is ten years ahead of the targets set by the UK Government. Softcat has therefore developed a carbon reduction plan to support the achievement of the targets approved by the SBTi. This includes ten high-level steps over the next ten years (our 'ten in ten' plan, please see page 78), which will help us reduce emissions across all scopes. We will communicate our key steps to our customers, suppliers and employees to improve their awareness of actions and targets to reduce emissions.

Climate-related Financial Disclosures and sustainability continued

Our ten in ten plan

Targets	Progress	Status	Year
Full migration to EV pool cars	We have successfully migrated all pool cars to EV.		2023
Renewable energy across all Softcat locations and renewable energy generation projects	100% of the energy we use is now renewable. We have successfully completed this a full year ahead of the deadline. Where offices are unable to procure renewable energy, we purchase Energy Attribution Certificates ('EACs').		2024
Major suppliers/ partners to have net zero plans and SBTi where applicable	We have reviewed all tier one suppliers and are now working to review our partner network and remaining suppliers in the coming FY.		2025
Softcat services to be certified 'carbon neutral' (PAS 2060)	We have four pilot services currently in progress to help us reach carbon neutral status, so we're making good strides towards achieving this.		2026
100% of deliveries to be completed using low-emissions delivery service	We are in the process of collecting comprehensive data for this target.		2027
>80% of customers will be purchasing sustainable products or services from Softcat	We are in the process of collecting comprehensive data for this target.		2028
Suppliers to be using 100% renewable energy across their operations	We are in the process of collecting comprehensive data for this target.		2029
45% reduction in gross emissions in line with net zero targets (FY2021 baseline)	Softcat continues to work towards its science-based net zero targets. Although we have made good progress in many areas, absolute emissions have increased in FY2024 which reflects the challenge in decoupling emissions from growth and customer demand. We are following our ten in ten plan and working closely with vendors to promote more sustainable solutions to customers and to identify opportunities to reduce emissions whilst we grow.		2030
Zero to landfill (operational waste)	We are in the process of collecting comprehensive data for this target.		2031
>80% of customers using renewable energy	We are in the process of collecting comprehensive data for this target.		2032

Key: Completed On track Ongoing

Remuneration

Since FY2023, the Remuneration Committee has determined that remuneration practices for the Executive Directors should include an assessment of performance against some of our key environmental targets and actions. This is included in the annual bonus plan for Executive Directors. Achievement in respect of the actions is disclosed in the Annual Report on Remuneration. Please see pages 125 to 146 for further information about executive remuneration practices.

Internal carbon prices

Beyond offsetting our scope 1, 2 and operational scope 3 emissions, we have not yet introduced internal carbon prices. In FY2024, we commenced a review into internal carbon pricing and the role it may play within the business. Further work will continue on this, particularly as to whether it may drive additional positive behaviours and decisions to further reduce our impact on climate change.

Working with our stakeholders

Partnerships

To help us achieve our net zero targets, we work closely with our supply chain, vendors and other industry and business forums. Many of our vendors are dedicated to operating more sustainably and are making major commitments towards tackling climate change. We collaborate with our vendors to ensure they understand Softcat's commitments and that we understand their sustainability journeys. For example, we have improved our understanding of many of our vendors':

- expectations as to when they will reach their net zero targets and the challenges in achieving them;
- progress to reduce energy usage during manufacturing;
- use of renewable energy;
- use of sustainable packaging materials; and
- approach to extend the life expectancy of devices.

Ultimately, we will require sustained action from our vendors and suppliers to enable us to achieve our target of a net zero supply chain by 2040. We will continue to support and work closely with our partners to realise this ambitious target.

Our work with industry and business forums raises the profile and importance of reducing carbon emissions. It also supports better collaboration and improved disclosures to allow stakeholders to better understand how they can play their part in the journey to net zero. Below are some of our important partnerships:

Softcat is a participant of the UN SDGs. The SDGs are a collection of 17 interlinked global goals that are designed to be a 'blueprint to achieve a better and more sustainable future for all'.	Softcat is accredited with the key internationally recognised environmental standards below. ISO 14001 sets out the requirements for an environmental management system. It helps organisations improve their environmental performance through more efficient use of resources and reduction of waste. ISO 50001 specifies the requirements for establishing, implementing, maintaining and improving an energy management system.
Softcat has started its journey on a selection of its services becoming PAS 2060 certified. PAS 2060 is a standard for achieving and demonstrating carbon neutrality through accurate measurement, reduction and offsetting of emissions.	Techies Go Green is a forum driving and supporting sustainability across the technology industry. Softcat is a member and we participate in the steering committee to support its development and direction.
Softcat has approved near and long-term science-based emissions reductions targets with the SBTi.	

In 2024, Softcat earned notable recognition for its environmental initiatives and sustainability efforts. At the prestigious CRN Sustainability in Tech awards, Softcat was awarded Sustainability Champion of the Year (Reseller) and received the Best Sustainable Customer Project of the Year award for its hardware recycling collaboration with Kent County Council. In addition, Alastair Wynn, Softcat's Business Transformation Director, was honoured with the Sustainability Evangelism award for his leadership in advancing Softcat's sustainability goals.

Further accolades include Lenovo naming Softcat as its Lenovo 360 Outstanding Partner and ESG Partner of the Year (2024), highlighting a joint commitment to sustainable business practices. For the second consecutive year, Softcat also achieved five-star HP Amplify Impact Partner status. Softcat was also awarded the HP Amplify Sustainable Partner of the Year award 2024.

On a global scale, Softcat was listed by TIME magazine as one of the Top 500 Sustainable Companies globally. The Financial Times also acknowledged Softcat as a Europe Climate Leader, reinforcing its position as a leading advocate for sustainability. In Ireland, Softcat secured the Sustainability award at the Tech Excellence awards, marking a year of exceptional recognition for its environmental efforts.

These awards and recognition underscore Softcat's ongoing dedication to integrating sustainability into its operations and achieving long-term environmental goals.

Climate-related Financial Disclosures and sustainability continued

Customers

Softcat does not manufacture products and most of Softcat's reportable emissions are in respect of scope 3, which includes the supply of goods resold and services in our supply chain and on to customers. We therefore make an active contribution to help many of our customers better understand their environmental impacts and explore with them potential ways they can reduce this impact. Results from our most recent customer experience survey confirmed that sustainability remains one of the top ten IT priorities for many of our customers.

Softcat leverages its expertise in IT through its solutions services to offer help to customers be more sustainable. Our comprehensive approach to customer offering support underpins key drivers of future sustainability: maintain, refurbish and reuse. Softcat's sustainable solutions allow customers to enhance the use of an asset and to support the circular economy through recycling, as well as ensuring the customers' supply chains are as efficient as possible.

Making IT sustainable for our customers

Pre-supply

Commitment:

Ensure our customers understand their IT estate's carbon footprint during the procurement phase.

Opportunity and deliverables:

- IT sustainability assessment
- Sustainable product/ solutions/services
- Emissions and supply chain management

In use

Commitment:

Proactively work with our customers to help deliver sustainability across existing estates as well as during the delivery of services.

Opportunity and deliverables:

- Sustainability success management
- Green ops/efficiency services
- Sustainable services

Post-supply

Commitment:

Offer sustainable maintenance, management and retirement services to our customers.

Opportunity and deliverables:

- Environmental 'end of life' services
- Hardware refurbishing/ remanufacturing services
- Hardware buy-back/trade-ins
- Social value/digital poverty donations

Softcat continues to develop solutions in line with vendor offerings and new sustainable developments. This includes:

- Group-wide training on sustainability. The vast majority of employees have completed their training. We are also preparing to roll out more bespoke training on sustainability for our sales teams, enabling them to better help customers in making sustainable choices;
 - promoting increased use of sustainable products and services to our customers;
 - helping our customers to understand the benefit of more sustainable solutions, such as greater adoption of cloud services if appropriate; and
 - further promotion of refurbished items if that meets the customer's requirements.
- The sustainability team now has a dedicated Sustainability Customer Success Manager who works with the Sales function to make it easier for our customers to make sustainable purchasing decisions.

Employees

Our employees have a major role to play in the success of our response to climate-related risks and opportunities. The Group-wide training has improved our employees' awareness of climate-related issues. It has also improved their understanding of some of the climate-related terminology used by Softcat's stakeholders, such as our customers and suppliers. This will make it easier for employees to engage with our key stakeholders when selling or procuring products and services.

Softcat has 'green teams' in place in its offices, which help to drive awareness, formulate innovative ideas and co-ordinate events associated with climate change. The employees who form the green teams volunteer their time to support Softcat and communities in tackling climate change. The green teams meet regularly to discuss the latest sustainability news and developments and to arrange Softcat initiatives.

To find out more about what we are doing on sustainability, please see our website at www.softcat.com/about-us/sustainability. This can also be viewed by scanning the QR code with your tablet or smartphone.

Environmental initiatives

There will always be ways for us to play our part in fostering a more sustainable world. Softcat is running several activities to improve its environmental footprint, as highlighted below. We are pleased that some of these are complete, whilst others are still in progress.

Activity	Progress
Reduction in printing across all offices using printing software solutions	
Certified renewable energy to be used across all Softcat office locations where possible	
Reduction in energy consumption through new, efficient lighting and technology throughout all offices	
24 new EV chargers at Marlow HQ for use by staff and visitors and for pool cars	
Rollout of employee EV car scheme	
Secure WEEE/recycling of internal IT when no longer required	
Investment in the latest workspace technology for Softcat staff	
Carbon Disclosure Project disclosure for FY2021 (including all scopes)	
Introduction of a hybrid working policy that allows employees to work remotely	
Continued compliance with 14001 and ISO 50001 across all UK locations	
Science-based targets (near and long-term targets approved)	
Direct delivery to customers from Softcat's suppliers with no middle management, which results in minimal logistics emissions	
Corporate clothing recycling bins across all offices	
Replacement of existing pool car fleet with EVs	
Solar panel installation at Marlow head office	
Supply chain review, including all vendors, suppliers and partners	
External emission assurance across scope 1, 2 and 3 emissions reported	
Employee e-waste solution across all offices	

Key: To be progressed Goal complete

Regulatory and other disclosures

GHG emissions

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

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

Softcat intensity measurements

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

	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019
tCO ₂ e/£m	0.14	0.22	0.21	0.20	0.30	0.51
tCO ₂ e/employee	0.19	0.26	0.28	0.23	0.22	0.39

Climate-related Financial Disclosures and sustainability continued

Regulatory and other disclosures continued

Energy consumption

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

Energy consumed Million kilowatt hours

1.95

24	1.95
23	2.59
22	2.75
21	1.79

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

GHG emissions

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

Scope 1 and scope 2 emissions tCO₂e

96

24	96	0	96
23	184	158	342
22	229	334	563
21	82	304	386

Key: Scope 1 Scope 2

FY2024 scope 2 emissions are market-based. The zero figure shown above for scope 2 in FY2024 follows the purchase of Energy Attribution Certificates ('EACs') in respect of our office locations where using renewable energy directly has not been possible. Scope 2 emissions shown above for the prior FY2023 are materially different to FY2024 as these relates to emissions before to the purchase of EACs. FY2024 scope 3 emissions increased mainly due to ongoing business growth, customer demand and also as a result of improved primary data collection.

Scope 3 emissions tCO₂e '000

366

24	366
23	357
22	383
21	249

Assurance in respect of emissions data for FY2023

In respect of scope 1 and scope 2 emissions, Softcat engaged the independent firm Bureau Veritas to provide assurance over selected sustainability indicators, including those contained in the 2023 Annual Report. In respect of scope 3 emissions, Softcat engaged the independent firm NQA to provide assurance over selected sustainability indicators, including those contained in the 2023 Annual Report. The scope of work undertaken by Bureau Veritas and NQA was limited assurance regarding the respective emissions scope data.

Assurance statements in respect of FY2023 are available in the Trust section of the Softcat website. Softcat intends to obtain assurance in respect of its FY2024 emissions data and assurance statements will also be available on the website.

Energy efficiency

This Annual Report describes elsewhere measures taken to increase energy efficiency. The following explains in part the actions taken to reduce emissions and to improve the measurement of emissions so that further actions can be considered:

- Our UK-based offices are in modern buildings and use renewable energy where possible. Some of our offices have recently switched to 100% electricity usage so there is no reliance on gas consumption in those locations.
- We have installed solar panels at our Marlow office. The on-site generation from these provides a material contribution to the office's energy consumption.
- We are committed to 100% renewable electricity across all of our locations. The reduction in scope 1 and scope 2 emissions reflects emissions savings achieved by switching to renewable electricity tariffs. Where Softcat can not use

renewable tariffs at its locations, it will purchase Energy Attribution Certificates ('EACs').

- We continue to utilise, where appropriate, technology such as video conferencing, which reduces business travel.
- Our flexible working policies, which include hybrid working, reduce employee commuting.
- Our internal combustion car pool fleet has been replaced with EVs.

Waste management and water are included within our emissions calculations. Given the nature and operation of our business, we do not consider impacts relating to biodiversity and use of land to be material.

Use of carbon offsetting

Whilst on our journey to net zero and our commitment to science-based targets, we are working with accredited partners to offset our scope 1 and scope 2 emissions and operational scope 3 emissions (including waste, business travel and employee commuting). We use carbon credit approved offsetting schemes, making financial contributions to the equivalent of the emissions to be offset. All of the above emissions for FY2023 have been offset and will be offset for FY2024.

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

Risk management

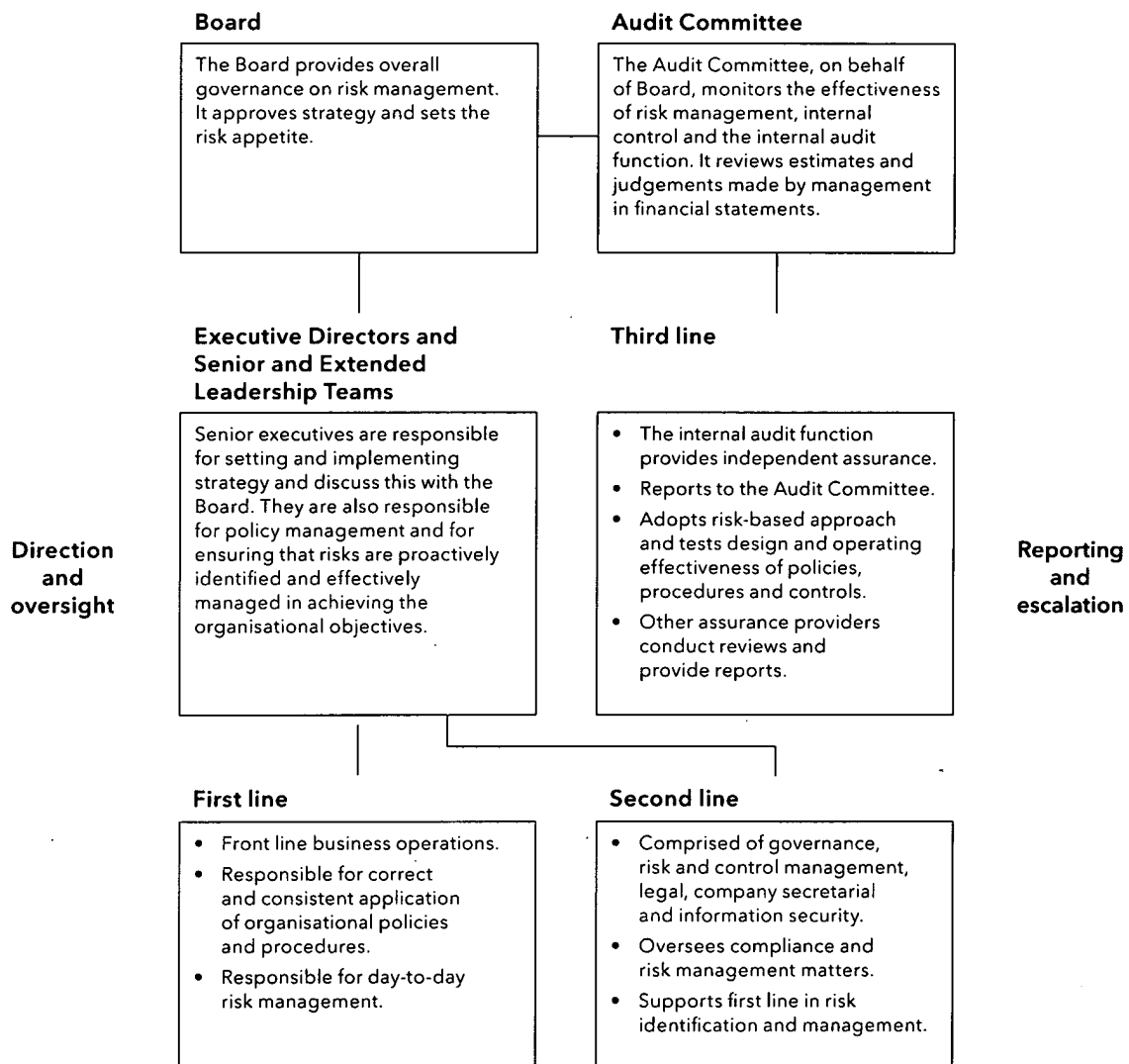
Effectively managed risk

Overview

Last year, we adopted a more strategic and structured approach to risk management, enabling us to proactively identify and address risks. Our approach to risk and internal controls is based on elements of the widely recognised 'Internal Control - Integrated Framework' published by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO').

This year, we have continued to mature and evolve our risk management approach, building on the three-tier architecture we adopted last year. We have embedded this framework further across the organisation, strengthening our second-line functions, engaging staff to promote a culture of risk awareness, and developing and deploying risk registers for key areas.

Risk governance



Risk management continued

Risk appetite

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

Our risk appetite ratings are defined as follows:

Low: We aim to mitigate these risks to the fullest extent possible

Balanced: We accept broadly predictable risks where there are business benefits of carrying that risk

High: We seek out opportunities with attractive potential upsides, take considered risks and manage the consequences

Assessing key risks against our risk appetite enables us to understand areas where we are operating within or outside the target risk appetite. This allows management to consider the actions required to achieve the target appetite. Our risk appetite varies across different principal risks, which are set out on pages 86 and 88.

Risk management methodology

Our framework

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

This year, we have further strengthened and embedded our three lines approach, enhancing our integration of COSO's internal control framework. We have made significant progress in the key elements of risk management - effective identification, management, monitoring, and reporting of risks and controls - underpinned by clearly defined responsibilities and structures. These efforts have not only solidified our governance framework but also improved our overall risk management effectiveness throughout the year.

Three-tier risk management architecture

Tier 1 Principal risk

- Strategic threats to our business.
- Owned by Directors and senior leaders.
- Published externally providing insight for our investors.

Tier 2 Key risk

Key risk

- Underlying significant risks across the business.
- Risks managed by Directors and the Senior and Extended Leadership Teams across the business.
- Maintained in 'key risk' register.

Tier 3 Process level risk

Process level risk

Process level risk

- First line and second line operational risk registers.
- Risks are closely aligned with core business processes.
- Used for identifying and managing day-to-day risks.

During the year, we further strengthened the three-tier risk management architecture to improve clarity and understanding around principal risks and their management across the business. Principal risks are often made up of one or more key risks. Key risks are linked to process level risks.

Risk categories

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

A Business strategy

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

B Operational

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

C Financial

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

D People

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

E Regulatory and compliance

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

Read more on pages 86 to 88

Process

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

First line teams and leaders identify, evaluate, escalate and record risks. They also identify appropriate risk management activities and action them. Information on identification, assessments and actions are captured in operational risk registers.

The second line function oversees the overall risk management and internal control process. It reviews the operational risk registers, updates the key risk register based on insights and interviews with risk owners and managers from across the business, updates principal and emerging risks, perform sample checks, provides feedback to first line teams, and undertake a formal risk management and internal control effectiveness review at least twice a year.

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

recommendations of the external auditor with regard to financial controls. The Audit Committee then makes a recommendation to the Board for final approval.

Climate change

During the year, in line with the approach recommended by the published Climate-related Financial Disclosures ('CFD'), we conducted a formal assessment of the potential impact of climate change to our business and supply chain. Please see our report on CFD and sustainability on pages 60 to 82. Climate change is already a component of the risk of failure to respond to market changes when considering the needs of our customers and how products, services and solutions might be affected by the drive towards carbon neutrality. Our current analysis concluded that no other climate change-related risk is a principal risk which needs to be incorporated into the list of principal risks shown.

Principal risks

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

Set out on pages 86 to 88 is the Board's view of the principal risks currently facing the Group, along with commentary on how this might impact progress against our strategic goals. We provide a view on the change in risk compared to the prior year's assessment. Following review the Board concluded that the only change in risk profile from the prior year related to our principal risk 'Failure to respond to market changes including technology offering, channel disintermediation, competitor landscape

and customer needs'. The risk profile rose primarily due to the ongoing rapid evolution of technology, including AI and potential changes in customer purchasing behaviours. To address this risk, we are further developing our capabilities to help our customers through these changes and we are refining our customer technology propositions. These mitigating actions are designed to maintain our relevance to our customers and to expand our addressable market.

Issues associated with each of the principal risks below have been discussed and reviewed by the Board or relevant Committee on a regular basis, for example the Board/relevant Committee has discussed updates on cyber security, the macro-economic environment, forthcoming changes in regulation/legislation, customer satisfaction and changes in Softcat's leadership team. During the year, the Board also considered other emerging external matters, for example our expanding multi-national business, changes in technology (such as AI) and market changes which might impact on our operating model.

Some of the key risks are also reflected in scenario planning as part of the Group's assessment of viability over the longer term. Please see the Viability Statement on page 89 for further details.

An explanation of how the Group manages financial risks is provided in note 21 to the financial statements. An explanation of the Company's approach to critical accounting judgements and key sources of estimation uncertainty is also provided in note 1 to the financial statements.

Principal risks and uncertainties

A	B	
Business strategy Failure to respond to market changes including technology offering, channel disintermediation, competitor landscape and customer needs Change from 2023 Slight increase Target risk appetite: Low Potential impacts • Loss of competitive advantage • Reduced number of customers and profit per customer Management and mitigation • 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 relationship with strategic vendors and executive sponsor alignment • 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. Link to strategy	Operational Customer dissatisfaction Change from 2023 No change Target risk appetite: Low Potential impacts • Reputational damage • Loss of customers • Financial penalties Management and mitigation • Dedicated customer experience team, which manages and escalates customer dissatisfaction cases • ISO 20000-1 IT Service Management and ISO 9001 Quality Management certified • Ongoing customer service excellence training • 'Big-deal review' process Link to strategy	Cyber security risk and business interruption risk Change from 2023 No change Target risk appetite: Balanced Potential impacts • Inability to deliver customer services • Reputational damage • Financial loss • Customer dissatisfaction Management and mitigation • ISO 27001 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 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 SOC 2 reports that provide assurance on their processes and controls • Annual penetration test by a third party Link to strategy
Acquire more customers See page 30	Sell more to existing customers See page 30	People and culture See page 30 Ease of doing business See page 30 Maintain relevance and expand our addressable market See page 30

C

Financial

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

Change from 2023
No change

Target risk appetite:
Balanced

Potential impacts

- Short-term supply chain disruption
- Reduced margins
- Reduced customer demand
- Reduced profit per customer
- Higher operating costs
- Customer insolvencies and cash collection challenges

Management and mitigation

- 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

Link to strategy

Ineffective working capital management

Change from 2023
No change

Target risk appetite:
Balanced

Potential impacts

- Increased bad debts
- Increased cost of operations

Management and mitigation

- 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

Link to strategy

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

Change from 2023
No change

Target risk appetite:
Balanced

Potential impacts

- Uncompetitive pricing leading to loss of business
- Reduced profitability/margins

Management and mitigation

- 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-alliance teams ensure we optimise available rebate structures
- Ongoing training to sales and operations teams to keep pace with new vendor programmes

Link to strategy

Acquire more customers

See page 30

Sell more to existing customers

See page 30

People and culture

See page 30

Ease of doing business

See page 30

Maintain relevance and expand our addressable market

See page 30

Risk management continued

Principal risks and uncertainties continued

D

People

Loss of culture

Change from 2023

No change

Target risk appetite:

Low

Potential impacts

- Reduced staff engagement
- Negative impact on customer service
- Loss of talent

Management and mitigation

- 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

Link to strategy

Talent, capability and leadership risk

Change from 2023

No change

Target risk appetite:

Low

Potential impacts

- Lack of strategic direction
- Reduced staff engagement
- Loss of talent
- Loss of competitive advantage

Management and mitigation

- 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

Link to strategy

E

Regulatory and compliance

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

Change from 2023

No change

Target risk appetite:

Low

Potential impacts

- Financial penalties
- Reputational damage
- Loss of customers

Management and mitigation

- 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

Link to strategy

Acquire more customers

See page 30

Sell more to existing customers

See page 30

People and culture

See page 30

Ease of doing business

See page 30

Maintain relevance and expand our addressable market

See page 30

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group and Company over a three-year period to 31 July 2027, which is a longer period than the twelve-month outlook required in adopting the going concern basis of accounting. This assessment period remains appropriate given the timescale of the Group's planning and investment cycle.

The Directors confirm that they have performed a robust assessment of the principal risks facing the Group as detailed on pages 86 to 88, including those that will threaten its business model, future performance and solvency or liquidity.

The Group's gross invoiced income has grown on average 17% in the last three years. This has been achieved by gaining market share through increasing the number of customers as well as increasing spend per customer year on year. Against a backdrop of high inflation and increasing interest rates which have put pressure on our customer base, the Group has displayed a large degree of resilience to challenging conditions, evidenced by an increase in gross profit of 12% in FY2024. The year-to-date trading to the end of September 2024 shows growth in line with the base case forecast.

As of September 2024, the principal challenges to short-term business performance are a downturn in the UK economy, resulting from higher broad-based inflation and increasing interest rates which affect both our direct customers and limit the discretionary spend of the end users of their products and services. This may result in delayed decisions on non-critical projects as well as enhanced procurement processes which ultimately could push spend into future periods. Higher than normal risk of credit losses remains. These factors have been assessed within the Group risk review and discussed within the Strategic Report.

The assessment of the Group's viability considers severe but plausible scenarios aligned to the principal risks and uncertainties set out on pages 86 to 88, and the assessment was based on the severe but plausible scenario set out in our going concern assessment. The realisation of these risks, to the extent modelled, is considered highly unlikely.

The degree of severity applied in the viability scenarios was based on management's experience and knowledge of the industry to determine plausible changes in assumptions. The most relevant potential impact of the key risks on viability are:

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

The following stress testing over a three-year period has been performed (i) against the budget approved by the Board for the 2025 financial year; and (ii) against the remaining two financial years (i.e. 2026 and 2027) of the three-year plan:

- an average 5% year-on-year reduction, compared to the original budget and three-year strategic plan, in revenue and gross invoiced income;
- reduced gross profit margins of 0.5% compared to the original budget and three-year strategic plan;
- savings in discretionary areas of spend;
- bad debt write offs of £4.2m above budgeted levels in FY2025, FY2026 and FY2027; and
- extending the length of debtor days by three days across the three years (thus negatively impacting working capital).

The Group benefits from a flexible business model with a high proportion of costs linked to performance, such as commission, no warehousing of unsold products and a low operating cost base, consisting of mostly staff costs. On top of the natural reduction in some of these outflows as profitability reduces, management could, if necessary, take mitigating actions (for example, the ability to adjust the level of discretionary special dividend) providing opportunities for the business to make further decisions on the cost base of the business.

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

- reduced salary costs, through recruitment restrictions on new heads and not replacing leavers;
- no interim dividend in H2 of FY2025 or thereafter;
- savings in discretionary areas of spend;
- short-term supplier payment management.

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

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

Confirmation of viability

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

Compliance with the UK Corporate Governance Code

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Board leadership and Company purpose

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

[Read more on pages 93 to 95](#)

Division of responsibilities

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

[Read more on pages 96 and 97](#)

Composition, succession and evaluation

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

[Read more on pages 100 and 101](#)

Audit, risk and internal control

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

[Read more on pages 107 to 116](#)

Remuneration

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

[Read more on pages 125 to 146](#)

Sustainability

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

[Read more on pages 123 and 124](#)

Introduction to governance

This report highlights our good governance which is vital for effective accountability.

Graeme Watt
Non-Executive Chairman

Dear shareholder

I am pleased to present this year's report on governance. The reports in this section explain the role of the Board and the various standing Committees which support the Board and the work they have undertaken this year. This report highlights our good governance which is vital for effective accountability, stakeholder engagement and oversight of Softcat's strategic direction.

The 2018 UK Corporate Governance Code (the 'Code') (a copy of which is available at www.frc.org.uk) is applicable to Softcat for the financial year ended 31 July 2024. I am pleased to confirm that your Company has complied with the principles and provisions of the Code during the year with one exception. In respect of Provision 9 of the Code, I was not independent on appointment as Non-Executive Chairman on 1 August 2023. This is because I was Softcat's previous Chief Executive Officer until 31 July 2023.

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

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

Graham Charlton fully assumed all of the CEO's executive responsibilities from 1 August 2023, supported by Katy Mecklenburgh as CFO, who joined in June 2023. I have not been involved in any operational matters, other than acting as an occasional sounding board for Graham in much the same way that any good Chair should. We have a clear and successful operating model and an understanding that the CEO runs the Company, not the Chairman.

The Board has benefited from an infusion of new thinking following the appointments of Katy, Jacqui Ferguson and Mayank Prakash. Jacqui and Mayank are independent Non-Executive Directors and their appointments also increase the independence composition of the Board. Your Board firmly believes that these appointments and the overall composition of the Board are in the best interests of the Company's stakeholders. We continue to operate a strong and effective system of governance which demonstrates good leadership and oversight of our responsibilities.

We have conducted our annual Board effectiveness evaluation. Jacqui is also our Senior Independent Director and she has conducted a formal review of my performance, which she led in a discussion with the Board at which I was not present. The reviews concluded that your Board continues to work well.

I would like to thank my fellow Directors for their ongoing support after completing my first full year as Non-Executive Chairman.

If you have any questions or comments on the reports, I will be pleased to hear from you and I can be contacted via the Company Secretary at cosc@softcat.com.

Graeme Watt
Non-Executive Chairman
23 October 2024

Board leadership and Company focus

Your Board of Directors

7 6 3 1 2 4 8 5

Board overview

Tenure of Directors

1. G Watt	6yrs 6mths
2. G Charlton	9yrs 7mths
3. K Mecklenburgh	1yr 4mths
4. J Ferguson	9mths
5. V Murria	8yrs 11mths
6. R Perriss	5yrs 3mths
7. L Weedall	2yrs 5mths
8. M Prakash	1yr 1mth

Directors' experience

Skills	Number of Directors
Finance	4
Marketing	5
Operations	8
Management	8
Technology	5
VAR sector	2

Read biographies on pages 94 and 95

Board composition (%)

Chair: 12.5%
Independent Non-Executive
Directors: 62.5%
Executive Directors: 25%

Board gender diversity (%)

Male: 37.5%
Female: 62.5%

Allocation of time

Corporate governance and
investor relations: 15%
Financial performance: 25%
Risk: 15%
Strategy and operations: 45%

Board leadership and Company focus continued

Our business is led by our Board of Directors. Biographical and other details of the Directors as at 23 October 2024 are as follows:

1	2	3	4
Graeme Watt Non-Executive Chairman	Graham Charlton Chief Executive Officer	Katy Mecklenburgh Chief Financial Officer	Jacqui Ferguson Senior Independent Non-Executive Director
Appointed to the Board: 1 April 2018 (and became Chair on 1 August 2023)	Appointed to the Board: 19 March 2015 (and became CEO on 1 August 2023)	Appointed to the Board: 19 June 2023	Appointed to the Board: 1 January 2024
Committee membership: (N) (D) (S)	Committee membership: (D) (S)	Committee membership: (D) (S)	Committee membership: (A) (N) (R) (S)
Key strengths - Extensive knowledge of the sector, distribution and the reseller channel - Strong commercial skills - Business and system transformations - Mergers and acquisition experience - Strong leadership skills and delivery of growth in very sizeable business units - Deep understanding of the Softcat business and culture - Wealth of financial and risk knowledge	Key strengths - Strong leadership skills - Strong financial and commercial skills - Extensive experience in both financial and general management - Deep understanding of the Softcat business and culture - Significant experience of financing and capital raising	Key strengths - Strong leadership skills - Strong financial and commercial skills - Extensive experience in commercial finance and audit matters - Previous significant senior finance roles across a range of industries	Key strengths - Extensive experience as a non-executive director of listed companies - Significant sector knowledge - Extensive knowledge in the large scale, growth-oriented business-to-business technology environment
Current external commitments Chairman, Infinigate Holding AG.	Current external commitments None.	Current external commitments None.	Current external commitments Chair of Tesco Bank, senior independent director and chair of the remuneration committee of Croda International plc, non-executive director of National Grid plc and deputy chair of Engineering UK.
Previous roles Graeme joined Softcat in April 2018 as CEO, a role which he held until 31 July 2023. On 1 August 2023 he was appointed Non-Executive Chairman. Graeme is also the non-executive chairman of Infinigate Holding AG. He has built over 35 years of channel experience in the IT distribution industry. Before he joined Softcat, Graeme was senior vice president EMEA, advanced and specialist solutions, Tech Data Corporation ('Tech Data'), a position he held from March 2017. He was promoted to that role when Avnet's technology solutions business was acquired by Tech Data in early 2017. Prior to that, he was president for Avnet Technology Solutions, EMEA for almost seven years and a member of Avnet's global executive committee. He previously spent six years at Bell Micro (as president of global distribution) and his earlier career included roles at Tech Data (president EMEA) and Computer 2000 (managing director UK & Ireland). Graeme is a chartered accountant and graduated from Edinburgh University having read Physiology.	Previous roles Graham was CFO of Softcat between March 2015 and July 2023 and was appointed CEO in August 2023. Before Softcat, Graham spent four years as finance director at comparethemarket.com. Prior to that, Graham spent one year as finance director at See Tickets (the trading name of See Group Limited) and over five years in various roles, including group financial accountant, finance manager and finance director, decision analytics, at Experian Ltd. Graham is a chartered accountant and began his career with Andersen.	Previous roles Katy joined Softcat in June 2023. Previously, she was interim chief finance officer at ASOS plc. Prior to that, she spent three years as group controller at Inchcape plc. She has held various other positions across a range of industries and blue-chip firms. Katy was head of finance at Amazon and finance director at Serco and she spent over a decade at Procter and Gamble where she held a series of senior finance roles. Katy is a chartered management accountant. She earned a BSc in Pharmacology and a PhD in Respiratory Medicine, both from Edinburgh University.	Previous roles Jacqui was a non-executive director at John Wood Group PLC. She also held several significant executive roles at Hewlett Packard, including senior vice president and managing director, and she held executive roles at Electronic Data Systems, including director of EMEA strategic business planning.

Committee key

- (A) Audit Committee
(N) Nomination Committee

- (R) Remuneration Committee
(D) Disclosure Committee

- (S) Sustainability Committee
Chair

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Vin Murria OBE

Independent Non-Executive Director and Designated NED for Workforce Engagement

Appointed to the Board:
3 November 2015

Committee membership:

(A) (N) (R) (S)

Key strengths

- A seasoned and successful entrepreneur with extensive board experience
- A strong background in technology-based businesses coupled with a strong network
- Well-developed strategic and commercial skills

Current external commitments

Chair of AdvancedAdvT Limited and non-executive director at Bunzl plc.

Previous roles

Prior to joining Softcat, Vin spent seven years as the founder and chief executive at Advanced Computer Software plc, before its acquisition by Vista Equity Partners in 2015, and five years as chief executive of Computer Software Group plc, before its acquisition by HG Capital and then Hellman & Friedman in 2007. Previously, Vin was a non-executive director at Sophos Group plc, Zoopla Plc, Chime Communications plc, MC Saatchi plc, Silicon Valley Bank UK and DWF Group plc, and chief operating officer at Kewill Systems plc.

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Robyn Perriss

Independent Non-Executive Director

Appointed to the Board:
1 July 2019

Committee membership:

A (N) (R) (S)

Key strengths

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

Current external commitments

Non-executive director at Next 15 Communications Group PLC and Dr. Martens plc.

Previous roles

Robyn was finance director at Rightmove plc, the UK's largest property portal, until 30 June 2019. Prior to being finance director at Rightmove, Robyn also held senior roles as financial controller and company secretary. Before joining Rightmove, Robyn was group financial controller at the online media business Auto Trader.

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

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Lynne Weedall

Independent Non-Executive Director

Appointed to the Board:
3 May 2022

Committee membership:

(A) (N) (R) (S)

Key strengths

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

Current external commitments

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

Previous roles

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

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Mayank Prakash

Independent Non-Executive Director

Appointed to the Board:
1 September 2023

Committee membership:

(A) (N) (R) (S)

Key strengths

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

Current external commitments

Group chief operations officer of Evelyn Partners Group Limited and non-executive director at Uber in the UK.

Previous roles

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

Committee key

(A) Audit Committee

(N) Nomination Committee

(R) Remuneration Committee

(D) Disclosure Committee

(S) Sustainability Committee

Chair

Our governance framework

Attendance at Board and Committee meetings

Details of Board and Committee attendance during the 2024 financial year are set out in the table below. All Directors are expected to attend all Board and relevant Committee meetings.

	Scheduled Board	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability Committee
Meetings held	7	5	3	3	2
Meetings attended					
Graeme Watt ¹	7	–	3	–	2
Graham Charlton ¹	7	–	–	–	2
Katy Mecklenburgh ¹	7	–	–	–	2
Vin Murria	7	5	3	3	2
Robyn Perriss	7	5	3	3	2
Lynne Weedall	7	5	3	3	2
Mayank Prakash	7	5	3	3	2
Jacqui Ferguson ²	4	3	1	2	1

Notes:

1. Graeme, Graham and Katy are not members of the Audit or Remuneration Committees. Graham and Katy are not members of the Nomination Committee. Each is, however, usually invited to the meetings as an attendee.
2. Jacqui joined Softcat in January 2024 and attended all meetings following appointment.

In addition to attending Board and Committee meetings, each Director devotes sufficient time to the Company to ensure that their responsibilities are met effectively. This includes preparation ahead of each meeting and, for the Chairman and Committee Chairs, holding planning meetings and discussions with the relevant Executives or senior management ahead of a meeting to ensure that each meeting has been well prepared. The Chairman maintains frequent contact with all members of the Board between meetings and has regular meetings with the CEO to keep apprised of material developments in the business and with the Company Secretary on Board planning and governance.

During the year, there were four meetings of the sub-Committee established by the Board to give final approval to the release of the Company's trading results.

Our Board

Matters reserved for the Board

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

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

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

Matters reserved can be found at www.softcat.com/about-us/investor-centre/governance.

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

Board Committees

The Committees are required to support the work of the Board and they also provide the additional governance which is appropriate for a company listed on the London Stock Exchange. The Committees have remained unchanged since last year and there has been no material change in their duties and responsibilities over the last year.

Audit Committee

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

Read more on pages 107 to 116

Nomination Committee

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

Read more on pages 117 to 122.

Remuneration Committee

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

Read more on pages 125 to 146

Sustainability Committee

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

Read more on pages 123 and 124

Disclosure Committee

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

Executive leadership

Senior Leadership Team ('SLT')

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

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

What the Board did this year

Each year the Board reviews, discusses and approves a variety of matters. Some of the matters are cyclical, for example the Board's review of our half-year and full-year results. Some items are discussed at each meeting, for example updates from the CEO and the CFO on business and financial performance. The below summarises some of the key matters considered by the Board during the year.

Strategy

The development and implementation of Softcat's strategy remained a key focus for the Board. This has been covered in a number of ways including:

- specific strategy review discussions with the Board and key senior Executives in February 2024;
- further updates from the CEO on strategic priorities;
- updates on employee capability and development;
- a discussion with external advisers in respect of Softcat's strategic position in the market; and
- regular updates on key industry trends and activities.

Performance monitoring

The Board has a robust process in place for setting expectations and for regular monitoring of business performance. During the year, this included:

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

Stakeholder engagement

The Board knows the importance of being aware of the views of its key stakeholders. These include our shareholders, employees, customers, vendors and communities. During the year, we maintained our engagement with stakeholders, which included the following:

- the Board met with a customer. The meeting was very helpful to gain perspectives direct from the customer as to how Softcat provided support to their business;
- the Board met with a key vendor. This provided an opportunity to discuss issues from the vendor's viewpoint and also to better understand key interactions between the vendor and Softcat;
- discussions with investors and analysts, including their feedback following meetings and after the release of our annual and half-year results announcements. We maintain an investor relations programme of meetings with existing and potential shareholders;
- Vin Murria is Softcat's Designated Non-Executive Director for Workforce Engagement. During the year, the Board agreed a revised way to engage with employees, with each Non-Executive Director engaging with a selected Softcat office;
- reviewing the feedback from employee surveys. This includes regular surveys of the managers in the business and our annual all-employee survey to gauge the wellbeing and satisfaction of employees;
- the Chairman undertook an investor engagement programme, inviting engagement with our top 50 shareholders, to further strengthen our mutual understanding of governance matters. The Chairman provided the Board with a comprehensive briefing of the key themes arising from the engagements and on agreed actions; and
- the Board reviewed the outcomes of Softcat's annual customer satisfaction survey and the actions to further improve engagement with customers.

Governance and risk

During the year, the Board:

- continued its focus on environmental strategy, targets and performance through the Sustainability Committee of the Board (see pages 123 and 124);
- monitored the impact of the macro-economic and political environment, considering issues such as potential new legislation following the change of Government at the 2024 General Election. The Board regularly discussed the potential impact of the economic environment on its customers and suppliers;
- reviewed reports on governance and legal issues, including changes in legislation, developments in corporate governance and sustainability;
- received feedback and comments on governance from major shareholders;
- performed a review of Board effectiveness, which was conducted internally. An effectiveness review of the Chairman was also led by the Senior Independent Director;
- reviewed the Company's risk appetite, principal risks and uncertainties;
- considered and approved changes to the delegation of authorities to management. The Board also reviewed whether changes were required to the terms of reference for each Committee and to the schedule of matters reserved for Board approval; and
- received regular governance and regulatory updates.

People, vision and values

During the year the Board:

- had oversight of the changes to the Board with the addition of two new Non-Executive Directors;
- met with many of the members of the Senior Leadership Team ('SLT') and other senior managers in the business. The CEO provided regular updates to the Board on the SLT and any changes in key roles in the business;
- received regular updates on people and HR matters, including capabilities and development, culture and diversity and inclusion;
- considered the results of the annual employee survey and the quarterly management team surveys; and
- through the Non-Executive Directors, engaged with employees of Softcat's offices and reported back to the Board to discuss their observations.

Other

The Board has also:

- approved the 2024 Annual Report and Accounts;
- approved the 2024 Notice of AGM; and
- reviewed regular reports which analysed major changes in our shareholder base.

Composition, succession and evaluation

Composition and succession

This is discussed in the Report from the Nomination Committee on pages 117 to 122.

Board evaluation process

Each year the performance of the Board is assessed through an evaluation exercise. In accordance with the UK Corporate Governance Code, the process this year was conducted internally (the Board having conducted an internal evaluation in 2023 and an external evaluation in 2022). The key stages of the process this year were:

Stage 1: Approval of process

The Board agreed that the process for the year would be conducted internally. The Company Secretary discussed a process with the Chairman and it was agreed to circulate a questionnaire for completion by each member of the Board.

Stage 2: Approval of a questionnaire

The Board and the Company Secretary reviewed a draft questionnaire and agreed to make changes to some of the questions which had been asked in the previous year's survey. The purpose of the revisions were to reduce the number of questions asked, focusing on the most important areas. There were additional open questions which helped to expand on the key issues and points of feedback.

The areas in the survey included:

- Board processes;
- strategy oversight;
- contribution; and
- Committees.

The questionnaire asked each Director to rate various topics using a four-point rating system (poor, adequate, good and excellent). Directors were also asked to provide additional comments to each question to give a more qualitative view.

Stage 3: Collation of results

The surveys were conducted online and managed by an independent third party to ensure anonymity of responses, should a Director not wish to attribute a comment. Individual responses were collated to provide a collective overview of the responses and comments on each question.

Stage 4: Review of results

The Chairman and Company Secretary reviewed and discussed the collated survey results, highlighting key themes and areas from the responses. These were summarised in a covering note and executive summary which was sent to the Board along with the full survey results so the Board could consider the results ahead of a Board meeting.

Stage 5: Board review and discussion

The Board discussed the key points and conclusions from the review during a Board meeting. The Board confirmed that the revised questionnaire had worked well, providing good coverage of the key areas of the Board's responsibilities.

Stage 6: Action planning

Following the Board review and discussion, it was agreed that the Company Secretary would prepare an action plan to address points of recommended improvements. Progress will be tracked during the year.

Outcome

The outcome of the review was positive and concluded that the Board and its Committees continue to function well, consider the right issues and work in a transparent and constructive way. There continues to be strong alignment between the Company's and the Board's values and culture. Some of the points made in the survey included:

- The recent changes to the composition of the Board had worked well and had further enhanced the Board. The new Board members had quickly settled into their roles after a comprehensive induction.
- Good progress had been made on further clarifying strategic priorities.
- There was positive sentiment from the Non-Executive Directors on their ability to input into Board agendas.
- The Board had taken an extensive and successful approach in respect of the engagement with its key stakeholders.
- Risks and opportunities continue to be well understood and were addressed, including on potential market changes which may impact the business.
- Each of the Board's Committees continues to function well and each has an effective Committee Chair.
- Two changes made by the Chairman on Board meeting days were working well. These were:
 - a start of day discussion amongst the Non-Executive Directors to consider in advance key areas on the agenda on which they wished to focus; and
 - an end of day Board 'wrap-up' session to reflect on the highlights of the day, possible areas to explore in more detail at a future meeting and any points to further improve future Board meetings.

- Each Board member continues to provide high-quality contribution to Board discussions. An open environment operates where questions can be raised and constructive challenges made in the spirit of continuous improvement.
- Interactions at Board meetings with senior managers across the business continue to be very helpful.
- All Board members are well prepared for Board and Committee meetings, with high-quality and timely pre-read papers providing the necessary information and time to prepare in advance.

There were no areas rated as 'poor' in the review.

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

Outputs and recommendations

The Board was pleased with the outcome of the Board evaluation, which reflects the Directors' commitment to the business, strong processes, careful succession and composition planning, a positive culture and attitude for the successful operation of the Board. The output of the evaluation also confirmed the Board's top strategic issues and these will be incorporated into the planning schedule for future Board meetings, which is maintained by the Company Secretary.

Some areas for further refinement or implementation were identified by the Board, which include:

- Further articulation on certain aspects of the Company's strategy. The most common themes for our highest strategic issues were agreed as part of the evaluation.
- Consideration of whether additional time is needed for Board discussions and interaction.
- Some suggestions were made to further improve the clarity of pre-read meeting papers.
- An additional review of Committee terms of reference to review whether responsibilities can be further clarified.

The Board has asked the Company Secretary to maintain an action plan based on the recommendations and the Board's discussions, which will be progressed and monitored. An update will be provided in next year's Annual Report.

Good progress was made on the actions arising from the internal Board evaluation conducted in the previous year. This included:

- Additional time has been dedicated to discussing strategy, particularly ahead of the annual Board strategy review meeting which is usually held each February. More frequent follow-up discussions had been held during the year.
- The Board strategy review meeting included an item specifically focused on Softcat's role in the market and potential market changes which may impact Softcat.
- The Board calendar was changed to move a small number of Committee meetings to a different day to a Board meeting, to free up further time for the Board.

Operation of the Board

Softcat capital allocation framework ('CAF')

Introduction and purpose

Softcat has a disciplined approach to the allocation of capital, which is primarily aligned to our purpose, vision, strategy and investment case (see pages 6, 7 and 30). Our CAF is used to prioritise the use of cash generated by Softcat while maintaining an appropriate capital structure for the business. The framework balances Softcat's investment requirements and commitments to regular dividend payments against the need to maintain appropriate levels of cash reserves and the maintenance of a strong balance sheet.

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

Summary - investment and allocation priorities

Softcat's capital allocation framework is outlined below.

Invest for organic growth	Strategic investments
Progressive ordinary dividend policy	Return excess cash to shareholders

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

Invest for organic growth

Our imperative is to prioritise long-term investment for organic growth.

Investing in our people is at the core of our business model. This is our largest single and most important investment and is the key driver for ongoing growth.

Expanding our headcount and capabilities enables us to fulfil our strategy of acquiring more customers and selling more to existing customers.

We also prioritise investments in systems and processes which support our existing operations, mitigate risks and underpin business growth.

Progressive ordinary dividend policy

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

Our dividend and distributions policy is on page 103.

Strategic investments

Inorganic growth, and/or expanding into new areas or markets, is an option. However, given the size of the organic opportunity available to Softcat, any acquisition or entry into new areas or markets would need to provide a truly compelling opportunity to drive long-term shareholder value.

Return excess cash to shareholders

We will return excess cash to shareholders, after taking into account cash reserves required to operate and grow the business. This has historically been achieved via a special dividend.

The Board regularly reviews the level of cash reserves which should be retained in the business to preserve day-to-day operational flexibility. The Board also regularly reviews the most appropriate method to return excess cash to shareholders.

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

Given the nature of Softcat's business, spend on plant, machinery and other non-systems infrastructure is relatively low and this is expected to continue moving forward. The Company's working capital is dominated by short-term trade debtors and creditors, with very low levels of inventory held. Timings of trade outflows and inflows are typically closely aligned and therefore there is only a modest need to fund working capital as the business grows. The cash floor of the minimum cash holding in the business is reviewed annually to ensure it is appropriate relative to the size of these balances.

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

We do not envisage that transition to a lower-carbon world will require us to make major capital allocation changes (including access to capital or financing, if required). For further information, please see our Report on Climate Change and the Climate-related Financial Disclosures on pages 60 to 82.

Capital allocation governance

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

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

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

Dividend and distributions policy

The Board is responsible for:

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

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

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

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

The Audit Committee on behalf of the Board reviews management's confirmation that the Company has sufficient distributable reserves before a dividend payment is made or proposed to shareholders. The Board then considers the Audit Committee's review as part of its process to approve or recommend dividends. Consideration is also made of the balance on the Company's retained earnings reserve, which as at 31 July 2024 amounted to £290.5m (as disclosed in the Company statement of financial position).

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

The Directors have proposed a final dividend and a special dividend for the financial year ended 31 July 2024. The special dividend takes into account the minimum cash holding in the business. Further information in respect of the proposed dividends can be found on page 151.

Softcat is well positioned to continue to fund its dividend which is well covered by the cash generated by the business. Details of the Company's viability and going concern can be found on page 89 and page 166 respectively. Details of total dividend distributions for the financial year can be found in note 6 to the financial statements.

The Company intends to seek shareholders' approval at the 2024 AGM to permit the Directors, should they consider exercising the authority, to repurchase up to 10% of the ordinary issued share capital. The Directors have no current intention of exercising this authority, which is sought in the best interest of shareholders to allow the flexibility to react promptly where such market purchases may be desirable.

Governance report continued

Board development and support

The Chairman is responsible, with the assistance of the Company Secretary, for ensuring that all Non-Executive Directors receive ongoing training and development. All Directors are provided with frequent briefings of current and relevant issues and a twelve-month forward plan is maintained by the Company Secretary to ensure that emerging topics or repeat topics which require further debate by the Board can be effectively scheduled. Topics discussed during the year included updates on industry trends and competitor performance, corporate governance and audit reforms, and developments in sustainability and environmental reporting. The Board also receives updates on our public reporting commitments, such as gender pay gap reporting (and ethnic pay gap reporting, on which Softcat reports voluntarily), tax strategy, creditor payment practices and risks of modern slavery.

When a new Director has been appointed, it is important to accelerate their understanding of the business so the Director can maximise their contribution to the Board and fulfil their responsibilities and duties successfully and effectively. An extensive and tailored induction programme was completed for Mayank Prakash and Jacqui Ferguson who joined the Board in September 2023 and January 2024 respectively. The programme included meetings with the Chairman, the CEO, the CFO, members of the Senior Leadership Team, other key management and the Company's brokers. A briefing was also provided by the Remuneration Committee's external adviser, who provided a historical overview and context in respect of executive remuneration in the Company. The Company Secretary also highlighted key Board documents for Mayank and Jacqui to review, such as the Board's annual budget, Board strategy review and three-year plan. This helped to accelerate their understanding of key recent decisions and approvals.

All Directors have the opportunity to obtain advice from the Company Secretary (who acts as Secretary to the Board and all its Committees). The Company Secretary is appropriately qualified and highly experienced and is responsible for advising the Board on certain regulatory, legislative and governance matters and other ad hoc issues when required. Each Board meeting includes an update from the Company Secretary on any major developments of which the Board should be aware. The role of the Company Secretary also includes:

- advising the Board of its key obligations as Directors of a public listed company;
- assisting the Chairman by organising induction and training programmes and ensuring that all Directors have full and timely access to all relevant information;
- developing the agenda for each meeting of the Board and its Committees. The Company Secretary shares draft Board agendas with the Directors for further comments and input. Final versions of the agenda are then approved by the respective Chair;
- working with the Directors to develop the long-term agenda for the Board and its Committees to enable them to discharge their responsibilities effectively;
- supporting and briefing the Chairman on his governance engagement programme with the Company's largest shareholders;
- advising the Board on the resolutions to propose to shareholders at each Annual General Meeting; and
- ensuring that the correct Board procedures are followed, in accordance with the Company's constitution, applicable legislation and good governance practice.

The removal of the Company Secretary is a matter for the Board as a whole.

Role of the Non-Executive Directors

All of Softcat's Non-Executive Directors, including the Chairman and SID, are required by their role to perform certain functions to improve the effectiveness of the Board. The roles of the Non-Executive Directors are reviewed regularly and summarised in a written document which is approved by the Board and available for inspection on the Group's website at www.softcat.com/about-us/investor-centre/governance. The document is reviewed by the Board with the support of the Company Secretary to ensure it remains relevant and reflects any changes in governance or good practice. The role of the Non-Executive Directors includes:

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

Organisation of Board meetings

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

- Draft agendas for Board meetings are circulated to the Directors in advance. This provides an opportunity to comment on the proposed agenda items or to propose further new items.
- Board meetings are scheduled to consider issues requiring Board oversight and adequate time for discussion of each agenda item is provided. Agendas are set to provide the Directors with opportunities to discuss the longer-term outlook of the business. Additional meetings are arranged when the need arises;
- each Board meeting includes a report from the CEO and the CFO. The reports provide a comprehensive overview of key matters on which the Board needs to be informed and they provide a good foundation for many of the other topics discussed at Board and Committees meetings. Topics included in the CEO and CFO reports include operational and financial performance, industry developments, employee matters and current priorities for the CEO and CFO;
- an annual calendar of scheduled Board and Committee meetings is structured to allow the Board/Committees to review cyclical and ad hoc items, such as key projects;
- the Directors have access to key governance documents, such as the matters reserved to the Board, terms of reference for each Committee, and the delegated authorities matrix;
- Non-Executive Board members make themselves available outside of scheduled meetings should the need occur. In particular, the Chairs of the standing Committees often hold preliminary planning discussions with the Company Secretary, management or external advisers to a Committee prior to a meeting;
- reporting packs are provided for each Board/Committee meeting, which are designed to be clear, analytical and concise. Papers are distributed and retained in an electronic system which is managed by the Company Secretary and this provides Directors with instant access to current and previous papers at any time;
- reporting packs are normally prepared and presented by the Executive Directors and other senior managers. Packs are distributed by the Company Secretary to the Board typically five to seven days in advance of Board or Committee meetings. This enables the reporting packs to be as up to date as possible whilst allowing sufficient time for their review in advance of the meeting. Verbal updates cover any subsequent material developments;
- a summary of the actions arising at Board and Committee meetings is circulated by the Company Secretary following each meeting. The Company Secretary then ensures progress is made in respect of each action and updates the Board on the outcomes of each action;
- financial updates with commentary are distributed to the Board regularly. This gives the Directors the opportunity to review performance and any emerging issues in 'real time'. The financial updates include an assessment of performance against the annual budget as approved by the Board, giving the Board additional analysis on developing Group trends;
- the development of strategy is led by the Executives with input, challenge, examination and ongoing testing from the Non-Executive Directors. A dedicated Board strategy review session is held annually for which the Non-Executive Directors discuss with the Executive Directors the expected major discussion topics. After the annual dedicated session, the CEO provides regular follow-on updates throughout the year;
- additional time is allocated on occasion to facilitate more in depth discussion when appropriate. For example, Board dinners have been held to provide a more informal setting for the Board to meet and to discuss business;
- a session is held with the Non-Executive Directors ahead of the start of each Board meeting to allow them additional time to discuss their key areas of interest for the Board meeting;
- a 'wrap-up' session is held at the conclusion of the day to reflect on the meeting's highlights and issues which may need to be discussed at future meetings and to provide instant feedback on the day; and
- Board discussions are held in an open and collaborative atmosphere of mutual respect allowing for questions, scrutiny and constructive challenge. This supports decisions on which the Board seeks a consensus.

Independence and conflicts

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

The independence of the Non-Executive Directors is reviewed annually by the Nomination Committee (described in the Nomination Committee Report on pages 117 to 122). Their independence could be impinged where a Director has a conflict of interest and the Board therefore operates procedures to identify and manage situations where such a conflict could arise. Board procedures operate to restrict a Director from voting on any matter in which they have a material personal interest, unless the Board unanimously decides otherwise. If necessary, Directors are required to absent themselves from a meeting of the Board while such matters are being discussed.

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

Relations with shareholders

Governance engagements

The Board maintains a proactive and constructive programme of engagement with its stakeholders and recognises within this the important and valuable role that shareholders play, as owners of the Company. Further information on the Board's engagement with its stakeholders is provided on pages 42 to 49.

An important part of the Chairman's role is to maintain regular engagement with our major shareholders, in order to understand their views on governance and on our Executive Directors. During the year, the Chairman undertook an extensive engagement programme with the Company's largest shareholders on governance matters. This was particularly valuable during the first year in role for the Chairman. Feedback from these sessions was reported back to the Board to make sure the Board fully understood the views of those shareholders and the Board discussed whether any actions should be taken as a result.

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

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

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

Annual General Meeting

The 2024 AGM will be held on 9 December 2024 at Softcat plc, Fieldhouse Lane, Marlow SL7 1LW. Details of the meeting and the resolutions to be proposed are set out in the Notice of AGM which is available to download on our website (www.softcat.com/about-us/investor-centre/shareholder-information).

The AGM gives shareholders an opportunity to vote on key aspects of Softcat's business and to ask questions to the Directors. The opportunity to submit questions for the Directors via email will be given again for the 2024 AGM. Details of how to do this can be found in the Notice of AGM.

Shareholder meetings

Throughout the year, numerous meetings were held with existing and potential shareholders. These meetings were attended by either the Chief Executive or the Chief Financial Officer or sometimes both. The meetings focused primarily on trading performance and the implementation of our business strategy. Any significant views expressed by shareholders are recorded and reported to the Board to keep them up to date with investor sentiment. In line with the Market Abuse Regulation, strict protocols are observed to make sure that no unpublished price sensitive information is discussed during these meetings.

A dedicated Head of Investor Relations has recently joined the business to further improve interactions with shareholders, market analysts and corporate communications.

Results presentation and investor roadshows

The Chief Executive and the Chief Financial Officer provide a briefing later in the day after the release of the full-year preliminary results and also of the half-year results. The briefing is primarily aimed at institutional shareholders and market analysts but all stakeholders, including employees, and all shareholders are welcome to access the briefing. Any supporting material for the briefing is published on Softcat's website and is accessible to all stakeholders and the public.

Following the release of our full-year preliminary results announcement and our half-year results, the Chief Executive and Chief Financial Officer undertake extensive investor engagement roadshows (which may be held in person or held virtually). Feedback from the roadshows and from reports by analysts, by industry experts and in the media are collated and shared with the Board to improve the Board's understanding of their views. This process will be supported by the Head of Investor Relations.

Audit Committee report

Accountability

We plan to make significant progress on Provision 29 compliance in the year ahead.

Robyn Perriss
Chair of the Audit Committee

Allocation of time

Internal audit: 20%
External audit: 30%
Financial reporting: 25%
Risk and internal controls: 25%

Introduction

As Chair of the Audit Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 31 July 2024. Members of the Committee are shown in the Board biographies on pages 94 and 95. Attendance at Committee meetings during the year is shown on page 96.

In this report we explain how the Committee has discharged its responsibilities during the year, considering important matters in respect of external financial reporting, the Group's control environment and the relationship with Softcat's external auditor. Key areas of focus for the next financial year are also explained. The Committee has further responsibilities, on behalf of the Board, for oversight of the effectiveness of the risk management framework, which is explained in the risk management section on pages 83 to 88.

The Committee's agenda remains substantial, reinforcing the validity of a decision made last year to increase the number of scheduled annual meetings to five. This cadence of meetings remains important as the Committee continues to fulfil a vital role in the Group's governance framework, providing valuable independent challenge and oversight.

As explained elsewhere in this Annual Report, Softcat continues its focus on growth and on utilising modern data and digital technologies and the Committee will continue to play an important role monitoring the effectiveness of the control environment as Softcat makes progress on its objectives.

I have maintained a regular dialogue with Katy Mecklenburgh in her first year as CFO, together with other members of her team responsible for financial reporting, risks and controls. This has helped to ensure I have a good understanding of issues and plans from the perspective of management. It has also helped to ensure that the Committee continues to receive high-quality and relevant information to enable it to oversee, challenge and make informed decisions.

During the year, the Financial Reporting Council ('FRC') published the 2024 UK Corporate Governance Code, which included recommendations under Provision 29 in respect of effectiveness of internal controls. Ahead of announcement of the revised Code, the business had already been focused on building a more formal 'second line of defence' function and a detailed

programme to mature its control environment. This process is now well established and is led by an experienced Head of Risk, Assurance & Process Improvement, with executive sponsorship. Whilst we still have work to do in this important area, I am confident that we have the right experience, attitude and resources and we plan to make significant progress on Provision 29 compliance in the year ahead.

The Committee received comprehensive updates from management on financial reporting and controls and areas of judgement well ahead of the publication date of the year-end results. Our external auditor also provided informal views on these areas to ensure the business was well prepared ahead of finalising the results. This was particularly important this year given that we are reporting for the first time as a Group. The Committee considered a detailed paper from management and was satisfied with the recommended approach to Group reporting. Further information on this is provided on pages 111 and 112.

Audit Committee report continued

Introduction continued

The Committee has carried out a review of the independence and effectiveness of EY as external auditor. It also considered the role of our outsourced internal audit provider, Grant Thornton, in light of the growth in our own in-house team and capabilities over the last year. Both continue to be effective and further information on the reviews conducted and future plans for our internal audit function are provided in this report on pages 114 to 116.

With the assistance of management, the Committee has reviewed the content in the Annual Report and Accounts and believes that this explains our strategic objectives and is fair, balanced and understandable.

Whilst this report of the Committee contains some of the matters addressed during the year, it should be read in conjunction with the Independent Auditor's Report starting on page 154 and indeed the Softcat plc financial statements in general. Each year the Committee's programme of work covers a range of items that are of particular significance to the Group's financial statements or where it is necessary to exercise a high degree of judgement. Supported by management, the Committee reviewed the significant accounting issues, judgements and areas of estimation uncertainty relating to FY2024. Details of these and why they were considered important are set out on page 112, while further information on items that were identified as key audit matters is located in the Independent Auditor's Report from page 154.

We welcomed two new members to the Committee during the financial year, Mayank Prakash and Jacqui Ferguson. Both Mayank and Jacqui received comprehensive updates on the work and responsibilities of the Committee as part of their overall induction and the Committee is already benefiting from their substantial contributions.

Areas of focus in FY2024 included:

- reviewing the appropriateness of our published half-year and full-year results, including preparations for Group reporting for the first time;
- assessing the Group's going concern and viability statements;
- confirming that the Annual Report and Accounts is fair, balanced and understandable;
- commissioning, receiving and discussing internal audit reports on:
 - the design adequacy and operating effectiveness of the Group's process for employee joiners, movers and leavers;
 - reviewing the key control framework over the order to cash process; and
 - the design and operating effectiveness of controls in respect of certain sales processes and associated international sales compliance processes, given our growing multi-national business;
- through regular Board updates, reviewing our cyber security arrangements;
- reviewing the effectiveness of internal audit and internal controls, discussing the Group's risk appetite, principal risks and risk management and reviewing the Group's risk register;
- reviewing management's progress on further formalising and embedding certain IT general controls and financial controls and the extent to which the external auditor may place reliance on those controls; and
- assessing developments in market reforms and practice, including the revisions in the 2024 UK Corporate Governance Code, which also now effectively incorporate the FRC's minimum audit standard for FTSE 350 companies.

Focus areas for FY2025:

- management continues to focus efforts on formalising the overall control environment in the business. The Committee will retain its oversight in respect of the effectiveness of these efforts;
 - we shall further consider the revised Provision 29 on internal controls in the 2024 UK Corporate Governance Code. Although this will not apply until FY2027, advance preparatory arrangements will be progressed and assessed over the coming year. The Committee will retain its oversight in respect of the effectiveness of these efforts;
 - given ongoing investment in IT systems and our data capability as set out in the CEO's Review on pages 16 to 19, the governance and oversight in respect of these programmes;
 - we are awaiting published guidance in respect of the new corporate offence of a failure to prevent fraud. Management already operates a mature anti-fraud process; however, it has commenced work on considering additional steps, controls and potential risk areas which may need to be addressed. The Committee will regularly review with management progress made in this regard; and
 - consider emerging risks as appropriate in respect of potential market disruptors and in respect of the ongoing expansion of certain technologies (for example AI).
-

I would also like to thank the management team for its substantial achievements during the year in maturing the overall control environment and for its ongoing focus on risk management. Finally, as noted elsewhere in this Annual Report, Vin Murria retires as a Non-Executive Director in December 2024. Vin is the longest standing member of the Committee, providing an invaluable mixture of fresh perspectives and extensive experience going back to Softcat's initial listing on the London Stock Exchange in 2015. On behalf of the Committee, I thank Vin for all her help and support. Following these changes in composition, the Committee retains all the required range of skills and experience (including financial expertise and relevant sector knowledge) to operate fully and effectively and its composition remains in full compliance with the UK Corporate Governance Code.

As previously, I shall engage with our largest shareholders, asking if they would like to raise any matters with me in respect of the work of the Committee and our key focus areas for the coming financial year. If any shareholder would like to contact me in respect of these matters, I can be contacted via the Company Secretary at cosec@softcat.com. I will also be happy to answer any questions about the work of the Committee at the forthcoming AGM.

Robyn Perriss
Chair of the Audit Committee
23 October 2024

Responsibilities

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

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

The terms of reference are reviewed at least annually and are updated as appropriate to ensure there is clarity on the expected duties of the Committee. Following a review during FY2024, the Committee concluded that no material changes to the terms of reference were required. Minor amendments were approved to:

- fully align the terms of reference with Provision 29 (in respect of internal controls) of the 2024 UK Corporate Governance Code;
- reflect the introduction of the new corporate offence of a failure to prevent fraud; and
- formally consider compliance with the FRC's minimum standard for audit committees.

During the year the Committee was updated in respect of all relevant statutory and non-statutory reform proposals so it can assess these in respect of its current and future responsibilities.

A whistleblowing policy and procedure for colleagues to raise issues regarding possible improprieties in matters of financial reporting or other matters is in place and operated throughout the year.

The Group operates anti-bribery and corruption procedures and a formal policy which supports compliance with the Bribery Act 2010, the Criminal Finances Act 2017 and certain equivalent legislation outside of the UK. Employees undertake regular training to ensure compliance and a copy of the policy is made available to all employees. Our anti-bribery and corruption procedures and policy also includes a gifts and hospitality register. All gifts and hospitality (either given or received) above applicable thresholds must be approved by the employee's line manager in line with the policy and entered on the register. Management (through its Risk Oversight and Compliance Committee) monitors use of the gifts and hospitality register. The Committee provides oversight to ensure that management confirms appropriate policies and procedures are in place.

During the year the Committee reviewed the Company's published tax strategy and also discussed with management tax compliance and relationships with relevant tax authorities. These form part of a broader annual update to the Committee from the Tax Manager. An updated tax strategy was approved by the Committee and this is available on the Group's website at www.softcat.com/corporate-responsibility. The Committee also noted the Company's reporting in respect of payment practices to suppliers.

The Committee received updates from management on fraud resilience in the business, reviewed actions taken during FY2024 on the fraud control framework and discussed details of attempted frauds together with root cause analysis and steps to strengthen anti-fraud measures. Fraud awareness remains heightened across the business with regular employee training ongoing.

Audit Committee report continued

Responsibilities continued

In respect of the new corporate offence of a failure to prevent fraud, a comprehensive briefing was received by the Committee and a discovery phase workshop was held by management to assess the maturity of our current anti-fraud posture. This will help to shape the next actions to comply with the new statutory requirements. Detailed guidance from the Government on good practice to comply with the new law is awaited and management will then discuss with the Committee its proposed approach to observe and communicate these.

The Committee recognises effective fraud controls is an important area, especially given the evolving nature and increasing sophistication of fraud and the expanded responsibilities of the new corporate offence of a failure to prevent fraud. This will continue to be a key responsibility of the Committee as part of the safeguarding of the Group's assets and reputation.

Membership

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

The membership of the Committee has been selected with the aim of providing the range of financial and commercial expertise necessary to meet its responsibilities and the requirements of the UK Corporate Governance Code (the 'Code'). The Committee's composition remains effective. Given my experience as a qualified Chartered Accountant and as a recent finance director of a listed UK company, I have been designated as the financial expert on the Committee for the purposes of the Code. In order to ensure that the Committee continues to have experience and knowledge relevant to the sector in which Softcat operates, all of the Non-Executive Directors receive regular updates on business, regulatory, financial reporting, governance and accounting matters.

Jacqui Ferguson and Vin Murria both have considerable sector experience, in accordance with the provisions of the Code. Mayank Prakash has significant experience in technology and digital information, which is important given a growing importance of the Committee's oversight of IT general controls and our ongoing investment in IT systems.

How the Committee operates

The Committee met formally five times during FY2024 and each meeting had full attendance. Meetings of the Committee generally take place on the same day as the Board meeting to maximise the efficiency of interaction with the Board.

The Company Secretary maintains a twelve-month rolling plan to support an effective process which ensures the Committee reviews all required matters to effectively discharge its duties. Draft agendas are discussed with both the Chair of the Committee and the Chief Financial Officer ('CFO') well in advance of the meeting to ensure they are comprehensive and that sufficient time is allocated. Further input on agenda items is also obtained from the external auditor and internal audit function.

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

The Board as a whole regularly reviews the performance of the business via monthly reporting packs and a CFO's report at each Board meeting. The CEO provides at each Board meeting a comprehensive update on any major business development. These updates provide the Committee with a good ongoing understanding of the financial standing of the business which accumulates towards the formal half-year and full-year results and on any emerging risks or issues within its remit which may need to be discussed by the Committee.

The Company Secretary, the Group Financial Controller and the Head of Risk, Assurance & Process Improvement also attend Committee meetings. During the year Grant Thornton provided an outsourced internal audit service to Softcat and it attended meetings to present the proposed internal audit plan and updates to the plan and to report on the findings of internal audits undertaken.

The Committee sets time aside at the end of each meeting to seek the views of the external auditor, in the absence of management. Committee meetings also allow for a similar 'in camera session' with management, in the absence of the external auditor. The external auditor and management confirm for each meeting whether there is a need to hold a session at the end of the meeting. These arrangements assist the Committee in the discharge of its duties in respect of the minimum standard for FTSE 350 audit committees published by the FRC.

The Committee Chair meets separately with the internal audit function as needed between Committee meetings.

The Chair also keeps in regular touch with the CFO, other members of the management team and the external auditor.

The membership of the Committee has been selected with the aim of providing the range of financial and commercial expertise necessary to meet its responsibilities.

Robyn Perriss
Chair of the Audit Committee

Financial reporting

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

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

Accounting policies and practices

The Committee received reports from management in relation to the identification of critical accounting judgements, key sources of estimation uncertainty, significant accounting policies and proposed disclosure of these in the 2024 Annual Report.

Given the ongoing strategic internal investment in technology (as explained elsewhere in this Annual Report), management undertook a detailed review of the accounting for IT development investment, in particular on the appropriate capitalisation of costs to be recognised under IAS 38. The results of the analysis were discussed with the Committee and the Committee also received a review from the external auditor. The Committee endorsed the approach taken by management.

Following the commencement of trade through our US wholly-owned subsidiary during the year, the Committee received reports from management on a proposed approach to adopting Group reporting. In respect of the Company financial statements, management outlined the alternative reporting formats to the Committee and recommended the adoption of FRS 101. The Committee discussed the alternatives with management and endorsed its recommendation. The Committee noted that management had discussed with EY on the recommended approach.

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

Significant judgements and areas of focus

An important part of the Committee's responsibilities is to assess key issues in respect of published financial statements and the Committee pays particular attention to any matters which it considers may affect the integrity of Softcat's financial statements, with a view to satisfying itself that each matter has been treated appropriately. Management is required to present for discussion with the Committee its approach and rationale on each significant judgement and issue. Management's presentation is an integral part of the year-end process and management provides interim updates during the year (particularly at the half-year stage) to ensure the Committee is fully apprised of emerging new issues on a timely basis and has the opportunity to ensure these are fully scrutinised.

The significant areas of focus considered, and the actions taken by the Committee, in relation to the 2024 Annual Report are outlined below. Given the relative simplicity of our business, there are few areas of significant judgement and accordingly there were no areas of material challenge identified by the external auditor. However, the Committee is entirely satisfied that the external auditor conducted a thorough and comprehensive review of the material areas which may impact the integrity of the financial statements.

Audit Committee report continued

Significant judgements and areas of focus continued

We discussed these with the external auditor during the year and, where appropriate, these have been addressed as areas of audit focus as outlined in the Independent Auditor's Report on pages 154 to 161.

Matter considered	Action
Going concern and viability	In respect of the financial statements for the year ended 31 July 2024, management prepared analysis modelling a variety of downside scenarios having regard to the principal risks faced by the business to assess the Group's viability and ability to continue as a going concern. The analysis, including budgets for FY2025 and three-year cash projections, was presented together with potential mitigating actions which could be taken in the event of one or more of the downside scenarios occurring. The Committee noted that management had further refined the approach to various scenarios, including preparing a more comprehensive set of 'reverse stress test' scenarios to more thoroughly assess the potential conditions which could, if they occurred, materially threaten the viability of the business. The Committee was satisfied with management's work and it supported the conclusions reached in respect of the Group's going concern and longer-term viability (see page 166 and page 89 respectively).
Revenue recognition and cut-off	The Committee has reviewed the Group's revenue recognition policy and discussed in detail with management the processes applied to accurately record revenue at period ends. The Committee discussed the further improvements in the period-end process as a result of additional functionality in the finance ERP system, noting that some of the calculations were now automated, improving the robustness of the process. The Committee also receives detailed monthly reporting on business performance which includes revenue recognition data. The Committee or the Board discusses the performance and data trends as needed with the CFO. The Committee has concluded that the timing of revenue recognition is appropriate.
Presentation of revenue in respect of principal versus agent	The Committee is aware that inappropriate application of IFRS 15 may result in inaccurate presentation and disclosure of revenue and cost of sales. The publication of guidance on 'control' published by the IFRS Interpretations Committee ('IC'), which is used to determine whether companies should recognise revenue from the resale of standard software licences on a net basis under IFRS 15 has removed a significant element of judgement in relation to the recognition of software revenue. However, the nature of Softcat's current systems is to process all revenue streams gross, and a manual adjustment is made by management at year end to record revenue on a net basis where Softcat is the agent in the arrangement. Hence, due to the large number of transactions and manual nature of the net down adjustment, this remains an area of key audit focus. Management confirmed to the Committee that it has followed the relevant IC guidance and has taken appropriate action and performed detailed work to ensure that revenue is reported accurately on a principal (gross) or agent (net) basis. EY has audited the manual net down adjustment and related disclosures under IFRS 15 and presented the results of its procedures to the Committee. The above provided the Committee with comfort that an appropriate approach continues to be taken on the presentation of revenue under IFRS 15, which also incorporates the guidance from the IC.
Misstatement of rebate income	The Committee has taken steps to understand the nature and quantum of supplier rebates received by the Group and to understand the steps taken by management to improve the modelling of accrued rebate income. Management presented current year levels of rebate income plus recent historical trends and factors to allow the Committee to analyse rebate income in context. The Committee noted further enhancements to the model used by management to calculate the accrued income balance and the further formalisation of associated controls. The Committee also receives via regular Board updates from management information on rebates. The Committee is satisfied with management's ability to accurately record rebates earned within the financial period.
Capitalisation of IT investment costs	Please see the above section 'Accounting policies and practices'.
Implementation of Group accounting	Please see the above section 'Accounting policies and practices'.

Auditor appointment

Following a competitive tender process concluded in May 2022, EY remained as the external auditor. A timeline setting out the tenure of EY as auditor and requirements on Softcat to next tender and change auditor is set out below:

Prior to July 2013

Rayner Essex LLP conducted the external audit immediately prior to FY2013

July 2013

EY appointed as auditor and conducted the external audit for FY2013

November 2015

Softcat becomes a publicly listed entity

October 2017

Mandatory change of EY lead audit partner

May 2022

EY reappointed as auditor, following competitive tender process

October 2022

Mandatory change of EY lead audit partner

2027

Next mandatory change of EY lead audit partner

By July 2033

Pursuant to legislation, mandatory audit firm rotation, being up to 20 years since appointment. Option, pursuant to transitional provisions, to extend this period to 2035, being 20 years since Softcat became a publicly listed company

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

For the financial year ended 31 July 2024, the Committee recommended to the Board that EY be reappointed under the current external audit contract and the Board endorsed that recommendation. The Board has further proposed the reappointment of EY at the Annual General Meeting to be held in December 2024.

Other matters

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

Fair, balanced and understandable

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

- all team members who provide a material contribution to drafting the Annual Report and Accounts are fully briefed by the Company Secretary on the fair, balanced and understandable requirement;
- an experienced core team is responsible for the co-ordination of content submissions, verification, detailed review and challenge;
- The Committee also receives a detailed quality of earnings analysis highlighting any larger accounting adjustments identified during the year and providing consistent year-on-year trend analysis against which to assess the narrative reporting;
- the Annual Report and Accounts follows a framework which supports the inclusion of key messaging, market and performance overviews, principal risks and other governance disclosures. Sufficient forward-looking information is provided and a balance is sought between describing potential challenges and opportunities;
- information in the different parts of the Annual Report and Accounts is consistent;
- the Annual Report and Accounts is written to avoid jargon where possible and is presented free of unnecessary clutter;
- senior management confirms that the content in respect of its areas of responsibility is considered to be fair, balanced and understandable;
- the Committee receives an early draft of the Annual Report and Accounts to enable timely review and comment; and
- the Committee receives a briefing from management which sets out the key themes and links in the Annual Report and Accounts which contribute to it being a fair, balanced and understandable document.

Audit Committee report continued

Other matters continued

Fair, balanced and understandable continued

Following its review, the Committee is of the opinion that the 2024 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. This allows the Committee to provide positive assurance to the Board to assist it in making the statement required by the Code.

Going concern and viability statements

The Committee has reviewed the Group's ability to continue to operate as a going concern for the 12-month period from the date of this report and the Group's assessment of viability over a period greater than twelve months. In assessing viability, the Committee has considered the Group's position presented in the annual budget and the three-year plan recently approved by the Board. The Committee also considered, amongst other things, a number of scenarios modelled by management, including a severe but plausible downside scenario and reverse stress tests carried out to assess the strength of the Group's liquidity position. The Committee has concluded that the assumptions and mitigating actions are appropriate. Further details are set out in the statements on page 166 and page 89 of this Annual Report. The Committee confirms that, following review, it has recommended both statements for approval by the Board.

Governance and controls

During the year the Committee provided oversight on a number of matters which have further improved governance, controls and reporting. This included:

- progress on a project to mature the controls environment in the business;
- preparatory work to comply with the changes under the 2024 UK Corporate Governance Code and new legislation on the corporate offence of a failure to prevent fraud; and
- a review of the minimum audit standard for FTSE 350 companies published by the FRC.

External audit

The Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making the recommendation on the appointment, reappointment and removal of the external auditor, assessing its independence on an ongoing basis and

negotiating the audit fee. The Committee is also responsible for considering the most appropriate time and circumstances, observing applicable legislation, to conduct a tender for the external audit. EY was first appointed as the Group's auditor in July 2013 and was reappointed following a competitive tender (in accordance with the 2014 Competition and Markets Authority Order) for Softcat's 2024 financial year audit. In accordance with the Auditing Practices Board's Ethical Standards, the term limit of an audit engagement partner is five years. Marcus Butler of EY is the lead audit engagement partner for Softcat and he is independent from Softcat, with no known conflicts of interest.

Audit risk

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

The audit risk identification process is considered a key factor in the overall effectiveness of the external audit process, and the key risks for the 2024 financial year closely align to the significant judgements and issues above. The key risks identified included:

- revenue recognition and cut-off;
- presentation of revenue in respect of IFRS 15; and
- misstatement of rebate income.

In addition to key risks, EY's audit plan outlines additional areas of focus in their review which they wish to draw to the attention of the Committee. These additional areas typically reflect standing matters usually associated with an external audit each year and additional matters which reflect potential changes in Softcat's risk profile.

Should the need ever occur, the Committee has the authority to request for additional areas to be reviewed if it is deemed to be relevant for the integrity of Softcat's financial statements. No such additional areas were considered necessary in respect of FY2024.

Working with the external auditor

The external auditor attended all Committee meetings in FY2024 and received all Committee reading papers and minutes. After each Committee meeting, we allow time if needed to

hold a private meeting with the external auditor, which provides additional opportunity for open dialogue and feedback from the Committee and the auditor without management being present. The external auditor has direct access to the Committee Chair to raise any concerns outside formal Committee meetings and maintains a regular dialogue with the Committee Chair. Matters typically discussed include:

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

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

Effectiveness of the external audit process

The Committee reviewed the quality of the external audit throughout the year and considered the performance of EY. The effectiveness of the external audit process is dependent on a number of factors. These include the quality, continuity, experience and training of audit personnel, business understanding, technical knowledge and the degree of rigour applied in the review processes of the work undertaken, communication of key accounting and audit judgements, together with appropriate audit risk identification at the start of the audit cycle. The Committee also took into account an assessment of the firm-wide Audit Quality Inspection ('AQI') report issued by the FRC in July 2024 together with EY's responses to that report. The Committee noted that EY has a strong track record of delivering high-quality audit services amongst its listed company client base. The Committee discussed with EY its response to the FRC, which included plans to further enhance the quality and consistency of delivery of its audits.

The Committee also noted a summary of the AQI results issued in respect of other audit firms, as part of the Committee's watching brief on the general quality of audit firms.

Following the conclusion of the 2024 financial year, the Committee conducted an effectiveness evaluation of the external auditor. The evaluation was led by the Committee Chair and involved issuing a tailored evaluation questionnaire for completion by the Committee.

A separate meeting was held between the Chair of the Committee with selected managers to gain feedback from those most closely involved with EY in the year-end accounts process. Managers also attended who had worked on a project during the year to further mature certain controls so that EY can place greater reliance on them as part of the year-end audit. The overall feedback was positive and it was noted that EY had engaged well with the various Softcat teams and that we continued to benefit from good continuity and experienced and knowledgeable team members.

The results were discussed by the Committee, which made further positive comments about EY, in particular on its understanding of the business and the risks it faces, the technical expertise of the audit team, the clarity and detail in preparing its audit plan (including the areas of audit focus) for the financial year.

A small number of areas were highlighted as opportunities for improvements, such as how EY's portal tool for dealing with audit queries and requests for information is used most effectively. These areas will be further discussed with EY for progression in FY2025.

The Committee concluded that EY continued to perform its role well, there had been appropriate focus and challenge on the primary areas of audit focus from EY and that the performance of EY remained effective.

Independence and objectivity

The Committee has a policy governing the engagement of the external auditor to provide non-audit services. This precludes EY from providing certain services. The policy is reviewed annually and was last updated in May 2024, following the approval of minor revisions. The latest version can be found on the Group's website at: www.softcat.com/about-us/investor-centre/governance. All non-audit services provided by the external auditor are reported to the Committee and a record is kept so that the total costs regarding non-audit work during a financial year are monitored.

For certain specific permitted services, the Committee has pre-approved that EY can be engaged by management, subject to the policy set out above and subject to a total of 10% of the current external audit fee on an annual basis.

For all other services or those permitted services that exceed these specified fee limits, I, as Committee Chair, or in my absence another Committee member, can pre-approve permitted services.

The Committee also received confirmation from EY that there are no relationships between Softcat and EY that may have a bearing on its independence.

In respect of the audit of the 2024 financial statements, the Committee considered a fee proposal from EY and the Committee reviewed the quantum and rationale relating to increased costs for EY to undertake required audits. Audit fees had increased slightly from the previous year, reflecting the ongoing growth of the Group, additional scoping, and staff inflation costs. Following the receipt of formal assurance that its fees were appropriate for the scope of the work required, the Committee agreed a charge from EY of £758,500 for statutory audit services in respect of the Group's annual financial statements.

The Committee also agreed a fee of £45,000 in respect of EY's review of the 2024 half-year results, which is classified as a non-audit fee. Further details of the fees paid, for audit and non-audit services, to EY for the 2023 and 2024 financial years can be found in note 3 to the financial statements.

The Committee adheres to the requirements of the Statutory Auditors and Third Country Auditors Regulations 2016 (the '2016 Regulations'). The 2016 Regulations provide for a cap on non-audit services of a maximum of 70% of the average of the audit fees paid on a rolling three-year basis. In order to ensure this limit is not exceeded, the Group shall in usual circumstances seek that permitted non-audit fees shall not exceed 50% of the average audit fee over the three preceding financial years in each case. The three-year measurement period covers the 2022, 2023 and 2024 financial years and is 5.5%, which remains considerably below the cap.

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

Internal control and risk management

The Committee has the primary responsibility for the oversight of the Group's system of internal control, including the risk management framework and the work of the internal audit function (see below). During the year the Committee closely monitored the Group's internal control and risk management systems and received regular reports from management and from the Risk, Assurance and Process Improvement team (the 'Risk and Assurance' team), together with an outsourced internal audit function, providing independent subject matter expertise. Updates received covered major risks and/or events faced by the business. As Softcat continues to grow, the Committee recognises the importance of increasing its focus on maturing our controls and formalising our 'second line of defence'. As part of this commitment we have recruited on a full-time basis a Head of Risk, Assurance and Process Improvement, who attends all Committee meetings and is engaging extensively with the business.

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

The Group's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. Our activity here was driven primarily by the Group's assessment of its principal risks and uncertainties, as set out on pages 86 to 88.

The Group has in place an internal control environment to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls over financial reporting and the Committee has responsibility for ensuring the effectiveness of these financial controls. As noted above, the Committee has monitored management's plans and the progress being made to further strengthen the control environment.

Audit Committee report continued

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

The Committee has completed its review of the effectiveness of the Group's system of internal control, including risk management, during the year and up to the date of this Annual Report, in accordance with the requirements of the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the FRC, which is applicable for the year under review. As part of the financial year-end process, management presented to the Committee an overview of the existing control framework and it summarised the key controls in operation which underpinned the financial control environment during FY2024. Management had over the year increased the documentation of certain key controls and business processes, including certain IT general controls and finance controls.

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

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

Internal audit

During the 2024 financial year, the Group's internal audit capabilities matured as part of the process to strengthen our 'second line of defence'.

We utilised Grant Thornton LLP (Grant Thornton) as an outsourced partner to provide external subject matter expertise as needed, effectively operating as a 'third line of defence'. Grant Thornton is a major professional services firm with experience in consulting, assurance and audit and the relationship with the Audit Committee is led by an experienced partner of Grant Thornton.

Grant Thornton worked closely with our Risk and Assurance team. The aim of the Risk and Assurance team (including internal audit) includes providing independent and objective assurance on the adequacy and effectiveness of internal controls, risk management and governance processes.

Monitoring and review of the scope, extent and effectiveness of internal audit is regularly considered by the Committee. During the year, management discussed with Grant Thornton the selection of appropriate areas within the business for internal audit reviews. This was then jointly presented by Grant Thornton and management as a proposed annual internal audit plan prior to the start of the financial year. The internal audit plan is then reviewed and approved by the Committee and may be varied with the agreement of the Committee to ensure the audit plan covers the most relevant issues.

The Committee receives an audit report on each audit undertaken, which includes the results of the audits, recommendations for changes and management action plans to address any unsatisfactory audits or recommendations. The Risk and Assurance team works closely with the business to ensure that audit actions are progressed in a timely manner. The Committee then receives regular progress updates from the Risk and Assurance team on previously undertaken audits in order to ensure that outstanding actions have been completed or closed, or where there is a delay in closing an action, revised completion dates have been agreed and set.

The internal audit plan for FY2025 is formulated taking into account a number of factors, including consideration of the material risks facing Softcat. Two internal audits are currently scheduled for the first half of FY2025, as summarised below:

- **Change, systems transformation and governance:** The Group has several systems change programmes planned, alongside numerous ongoing projects across various departments. Consequently, we have prioritised the area of change, systems transformation and governance for auditing. This audit aims to provide assurance on the overall governance of programmes and projects, offering insights into how these initiatives are identified, managed, and successfully completed.
- **Business continuity/crisis management:** Given our continued growth and scale, response plans for business continuity and crisis events must remain effective and relevant.

The Committee will agree other areas to be covered in audit reviews to be conducted in the latter half of 2025.

Effectiveness of the internal audit process

All parts of the internal audit function have access to the relevant documentation, premises, functions and employees to enable them to perform their activities.

Given the ongoing growth and maturity of the Risk and Assurance team, management and the Committee are re-assessing the best way to resource internal audit work and provide independent subject matter expertise and challenge going forward. A further update will be provided in next year's Annual Report.

Robyn Perriss
Chair of the Audit Committee
23 October 2024

Nomination Committee report

Effectiveness

The changes mark the completion of a smooth and seamless succession and have resulted in a firm foundation for the effective running of the Board over the next few years.

Lynne Weedall
Chair of the Nomination Committee

Allocation of time

Board composition: 10%
Succession planning: 40%
Employee, culture, diversity and inclusion: 25%
Corporate governance: 25%

Committee Chair's introduction

I am pleased to present this report for the year ended 31 July 2024 as Chair of the Nomination Committee (the 'Committee'). Members of the Committee are shown in the Board biographies on pages 94 and 95 and attendance at Committee meetings for the year is shown on page 96. In this report we explain the work of the Committee and ongoing key areas we continue to review and discuss.

The Committee takes a long-term approach to succession planning and the previous financial year (ended 31 July 2023) was a busy period for the Committee, which had oversight of the plan for extensive changes on the Board. These changes were successfully completed during this financial year with Mayank Prakash and Jacqui Ferguson

joining the Board as Non-Executive Directors in September 2023 and January 2024 respectively. The changes mark the completion of a smooth and seamless succession and have resulted in a firm foundation for the effective running of the Board over the next few years. I would also like to thank the other members of the Committee and the other Board Directors for their time, commitment, support and contribution in concluding this particularly important process.

In addition to concluding the above changes to the Board, the Committee also continued its other work. We have firmly established in the Committee's annual calendar regular updates and discussions on employee culture and employee engagement. Diversity, equality and inclusion also continue to receive a high level of attention by the Committee and we have continued to make progress to be a more diverse and inclusive employer. We acknowledge that further improvements are needed on gender and ethnic diversity in some roles and in management positions and we set revised and more demanding ambition targets, increasing the focus to further improve on these metrics. This will continue to be a longer-term endeavour as there are no 'quick fix' solutions. More details are provided below and in the Social Value section of this Annual Report.

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

Membership, meetings and operation of the Committee

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

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

Nomination Committee report continued

Membership, meetings and operation of the Committee continued

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

The Committee considered and recommended that each Director willing to stand for election or re-election be proposed for reappointment at the 2023 AGM. The Board endorsed all the reappointment recommendations of the Committee.

Board appointments

I am pleased with the progress made this year on the Board's composition, which saw the conclusion of an orderly and well-planned process which had commenced in 2022. Graeme Watt (Non-Executive Chairman), Graham Charlton (CEO) and Katy Mecklenburgh (CFO) have all settled quickly into their new roles, each having been appointed just over a year ago. We announced last year that two further Non-Executive Directors will be appointed to the Board in our 2024 financial year, and Mayank Prakash and Jacqui Ferguson subsequently joined the Board in September 2023 and January 2024 respectively. Both Mayank and Jacqui undertook an extensive and tailored induction programme prepared by the Company Secretary with oversight from the Company Chairman, which included further discussions with their fellow Board members, meeting members of the Senior Leadership Team, meeting other senior managers in the business and receiving briefings from the Company's external advisers. Mayank and Jacqui also visited some of Softcat's offices.

As the Committee remains committed to the Board having a diverse mix, if a Board appointment is being contemplated, we will usually only engage with search firms which demonstrate good practice in searching for a diverse range of candidates. Certain search firms subscribe to voluntary codes, which commit to good diversity practices in the conduct of a candidate search. By using firms which demonstrate good practices, the Committee can maximise the chances to consider a diverse and inclusive range of suitable candidates. The Board has retained its diverse composition following the Board changes mentioned above.

Vin Murria joined the Board in late 2015 as a Non-Executive Director, at the time of Softcat's flotation on the London Stock Exchange. The appointments of Mayank and Jacqui took into account at the time, in part, that Vin could potentially retire from the Board at the conclusion of her nine-year tenure. As mentioned elsewhere in this Annual Report, Vin has now confirmed that she will not stand for re-election at the 2024 AGM to be held in December, when she will retire from the Board. The composition of the Board will remain effective following Vin's retirement. The Board, particularly after taking into account the recent changes, has a strong and diverse range of skills, experience, lengths of tenure, views and backgrounds. The composition works well and provides the right mix of challenge, fresh thinking, retained corporate memory and support to the business. The Committee will, however, keep under review, as it has always done, the required skill sets and expertise to ensure the ongoing optimal effectiveness of the Board.

Vin is the longest serving member of the Committee and I thank her for her valuable insights and wise counsel over the years.

Key activities during the year:

The calendar of activities below provides an overview of the key topics for the Committee during the year.

October 2023

- Approval of the 2023 Nomination Committee Report
- Recommendation to reappoint Directors at the 2023 AGM

December 2023

- Review of the results of the annual employee satisfaction survey and planned actions
- Discussion on senior management and Board succession planning
- Discussion on format of workforce engagement with Non-Executive Directors

May 2024

- Update on diversity, equality and inclusion

Regular or standing items at each Committee meeting include:

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

Our current Non-Executive Chairman Graeme Watt was formerly Softcat's CEO until 31 July 2023. Upon being appointed Chairman, Graeme fully transitioned away from all executive duties, all of which were undertaken from that time by Graham Charlton, the current CEO. The Committee acknowledges that the appointment of the former CEO into the role of the Non-Executive Chairman is not in line with the recommendations of the UK Corporate Governance Code. The Board remains unanimous that Graeme's deep knowledge of the business and Softcat's culture and its markets made him the ideal person to support the interests of all of Softcat's stakeholders. Through our ongoing governance engagements with major shareholders, strong support continues to be expressed for the appointment. The Board operates a highly effective governance model and practice in respect of the clearly separate roles of CEO and Non-Executive Chairman and the operation of this was confirmed again during the Board performance evaluation exercise, which is described in more detail on page 100.

More information about the Board's compliance with the 2018 UK Corporate Governance Code (which applies for the year under review) can be found on pages 90 and 91. Graeme was first appointed to the Softcat Board as CEO in April 2018 and the Committee acknowledges the recommendation of Code Provision 19 that a chair should not remain in post beyond nine years from the date of their first appointment to the board.

Succession planning

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

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

Board member review processes

The Company Chairman is responsible for conducting an annual review of the CEO and each Non-Executive Board member. The CEO performs a similar process with the CFO. The reviews gather additional feedback to support the good running of the Board. The Board also conducted an internal (i.e. self-assessed) Board effectiveness review which resulted in overall a positive assessment of the Board's performance but equally some valuable small pointers on how to make further improvements. More information on this year's effectiveness review can be found in the Governance Report on pages 100 and 101.

Jacqui Ferguson is the Senior Independent Director ('SID'), who is responsible for conducting a review of the performance of the Company Chairman. Jacqui spoke with each other member of the Board and with the Company Secretary, gathering feedback. She then led a meeting of the Non-Executive Directors, without the Company Chairman present, to discuss the Company Chairman's performance. The Non-Executive Directors confirmed that they continued to be happy with the performance and remain fully supportive. Minor points were collated from the feedback for action.

The Chairman also operates a short review process at the end of the day for each Board meeting. This ensures instant feedback from the Board and supports an agile continuous improvement process.

As a result of the above points and following further consideration by the Committee, we have recommended to the Board that each serving Director (with the exception of Vin Murria, who is retiring) be proposed for reappointment at the AGM to be held in December 2024.

Nomination Committee report continued

Diversity and inclusion

We make extensive efforts for Softcat to be a great place to work and the success of our achievements is clear. Please see pages 52 to 59 for more details. As part of this endeavour, the Board and the Committee devote significant time to the issue of diversity and inclusion in the Group and management realises the importance and benefits of creating a more diverse workforce at all levels in the Group. This continues to be a long-term endeavour and we recognise it as such. The Committee also recognises the importance of diversity and inclusion both for the effective functioning of the Board and more widely in the Group. The Board has a diverse range of experience by way of expertise and background and recognises the benefits that different viewpoints can contribute to better decision-making.

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

FTSE Women Leaders: targets for FTSE 350 companies by the end of 2025	Current Softcat position
Boards to comprise at least 40% women.	Achieved. The Board of Softcat currently comprises 62.5% women.
Boards to have at least one woman in the chair or senior independent director role, and/or one woman in the chief executive or finance director role.	Achieved. Katy Mecklenburgh was appointed CFO in June 2023. Lynne Weedall was interim Senior Independent Director until 1 May 2024, following which Jacqui Ferguson assumed the role on a permanent basis.
Leadership teams (as defined) to comprise at least 40% women.	Softcat is included in the latest annual report of FTSE Women Leaders, which for Softcat reported women comprising 37.9% of leadership roles (as defined). This was an improvement on the prior year of 32.6% and we continue our efforts to improve diversity in leadership roles.

I am pleased that Softcat already meets two of the above three targets and that we are making progress on the gender diversity target on leadership teams. As already noted, we recognise that we must maintain momentum in respect of greater diversity at leadership level, and this continues to be discussed between management and the Committee.

The Board meets the recommendation set by the Parker Review that boards should have at least one person of colour. During the year management discussed with the Committee the most recent recommendations of the Parker review, in which they asked each company for the first time to provide data on its senior management (as defined) and what proportion of it is composed of ethnic minorities. The Parker Review has also asked each company to set a target for the proportion of ethnic minorities in senior management by the end of 2027. We have provided all the required information to the Parker review and we have set target of at least 10% ethnic minorities in senior management (as defined) by the end of 2027.

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

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

Diversity disclosures pursuant to Listing Rule 6.6.6R

The UK Financial Conduct Authority ('FCA') requires listed companies to disclose in a prescribed format information on the diversity of their board and executive committee. The Listing Rules require listed companies to state whether they have met certain targets on board diversity.

The information in the table on the following page is at 31 July 2024, which is the date selected as the reference date within the Company's accounting period. The targets set out in the Listing Rules are that:

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

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

Gender diversity reporting

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in Executive management	Percentage of Executive management
Men	3	37.5%	2	7	63.6%
Women	5	62.5%	2	4	36.4%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background diversity reporting

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in Executive management	Percentage of Executive management
White British or other White (including minority White groups)	6	75%	4	10	90.9%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	2	25%	–	–	–
Black/African/Caribbean/Black British	–	–	–	1	9.1%
Other ethnic group, including Arab	–	–	–	–	–

Notes:

1. The Listing Rules require disclosure at the applicable reference date, which as noted above was 31 July 2024. The composition of the Board has not changed between 31 July and 23 October 2024, being the date at which this report is approved. The composition of the Board as at 23 October 2024 still meets the above requirements.
2. 'Executive management' is defined above using the prescribed definition in the Listing Rules. This is defined as the most senior executive or managerial body below the Board, including the Company Secretary. At Softcat, this is the Senior Leadership Team ('SLT'), which has day-to-day responsibility for the operation of the business, and the Company Secretary. The SLT includes the Executive Directors.

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

Inclusion

The Committee has also received briefings on the initiatives to improve inclusion in the business and the Company employs a dedicated manager to co-ordinate our diversity, equality and inclusion efforts. The briefings received by the Committee included not only diversity regarding gender, but also on ethnicity, sexual orientation, disability, social mobility and updates on various inclusion activities. More information about diversity, equality and inclusion in the business can be found in the report on social value in this Annual Report on pages 52 to 59.

Nomination Committee report continued

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

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

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

Our Directors must:

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

Any conflicts identified are considered and, as appropriate, authorised by the Board. Each year the Committee reviews the independence of the Non-Executive Directors. All Non-Executive Directors, excluding the Company Chairman, are currently considered independent.

All Non-Executive Directors also affirm as part of the annual conflicts questionnaire that they continue to be able to devote sufficient time to discharge their duties in respect of their Board appointment at Softcat.

Documents available for inspection

Non-Executive Directors are appointed for an initial three-year term, extendable by a further two additional three-year terms. The letters of appointment for Non-Executive Directors and the service contracts of the Executive Directors are available to shareholders for inspection at the Company's registered office during normal business hours. Letters of appointment and service contracts will be available for inspection at the 2024 AGM.

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

Shareholder engagement

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

Lynne Weedall
Chair of the Nomination Committee
23 October 2024

Sustainability Committee report

Corporate responsibility

Since the establishment of the Committee, its focus has remained on Softcat's sustainability strategy and I am pleased with the progress we are making.

Vin Murria
Chair of the Sustainability Committee

Allocation of time

Climate-related strategy and initiatives: 40%
Climate-related disclosures: 20%
Climate-related governance, compliance and regulation: 20%
Monitoring climate-related performance against strategy: 20%

Introduction

As Chair of the Sustainability Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 31 July 2024. This report outlines the key responsibilities of the Committee delegated to it by the Board, the work it has done over the 2024 financial year and the focus of the Committee going forward. The Committee was established in March 2022, with responsibility for the monitoring and oversight of sustainability matters at Softcat. Since the establishment of the Committee, its focus has remained on Softcat's sustainability strategy and I am pleased with the progress we are making. The importance of sustainability to Softcat and its stakeholders continues to increase and the Committee recognises that our commitment to sustainability is not only the right thing to do, it can also be a competitive advantage.

The Committee's work is therefore vital and I would like to thank each of the Committee members for their genuine interest and enthusiasm in their oversight of our sustainability strategy. Management has also dedicated further resources to address the many actions it has identified to meet our obligations and reduce our impact on the environment and to continue laying the foundations which will support Softcat to maximise the opportunities of being a more sustainable business.

For further details on the above, please see pages 60 to 82 of this Annual Report.

Members of the Committee are shown in the Board biographies on pages 94 and 95 and attendance at Committee meetings for the year is shown on page 96.

Committee Chair and operation of the Committee

I am the Chair of the Committee and as such take primary responsibility to ensure the Committee is managed effectively. We have embedded a sustainability governance structure into the business so that we have leadership and expertise in the right place and at the right levels within the organisation. The CFO retains the executive lead at Softcat for sustainability. We have a dedicated internal resource for sustainability at Softcat, including our Sustainability Lead. The Business Transformation Director, who is a member of the Senior Leadership Team, has day-to-day senior management of sustainability in his brief. Both the Sustainability Lead and the Business Transformation Director attend the

meetings of the Committee so that the Committee is kept fully apprised and can discuss matters with those most responsible for sustainability in the business.

The Company Secretary acts as Secretary to the Committee. The Company Secretary also takes responsibility for briefing the Committee on material changes in legislation and in disclosure requirements regarding our sustainability obligations.

Two meetings of the Committee were held in FY2024 and, given the Committee has been operating for a relatively short period, the Committee has reviewed whether this is sufficient in order to carry out its duties. The Committee concluded that two meetings a year is sufficient. During the year, we agreed to slightly expand the running times of the Committee's meetings to ensure there is adequate time for the Committee's reviews and discussions. As the CFO has the executive lead at Softcat for sustainability, she also includes an update on sustainability as part of her report at each Board meeting, which allows the Board to discuss any material developments between Committee meetings.

Sustainability Committee report continued

The Committee's key responsibilities

The key responsibilities of the Committee are:

- setting the sustainability strategy of Softcat;
- oversight and monitoring of the performance of the Company against its sustainability-related strategy, goals and targets;
- monitoring the effectiveness of management's processes for identifying and assessing climate-related risks and opportunities;
- reviewing, on behalf of the Remuneration Committee, the achievement of any sustainability objectives which form part of the annual bonus plan for the Executive Directors;
- oversight of the Company's sustainability compliance obligations;
- reviewing our formal public disclosures relating to sustainability; and
- oversight of other areas of corporate social responsibility, if requested by the Board.

For more on the Committee's responsibilities, the Committee's terms of reference are available on our website at: www.softcat.com/about-us/investor-centre/governance.

Some areas of focus in FY2024

In FY2024 the Committee maintained its focus on climate change issues. This included a review of our endeavours to reduce our emissions and to leverage on opportunities within the context of our sustainability strategy. This is reflected in the following areas:

- The Committee reviewed performance against the business' three key target sustainability commitments (see page 77), noting that two had been achieved. The third target is to achieve a net zero supply chain by 2040 and the Committee received updates at each meeting on the steps being taken towards this target. The Committee recognises that this is a longer-term endeavour, which requires our largest vendors to align the timing of their net zero journeys with our own target. The Committee was pleased with the efforts of management to engage extensively with the supply chain to better understand the steps which will be required to meet this target.

- Management presented further details of the business case to take better advantage of circular IT and other routes to increase sustainable offerings to Softcat's customers. The Committee noted that closer alignment with the supply chain will be needed to better realise the opportunities and discussed with management its plans to progress this very important matter.
- The Committee received progress reports on how sustainability is becoming more embedded into the business. This included the successful rollout of sustainability training Group-wide and dedicated support for the sales team to make it easier to sell more sustainable solutions to our customers.
- The Committee reviewed progress on sustainability performance metrics. These focus on our greenhouse gas emissions and are assessed through the intensity measurements set out on page 81. Recognising the importance of sustainability data to the business and our stakeholders, management agreed to obtain external assurance in respect of our emissions data and the output of the assurance exercise was reviewed by the Committee.
- The Committee conducted a review of the ESG governance framework within the business, which concluded that the framework was working well. Changes were made in respect of an internal working group to more closely bring together the senior managers involved with all key elements of ESG.
- The Committee also received regular updates on future compliance regulations, obligations and best practice trends and reviewed management's plans to ensure compliance.

Areas of focus in FY2025

We expect that the main focus of the Committee will remain on climate change and associated sustainability-related matters in FY2025. However, this will be kept under review and will be amended or expanded, where necessary, to include other areas of corporate responsibility to ensure the Committee retains adequate oversight of matters which are most important to Softcat and its stakeholders. I anticipate in FY2025 the Committee will focus on:

- ongoing progress against our key sustainability targets;
- further integration of Softcat's sustainability strategy into its overall strategy;
- further work with our vendors on our supply chain in support of our net zero target by 2040;
- further increasing compliance with UK Climate-related Financial Disclosures;
- progress to realise the potential opportunities from more sustainable offerings to our customers; and
- continuing to monitor the development of the new Sustainable Disclosure Standards ('UK SDS') which are anticipated in 2025. The Committee has already received updates from management on the likely requirements of UK SDS and is preparing for compliance.

Shareholder engagement

More details on sustainability, including our annual report on sustainability, can be found on our website at www.softcat.com/about-us/sustainability.

As mentioned elsewhere in this Annual Report, I am close to completing my nine years as a Director and, in compliance with the UK Corporate Governance Code, I will not be standing for re-election at the 2024 AGM. I have enjoyed my time as Chair of this Committee in the last two years and I am delighted with the progress we have made. Robyn Perriss will take over as Chair of the Committee and I'm sure she will be a great Chair and she will add further value.

If any shareholders would like to raise any matters with the Committee Chair in respect of the work of the Committee, please let the Company Secretary know via cosc@softcat.com.

I will be happy to answer any questions about the work of the Committee at the forthcoming AGM.

Vin Murria
Chair of the Sustainability Committee
23 October 2024

Remuneration Committee report

Letter from the Chair of the Remuneration Committee

The Committee considered it appropriate to continue showing restraint in considering the pay rises for Executive Directors.

Lynne Weedall
Chair of the Remuneration Committee

Allocation of time

Executive remuneration: 45%
Workforce remuneration and conditions: 25%
Remuneration market practice and developments: 15%
Corporate governance: 15%

Dear shareholder

Introduction

I am very pleased to present this report as Chair of Softcat's Remuneration Committee (the 'Committee'). Members of the Committee are shown in the Board biographies on pages 94 and 95 and attendance at Committee meetings for the year is shown on page 96. This report explains the work of the Committee during the year and its key discussions, decisions and approvals. Information about the remuneration of Directors is also provided in accordance with applicable statutes, regulations and good governance.

Business performance

You will see elsewhere in this Annual Report that Softcat demonstrated strong performance this year. We achieved record operating profit and made positive progress on our most important key financial measures. This is an excellent outcome given the headwinds which continue to challenge many businesses. Non-financial performance is also critical for our success and we have again achieved excellent results on our employee satisfaction and customer engagement metrics. These metrics are crucial indicators on the quality of our culture and form the foundations to carry out our growth agenda. The importance of sustainability continues to increase, both for us and our stakeholders, and we are making steady progress on our longer-term goals.

I would like to pick out some key achievements which demonstrate how well the business is performing:

- Gross profit growth: 11.7%
- Operating profit growth: 9.3%
- Employee engagement: 90%
- Customer satisfaction: 98%

The above key performance indicators ('KPIs') reflect the unwavering commitment and dedication of our employees, guided by the strategic vision and leadership of the Executive Directors. Further details on our KPIs and the importance of each KPI can be found on pages 36 and 37 of this Annual Report.

The Group's core principles of remuneration are:

- to ensure top executives are attracted, retained and motivated to drive the Group in its next stage of development;
- to incentivise management in extending the Group's leadership in the IT infrastructure solutions industry; and
- to deliver long-term sustainable growth.

In line with these principles, the majority of our executive remuneration outcomes are based on financial metrics. Given that wider non-financial metrics also measure the success of the business, we include environmental, social and governance ('ESG') measures as part of our annual bonus plan. The Board has been impressed by the progress made by management on both financial and non-financial measures.

Remuneration Committee report continued

Letter from the Chair of the Remuneration Committee continued

Remuneration Policy (the 'Policy')

Our Policy was approved by shareholders at the 2022 AGM with a vote of 98.5%. The Committee has reviewed the Policy during the year and has concluded that it remains fit for purpose. The Committee also discussed the changes contained in the updated UK Corporate Governance Code (the 'Code') published earlier in the year and concluded that, given the minor changes in the updated Code which relate to remuneration, no immediate changes were required to the Policy. Our Policy is submitted to shareholders for approval at least once every three years and will next be submitted at the 2025 AGM, at which time we will incorporate, as appropriate, changes contained in the updated Code.

Remuneration outcomes during the year

During the year, the Board/relevant Board Committee regularly reviewed Softcat's financial and operational performance. We confirmed in trading updates during the year that:

- the Group performed well and once again delivered growth in gross profit and operating profit;
- business performance was robust despite ongoing wider economic challenges;
- operational metrics, such as cash generation, were excellent; and
- our customer base and gross profit per customer continued to grow.

The Board/relevant Board Committee also regularly reviewed key ESG areas, including:

- the outcomes of our annual customer experience survey and our employee engagement survey, together with actions to further maintain engagement;
- a quarterly survey from managers in respect of each member of the Senior Leadership Team and the key operational functions in the business;
- work undertaken to improve diversity and inclusion;
- actions taken to increase compliance on the recommended Climate-related Financial Disclosures ('CFD'); and
- obtaining external assurance in respect of the measurement of our carbon emissions.

The strong financial and non-financial performances are reflected in a strong achievement of many of the Group's KPIs (outlined on pages 36 and 37) and resulted in the following for the annual bonus plan for FY2024:

- financial metrics (operating profit) account for 80% of the annual bonus for FY2024. Operating profit of £154.1m exceeded the threshold target but was below the maximum target set by the Committee, leading to 71.9% of the maximum annual bonus for this element being earned by the Executive Directors; and
- non-financial metrics account for 20% of the annual bonus for FY2024. Important areas of focus were set at the beginning of FY2024 in respect of:
 - achieving industry-leading levels of net promoter scores for customer satisfaction and employee engagement;
 - continued improvement in the verification and assurance on the data in respect of our carbon emissions; and
 - improvements to disability accessibility at all phases of our recruitment process.

The Committee assessed actions taken by management during the year on the above and was informed by a recommendation from the Sustainability Committee in respect of the bonus element on the verification and assurance of carbon emissions. Following review, the Committee concluded that a consistently high level of achievement had been made on each of the above non-financial metrics and that 100% of the maximum annual bonus for this element had been achieved by the Executive Directors.

As a result, the overall annual bonus outcome this year was 77.5% of maximum for each Executive Director.

Awards made under our LTIP have a three year vesting period and therefore measure performance over a sustained period. In late 2023, the LTIP awards granted in November 2020 to Graham Charlton (who was CFO at the time of grant) and to Graeme Watt (who was CEO at the time of grant) vested. An independent vesting report was prepared by the Committee's external remuneration advisers and the Committee assessed the vesting outcomes of the LTIPs. The Committee concluded that:

- the maximum goal had been achieved in respect of the earnings per share ('EPS') element of the award;
- the metric in respect of the total shareholder return ('TSR') element of the award was above threshold but below maximum.

Accordingly, 92.4% of the total 2020 LTIP award vested.

During the year, the Committee concluded that all long-term incentive and annual bonus outcomes were appropriate and no discretion was exercised to amend any remuneration outcomes for the Executive Directors. This conclusion was reached after taking into account relevant matters, such as:

- the performance of the business and the alignment between the Executive Directors and the wider workforce in respect of annual variable pay for the year;
- the overall investor experience, which the Committee believes, in particular over a number of years represents exceptional performance by management;
- an assessment of the 'quality of earnings' in respect of operating profit for the year; and
- any potential benefit from windfall gains experienced over the three-year vesting period.

There has not been any operation of malus or clawback provisions in any year.

In respect of LTIPs, the Committee will approve a grant in respect of FY2025 to the Executive Directors (see page 140). In line with our Remuneration Policy and recent practice, the LTIP award will be 150% of salary. The Committee considered movements in the Company's share price during the year and concluded that there was no reason to reduce the usual award of 150% of salary. However, the Committee will review at vesting, as it has done in recent years, whether there have been any windfall gains.

The LTIPs granted in 2021 are due to vest in late 2024 and the performance conditions were set and announced at the time of grant. Based on our reported performance, the maximum EPS target has been achieved and therefore this element will likely vest in full. Based on our current performance and the higher share price at the time of grant in 2021, it is likely that the TSR element will not meet the threshold requirements and that no part of this element will vest. It will be necessary to perform a final calculation of the TSR element at vesting, assessing Softcat's performance against the comparator group to formally determine achievement of that part of the performance condition. In respect of all LTIPs, the Committee will, as usual consider all relevant matters before formally concluding on the vesting outcome.

Main activities during FY2024

October 2023

- Consideration and approval of grants of LTIPs to Executive Directors for FY2024 and other share-based awards to senior managers below Board level
- Review and determination of vesting outcomes for LTIPs granted in 2020
- Review of impact of share-based awards on shareholder dilution
- Review and approval of the annual bonuses awarded to Executive Directors and Senior Leadership Team ('SLT') members for FY2023
- Consideration of the annual bonus arrangements for the Executive Directors and SLT members for FY2024
- Review of achievement against share ownership targets for the Executive Directors
- Approval of the 2023 Annual Report on Remuneration

May 2024

- Update on workforce pay and conditions and discussion of Group-wide pay review
- Review of salaries for the Executive Directors and SLT
- Review of the Chairman's fee
- Interim update report on performance of annual bonus plan and outstanding LTIPs
- Proposed renewal of plan rules for the LTIP and annual bonus plan
- Review of remuneration aspects of the 2024 UK Corporate Governance Code

July 2024

- Update on workforce remuneration
- Review of proposed approach to target setting for FY2025 annual bonus and LTIP awards
- Consideration of key messages and themes for the 2024 Annual Report on Directors' Remuneration
- Review of remuneration trends and remuneration-related corporate governance developments for listed companies
- Review of workforce engagement session on remuneration
- Review of employee share ownership
- Further update on renewal of plan rules for the LTIP and annual bonus plan

Regular or standing items at each Committee meeting include:

- approval of previous Committee meeting minutes and review of follow-up on outstanding actions;
- governance updates for Committee discussion or approval;
- review of and updates to the Committee's terms of reference; and
- review of the outcomes of shareholder voting on the Remuneration Report.

The Company Secretary also prepares a twelve-month rolling plan for the Committee so that matters can be planned and considered over the longer term.

Remuneration Committee report continued

Letter from the Chair of the Remuneration Committee continued

Changes in executive remuneration and Chairman fees for FY2025

The Committee reviewed remuneration for Executives and the Chairman and agreed the principles and implementation of the changes below, all of which are within our Remuneration Policy. Further details are provided in the Annual Report on Remuneration.

The Committee considered a number of matters and received updates on proposals to award rises in basic pay across the workforce. The Committee discussed with its remuneration adviser external pay trends for Executives and in the general external workforce. Following this, the Committee considered it appropriate to continue showing restraint in considering the pay rises for Executive Directors, and it approved a pay rise for FY2025 of 3%, which is line with the standard rise for most of the workforce.

Wider workforce context

The Board engages extensively with employees and more details about this can be found on pages 50 and 51. During the year, the Committee also maintained its awareness of pay across the business. This was pertinent given the ongoing increase in headcount to now more than 2,500 employees and prevailing cost-of-living pressures for many. As already noted, the Committee received updates on both internal and external pay trends, all of which helped to inform the Committee's decision making, ensuring the pay changes it approved reflected both the Group's specific situation, wider pay trends and also the factors some of our largest shareholders and important proxy remuneration advisers expect remuneration committees to take into account.

Management continues to recognise and reward our employees through fair remuneration. The Committee was pleased in particular with the actions taken by management this year to ensure workforce pay reviews are more closely aligned to reflect individual performance.

I once again took the opportunity to engage directly with employees over a number of matters, including on our approach to executive remuneration and on the Group's overall pay philosophy. Please see page 130 for more details.

What we have done during the year

The calendar activities (see page 131) summarise the areas of focus and actions for the Committee during the 2024 financial year, all of which were within the framework of the Policy approved by shareholders in 2022.

The Committee is also responsible for oversight of the Group's employee share plans. We operate the Annual and Deferred Bonus Plan for Executive Directors and the Long Term Incentive Plan for Executive Directors and selected senior management. Both of these plans were approved by shareholders in October 2015 and will expire in October 2025. Shareholder approval is required prior to the expiry of these plans and so two resolutions will be proposed at the Annual General Meeting in December 2024 to renew each plan for a further ten years. No material changes are being proposed in respect of the operation of either plan and a summary of the key points of the proposed rules for each plan is provided in the Notice of Annual General Meeting for 2024.

The Committee remains open to the views of shareholders and during the year responded to an engagement request from one of our largest shareholders. We have incorporated additional information in this report in response to their feedback.

Looking forward and conclusion

The Committee remains focused on ensuring that our remuneration arrangements are fit for the future and aimed at ensuring alignment of both shareholders and our management team as they strive to drive Softcat forward. I would like to thank the members of the Committee for their support and contributions this year.

Our Remuneration Policy was last approved by shareholders at the AGM held in December 2022. In line with regulations, the Policy will be submitted to shareholders for approval at least once every three years and will therefore be submitted to shareholders at the AGM to be held in 2025. The Committee will review the existing Policy in 2025 and will, if necessary, discuss any material changes with its largest shareholders.

As already noted, earlier in the year, the Financial Reporting Council ('FRC') issued an updated version of the UK Corporate Governance Code (the 'Code'), under which remuneration-related aspects of the revised code will apply for accounting periods commencing from 1 January 2025. The Committee does not envisage that material Policy amendments will be required as a result of the updated Code. Under the updated Code, additional disclosures are required in the Annual Report on Remuneration on the malus and clawback provisions which apply to the remuneration of Executive Directors. The disclosures in Softcat's Annual Report on Remuneration in recent years already cover nearly all of these new requirements and, given that only minor additional information is required to be fully compliant, this additional information is being provided starting from this year's report.

The Annual Report on Remuneration (pages 125 to 146) including this letter, will be subject to an advisory shareholder vote at the forthcoming AGM on 9 December 2024. I trust that we will continue to have your support on this resolution at our AGM. If shareholders do wish to discuss any issues in this report, I can be contacted via the Company Secretary at cosec@softcat.com.

Lynne Weedall

Chair of the Remuneration Committee
23 October 2024

Notes:

This report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended and the provisions of the 2018 Corporate Governance Code (which is applicable for the year under review) and the Listing Rules. The report consists of two sections:

- the Annual Statement by the Remuneration Committee Chair; and
- the Annual Report on Remuneration, incorporating:
 - an 'At a glance' section summarising our Remuneration Policy; and
 - details of payments made to the Directors and details of the link between Group performance and remuneration for the 2024 financial year.

The Chair's Annual Statement and the Annual Report on Remuneration will be subject to an advisory vote at the AGM to be held on 9 December 2024.

Part A – At a glance

Introduction

In this section, we set out a summary of our Remuneration Policy, its link to corporate strategic objectives and the performance and remuneration outcomes for the 2024 financial year.

Our Remuneration Policy and its link to our Group strategy

The Group's strategy is laid out on pages 30 to 35.

Ensuring the alignment of the Remuneration Policy to the Group strategy was key for the Remuneration Committee in developing the Policy below in conjunction with our core principles of remuneration.

The key elements of the Group's strategy and how its successful implementation is linked to the Group's Remuneration Policy are set out in the following table.

Remuneration Policy (from the date of shareholder approval)	Strategic priorities			
	Generate sector-leading value for shareholders	Growth in profit from existing customers	Win new customers	Equity ownership and retention of shares
Annual bonus The maximum bonus (including any part of the bonus deferred) under the Annual Bonus Plan ('ABP') will not exceed 200% of a participant's annual base salary. For 2025: - the maximum bonus opportunity is 150% for the CEO and CFO respectively; and - the annual bonus measures include 20% based on robust environmental, social and governance ('ESG') goals.	Operating profit The key performance indicator for the Group. The Committee believes that the Directors should focus on this key metric during the financial year to maintain high profit growth and the success of the business to deliver value for our shareholders. Growth in this metric is a direct demonstration of the successful execution of our business strategy, including winning new customers and growth of profit from existing customers.	Non-financial measures The Committee also believes in the importance of wider non-financial metrics to measure the success of a business, including the use of ESG measures. The Committee will consider appropriate measures linked to strategic priorities.	Equity ownership and retention of shares Retain and reward executive team to deliver the strategy	
LTIP Maximum annual award is normally 200% of salary. The normal annual award for each of the CEO and CFO is 150% of salary. Awards will vest at the end of three years. The performance conditions for awards comprise financial and performance measures, currently: - earnings per share ('EPS') growth; and - comparative total shareholder return ('TSR'). For 2025, the LTIP award will be weighted 60% EPS and 40% TSR.	EPS and TSR The success in maximising profit growth will be measured through the long-term EPS growth targeted by the LTIP. In addition, sustained value generation will be reflected in the share price of the Company, which will be measured through the Company's TSR performance under the LTIP.	TSR The generation of profit growth targeted by the annual bonus will help enhance the value of the Group, which will be measured through the success of the Company's TSR performance against its comparators (a performance condition under the LTIP).	EPS An incentive to grow this market in the longer term is provided through EPS growth targeted by the LTIP. The success of this element of the strategy should be reflected in long-term TSR performance.	
Share Incentive Plan ('SIP')				
Minimum shareholding requirements				
- CEO: 200% of salary - CFO: 200% of salary				

Remuneration Committee report continued

Part A – At a glance continued

Our Remuneration Policy and its link to our Group strategy continued

Our core principles of remuneration:

- to ensure senior executives are attracted, retained and motivated to drive the Group in its next stage of development;
 - to incentivise the management team in extending the Group's position in the IT infrastructure solutions industry; and
 - to deliver long-term sustainable growth.
-

Statement of consideration of shareholder views

The Committee takes the views of the shareholders seriously and these views are taken into account in shaping the Remuneration Policy and remuneration practices of the Group. Shareholder views are considered when evaluating and setting the remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its Remuneration Policy or any material changes within the existing Policy.

The Remuneration Policy was last approved by shareholders at the Company's Annual General Meeting held in December 2022 and prior to that time the Committee had consulted with its major shareholders on the minor Policy revisions which had been proposed. Shareholder support remains strong for the remuneration practices of the Group. The Remuneration Policy received 98.5% votes in favour at the 2022 AGM and the advisory vote for the Annual Report on Remuneration at the 2023 AGM received 96.7% votes in favour. The Committee is grateful for the continued support of shareholders. Given there have been no material changes in the remuneration approach in the last year and the ongoing high level of support from shareholders, the Committee did not consider it was necessary or appropriate to consult with its shareholders on executive remuneration in the last year.

As part of its review of the Policy in 2022 and remuneration practices, the Committee considered the factors set out in Provision 40 of the UK Corporate Governance Code (the 'Code'). In the Committee's view, the Policy continues to address those factors. Further details of how the Committee has addressed this can be found in the Policy in the 2022 Annual Report.

Statement of considerations of employment conditions elsewhere in the Group

The remuneration strategy for all employees is determined in terms of best practice and ensuring that the Group is able to attract and retain the best people. This principle is followed in our Remuneration Policy.

The remuneration strategy of the Group has been designed to ensure all employees share in its success. Two remuneration arrangements operate: the LTIP for Executive Directors and for some members of the senior team and annual bonus deferral for Executive Directors. Awards under both these plans will provide alignment between senior leaders and our shareholders based on overall corporate performance of the business.

All employees have base pay, certain employment benefits, a pension plan and all eligible employees may participate in the Share Incentive Plan. Commissions are available for qualifying sales employees whilst other employees may participate in other annual bonus plans.

The Group does not use remuneration comparison measurements. The Board has designated a Non-Executive Director responsible for general workforce engagement. There are also regular employee engagement meetings led by the CEO and CFO. The Chair of the Remuneration Committee has directly engaged with a group of employee representatives to explain how executive remuneration aligns with wider Group pay philosophy. The engagement provided useful feedback and further assurance to the Committee that executive remuneration is considered to be well aligned with the Group's wider philosophy on pay, particularly in respect of the importance of setting appropriate benchmarks for fixed pay and on the importance of variable pay as an incentive to drive stretching performance. The Committee believes there is strong alignment between executive pay, wider workforce pay, the Group's culture and strategy. In setting and operating the Remuneration Policy, the pay and conditions of other employees of the Group are taken into account, including any base salary increases awarded and any changes in pension and benefits.

The Committee is provided with data on the remuneration structure for management-level tiers below the Executive Directors and uses this information to ensure consistency of approach throughout the Group. During the year, the Committee received updates on pay and benefits across the general workforce. The pay and conditions of other employees of the Group are taken into account, including any base salary increases awarded and the level of employer pension contribution. The Committee received an update during the year on the level of employee participation in the business regarding the Share Incentive Plan in order to better understand its relative importance to employees. The Committee is also informed, in line with the provisions of the UK Corporate Governance Code, of the proposed remuneration of Softcat's Company Secretary.

The table below shows how our incentive schemes support the Group strategy.

Plan	Purpose	Eligibility	Strategic objectives				
			Generate sector-leading value for shareholders	Growth in profit from existing customers	Win new customers	Equity ownership and retention of shares	Retain and reward executive team to deliver the strategy
SIP	Broaden share ownership and share in corporate success over the medium term.	All eligible employees					
Annual bonus	Incentivise and reward short-term performance. At senior level, an element of bonus is deferred in shares.	Executive Directors, senior executives, senior managers and managers					
LTIP	Incentivise and reward long-term performance.	Executive Directors, senior executives and senior managers					

How we performed during the 2024 financial year ('FY2024') (audited)

In respect of FY2024, the bonus awards payable to Executive Directors were agreed by the Committee having carefully reviewed:

- financial performance (80% weighting): the Committee considered the Group's year-end results and any relevant associated factors in respect of underlying performance; and
- non-financial performance (20% weighting): the Committee considered progress against strategically important ESG actions (employee engagement, customer satisfaction, sustainability and employee inclusion) and noted the ongoing strong performance.

The performance measures and targets under the Annual and Deferred Bonus Plan for FY2024 and the extent to which they were satisfied are set out below:

Performance condition	Weighting	Threshold	Target	Maximum	Actual	Actual as a % of maximum opportunity	Annual bonus payout	
							Graham Charlton	Katy Mecklenburgh
Operating profit	80%	£136.5m	£151.7m	£166.9m	£154.1m	71.9%	£490,227	£319,369
Progress on strategic ESG metrics and actions	20%		See below			100%	£170,384	£111,000
Overall outcome						77.5%	£660,611	£430,369
Portion of overall outcome paid in cash¹							£378,630	£246,667
Portion of overall outcome deferred into shares¹							£281,981	£183,702

Note:

1. In respect of the bonus payout up to 100% of salary, two-thirds will be paid in cash and one-third will be paid by way of deferred shares. In respect of the bonus payout above 100% of salary, all of this shall be by way of deferred shares.

Remuneration Committee report continued

Part A – At a glance continued

How we performed during the 2024 financial year ('FY2024') (audited) continued

ESG: employee engagement, customer satisfaction, sustainability and inclusion

Priorities and rationale for selection

Employee engagement

Maintain our high level of success on employee engagement. Highly engaged employees are vital to the success of Softcat. We receive frequent feedback that our culture is the vital ingredient to providing outstanding service which helps to retain and delight our existing customers and to win new customers.

Achievements and outcome

- The Committee set a target at the beginning of the financial year for industry-leading employee net promoter scores ('NPS') to be achieved in the all-employee survey for the year. The employee NPS for this year's survey was 59, which is an excellent result and above market norms.

The Committee also took into account other relevant factors as part of its determination, including the below.

- Management sought regular employee feedback with the annual engagement survey and through quarterly management surveys conducted during FY2024. The results of each survey were discussed with the Board/ Nomination Committee, together with management's plans which addressed areas of concern.
- An action plan was created and followed up from the annual survey results.
- Overall employee engagement achieved remained high at 90%.
- The Group once again achieved excellent external rankings and awards for its workplace environment (see the 'People' section on page 56).

Priorities and rationale for selection

Customer satisfaction

Continue our attention on market-leading customer excellence. Customer excellence is a vital underpin to our strategy to acquire more customers and to sell more to existing customers.

Achievements and outcome

- The Committee set a target at the beginning of the financial year for industry-leading customer net promoter scores ('NPS') to be achieved in the annual customer satisfaction survey. The customer NPS for this year's survey was 63, which is an excellent result and above market norms.

The Committee also took into account other relevant factors as part of its determination, including the below.

- Management undertook its most extensive ever annual customer experience survey (5,663 respondents in FY2024, compared to 4,049 in FY2023), engaging with more of our customers than ever before.
- An impressive level of customer satisfaction was achieved at 98%.
- The results of the customer survey were analysed in detail by management and a plan to continue the high levels of customer service and make minor improvements for even better service has been prepared for action.

Priorities and rationale for selection

Sustainability

Verify our greenhouse gas emissions data and show progress towards our net zero supply chain goal by 2040.

In pursuit of our climate change goals, it is important to first ensure that we are accurately measuring the business's greenhouse gas emissions. External verification of this data improves the robustness of our data.

We have a Board-approved target to achieve a carbon net zero supply chain by 2040. This requires extensive industry liaison and understanding of mutual issues and actions.

Achievements and outcome

- Management demonstrated to the Sustainability Committee the progress being made regarding the accuracy of data for emissions calculations.
- During the year, management approved the engagement of an independent firm to review our emissions data. Confirmation of the assurance in respect of our emissions data is included in this Annual Report on page 82.
- Management demonstrated to the Sustainability Committee the extensive engagement with its supply chain and peers to discuss and agree areas which need to be prioritised to reduce scope 3 (i.e. primarily supply chain) emissions. This is a long-term process but significant efforts continue to be made.
- Additional resource has been added to the sustainability team to focus on supply chain engagement. A dedicated sustainability customer success manager has been recruited to support the sales function in the sale of more sustainable solutions, an important enabler in our efforts to lower the carbon footprint in the supply chain.

Priorities and rationale for selection

Achievements and outcome

Inclusion

Improve accessibility during the recruitment process to those who identify with a disability. Softcat has a proud record of diversity and inclusion. However, it has not formally assessed with the support of an independent expert any difficulties those who have a disability experience when applying for a role at Softcat. This assessment further supports our desire to be a fully inclusive place to work.

- Management hired an independent expert to review our current recruitment processes with the objective of ensuring our engagement resources work well for those who have a disability and to identify any barriers which may exist in the recruitment process. A detailed report was produced, which included recommendations for further improvements which may benefit job applicants with a disability. The outcomes of the review were discussed with the Nomination Committee of the Board, which has oversight of diversity, equality and inclusion.
- Recommendations from the review are being progressed. These include making the Softcat website more accessible and additional training for the recruitment team.

In respect of the ESG measures, the Committee agreed at the beginning of the performance period a range of illustrative outcomes to consider at threshold, target and maximum to determine whether meaningful progress had been made across the metrics. This would be taken into account along with any other relevant actions or progress related to the above ESG measures. The Committee reviewed the illustrative outcomes against the progress made at the end of the performance period, to ensure that a fair and comprehensive review of progress had been undertaken. The Committee concluded, overall, that good progress had been made on the ESG measures, resulting in the determination of an award of 100% of the maximum opportunity in respect of the ESG measures.

No discretion was exercised by the Committee in relation to the outcome of any part of the annual bonus awards.

Long-term incentives awarded in FY2024 (audited)

On 23 November 2023, the following annual awards of nil-cost options under the Group's Long Term Incentive Plan ('LTIP') were made to the Executive Directors as follows:

Executive Director	LTIP award (% of salary)	LTIP award (shares)	Award date	Share price ¹
G Charlton	150	68,703	23/11/23	£12.40
K Mecklenburgh	150	44,758	23/11/23	£12.40

Note:

1. The share price used to determine the award was calculated by reference to the prevailing market price of an ordinary share on the business day prior to the award.

40% of the award will be subject to the Company's relative TSR performance against the FTSE 250 (excluding real estate and investment trusts) over a three-year performance period and 60% will be subject to adjusted EPS targets at the end of the period. Further details are on page 137.

Single figure remuneration for our Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of FY2024.

	Salary	Taxable benefit	Pension	Total fixed	Bonus	LTIP	Total variable	Total
G Charlton (CEO) ^{1, 2}	£567,945	£4,454	£28,399	£600,798	£660,611	£346,470	£1,007,081	£1,607,879
K Mecklenburgh (CFO) ³	£370,000	£2,716	£18,500	£391,216	£430,369	–	£430,369	£821,585

Notes:

1. LTIP awards made on 25 November 2020 to Graham Charlton vested during FY2024. The award was calculated by reference to a share price of £11.45, which was the prevailing market price of an ordinary share on the business day preceding the grant. Details of the performance condition (relative TSR and EPS targets) were disclosed in an announcement to the London Stock Exchange at the time of grant.
2. As a result of partial achievement of the performance criteria, nil-cost options over 24,943 shares vested and were subsequently exercised by Graham during FY2024. The share price at the date of vesting (closing price on 24 November 2023 being the closest business day to the third anniversary of the grant) was £12.45 and the LTIP value shown above reflects this. The total value shown above comprises £310,540 (the value of the award at vesting) plus a dividend equivalent of £35,930. The value of the LTIP that is attributable to share price appreciation between grant and vest is £24,943.
3. Katy Mecklenburgh was appointed CFO with effect from 19 June 2023.

Remuneration Committee report continued

Part A – At a glance continued

Remuneration Policy table summary

In accordance with the remuneration reporting regulations, the Directors' Remuneration Policy (the 'Policy') summarised below was approved at the AGM on 13 December 2022 and will apply for a period of three years from the date of approval. The Policy is contained in Softcat's 2022 Annual Report and Accounts, which is available on the Group's website at www.softcat.com/about-us/investor-centre/shareholder-information.

The Committee's objective is to operate this Policy to ensure that our Executive Directors have a remuneration structure and total remuneration opportunity that is aligned to Softcat's business and is competitive when assessed against the market in which we compete for talent.

Salary	An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: • remuneration practices within the Group; • the general performance of the Group; • salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking; • any change in scope, role and responsibilities; and • the economic environment. In general, salary increases for Executive Directors will be in line with the increase for employees. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted Policy level until they become established in their role. In such cases, subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.				
Benefits	The Executive Directors receive private health insurance, critical illness, life insurance and death-in-service benefit. Additional benefits may be offered, such as relocation allowances on recruitment. The maximum will be set at the cost of providing the benefits described. Non-Executive Directors may participate in benefit programmes available to employees which have the purpose of reducing environmental emissions.				
Pensions	The Executive Directors are entitled to participate in the Group's applicable pension plans. Executive Directors' pensions are aligned with the employer contributions for the wider workforce, currently 5% of salary.				
Annual and Deferred Share Bonus Plan (the 'Bonus Plan')	The Remuneration Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 200% of salary. The maximum bonus opportunity is currently 150% of salary. This can only be attained by achieving a level of stretch in the targets set. There is a mandatory deferral of one-third of bonuses up to 100% of salary and all bonuses above 100% of salary into shares. The deferred elements vest after a minimum period of three years based on continued employment. The bonus contains clawback and malus provisions.				
Long Term Incentive Plan ('LTIP')	LTIP maximum grant is 200% of salary p.a. (up to 250% in exceptional circumstances). The Committee considers and sets the performance measures and targets for each LTIP award. See page 137 for the performance conditions of the grant made in the year. The LTIP contains clawback and malus provisions. There is a mandatory two-year post-vesting holding period.				
Share Incentive Plan ('SIP')	The Group operates a SIP in which the Executive Directors are eligible to participate. The SIP is operated in line with HMRC legislation and is open to all eligible employees (UK employees with at least three months' service). The SIP encourages employees to become shareholders in the Company and thereby align their interests with shareholders.				
Minimum shareholding requirement	The following table sets out the minimum shareholding requirements: <table> <tr> <th>Role</th><th>Shareholding requirement (% of salary)</th></tr> <tr> <td>Chief Executive and Chief Financial Officer</td><td>200</td></tr> </table> The Committee retains the discretion to increase the shareholding requirements. There is also a mandatory two-year post-cessation holding period.	Role	Shareholding requirement (% of salary)	Chief Executive and Chief Financial Officer	200
Role	Shareholding requirement (% of salary)				
Chief Executive and Chief Financial Officer	200				

Element of remuneration	Operation
Non-Executive Director and Chairman fees	The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Committee is responsible for setting the Chairman's fees. Non-Executive Directors are paid an annual fee. They are also paid additional fees for chairing Committees and for the role of Senior Independent Director and may receive an additional fee in respect of the Designated Non-Executive Director for Workforce Engagement. The Chairman does not receive any additional fees for membership of Committees. Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors. Fees are set at broadly the median of the comparator group. Non-Executive Directors and the Chairman do not participate in any variable remuneration. Non-Executive Directors and the Chairman are not eligible to participate in benefit arrangements, apart from any benefit programme available to employees which have the purpose of reducing environmental emissions. The Group will pay reasonable expenses incurred and may settle any tax incurred in relation to these.

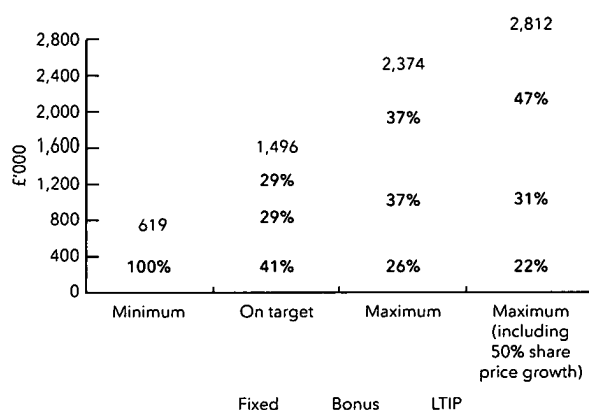
There are no changes to the approved Directors' Remuneration Policy. The full Policy is available to view in Softcat's 2022 Annual Report which is on the Group's website at www.softcat.com/about-us/investor-centre/shareholder-information.

Illustrations of the application of the Remuneration Policy

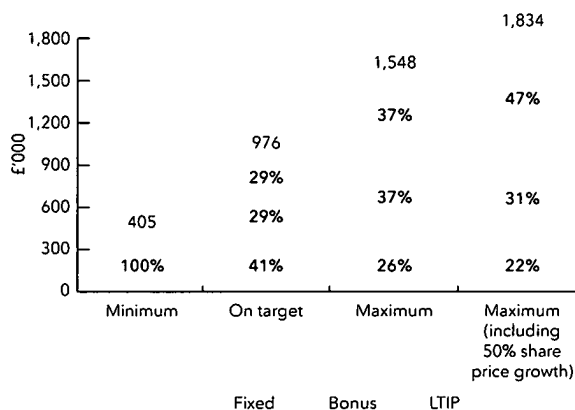
The charts below illustrate the remuneration that would be paid to each of the Executive Directors for the 2025 financial year under three different performance scenarios: (i) minimum; (ii) on target; and (iii) maximum. The elements of remuneration have been categorised into three components: (i) fixed; (ii) annual bonus (deferred bonus); and (iii) LTIP.

In line with the regulations on policy scenarios, we have also included an additional reference point to show indicative share price growth of 50% over three years (being the performance period of the LTIP) at maximum.

Chief Executive Officer (Graham Charlton)



Chief Financial Officer (Katy Mecklenburgh)



Remuneration Committee report continued

Part A – At a glance continued

Illustrations of the application of the Remuneration Policy continued

The table below sets out the assumptions used to calculate the elements of remuneration for each of the scenarios set out in the charts on the previous page.

Element	Description	Minimum	Target	Maximum	Maximum including 50% share price growth
Fixed¹	Salary, benefits and pension	Included	Included	Included	Included
Annual bonus²	Annual bonus (including deferred shares): maximum opportunity of 150% of salary	No annual variable	50% of the maximum bonus	100% of the maximum bonus	100% of the maximum bonus
LTIP^{2,3}	Award under the LTIP: maximum annual award of 150% of salary	No multiple-year variable	50% of the maximum award	100% of the maximum award	100% of the maximum award plus 50% share price growth

Notes:

- Based on 2024 benefits payments and pension values as per the single figure table. The actual benefits and pension contributions for FY2025 in respect of both Executive Directors will only be known at the end of that financial year. Basic pay also reflects the 3% increase awarded for FY2025 for each of the CEO and CFO.
- Share price growth has been included in the final illustration in accordance with the required regulations. Dividend equivalents have not been added to the deferred share bonus and LTIP share awards.
- Participation in the SIP has been excluded given the relative size of the opportunity levels.

Executive Director contracts and letters of appointment for Chairman and Non-Executive Directors

Executive Directors

Name	Date of service contract	Nature of contract	Notice periods		Compensation provisions for early termination
			From Company	From Director	
G Charlton	29 October 2015	Rolling	Twelve months	Twelve months	None
K Mecklenburgh	1 December 2022	Rolling	Twelve months	Twelve months	None

Non-Executive Directors

Name	Date of letter of appointment
G Watt	11 July 2022
V Murria	3 November 2015
R Perriss	21 May 2019
L Weedall	21 March 2022
M Prakash	31 July 2023
J Ferguson	31 July 2023

Note:

The Committee's policy for setting notice periods is that a twelve-month period will apply for Executive Directors.

The Non-Executive Directors (including the Chairman) do not have service contracts. The Non-Executive Directors are appointed by letters of appointment. Each independent Non-Executive Director's term of office runs for a three-year period. The Chairman is subject to three months' notice from either the Company or the Chairman. The other Non-Executive Directors do not have notice periods.

The initial terms of the Non-Executive Directors' positions are subject to their re-election by the Company's shareholders at the AGM and to re-election at any subsequent AGM at which the Non-Executive Directors stand for re-election. All Directors who wish to be re-elected will be put forward for re-election by shareholders on an annual basis.

Part B – Annual report on remuneration

Single total figure of remuneration (audited)

Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of FY2024 and FY2023.

	Salary		Taxable benefits ³		Pension		Total fixed ¹		Bonus ^{2,4}		LTIP ²		Total variable		Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
G Charlton (CEO/CFO) ⁵	567.9	367.6	4.5	4.6	28.4	12.6	600.8	384.8	660.6	456.3	346.5	379.6	1,007.1	835.9	1,607.9	1,220.7
K Mecklenburgh (CFO) ⁵	370.0	44.8	2.7	–	18.5	2.2	391.2	47.0	430.4	98.3	–	–	430.4	98.3	821.6	145.3

Notes:

1. Fixed pay consists of salary, taxable benefits and pensions as set out above.
2. Variable pay consists of bonus and LTIP as set out above. Further details on the LTIPs which vested and were exercised by Graham during the year are provided in the section 'Single figure remuneration for our Executive Directors' above.
3. See section below setting out details of the benefits provided.
4. Details of the bonus targets, their level of satisfaction and the resulting bonus earned in FY2024 are set out on page 131 to 133.
5. Graham Charlton was CFO until 18 June 2023. Katy Mecklenburgh was appointed CFO with effect from 19 June 2023.

Taxable benefits

Benefits in the year for the Executive Directors comprised health benefits such as private health insurance, health cash plan, critical illness, income protection and dental and life cover. Figures are reported where appropriate.

FY2024 annual bonus outcomes

In respect of FY2024, the bonus awards payable to Executive Directors were agreed by the Committee, having carefully reviewed:

- financial performance (80% weighting): the Committee considered the Group's year-end results and any relevant associated factors in respect of underlying performance; and
- non-financial performance (20% weighting): the Committee considered progress against key actions in respect of ESG actions (employee engagement, customer satisfaction, sustainability and inclusion) and noted the ongoing strong performance.

The annual bonus structure operating for FY2025 will be similar to FY2024 and is explained on pages 131 to 133.

Details of the targets used to determine bonuses in respect of FY2024 and the extent to which they were satisfied are shown on pages 131 to 133. These figures are included in the single figure table.

Long term incentives vested in FY2024 (audited)

Awards under the Group's LTIP granted in November 2020 to Graham Charlton and to Graeme Watt (at which time Graeme was CEO) vested and were exercised by Graham and Graeme in FY2024. Vesting of the awards was subject to the following performance conditions (which were disclosed at the time of grant):

Measure	Weighting	Details
Adjusted EPS	50%	• No vesting of this element for adjusted EPS at end of performance period of below 38.9p • 20% vesting (threshold) for achieving 38.9p • Full vesting for achieving 46.9p or above • Straight-line vesting between threshold and full vesting
Relative TSR – assessed against the constituents of the FTSE 250 (excluding real estate and equity investment trusts)	50%	• No vesting for below median performance against the comparators • 30% vesting (threshold) for median performance • Full vesting for upper quartile performance • Straight-line vesting between threshold and full vesting

EPS for FY2023 was 56.0p per share and this element of the performance condition was achieved in full. TSR was ranked between the median and the upper quartile and as a result 84.86% of this element of the performance condition was achieved. Following formal review by the Committee, the Committee confirmed that vesting of the award would be in line with the achievement against performance conditions. Further details on the LTIPs which vested are provided in the tables in respect of single figure remuneration for Graham and on page 138 for Graeme.

Remuneration Committee report continued

Part B – Annual report on remuneration continued

Single total figure of remuneration (audited) continued

Long term incentives vested in FY2024 (audited) continued

As a result of the partial achievement of performance conditions, the table below details the LTIP granted in November 2020, the number of shares lapsed and the number vested and exercised. When Graeme retired as CEO on 31 July 2023, the Committee treated him as a 'good' leaver and he retained his LTIP awards subject to pro-rating from the date of retirement to the respective vesting dates. The table below includes the LTIPs lapsed from the November 2020 award due to the pro-rating:

Director	LTIP options granted in November 2020	LTIP options lapsed	LTIP options vested and exercised
G Watt ¹	40,480	7,222	33,258
G Charlton	26,986	2,043	24,943

Note:

1. These lapsed options shown for Graeme Watt consist of 2,724 shares which lapsed as the performance condition was not achieved in full and 4,498 shares which lapsed due to pro-rating on Graeme's retirement as CEO on 31 July 2023.

Non-Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director.

Non-Executive Director	2024 fees	2023 fees	Roles
G Watt ¹	£236,345	–	Chairman
M Hellawell ²	–	£203,747	Former Chair
V Murria	£76,800	£75,000	Independent Non-Executive Director, Designated Director for Workforce Engagement and Chair of the Sustainability Committee
L Weedall	£101,925	£90,438	Chair of the Remuneration Committee and Chair of the Nomination Committee
M Prakash ³	£56,650	–	Independent Non-Executive Director
J Ferguson ⁴	£39,425	–	Senior Independent Director
R Perriss	£76,800	£75,000	Independent Non-Executive Director and Chair of the Audit Committee
K Slatford ⁵	–	£40,898	Former Independent Non-Executive Director

Notes:

1. As previously reported, the Remuneration Committee exercised its discretion to allow Graeme to continue to receive his health benefits as Chairman. The cost of providing this cover during FY2024 and other P11D benefits was £4,345 and is included in the figure for Graeme's fees above. Graeme's Chairman fee for the year was £232,000.
2. Martin retired from the Board on 31 July 2023.
3. Mayank joined the Board on 1 September 2023.
4. Jacqui joined the Board on 1 January 2024.
5. Karen retired from the Board on 17 January 2023.

Graeme Watt share awards as former CEO

Graeme Watt was appointed Non-Executive Chairman with effect from 1 August 2023. Prior to that he was CEO and he participated in Softcat's LTIP and Annual Bonus Plan, which included awards of deferred shares. As previously explained, the Committee approved that Graeme's outstanding LTIPs when he retired as CEO shall be pro-rated and that the deferred bonus shares shall not be pro-rated. LTIP and deferred share awards made in 2020 to Graeme vested during FY2024 and are not included in the above.

In respect of the 2020 LTIP, awards were made over 40,480 ordinary shares; this was pro-rated on retirement reducing Graeme's award to 35,982 and as a result of partial achievement of the performance criteria, 92.43% of the pro-rated award vested. Options over 33,258 were exercised by Graeme during FY2024. The share price at the time of exercise was £12.45 per share, resulting in a gain of £414,062.

All of the 2020 deferred share awards over 16,857 ordinary shares vested and were exercised by Graeme during FY2024. The share price at the time of exercise was £12.45 per share, resulting in a gain of £209,869.

Executive Director participants in the LTIP and deferred share awards may also receive a cash payment representing the value of dividends (a dividend equivalent) on the shares over the performance period. A cash dividend equivalent payment was made to Graeme upon vesting of both the 2020 LTIP and 2020 deferred share awards of £33,080 and £16,770 respectively.

Scheme interests awarded during the financial year (audited)

Long Term Incentive Plan awarded in FY2024 (audited)

On 23 November 2023, the following annual awards of nil-cost options under the Group's Long Term Incentive Plan ('LTIP') were made to the CEO and CFO:

Director	Award type	Basis of award (% of salary)	Face value of award £	Number of shares granted	Date of grant	Date of vesting	Share price ¹
G Charlton	Nil-cost options	150%	851,917	68,703	23/11/23	23/11/26	£12.40
K Mecklenburgh	Nil-cost options	150%	554,999	44,758	23/11/23	23/11/26	£12.40

Note:

1. The share price used to determine the award was calculated by reference to the prevailing market price of an ordinary share on the business day prior to the award.

40% of the award is subject to the Company's relative TSR performance against the FTSE 250 (excluding real estate and investment trusts) over a three-year performance period to the end of FY2026 and 60% subject to adjusted EPS targets at the end of the period. These conditions are set out below:

Measure	Weighting	Details
Adjusted EPS	60%	• Nil vesting of this element for adjusted EPS at end of performance period of less than 59.1p • 20% vesting (threshold) for achieving 59.1p • 67% vesting for achieving 66.1p • Full vesting for achieving 71.8p or above • Straight-line vesting between 20% and 67% and between 67% and full vesting
Relative TSR - assessed against the constituents of the FTSE 250 (excluding real estate and equity investment trusts)	40%	• Nil vesting for below median performance against the comparators • 30% vesting (threshold) for median performance • Full vesting for upper quartile performance • Straight-line vesting between threshold and full vesting

The EPS targets were set following the end of the 2023 financial year based on an assessment of the business and were included in the 2023 Annual Report on Remuneration. The adjusted earnings per share for the purposes of the LTIP performance measure is calculated as earnings per share in accordance with IAS 33, adjusted for exceptional items as determined by the Committee.

Deferred Bonus Plan awarded in FY2024 (audited)

On 23 November 2023, awards under the Group's Deferred Bonus Plan ('DBP') were made as set out below, in respect of achievement under the Annual Bonus Plan in FY2023. Deferred shares are not subject to further performance conditions and vest following a three-year holding period.

Director	Award type	Face value of award £	Number of shares granted	Date of grant	End of deferral period	Share price ¹
G Watt ²	Nil-cost options	316,770	25,546	23/11/23	23/11/26	£12.40
G Charlton	Nil-cost options	211,184	17,031	23/11/23	23/11/26	£12.40
K Mecklenburgh ³	Nil-cost options	25,036	2,019	23/11/23	23/11/26	£12.40

Note:

1. The share price used to determine the award was calculated by reference to the prevailing market price of an ordinary share on the business day prior to the award.
2. Graeme retired as CEO on 31 July 2023 and participated in the Annual Bonus Plan for the full 2023 financial year.
3. Katy joined the Board on 19 June 2023 and did not participate in the annual bonus plan for the full 2023 financial year.

Remuneration Committee report continued

Part B - Annual report on remuneration continued

Long Term Incentive Plan to be awarded in FY2025

Vesting of the awards will be subject to the following performance conditions:

Measure	Weighting	Details
Adjusted EPS	60%	- No vesting of this element for adjusted EPS at end of performance period of below 65.9p 20% vesting of this element for adjusted EPS at end of performance period of 65.9p 67% vesting of this element for adjusted EPS at end of performance period of 73.6p - Full vesting for 79.7p - Straight-line vesting between 20% and 67% and between 67% and full vesting
Relative TSR - assessed against the constituents of the FTSE 250 (excluding real estate and equity investment trusts)	40%	- No vesting for below median performance against the comparators 30% vesting (threshold) for median performance - Full vesting for upper quartile performance - Straight-line vesting between threshold and full vesting

Pension entitlements (audited)

The Group operates a defined contribution pension scheme which the Executive Directors can participate in, or they can take a cash supplement in lieu of pension.

In FY2024, Graham Charlton and Katy Mecklenburgh were entitled to 5% of salary either as an employer pension contribution into the defined contribution scheme or as a pension cash allowance. This is in line with employer pension contributions available for the general workforce.

None of the Directors receive an entitlement under a defined benefit plan.

Share Incentive Plan ('SIP')

There were no free shares awarded in FY2024 (FY2023: Nil). Free shares were awarded under the SIP on 11 December 2015, and became free of any restrictions on the fifth anniversary following the award. Graham was awarded 301 free shares in 2015, which he retained.

The Executive Directors have an entitlement to purchase partnership shares under the SIP. Graham Charlton purchased 121 partnership shares and Katy Mecklenburgh purchased 79 partnership shares during the year. The total SIP holdings are provided on page 141 as part of the Directors' share interests table.

Payments to past Directors/payments for loss of office (audited)

There were no payments for loss of office made to Directors in the year.

Statement of Directors' shareholding and share interests (audited)

Director	Shareholding requirement (% of salary) ¹	Current shareholding (% of salary) ²	Beneficially owned ³	Other shares held		Options			Shareholding requirement met?
				LTIP interests subject to performance conditions	Deferred shares not subject to performance conditions	Vested and unexercised	Unvested	Exercised	
Executive Directors									
G Charlton	200	418	118,126 ³	139,735	52,303 ⁴	–	–	–	Yes
K Mecklenburgh ⁵	200	5	79	44,758	2,019 ⁴	–	–	–	No
Non-Executive Directors									
G Watt	n/a	n/a	135,007	37,771	78,455	–	–	–	n/a
J Ferguson	n/a	n/a	–	n/a	n/a	n/a	n/a	n/a	n/a
M Prakash	n/a	n/a	–	n/a	n/a	n/a	n/a	n/a	n/a
V Murria	n/a	n/a	165,397	n/a	n/a	n/a	n/a	n/a	n/a
L Weedall	n/a	n/a	1,300	n/a	n/a	n/a	n/a	n/a	n/a
R Perriss	n/a	n/a	15,000	n/a	n/a	n/a	n/a	n/a	n/a

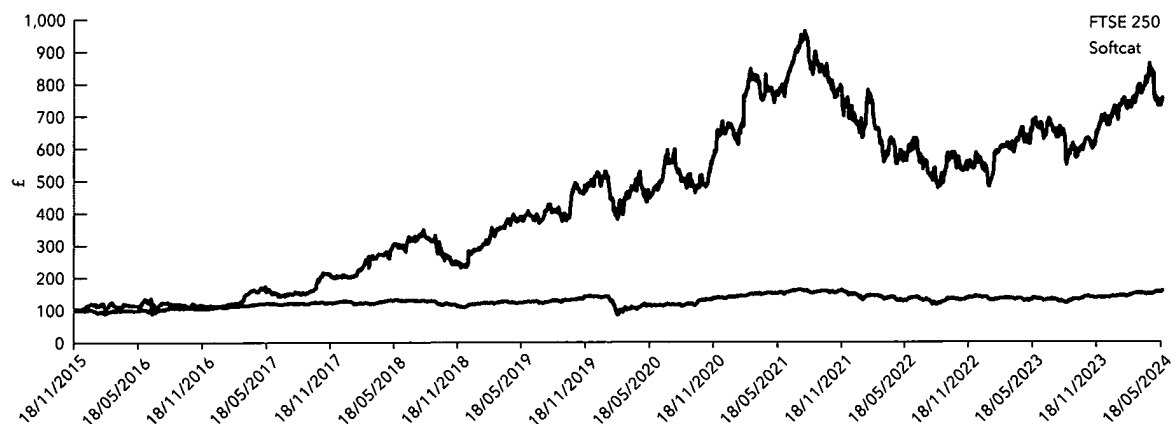
Notes:

- The Committee has adopted formal shareholding guidelines that encourage the Executive Directors to build up, over a five-year period, and then subsequently hold, a shareholding equivalent to at least 200% of base salary. The shareholding requirement is calculated as follows:
 - shares owned by the Executive Director (and their associates) count towards the ownership target;
 - shares which have vested, but which remain subject to a holding period and/or clawback, count towards the ownership target;
 - unvested shares, which are not subject to a further performance condition, count towards the ownership target on a net of tax basis. This includes deferred awards under the annual bonus plan; and
 - unvested awards and unexercised options which have performance conditions attached do not count towards the ownership target.
- This is based on a closing share price of £16.26 on 31 July 2024 and the year-end salaries of the Executive Directors. The calculation includes the value of deferred shares not subject to performance conditions on a net of tax basis, based on the tax rates applicable on 31 July 2024. Values are not calculated for Non-Executive Directors as they are not subject to executive shareholding requirements.
- This includes investment in partnership shares under the SIP. Graham purchased 29 partnership shares between the year end and the date of this report and Katy purchased 30. Neither of these post-year end purchases are included above.
- This is in respect of previous awards of nil-cost options granted under the Deferred Share Bonus Plan.
- Katy Mecklenburgh was appointed to the Board in June 2023. In line with the shareholding guidelines for Executive Directors, she has a five-year period to build up her shareholding to the target of 200% of salary.

Comparison of overall performance and pay

The graph below shows the value of £100 invested in the Company's shares since listing compared with the FTSE 250 index. The graph shows the total shareholder return generated by both the movement in share value and the reinvestment over the same period of dividend income.

The Committee considers that the FTSE 250 is the appropriate index because the Company has been a member of this since the first review of the index since the IPO. This graph has been calculated in accordance with the Regulations. It should be noted that the Company listed on 18 November 2015 and therefore only has a listed share price for the period of 18 November 2015 to 31 July 2024.



Remuneration Committee report continued

Part B – Annual report on remuneration continued

Chief Executive's historical remuneration

The table below sets out the relative importance of spend on pay in the 2024 financial year. All figures provided are taken from the relevant Group accounts.

Chief Executive		2024	2023	2022	2021	2020	2019	2018	2017	2016
G Charlton		£1,607,879	–	–	–	–	–	–	–	–
G Watt ¹	Total single figure	–	£1,837,361	£2,867,134	£2,588,093	£991,372	£919,518	£305,539	–	–
M Hellawell ¹		–	–	–	–	–	–	£532,716	£774,908	£562,117
G Charlton	Annual bonus	78	–	–	–	–	–	–	–	–
G Watt ¹	payment level	–	83	96	100	72	100	100	–	–
M Hellawell ¹	achieved (% of maximum opportunity)	–	–	–	–	–	–	100	100	99
G Charlton	LTIP vesting	92	–	–	–	–	–	–	–	–
G Watt ¹	level achieved	–	97	100	100	n/a	n/a	n/a	n/a	n/a
M Hellawell ¹	(% of maximum opportunity)	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note:

1. Martin Hellawell and Graeme Watt retired as Chief Executive on 31 March 2018 and 31 July 2023 respectively.

Relative importance of the spend on pay

The table below sets out the relative importance of spend on pay in the 2024 financial year. All figures provided are taken from the relevant Group accounts.

	Disbursements from profit in 2024 financial year	Disbursements from profit in 2023 financial year
Profit distributed by way of dividend	£76.0m	£74.2m
Total tax contributions ¹	£61.2m	£60.6m
Overall spend on pay, including Executive Directors	£207.3m	£179.9m

Note:

1. Includes corporation tax and employer's National Insurance contributions. The total tax contributions have been included because of the size of the contributions in comparison to other payments.

Change in the Directors' remuneration compared with employees

The table below sets out the annual change in Directors' remuneration from the previous year compared to the average annual change in remuneration for all other employees. The notes beneath this table describe how we have calculated the year-on-year change.

	% increase/(decrease) in remuneration in 2020 compared with remuneration in 2019			% increase/(decrease) in remuneration in 2021 compared with remuneration in 2020		
	Salary or fees	Bonus ¹	Benefits ²	Salary or fees	Bonus ¹	Benefits ²
Graeme Watt ³	3%	12%	0%	3%	43%	37%
Graham Charlton ³	3%	12%	(9)%	3%	43%	37%
Martin Hellawell	3%	0%	1%	0%	0%	1%
Vin Murria ⁵	23%	0%	0%	4%	0%	0%
Robyn Perriss	0%	0%	0%	3%	0%	0%
Karen Slatford ⁶	n/a	n/a	n/a	6%	0%	0%
Lynne Weedall ⁷	n/a	n/a	n/a	n/a	n/a	n/a
All employees ⁹	5%	(14)%	(14)%	3%	12%	1%

	% increase/(decrease) in remuneration in 2022 compared with remuneration in 2021			% increase/(decrease) in remuneration in 2023 compared with remuneration in 2022			% increase/(decrease) in remuneration in 2024 compared with remuneration in 2023		
	Salary or fees	Bonus ¹	Benefits ²	Salary or fees	Bonus ¹	Benefits ²	Salary or fees	Bonus ¹	Benefits ²
Graeme Watt ³	10%	6%	12%	5%	(9)%	(1)%	(57)%	–	(5)%
Graham Charlton ³	10%	6%	12%	5%	(9)%	(1)%	54%	45%	(3)%
Katy Mecklenburgh ^{3,4}	n/a	n/a	n/a	n/a	n/a	n/a	0%	(15)%	–
Martin Hellawell	5%	–	–	23%	–	(1)%	n/a	n/a	n/a
Vin Murria ⁵	(7)%	–	–	18%	–	–	2%	–	–
Robyn Perriss	3%	–	–	18%	–	–	2%	–	–
Karen Slatford ⁶	11%	–	–	12%	–	–	n/a	n/a	n/a
Lynne Weedall ⁷	n/a	n/a	n/a	42%	–	–	13%	–	–
Mayank Prakash ⁸	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–
Jacqui Ferguson ⁸	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–
All employees ⁹	5%	7%	34%	8%	(44)%	(3)%	2%	8%	(3)%

Notes:

- Excludes commissions for employees.
- Includes private medical insurance only for employees.
- For the Directors, the percentage change reflects the figures set out in the single figure table on page 137. Figures are on an annualised basis where the Director joined or left during the year. The decreases in salary/fees and bonus for Graeme in FY2024 reflects a change of his role from Chief Executive to Non-Executive Chairman from 1 August 2023.
- Katy Mecklenburgh joined the Board of Softcat in June 2023, however, she did not receive any benefits in FY2023.
- In respect of 2020/21, Vin Murria stepped down as Chair of the Nomination Committee during the year. Fees receivable for these duties were in addition to the fees payable as a Non-Executive Director.
- In respect of 2020/21, Karen Slatford was appointed as Chair of the Nomination Committee during the year. Fees receivable for these duties were in addition to the fees payable as a Non-Executive Director. Karen stepped down as Chair of the Remuneration Committee during FY2022. Karen retired from the Board in January 2023.
- Lynne Weedall joined the Board of Softcat in May 2022. Following the retirement of Karen Slatford in January 2023, Lynne was appointed interim Senior Independent Director ('SID') and Chair of the Nomination Committee. Jacqui Ferguson succeeded Lynne as the SID during FY2024.
- Mayank and Jacqui joined the Board during FY2024.
- For employees, figures represent Softcat plc. Details are in respect of the average percentage change in respect of the remuneration of employees on a full-time equivalent basis. In order to make the comparisons meaningful, the average percentage change in respect of each of salary, bonus and benefits for employees is a per capita figure. For FY2024, the increase in bonus is due mostly to improved performance versus targets for senior management when compared to the prior year. The FY2024 benefits values have fluctuated due to change in premiums.

Remuneration Committee report continued

Part B – Annual report on remuneration continued

CEO pay ratios

The UK Government requires certain companies with over 250 employees to disclose annually the ratio of their CEO's single figure total remuneration to that of the UK workforce. CEO pay ratio data is presented below for 2024, with comparative figures since 2020, which were disclosed in previous Directors' Remuneration Reports. The data shows how the CEO's single figure remuneration for 2024 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentiles.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	Option A	57:1	37:1	21:1
2023	Option A	72:1	44:1	24:1
2022	Option A	100:1	64:1	36:1
2021	Option A	89:1	57:1	32:1
2020	Option A	33:1	21:1	12:1
2019	Option A	35:1	22:1	12:1

The Government's methodology of Option 'A' has been used to calculate the remuneration of 2,472 employees (FY2023: 2,206) who were employed on the assessment date of 31 July for each respective financial year. All individuals in employment at this date were included in the calculation, with applicable components of individual remuneration annualised for employees not employed for the full twelve months. This option was selected given as it was considered to be the most efficient and robust approach in respect of gathering the required data and in particular was considered to be the most accurate way of identifying the best equivalents of the 25th, 50th and 75th percentiles.

We calculated our total remuneration for full-time equivalent employees to include:

- annual salary and allowances;
- annual bonus earnings (for the period relating to the respective financial year);
- gains realised from exercising awards granted under the SIP or LTIP share plans; and
- the value of taxable benefits (including pension contributions).

The increase in ratio after 2020 primarily reflects the value of LTIP awards which vested and were exercised by the relevant CEO during each period. No LTIPs had vested up to 2020.

Pay in respect of the CEO and UK workforce is shown in the table below.

	CEO	All employees		
	(See single figure table, page 137)	25th percentile	Median	75th percentile
2024 salary	£567,945	£24,041	£28,387	£39,659
2024 total pay	£1,607,879	£28,266	£43,248	£75,835

Consideration by the Directors of matters relating to Directors' remuneration

The Board has delegated to the Committee, under agreed terms of reference, responsibility for the Remuneration Policy and for determining specific packages for the Executive Directors, other selected members of the senior management team and the Chairman's fee. The Group consults with key shareholders in respect of the Remuneration Policy and the introduction of new incentive arrangements.

The terms of reference for the Committee are available on the Group's website, www.softcat.com/about-us/investor-centre/governance, and from the Company Secretary at the registered office.

Our main responsibilities are:

- to determine and agree with the Board the broad Remuneration Policy for the Executive Directors and other selected members of the senior management team;
- to review the ongoing appropriateness and relevance of the Remuneration Policy; and
- to review any major changes in employee benefit structures throughout the Group and to administer all aspects of any share scheme.

The Committee receives assistance from the Company Secretary, who attends meetings. The Chief Executive, the Chief Financial Officer, the Chief People Officer and the Head of Reward, Payroll and HR Services attend by invitation and when appropriate.

In setting the Remuneration Policy for Directors, the pay and conditions of other employees of the Group are taken into account, including any base salary increases awarded and the level of employer pension contribution. During the year, the Committee received updates on pay and benefits across the general workforce and a wider briefing on external pay trends. The Committee also reviews and approves the remuneration structure for the management-level tier below the Executive Directors and the proposed framework for annual pay rises and uses this information to ensure consistency of approach.

The Group does not use remuneration comparison measurements. A formal employee forum has been established within the business where staff can raise any issue they feel to be relevant with the Designated Non-Executive Director for Workforce Engagement (Vin Murria). There are also regular employee engagement meetings led by the CEO and CFO. The Non-Executive Directors also between them annually engage directly with each of the Softcat offices and report back to the Board following their engagements.

The Committee Chair directly engaged with a small group of employee representatives to explain Softcat's executive remuneration policy and how it aligns with wider Group pay policy. During the engagement session, the Committee Chair explained the purpose and work of the Committee and the key decisions which were made during the year. The employee representatives asked questions about executive remuneration and how it aligns to pay elsewhere in the Group and also provided feedback on pay in certain other roles in the business.

Feedback from some employees indicated greater interest in participating in employee share schemes. Softcat already operates a Share Incentive Plan for all eligible employees and as a result of the employee feedback the Committee has started a further review on our approach to employee share ownership.

Workforce engagement helps to provide further assurance to the Committee that executive remuneration is considered to be well aligned with the Group's wider philosophy on pay, particularly in respect of the importance of setting appropriate benchmarks for fixed pay and on the importance of variable pay as an incentive to drive stretching performance. The Committee believes there is strong alignment between executive pay, wider workforce pay, the Group's culture and strategy.

Advisers to the Remuneration Committee

During the financial year, PwC advised the Committee on all aspects of the Remuneration Policy for Executive Directors and selected members of the senior management team. PwC was appointed by the Committee following IPO in November 2015. The Committee is satisfied that no conflict of interest exists or existed in the provision of these services.

PwC is a member of the Remuneration Consultants Group and the Voluntary Code of Conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Fees of £61,500 (excluding VAT) (2023: £77,000) were provided to PwC during the year in respect of remuneration advice received.

Statement of voting at general meeting

The table below shows the binding vote approving the Directors' Remuneration Policy at the 2022 AGM and the advisory vote on the Annual Report on Remuneration at the 2023 AGM.

	Votes for	%	Votes against	%	Votes withheld
Directors' Remuneration Policy (2022 AGM)	169,094,250	98.50	2,569,431	1.50	88
Annual Report on Remuneration (2023 AGM)	170,871,646	96.73	5,781,814	3.27	5,491

Statement of implementation of the Remuneration Policy in FY2024

The Committee has reviewed and considered the key components of remuneration to ensure that the Remuneration Policy (summarised below) is fit for purpose, continues to drive success within the remuneration framework and meets the shareholder and governance expectations of a FTSE 250 company. A revised Remuneration Policy was approved by shareholders at the 2022 AGM.

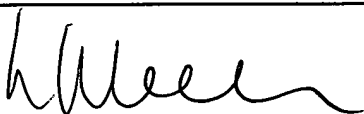
	Implementation in 2024/25	What was implemented in 2023/24
Base salary	For FY2025, base salaries for the CEO and CFO will be £584,983 and £381,100 respectively. This represents an increase of 3% for each of the CEO and CFO, in line with standard increase for most of the workforce.	For FY2024, base salaries for the CEO and CFO were £567,945 and £370,000 respectively.
Pension	No change.	5% of salary.
Benefits	No change.	All Directors, including Non-Executive Directors, will be entitled to participate in a salary sacrifice scheme for electric vehicles for personal use and commuting.

Remuneration Committee report continued

Part B – Annual report on remuneration continued

Statement of implementation of the Remuneration Policy in FY2024 continued

	Implementation in 2024/25	What was implemented in 2023/24
Annual bonus plan ('ABP')	No change.	Maximum opportunity: 150% of salary for the CEO and for the CFO.
- Cash - Deferred share award		Measures: 80% on operating profit. If the Group had made a corporate acquisition during the year, operating profit growth would have only been assessed by the Committee in respect of the performance of the business during the financial year, excluding the acquisition. In the event of an acquisition, the Committee would have re-assessed the setting of the operating profit targets for the following financial year, to ensure they remain relevant and stretching. 20% on robust ESG goals. An element of the ABP is deferred into a share award, usually with a three-year vesting period.
LTIP	No change.	FY2024 LTIP awards: 150% of salary for the CEO and for the CFO. - Measures against TSR (40%) and EPS (60%). If the Group had made a corporate acquisition during the vesting period, EPS growth would have only been assessed in respect of the performance of the business during the vesting period, excluding the acquisition. In the event of an acquisition, the EPS targets for the grant in respect of the following financial year would have been re-assessed, to ensure they remain relevant and stretching. Targets are shown on pages 137 and 138.
Shareholding requirements	No change.	200% of salary for CEO and for CFO. The shareholding requirement is calculated as follows: - shares owned by the Executive Director count towards the ownership target; - shares which have vested, but which remain subject to a holding period and/or clawback, count towards the ownership target; and - unvested shares, which are not subject to a further performance condition, count towards the ownership target on a net of tax basis. This includes deferred awards under the ABP.
Chair and Non-Executive fees	Chairman fee: £238,960 Board fee: £63,654 Senior Independent Director fee: no change Committee Chair fee (per Committee): no change. Lynne Weedall is currently Chair of the Nomination Committee and will be the Designated Director for Workforce Engagement ('DNED') following the retirement from the Board of Vin Murria in December 2024. The fee for the DNED will be included as part of the role of Chair of the Nomination Committee.	Chair fee: £232,000. Board fee: £61,800. Senior Independent Director fee: £13,500. Committee Chair fee (per Committee): £15,000. Fee for the Designated Director for Workforce Engagement (which includes Chair of the Sustainability Committee): £15,000.



Lynne Weedall
Chair of the Remuneration Committee
23 October 2024

Directors' report

The following is the report of the Directors of the Company for the financial year ended 31 July 2024.

Non-Financial and Sustainability Information Statement

In accordance with Sections 414CA and 414CB of the Companies Act 2006, the following chart summarises where you can find further information in this Annual Report on each of the key areas of disclosure that these sections require.

Environmental, social and employee-related matters	• This year we have provided disclosure on Softcat's environmental commitments, including reporting on the Climate-related Financial Disclosures ('CFD'). Our green teams continue to raise awareness of the importance of environmental issues through their activities. • Our positive and inclusive culture, as well as good employee engagement, is integral to Softcat's success. Both the Board and management understand this and a considerable amount of time is spent ensuring these are maintained. • We discuss each of these areas in the report on Social Value and in the report on CFD and Sustainability on pages 52 to 82. This includes the sustainability disclosures required to comply with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31). Please also see the Governance Report on pages 90 to 106.
Human rights and anti-bribery-related matters	• Human rights abuse and modern slavery risks are not considered a material issue for the Company. • We operate anti-bribery, corruption and tax evasion procedures which support compliance with the UK Bribery Act and other legislation. • We discuss each of these areas in the report on Social Value on pages 52 to 59.
Diversity policy and approach	• We continue to put great importance on the positive benefits that diversity of gender, ethnicity, experience, background and viewpoints can bring to the business. • We support numerous initiatives to help improve diversity and inclusion. Progress on these is monitored by both senior management and the Board. The Board acknowledges there is more we need to do to improve diversity in areas of our business and we will continue with our efforts. • We discuss some of the actions taken in response to employee engagement in the Section 172 Statement on pages 42 to 49 of this report, and our approach to diversity in the report on Social Value on pages 52 to 59, in the Chairman's Statement on pages 8 to 11 and in the Nomination Committee Report on pages 117 to 122.
Business model, policies, principal risks and KPIs	• We operate a business model which includes non-financial inputs and outputs. Our business model is underpinned by our straightforward strategy. • Risks, including financial and non-financial risks, are monitored by management and by the Audit Committee. The Audit Committee also considers the key internal controls for the business. • The Board regularly reviews both financial and non-financial KPIs, which are relevant for monitoring the performance of the business and have a clear link to delivering against our strategy. We disclose performance against our key KPIs. • We discuss our business model on pages 22 and 23 and key risks on pages 83 to 88 and selected KPIs are reported on pages 36 and 37. Our strategy is discussed in various places in the Strategic Report, including pages 30 to 35.

Directors' Report

The Directors present their report for the year to 31 July 2024.

Softcat plc is a public company limited by shares, incorporated in England and Wales, and its shares are traded on the equity shares (commercial companies) segment of the Main Market of the London Stock Exchange.

Directors' report continued

Disclosures incorporated by reference

For the purposes of compliance with Disclosure Guidance and Transparency Rules ('DTR') DTR 4.1.5 R (2) and DTR 4.1.8 R, the required content of the 'Management Report' can be found in the Strategic Report and this Directors' Report. The following disclosures required to be included in this Directors' Report have been incorporated by way of reference to other sections of this report and should be read in conjunction with this report:

- Corporate Governance Statement – refer to page 92 of this report;
- statement explaining how the Directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Group during the financial year – refer to pages 42 to 49 of this report;
- strategy and relevant future developments – refer to pages 24 to 29 and pages 30 to 35 of the Strategic Report; and
- financial risk management objectives and policies – refer to the 'Risk management' section included in the Strategic Report on pages 83 to 88 and note 21 to the financial statements.

The information in respect of the Non-Financial Reporting Directive appearing in this Directors' Report is also incorporated by reference as required in the Strategic Report.

Directors of the Company

The following Directors have held office since 1 August 2023:

Name	Position	Date of appointment
G Watt	Chairman	Appointed as Chief Executive on 1 April 2018 and Chairman on 1 August 2023
G Charlton	Chief Executive	Appointed Chief Financial Officer on 19 March 2015 and Chief Executive on 1 August 2023
K Mecklenburgh	Chief Financial Officer	Appointed 19 June 2023
V Murria	Independent Non-Executive Director	Appointed 3 November 2015
R Perriss	Independent Non-Executive Director	Appointed 1 July 2019
L Weedall	Independent Non-Executive Director	Appointed 3 May 2022
M Prakash	Independent Non-Executive Director	Appointed 1 September 2023
J Ferguson	Independent Non-Executive Director	Appointed 1 January 2024

Biographies of the Directors as at 23 October 2024 can be found on pages 94 and 95.

Powers of Directors

The general powers of the Directors are contained within UK legislation and the Company's Articles of Association (the 'Articles'). The Directors are entitled to exercise all powers of the Company, subject to any limitations imposed by the Articles or applicable legislation.

Directors' interests

The interests of the Directors in the issued shares of the Company at 31 July 2024 are disclosed in the Remuneration Report on page 141. The Remuneration Report also sets out details of any changes in those interests between the year end and up to the date of this report.

No Director had a material interest in any contract of significance with the Group at any time during the financial year.

Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in the Articles. They provide that Directors may be appointed by ordinary resolution of the members or by a resolution of the Directors. Any Director so appointed must retire and put themselves forward for election at the next Annual General Meeting ('AGM'). Directors wishing to continue to serve as members of the Board will seek re-election annually in accordance with the UK Corporate Governance Code (the 'Code').

In accordance with the Code, at the 2024 AGM, with the exception of Vin Murria (see page 118), all Directors that are eligible will stand for election or re-election.

Indemnification of Directors

The Directors have the benefit of an indemnity provision contained in the Articles. The provision was in force during the year ended 31 July 2024 and remains in force and relates to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Company. In addition, Directors and officers of the Company and its subsidiaries are covered by directors' and officers' liability insurance.

Compensation for loss of office and change of control

There are no agreements in place with any Director that would provide compensation for loss of office or employment resulting from a change of control. Change of control provisions for the Group's share plans may cause options and awards granted under such plans to vest on a takeover.

The Company is not party to any other significant agreements that take effect after, or terminate upon, a change of control.

Articles of Association

The Articles may be amended by a special resolution of the members. At the AGM held on 12 November 2015, shareholders approved by special resolution the amended Articles which took effect at the date of the initial public offering ('IPO') on 18 November 2015.

Share capital and control

The Company's ordinary issued share capital as at 31 July 2024 was 199,764,461 ordinary shares of 0.05p each, which have a listing on the equity shares (commercial companies) segment of the Main Market on the London Stock Exchange. The ordinary share class represents over 99.9% of the Company's total issued share capital.

In addition to the ordinary shares, the Company also has a class of 18,933 deferred shares which were created following the share capital reorganisation at IPO and which are not admitted to trading on a regulated market.

Shares acquired through the Group's share schemes and plans rank equally with the other shares in issue and have no special rights. The Group has a Share Incentive Plan Trust ('SIP Trust') for the benefit of employees of the Group. As at 31 July 2024, the SIP Trust held 133,538 shares (2023: 159,996) awarded to employees as part of the free share award, subject to service conditions. A further 369,513 shares (2023: 368,545) were held on behalf of employees who have taken part in the Group's voluntary partnership share purchase programme. The SIP Trust also held 51,041 unallocated shares (2023: 51,041).

During the year ended 31 July 2024, share options were exercised pursuant to the Long Term Incentive Plan and the Annual and Deferred Bonus Plan, resulting in the additional listing and allotment of 244,109 new ordinary shares.

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company, and to appoint one or more proxies and, if they are corporations, corporate representatives who are entitled to attend general meetings and to exercise voting rights.

The deferred shares carry no voting rights or rights to receive any of the profits of the Group available for distribution by way of dividend or otherwise. On a return of capital on a winding up of the Group (but not otherwise), the holder is entitled only to the repayment of the amount paid up on that share after payment of the capital paid up on each other share in the capital of the Company and the further payment of £10,000,000 on each such share. The deferred shares represent less than 0.01% of the Company's total issued share capital.

Further information on the Company's issued share capital can be found in note 17 to the financial statements.

The Company passed the following resolutions on 13 December 2023:

- an ordinary resolution providing the Directors with authority to:
 - (i) allot ordinary shares up to a maximum nominal amount of £33,259, to be reduced by the nominal amount allotted or granted under paragraph (ii) below in excess of such sum; and
 - (ii) allot ordinary shares up to a maximum nominal amount of £66,519 in connection with a pre-emptive offer by way of a rights issue, such amount to be reduced by any allotments made under paragraph (i) above;
- special resolutions providing the Directors with authority to:
 - (i) allot shares or sell treasury shares for cash up to a maximum nominal amount of £9,977 (with additional authority for the purposes of making a follow-on offer up to an additional aggregate amount equal to 20% of any allotment under the resolution); and

- (ii) allot shares or sell treasury shares for cash up to a maximum nominal amount of £9,977 (with additional authority for the purposes of making a follow-on offer up to an additional aggregate amount equal to 20% of any allotment under the resolution), in connection with an acquisition or other capital investment;

- otherwise than to existing shareholders pro-rata to their shareholding; and
- a special resolution providing the Directors with authority to make market purchases of up to 19,955,759 of the Company's ordinary shares.

These authorities are due to expire at the Company's AGM to be held on 9 December 2024 and proposals for the renewal of the authority to allot ordinary shares and to make market purchases of the Company's own ordinary shares are set out in the Notice of the Annual General Meeting. The Directors have no current intention of exercising the authority in respect of the purchase of the Company's own shares, which is sought in the best interests of shareholders to allow the flexibility to react promptly where such market purchases may be desirable.

There are no restrictions on the transfer or limitations on the holding of ordinary shares and no requirements to obtain approval prior to any transfers other than: certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); pursuant to the Market Abuse Regulation and the Company's own rules whereby Directors and certain employees of the Company require the approval of the Company to deal in the ordinary shares; and pursuant to the Articles where there is default in supplying the Company with information concerning interests in the Company's ordinary shares. There are no special control rights in relation to the Company's ordinary shares.

There are no agreements between holders of securities that are known to the Company which may result in restrictions on the transfer of securities or on voting rights.

Directors' report continued

Substantial shareholders

The substantial shareholdings in the table below represent those interests notified to the Company as at 31 July 2024 in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, and those holdings may have changed since notification to the Company.

	As at 31 July 2024		As at 23 October 2024	
	Ordinary shares	Voting rights	Ordinary shares	Voting rights
Peter Kelly ¹	64,976,058	32.5%	64,976,058	32.5%
Capital Group	10,787,251	5.4%	10,787,251	5.4%
Mawer Investment Management Limited	9,946,370	5.0%	9,946,370	5.0%
GIC	7,123,496	3.6%	7,920,261	4.0%

Note:

1. The ordinary shares held by Peter Kelly include shares held beneficially via various entities or connected persons.

Principal shareholder and Relationship Agreement

Set out below is a statement describing the Relationship Agreement entered into by Softcat plc with its principal shareholder (the 'Relationship Agreement'). As at 23 October 2024, Peter Kelly, the founder of Softcat plc, held 32.5% of the issued ordinary share capital of the Company.

On 13 November 2015, Softcat plc and Peter Kelly entered into the Relationship Agreement. The principal purpose of the Relationship Agreement is to ensure that the Group will be capable of carrying on its business independently of Peter Kelly and certain persons deemed to be connected with him ('Connected Persons').

Pursuant to the Relationship Agreement, Peter Kelly, inter alia:

- shall procure that all transactions, agreements or arrangements entered into between the Group and Peter Kelly (or any of his Connected Persons) are conducted on an arm's length basis and on normal commercial terms. Peter Kelly shall abstain from voting on any resolution relating to a transaction with Peter Kelly (or any of his Connected Persons) as the related party; and

- shall (and shall procure that each of his Connected Persons shall) (i) not take any actions that would reasonably be expected to have the effect of preventing the Group from complying with its obligations under the Listing Rules or be prejudicial to the Group's status as a listed company or the Group's eligibility for listing; (ii) not propose or procure the proposal of a shareholder resolution that would circumvent or appear to circumvent the proper application of the Listing Rules; and (iii) not exercise his voting rights or other rights to procure any amendment to the Articles which would be contrary to the maintenance of the Group's independence, including its ability to operate and make decisions independently from Peter Kelly, or otherwise inconsistent with the provisions of the Relationship Agreement.

Furthermore, it is agreed that for so long as Peter Kelly (together with any of his Connected Persons) holds 10% of the issued share capital in Softcat plc, he shall be entitled to appoint one Non-Executive Director, although no such Director has been appointed as at the date of this Annual Report.

The Relationship Agreement will remain in effect for so long as: (a) Peter Kelly (and/or any of his Connected Persons) holds at least 10% of the issued share capital; and (b) the ordinary shares are admitted to the equity shares (commercial company) segment of the Official List maintained by the Financial Conduct Authority.

The Group has and, in so far as it is aware, Peter Kelly and his Connected Persons have complied with the independence provisions set out in the Relationship Agreement from the date of the agreement.

Risk regarding financial instruments

The financial risk management objectives and policies are disclosed in note 21 to the financial statements.

Research and development

The Group did not carry out any research and development activities during the 2024 financial year (2023: £Nil).

Political donations

The Company did not make any political donations during the 2024 financial year (2023: £Nil).

A resolution to authorise the Company to make political payments up to an aggregate amount of £100,000 has been included for shareholder consideration in the Notice of AGM for 2024. The Group does not intend to make any payments to political organisations or to incur other political expenditure; however, this resolution has been proposed to ensure there is authority under the wide definition used in the Companies Act 2006 of matters constituting political donations.

Greenhouse gas emissions and energy consumption

Information relating to the following is detailed in the report on CFD and Sustainability, on pages 60 to 82 of the Strategic Report:

- greenhouse gas emissions; and
- energy consumption and energy efficiency.

Corporate social responsibility

Details on our commitment to corporate social responsibility can be found in the report on Social Value on pages 52 to 59 of the Strategic Report.

Equality and diversity

The Group operates an equal opportunities policy which endeavours to treat individuals fairly and not to discriminate on the basis of gender, disability, race, national or ethnic origin, sexual orientation or marital status. Applications for employment are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

The Group is committed to ensuring that adequate policies and procedures are in place to enable disabled applicants to receive training to perform safely and effectively and to provide development opportunities to ensure they reach their full potential. Where an individual becomes disabled during their employment, we will seek to provide, wherever possible, continued employment on normal terms and conditions.

Adjustments will be made to the environment and duties or, alternatively, suitable new roles within the business will be secured with additional training where necessary.

Details of the Group's gender and ethnicity breakdown are given in the report on Social Value on page 52.

We place considerable value on the involvement of employees and continue to keep them informed on matters affecting them as employees. This is undertaken through a variety of methods including, but not limited to, regular meetings, team briefings, emails and the intranet. Vin Murria serves as the Designated Non-Executive Director for Workforce Engagement. Vin retires from the Board on 9 December 2024 and Lynne Weedall will succeed Vin as the Designated Non-Executive Director for Workforce Engagement.

At team meetings, managers are responsible for ensuring that information sharing, discussion and feedback take place on a regular basis. As a result of these meetings, management can communicate the financial and economic factors affecting the business and ensure that the views of employees are taken into account in Group decisions which are likely to affect their interests.

Post-balance sheet events

Dividend

The Board recommends a final ordinary dividend of 18.1p per ordinary share and a special dividend of 20.9p per ordinary share to be paid on 17 December 2024 to all ordinary shareholders who were on the register of members at the close of business on 8 November 2024. Shareholders will be asked to approve the final and special dividends at the AGM on 9 December 2024.

The Group's dividend and distributions policy is detailed in the Governance Report on page 103.

Requirements of the Listing Rules

The following table provides references to where the information required by Listing Rule 6.6.1R is disclosed:

Listing Rule requirement	Location in Annual Report
A statement of the amount of interest capitalised during the period under review and details of any related tax relief.	Not applicable
Information required in relation to the publication of unaudited financial information.	Not applicable
Details of any long-term incentive schemes and Directors' interests.	Directors' Remuneration Report, pages 125 to 146
Details of any arrangements under which a Director has waived emoluments, or agreed to waive any future emoluments, from the Group.	Directors' Remuneration Report, pages 125 to 146
Details of any non-pre-emptive issues of equity for cash.	Directors' Report, page 149
Details of any non-pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking.	No such share allotments
Details of parent participation in a placing by a listed subsidiary.	Not applicable
Details of any contract of significance in which a Director is or was materially interested.	Not applicable
Details of any contract of significance between the Company (or one of its subsidiaries) and a controlling shareholder.	Not applicable
Details of waiver of dividends by a shareholder.	Not applicable

Directors' report continued

Auditor

Ernst & Young LLP ('EY') has signified its willingness to continue in office as auditor and the Group is satisfied that EY is independent and that there are adequate safeguards in place to safeguard its objectivity. A resolution to reappoint EY as the auditor will be proposed at the 2024 AGM.

Subsidiaries and branches

The Group operates two subsidiary companies in the United States of America and also has branches in Australia, the United States of America, the Netherlands, Singapore, Hong Kong and Ireland.

Going concern

The Group and Company financial statements have been prepared on a going concern basis. The Directors' assessment is based on detailed trading and cash flow forecasts, using the same assumptions and methods as the viability assessment.

The going concern assessment covers at least the 12-month period from the date of the signing of the financial statements, and the going concern basis is dependent on the Group maintaining adequate levels of resources to operate during the period. To support this assessment, detailed trading and cash flow forecasts were prepared for the 15-month period to 31 October 2025. Based on the going concern assessment (which is provided in note 1.2 of the financial statements), the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

The Directors in office at the time of approval of the Directors' Report are listed on pages 94 and 95 and have each confirmed that:

- so far as he or she is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any such relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

2024 Annual General Meeting

The Company's 2024 AGM will take place on 9 December 2024 at the Company's registered office: Softcat plc, Fieldhouse Lane, Marlow, Buckinghamshire SL7 1LW.

The Chairman of the AGM intends for a poll to be called in respect of each of the resolutions to be voted on at the AGM. In the event of a show of hands every holder of ordinary shares who is present in person or by proxy at a general meeting has one vote on each resolution and, on a poll, every holder of ordinary shares who is present in person or by proxy has one vote on each resolution for every ordinary share of which he/she is the registered holder. The Notice of AGM specifies deadlines for exercising voting rights. The Notice of AGM can be found in the Investor Centre section of the Group's website, www.softcat.com, and is being posted at the same time as this Annual Report. The Notice of AGM sets out the business of the meeting and provides explanatory notes on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

A holder of ordinary shares may usually vote personally or by proxy at a general meeting. Any form of proxy must be delivered to the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote (for this purpose, the Directors may specify that no account shall be taken of any part of a day that is not a working day). A corporation which is a holder of ordinary shares in the Company may authorise such persons as it thinks fit to act as its representatives at a general meeting.

No holder of ordinary shares shall be entitled to attend or vote, either personally or by proxy, at a general meeting in respect of any ordinary share if any call or other sum presently payable to the Company in respect of such ordinary share remains unpaid or in certain other circumstances specified in the Articles where there is default in supplying the Company with information concerning interests in the Company's ordinary shares. The results of each of the resolutions to be voted on at the 2024 AGM will be published to the London Stock Exchange and will be available on the Group's website.

The AGM is the principal forum for communication with private shareholders and the Directors recognise its important role. The Chairman of the Board and the Chairs of the Committees, together with the other Directors, will be available to answer shareholders' questions at the meeting. Additionally, shareholders will be given the opportunity to submit questions via email to the Directors ahead of the meeting. Questions may be submitted to cossec@softcat.com or by letter addressed to the Company Secretary at the registered office. Questions should be received up to 24 hours in advance of the meeting and a response will be provided. Further information and requirements can be found within the Notice of AGM.

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group's financial statements in accordance with UK-adopted International Accounting Standards ('IFRSs'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Fair and balanced reporting

Having taken advice from the Audit Committee, the Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Responsibility statement pursuant to FCA's Disclosure Guidance and Transparency Rule 4 ('DTR 4')

Each Director of Softcat plc (whose names and functions appear on pages 94 and 95) confirms that (solely for the purpose of DTR 4) to the best of his or her knowledge:

- the financial statements, prepared in accordance with UK-adopted International Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit of the Group;

- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face; and
- they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The responsibility statement has been approved by the Board of Directors and is signed on its behalf by:


Graham Charlton
 Chief Executive Officer
 23 October 2024


Katy Mecklenburgh
 Chief Financial Officer
 23 October 2024

The Directors' Report has been approved by the Board of Directors and is signed on its behalf by:


Luke Thomas
 Company Secretary
 23 October 2024

Independent auditor's report

To the members of Softcat plc

Opinion

In our opinion:

- Softcat plc's Group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 July 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards ('IFRS');
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Softcat plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 July 2024 which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 July 2024	Company statement of financial position as at 31 July 2024
Consolidated statement of profit and loss and other comprehensive income for the year then ended	Company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes A to U to the financial statements including material accounting policy information
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 27 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding management's process and controls related to the assessment of going concern;
- checking the arithmetical accuracy of the cash flow forecast models and assessing the Group's historical forecasting accuracy;
- obtaining management's going concern models which included a base case (testing for consistency with the Board-approved three-year plan), a severe yet plausible downside cash flow scenario and a reverse stress test covering the going concern assessment period. These forecasts include an assessment of available cash balances given the Group has no external debt arrangements as well as understanding how the impact of the ongoing macro-economic uncertainty has been reflected in the forecasts;
- considering the downside scenarios, including the reverse stress case, identified by management, independently assessing whether there are any other scenarios which should be considered, and assessing the quantum of the impact on the available cash flows of the downside scenarios in the going concern period;
- challenging management's assumptions within the cash flow forecasts in relation to the forecast revenue growth rates, operating cost inflation and working capital in the going concern period, including searching for sources of contradictory evidence in our assessment of management's forecasting, such as assessing historical budgeting accuracy and comparing the forecast with analyst expectations and other external data sources. Due to uncertainty in the economy, we have focused our work on further sensitivities to the severe but plausible scenario and whether the reverse stress test scenario is considered remote;
- assessing the reasonableness of management's potential mitigating actions, principally the removal of forecast, undeclared dividends;
- assessing whether there are any material climate-related risks that should be incorporated into Softcat's forecasts to 30 October 2025;
- assessing the adequacy of the going concern assessment period until 30 October 2025, considering whether any events or conditions foreseeable after the period indicated a longer review period would be appropriate;
- enquiring of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern;
- comparing management's forecasts to actual results through the subsequent events period and performing enquiries to the date of this report; and
- assessing if the going concern disclosures in the financial statements are appropriate and in accordance with the revised ISA (UK) 570 Going Concern standard.

Our key observations

- The Directors' assessment is that Softcat plc has sufficient liquidity and headroom in cash throughout the going concern period to 30 October 2025. Management's severe but plausible scenario demonstrated that a worsening of all key assumptions against the base case would not result in liquidity concerns. This is prior to further potential mitigations modelled by management. The changes in assumptions modelled are considered to be highly unlikely based on historical financial performance.
- We have not identified any material climate-related risks that should be incorporated into Softcat plc's forecasts to 30 October 2025.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period to 30 October 2025.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independent auditor's report continued

To the members of Softcat plc

Overview of our audit approach

Key audit matters	• Overstatement of results through the misstatement of revenue recognised at or near year end • Presentation of revenue in respect of principal versus agent • Misstatement of rebate income to overstate reported results at or near year end
Materiality	• Overall Group materiality of £7.9m which represents 5% of profit before tax

An overview of the scope of the parent company and Group audits

Tailoring the scope

Softcat plc has prepared consolidated accounts for the first time for the financial year ended 31 July 2024, following the commencement of trade of Softcat US LLC.

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent internal audit results when assessing the level of work to be performed at each company.

The Group's operations are primarily based in the United Kingdom with a single head office and finance function and therefore all audit procedures are completed by one audit team at this location.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements we performed full scope audit procedures over 100% of the Group's profit before tax for the year ended 31 July 2024 and 100% of the Group's total assets at that date. We obtained an understanding of the entity-level controls of the Group which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations will be from business interruption driven by extreme climate or failure to evolve technology product offerings in line with consumer and investor demands. These are explained on pages 70 to 76 in the required Task Force on Climate related Financial Disclosures and on pages 86 to 88 in the principal risks and uncertainties. It has also explained its climate commitments on pages 77 and 78. All of these disclosures form part of the 'Other information,' rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on 'Other information'.

In planning and performing our audit, we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in note 1, the basis of preparation, how it has reflected the impact of climate change in its financial statements, including how this aligns with its commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. There are no significant judgements or estimates relating to climate change in the notes to the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments and the effects of material climate risks disclosed on pages 70 to 76. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work, we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Overstatement of performance through the misstatement of revenue recognised at or near year end

During the year the Group recognised revenue of £962.6m (2023: £985.3m).

Refer to the Audit Committee Report (pages 107 to 116); accounting policies (pages 166 to 176); and note 2 of the Group financial statements (pages 176 and 177).

Management's process for accounting for certain revenue transactions, particularly the review process at year end to record revenue in the appropriate period, is mostly manual and therefore susceptible to error (either deliberate or without intent). The accounting is made more challenging due to the reliance on suppliers to notify the Group of delivery, and for international shipments which results in a longer delivery lead time needing to be built into the assumptions utilised by management. There is a risk that revenue is recognised prematurely or fictitiously.

Our response to the risk

We performed the following procedures:

- Performed walkthroughs to update our understanding of the revenue recognition processes and key controls.
- Updated our understanding of management's cut off assessment, including the delivery lead time assumptions utilised, which we validated to historical averages.
- Tested revenue cut off by obtaining management's sales cut off assessment and independently testing a sample of transactions therein by vouching to invoices and proof of delivery.
- Tested unbilled receivables by obtaining management's analysis and independently testing a sample of transactions therein by vouching to invoices and proof of delivery.
- Tested an independent sample of transactions invoiced in the two weeks either side of the year end. We stratified the population between revenue type and selected our sample based on the following criteria:
 - key items based on a quantitative threshold or specific qualitative factors and
 - statistical sample of items invoiced within the seven days prior to the balance sheet date, which we considered to be of higher risk based on average delivery lead times.
- We tested our sample by vouching to invoices and proof of delivery, to confirm these had been recorded in the correct period.
- To address the risk of management override, we tested a sample of journal entries recorded at or near year end as well as top-side adjustments by verifying to appropriate supporting documentation in order to verify that the entry is supported by an appropriate business rationale and authorisation and has been accounted for correctly.
- Tested a statistical sample of sales transactions deferred at the year end. We recalculated the split of revenue recognised and the deferred elements based on a review of the supporting documentation to obtain assurance over the recognition of revenue. We also selected a sample of invoices from billing data and assessed whether the revenue was appropriately recognised or deferred, based on completion of the performance obligation.
- Analysed sales-related journal entry data to track sales from revenue through to accounts receivable through to cash collection using data analytics tools. We used this analysis to validate the appropriateness of transaction flows and tested a sample of transactions to determine if the journals accurately reflected the substance of transactions recorded.
- Assessed appropriateness of disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under IFRS.

Key observations communicated to the Audit Committee

We concluded that the revenue recognised at or near year end was properly accounted for and that revenue has appropriately been recognised in accordance with IFRS.

We concluded that management's disclosures in relation to revenue, including disclosed accounting policies and those relating to critical accounting judgements, are appropriate.

As part of our procedures, we noted no indication of deliberate or other manipulation of revenue cut-off or management override.

Independent auditor's report continued

To the members of Softcat plc

Key audit matters continued

Presentation of revenue in respect of principal versus agent

During the year, the Group recognised revenue of £962.6m (2023: £985.3m).

Refer to the Audit Committee Report (pages 107 to 116); accounting policies (pages 166 to 176); and note 2 of the Group financial statements (pages 176 and 177).

There is a risk that the reported revenue may be incorrectly presented on a gross basis as a result of the incorrect assessment of whether the Group has control over the products or services sold and consequently if the Group is principal or agent in its arrangements with customers. As products and services offered continually evolve the assessment of control needs to be revisited on an ongoing basis.

The nature of the current systems is to process all revenue streams gross, and a manual adjustment is made by management at year end to record revenue on a net basis where Softcat is the agent in the arrangement.

Our response to the risk

We performed the following procedures:

- Performed walkthroughs to update our understanding of the revenue recognition processes and key controls.
- Updated our understanding of management's judgement over the classification of transactions between gross and net presentation.
- Assessed management's judgement made for any significant new product types by independently assessing the nature of such products and meeting with key members of the sales and solutions teams to develop an understanding of Softcat's responsibilities in relation to the sale. We challenged whether Softcat has primary responsibility for fulfilling the promise of the goods or service and whether Softcat is exposed to inventory risk during the delivery period, in order to help ascertain the exercise of control of goods prior to their delivery, and ultimately concluded if the principal (gross) or agent (net) treatment applied was appropriate according to the criteria set out within IFRS 15 and management's revised accounting policies.
- Tested a sample of transactions across the year to determine the Group's control over the product or service, including:
 - Verifying the product type to external sources, such as supplier websites, and met with key members of the sales and solutions teams to develop an understanding of Softcat's responsibilities in relation to the sale. For each sample selected, we challenged whether Softcat has primary responsibility for fulfilling the promise of the goods or service and whether Softcat is exposed to inventory risk during the delivery.
 - Corroborating the related cost for each sample item to supporting purchase invoices.
 - Assessing if principal (gross) or agent (net) treatment should be applied and compared this to management's conclusion to determine if this was appropriate according to the criteria set out within IFRS 15.
- Reperformed management's calculation of the adjustment to record revenue on a net basis.
- Assessed appropriateness of disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under IFRS.

Key observations communicated to the Audit Committee

We concluded that the judgements made by management are consistent with the evidence we have observed, the presentation and disclosure of revenue is materially correct and has been recognised in accordance with IFRS.

We concluded that management's disclosures in relation to revenue, including disclosed accounting policies and those relating to critical accounting judgements, are appropriate.

Key audit matters continued

Misstatement of rebate income to overstate reported results at or near year end

Accrued rebate income at 31 July 2024 amounts to £10.3m (2023: £9.3m).

Refer to the Audit Committee Report (pages 107 to 116); accounting policies (pages 166 to 176); and note 11 of the Group financial statements (page 182).

Rebates are recorded through a primarily manual process. While most rebates are agreed with the supplier and received during the year, there is an opportunity to misstate results through adjustments to the balance sheet rebate receivable.

Our response to the risk

We performed the following procedures:

- Performed walkthroughs to update our understanding of the rebate processes and key controls.
- Tested key controls within the rebate process.
- Obtained confirmations from a sample of sales and vendor management personnel to confirm no rebate agreements outside of standard practice.
- Tested the year-end accrued income by confirming a statistical sample of rebates due from suppliers to third-party source documentation.
- Analysed the rebate receivable by vendor and compared the largest vendor level balances (making up 82% of the balance) against the 31 July 2023 comparative balances to identify unusual movements that are not in line with our expectation or understanding of the business. We performed analysis to understand the drivers of increases or decreases in the underlying balances.
- Assessed the cash conversion of rebates accrued at the year end and tested a sample to subsequent receipts.
- Tested a statistical sample of rebate transactions recorded in the statement of profit and loss throughout the year and obtained underlying support to consider whether the transactions have been recorded in the correct period.
- Assessed appropriateness of disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards.

Key observations communicated to the Audit Committee

We concluded that the rebate receivable and corresponding income are materially correct and have been recognised in accordance with IFRSs.

We concluded that management's disclosures in relation to accrued income, including disclosed accounting policies, are appropriate.

As part of our procedures, we noted no indication of deliberate or other manipulation of accrued income or management override.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £7.9m (2023: £7.0m), which is 5% (2023: 5%) of profit before tax. We believe that profit before tax provides us with the most appropriate basis as it drives shareholder returns and is a key measure of the Group's performance.

We believe that the primary area of focus of the parent company's stakeholders are consistent with those of the Group. We have determined materiality for the parent company to be £7.9m.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2023: 50%) of our planning materiality, namely £4.0m (2023: £3.5m). We have set performance materiality at this percentage to reflect the quantum of audit adjustments identified in the prior period.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.4m (2023: £0.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Independent auditor's report continued

To the members of Softcat plc

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 153, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on pages 166 to 168;
- Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate, set out on page 89;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities, set out on page 89;
- Directors' statement on fair, balanced and understandable, set out on page 153;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 83;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 83; and
- the section describing the work of the Audit Committee set out on page 107.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 153, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant of those related to the reporting framework (IFRS, the Companies Act 2006 and the UK Corporate Governance Code 2018), relevant tax compliance regulations in the UK, relevant employment law in the UK and the Data Protection Act 2018. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements, being the Listing Rules of the London Stock Exchange.
- We understood how Softcat plc is complying with those frameworks by making inquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes, discussions with the Audit Committee and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. The key audit matters section above addresses procedures performed in areas where we have concluded the risks of material misstatement are highest (including where due to the risk of fraud). In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, review of Board minutes to identify non-compliance with such laws and regulations, review of reporting to the Audit Committee on compliance with regulations, review of reporting of internal audit, enquires of the Company Secretary and management and review of any instances of whistleblowing reporting.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the company on 14 December 2023 to audit the financial statements for the year ending 31 July 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is twelve years, covering the years ending 2013 to 2024.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marcus Butler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 October 2024

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 July 2024

	Notes	2024 £'000	2023 £'000
Revenue	2	962,633	985,300
Cost of sales		(544,880)	(611,466)
Gross profit		417,753	373,834
Administrative expenses		(263,689)	(232,936)
Operating profit	3	154,064	140,898
Finance income	4	5,778	1,171
Finance cost	4	(443)	(205)
Profit before tax		159,399	141,864
Income tax expense	5	(40,355)	(29,835)
Profit for the year		119,044	112,029
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Foreign exchange differences on translation of foreign branches and subsidiaries		(620)	(204)
Net gain/(loss) on cash flow hedge		514	(799)
Total other comprehensive loss		(106)	(1,003)
Total comprehensive income for the year		118,938	111,026
Profit attributable to:			
Owners of the Parent Company		119,044	112,029
Total comprehensive income attributable to:			
Owners of the Parent Company		118,938	111,026
Earnings per ordinary share (p)			
Basic	18	59.7	56.2
Diluted	18	59.4	56.0

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

The notes on pages 166 to 190 form part of these consolidated financial statements.

Softcat plc company registration number: 02174990

Consolidated statement of financial position

As at 31 July 2024

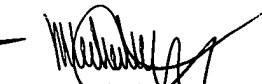
	Notes	2024 £'000	2023 £'000
Non-current assets			
Property, plant and equipment	7	9,832	11,348
Right-of-use assets	8	10,066	9,969
Intangible assets	9	11,608	7,155
Deferred tax asset	15	2,571	2,997
		34,077	31,469
Current assets			
Inventories	10	2,916	3,591
Trade and other receivables	11	585,302	490,041
Cash and cash equivalents	14	158,454	122,621
		746,672	616,253
Total assets		780,749	647,722
Current liabilities			
Trade and other payables	12	(430,082)	(359,627)
Contract liabilities	13	(31,980)	(23,851)
Income tax payable		(1,141)	(6)
Lease liabilities	8	(2,253)	(2,734)
		(465,456)	(386,218)
Non-current liabilities			
Contract liabilities	13	(9,151)	(3,032)
Lease liabilities	8	(8,105)	(7,027)
		(17,256)	(10,059)
Total liabilities		(482,712)	(396,277)
Net assets		298,037	251,445
Equity			
Issued share capital	17	100	100
Share premium account		4,979	4,979
Cash flow hedge reserve		(285)	(799)
Foreign exchange translation reserve		2,738	3,358
Retained earnings		290,505	243,807
Total equity		298,037	251,445

The notes on pages 166 to 190 form part of these consolidated financial statements.

The financial statements on pages 162 to 191 were approved by the Board of Directors and authorised for issue on 23 October 2024.

On behalf of the Board


 Graham Charlton
 Chief Executive Officer


 Katy Meskenburgh
 Chief Financial Officer

Softcat plc company registration number: 02174990

Consolidated statement of changes in equity

For the year ended 31 July 2024

Equity attributable to owners of the Parent

	Share capital £'000	Share premium account £'000	Cash flow hedge reserve £'000	Foreign exchange translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2022	100	4,979	–	3,562	202,459	211,100
Profit for the year	–	–	–	–	112,029	112,029
Impact of foreign exchange on reserves	–	–	–	(204)	–	(204)
Net loss on cash flow hedge	–	–	(799)	–	–	(799)
Total comprehensive income for the year	–	–	(799)	(204)	112,029	111,026
Share-based payment transactions	–	–	–	–	3,330	3,330
Dividends paid	–	–	–	–	(74,175)	(74,175)
Dividend equivalents paid	–	–	–	–	(66)	(66)
Tax adjustments	–	–	–	–	230	230
Balance at 31 July 2023	100	4,979	(799)	3,358	243,807	251,445
Profit for the year	–	–	–	–	119,044	119,044
Impact of foreign exchange on reserves	–	–	–	(620)	–	(620)
Net gain on cash flow hedge	–	–	514	–	–	514
Total comprehensive income for the year	–	–	514	(620)	119,044	118,938
Share-based payment transactions	–	–	–	–	3,612	3,612
Dividends paid	–	–	–	–	(76,048)	(76,048)
Dividend equivalents paid	–	–	–	–	(98)	(98)
Tax adjustments	–	–	–	–	182	182
Other	–	–	–	–	6	6
Balance at 31 July 2024	100	4,979	(285)	2,738	290,505	298,037

The notes on pages 166 to 190 form part of these consolidated financial statements.

The share capital and share premium accounts represent the nominal value and premium arising on the issue of equity shares.

During the year ended 31 July 2024, 244,109 share options (2023: 174,791) were exercised and new shares were issued to satisfy this exercise. Proceeds of £Nil (2023: £Nil) were realised from the exercise of these share options.

As at 31 July 2024, the SIP Trust held 133,538 shares (2023: 159,996) awarded to employees as part of the free share award, subject to service conditions. A further 369,513 shares (2023: 368,545) were held on behalf of employees who have taken part in the Group's voluntary partnership share purchase programme. The SIP also held 51,041 unallocated shares (2023: 51,041).

Consolidated statement of cash flows

For the year ended 31 July 2024

	Notes	2024 £'000	2023 £'000
Net cash generated from operating activities	19	115,608	104,802
Investing activities			
Finance income	4	5,778	1,171
Purchase of property, plant and equipment	7	(1,115)	(2,544)
Purchase of intangible assets	9	(6,017)	(701)
Net cash used in investing activities		(1,354)	(2,074)
Financing activities			
Issue of share capital		–	–
Dividends paid	6	(76,048)	(74,175)
Payment of principal portion of lease liabilities	8	(1,929)	(2,839)
Payment of interest portion of lease liabilities	4,8	(443)	(205)
Net cash used in financing activities		(78,420)	(77,219)
Net increase in cash and cash equivalents		35,834	25,509
Cash and cash equivalents at beginning of year	14	122,621	97,316
Exchange losses on cash and cash equivalents		(1)	(204)
Cash and cash equivalents at end of year	14	158,454	122,621

The notes on pages 166 to 190 form part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 July 2024

1 Material accounting policies

1.1 Corporate information

The principal activity of Softcat plc (the 'Company') and its subsidiaries (together the 'Group') is that of a value-added IT reseller and IT infrastructure solutions provider to the corporate and public sector markets.

The Company is a public limited company incorporated and domiciled in England and Wales and whose shares are publicly traded. The registered office is Solar House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW, in the United Kingdom.

The registered number of the Company is 02174990.

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.2 Basis of preparation

The Group has prepared the consolidated financial statements in accordance with UK-adopted international accounting standards (IFRS) in accordance with the requirements of the Companies Act 2006. IFRS includes the application of International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee ('IFRIC') interpretations.

Softcat US LLC, a Limited Liability Company ('LLC') began trading on 1 February 2024 and is a wholly owned subsidiary of Softcat plc. Prior to this, trade in the US was recorded within a branch of Softcat plc. Therefore, the consolidated financial statements have been prepared for the first time in FY2024.

The consolidated financial statements of the Group have been prepared under the historical cost convention and are presented in the Group's presentational and functional currency of Pounds Sterling and all values are rounded to the nearest thousand ('£'000'), except when otherwise stated.

The Group applied all standards and interpretations issued by the IASB that were effective as at 1 August 2023. The accounting policies set out below have, unless otherwise stated (see below), been applied consistently to all periods presented in these financial statements.

The consolidated financial statements include the results of Softcat plc, a company registered in the UK, and all its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Softcat plc. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with, the investee and has the ability to use its power over the investee to affect its returns.

Consideration of climate change matters

The potential climate change-related risks and opportunities to which the Group and Company are exposed, as identified by management, are disclosed in the Group's Task Force on Climate-related Financial Disclosures ('TCFD') disclosures in the Annual Report. Management has assessed the potential financial impacts relating to the identified risks and exercised judgement in concluding that there are no material financial impacts of the Group and Company's climate-related risks and opportunities on the financial statements. These judgements will be kept under review by management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Group and Company's control which are not all currently known.

Going concern

Overview

The consolidated Group and Company financial statements have been prepared on a going concern basis covering at least the twelve month period from the date of signing the financial statements.

In considering the going concern basis for preparing the financial statements, the Directors consider the Group and Company's objectives and strategy, 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 Strategic Report (see pages 1 to 89) and Chief Financial Officer's Review sections (see pages 38 to 41 of this Annual Report). Given the current macro-economic environment and considering the latest guidance issued by the FRC the Directors have undertaken a fully comprehensive going concern review.

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

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

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

The Directors have reviewed detailed financial forecasts for a twelve-month period from the date of this report (the going concern period) until 31 October 2025. All the forecasts reflect the payment of the FY2024 dividend of £77.9m which will be paid in December 2024 subject to approval at the AGM.

Liquidity and financing position

At 31 July 2024, the Group held instantly accessible cash and cash equivalents of £158.5m, with net current assets of £281.2m. 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 £75.0m cash floor set by the Board not being breached.

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

1 Material accounting policies continued

1.2 Basis of preparation continued

Going concern continued

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
- a higher risk of credit losses.

Despite the challenging economic environment, the Group and Company have traded well, delivering double-digit year-on-year growth in gross profit and operating profit growth is ahead of 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 October 2024, 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 September 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. In making our forecasts we balanced our customer needs alongside employee welfare. Year to date trading to the end of September 2025 is consistent with the base case forecast.

Severe but plausible case

Given the current economic challenges facing our customer base and supply chain, we have modelled a severe but plausible scenario. In this case we have modelled a decline in revenue, versus the base case, which is below any 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 across the forecast period;
- an average 5% reduction in rebates;
- extending the debtor days from historic levels achieved and no change to historic supplier payment days by an additional three days;
- paying a reduced interim dividend in line with lower profitability but still within the range set out in the dividend policy; and
- commission cost adjusted downwards in line with reduced profitability and cost of sales, but at the same percentage rates as in the base case.

The purpose of this scenario was to consider if there was a significant risk that the Group and Company would move to being cash negative in any of the months in the going concern period. Even at these lower levels of activity, which the Directors believe is a highly unlikely outcome, the Group continues to be profitable and maintains a positive cash balance at all times. Despite this, management have modelled further cost saving and working capital action (see mitigating actions) that will enable the Group to mitigate the impact of reduced cash generation further and achieve the Board's desired minimum cash position, should this scenario occur. The Directors are confident that they can implement these actions if required.

Mitigating actions

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

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

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

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

1 Material accounting policies continued

1.2 Basis of preparation continued

Going concern continued

Reverse stress test

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

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

- a reduction in sales of 90%;
- a reduction in gross margin of 8%; and
- extending the debtor days by an additional twelve 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 remote.

Going concern conclusion

Based on the forecast and the scenarios modelled, together with the performance of the Group and Company to date, the Directors consider that the Group and Company have sufficient liquidity headroom to continue in operational existence for the twelve-month period from the date of this report (the going concern period) until 31 October 2025. Accordingly, at the October 2024 Board meeting, the Directors concluded from this analysis it was appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements. Should the impact of these conditions be even more prolonged or severe than currently forecast by the Directors under the severe but plausible case scenario, the Group and Company would need to implement additional operational or financial measures.

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 July 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

1 Material accounting policies continued

1.3 Adoption of new and revised standards

Finance (No. 2) Bill 2023, which includes Pillar Two legislation, was substantively enacted on 20 June 2023. The Group has applied the mandatory exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required by the amendments to IAS 12 International Tax Reform-Pillar Two Model Rules which was issued in May 2023.

There have been no other new standards effective, or issued but not yet effective, in the year to 31 July 2024, that materially affect Softcat. There have also been no changes to accounting standards that will materially affect Softcat based on existing standards.

A number of new or amended standards became applicable for the current reporting period. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods:

- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of accounting policies.
- Amendments to IAS 8 Definition of accounting estimates.
- Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 Pillar Two model rules.
- Implementation of IFRS 17 Insurance contracts.

New standards and interpretations not yet applied

The following new or amended IFRS accounting standards, amendments and interpretations are not yet adopted and it is expected that where applicable, these standards and amendments will be adopted on each respective effective date:

- Amendments to IAS 1 Presentation of financial statements: non-current liabilities with covenants.
- Amendments to IFRS 16 Lease liability in a sale and leaseback.
- Amendments to IAS 7 and IFRS 7 Supplier finance arrangements.

These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods.

1.4 Critical accounting judgements and key sources of estimation uncertainty

When applying the Group's accounting policies, management must make a number of key judgements involving estimates and assumptions concerning the future. These estimates and judgements are based on factors considered to be relevant, including historical experience that may differ significantly from the actual outcome. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Revenue cut-off

The Group's management information systems are configured to recognise revenue upon notification of dispatch from the supplier or distributor which in instances, especially regarding physical shipments, may not be aligned to when control has been transferred to the customer and the performance obligation has been met by the Group. Management therefore performs an exercise to capture items that may have been dispatched from the distributor but not delivered in the financial year, and subsequently defers the recognition of revenue and associated cost into the following year. This gives rise to a deferred income, which is recognised as a contract liability, and associated inventory in the Consolidated statement of financial position. The exercise applied includes assumptions, which management believes are reasonable, in order to identify items that fit the criteria for deferral. Separately, management reviews individual large transactions on a case-by-case basis, which reduces the opportunity for error.

The key judgements that are made in the cut-off process are as follows:

- When identifying transactions to review in the cut-off process, management limits the review period to a fixed number of days before and after the period end and validates the date of dispatch.
- Management incorporates a one-day shipment delay assumption onto the sale of hardware items to reflect the time taken between vendor shipment and customer delivery. We further assess a five-day risk window for international hardware shipments.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Principal versus agent

Significant judgement is required in determining whether the Group is acting as principal, reporting revenue on a gross basis, or agent, reporting revenue on a net basis. Softcat evaluates each revenue stream against the following indicators when determining whether it is acting as principal or agent in a transaction: (i) primary responsibility for fulfilling the promise to provide the specified goods or service; (ii) inventory risk before the specified good or service has been transferred to a customer; and (iii) discretion in establishing the price for the specified good or service. Certain revenue streams present a more balanced judgement than others when assessed against the above criteria and the conclusion may be reliant on the weighting applied to the responses to these criteria. When applying the weighting and concluding on whether principal or agent treatment is appropriate, the Group exercises significant levels of judgement due to the balanced nature of the assessment. The specific judgements made for each revenue category are discussed in the accounting policy for revenue as disclosed below.

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

1 Material accounting policies continued

1.5 Revenue recognition

Revenue is recognised based on the completion of performance obligations at the transaction price allocated to the performance obligation. The transaction price is determined by the price specified in the underlying contract or order. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. No discounts, loyalty points or returns are offered to customers. All performance obligations are separately listed as individual items on the order and the price is allocated on this basis. A performance obligation is satisfied when control of the promised good or service is transferred to the customer. The following indicators are used by the Group in determining when control has passed to the customer:

- (i) the Group has a right to payment for the product or service;
- (ii) the customer has legal title to the product;
- (iii) the Group has transferred physical possession of the product to the customer;
- (iv) the customer has the significant risks and rewards of ownership of the product; and
- (v) the customer has accepted the product.

Principal versus agent

The Group evaluates the following indicators amongst others when determining whether it is acting as a principal or agent in the transaction and recording revenue on a gross, or net, basis:

- (i) the Group is primarily responsible for fulfilling the promise to provide the specified goods or service;
- (ii) the Group has inventory risk before the specified good or service has been transferred to a customer; and
- (iii) the Group has discretion in establishing the price for the specified good or service.

Hardware revenue

The Group sells hardware that is sourced from and delivered by multiple vendors and distributors. Revenues from sales of hardware products are recognised on a gross basis as the Group is acting as a principal in these transactions, with the gross value of the consideration from the customer recorded as revenue with the exception of public sector partner business revenue as explained below. The Group is acting as principal as it has primary responsibility for the acceptability of goods sold following the provision of consulting services which are not considered to be separately identifiable. Softcat is also exposed to inventory risk during the delivery period and establishes the selling price itself. Revenue from the sale of these goods is recognised when the control has passed to the buyer, therefore the Group has satisfied its performance obligation. In line with industry standard terms, payment is generally due 30 days after invoice date.

Vendors typically provide standard warranties on most of the hardware products the Group sells. These manufacturer warranties are assurance-type warranties and are not considered separate performance obligations. The warranties are not sold separately and only provide assurance that products will conform with the manufacturer's specifications.

Software revenue

Revenue from software licence sales is recognised on a net basis as the Group is acting as an agent in these transactions at the point the software licence is delivered to the customer. The Group is deemed to be acting as agent in these transactions as these products are intangible, customer specific and in most cases sent directly to customers by the vendor electronically, removing inventory risk for the Group prior to delivery. Despite the ability to set pricing, the lack of inventory risk and the vendor having primary responsibility for the product meeting customer specifications, through largely standardised products, underline that these sales should be recorded as agent.

The revenue associated with the licence sale is recognised upon the transfer of the licence to the customer. At this point Softcat has satisfied its performance obligations. Payment is generally due 30 days from invoice date.

The Group sells cloud computing solutions which include Software as a Service ('SaaS'). SaaS solutions utilise third-party partners to offer the Group's customers access to software in the cloud that enhances office productivity, provides security or assists in collaboration. As the Group has satisfied its performance obligations by arranging the transfer of the licensing to the customer, revenue is recognised in full at that point on a net basis as the Group is acting as an agent in the transaction, with an invoice subsequently raised. Payment is generally due within 30 days from invoice date.

The Group offers access to corporate enterprise agreements, a specific licensing program for eligible customers, exclusively through a single vendor. For these transactions the Group introduces the customer to the vendor who then fulfils the sale, including transfer of licensing, invoicing and cash collection, without further involvement of the Group. In return for this introduction the vendor compensates the Group with a fee as the Group has satisfied its performance obligations at the point of initial transaction being completed between the vendor and the customer. This fee is recognised net as the Group is acting as an agent in these transactions. Payment is generally due within 30 days of the initial transaction between the vendor and the customer.

1 Material accounting policies continued

1.5 Revenue recognition continued

Principal versus agent continued

Service revenue

Softcat sells professional services days which are fulfilled by either Softcat's own internal team of consultants or by consultants provided by third parties. The Group recognises the revenue on these transactions, irrespective of whether they are fulfilled internally or externally, when confirmation has been received from the customer that the work has been satisfactorily completed. In most cases there is a short timeframe between a customer order and subsequent delivery of the sold service days. As such, the Group does not recognise revenue on a percentage completion basis as this would not have a material impact.

On rare occasions the Group will sell professional service days which cover an extended period. For these transactions, management assesses the individual contract and, if required, recognises the revenue over time according to the output method. Softcat recognises revenue on the basis of direct measurements of the value to the customer which for professional days would be days completed as a percentage of total days. Revenue is recognised on a gross basis; the Group is deemed to be acting as principal in these transactions as it is responsible for selecting the external party, where relevant, for the acceptability of the services and for determining the price charged to the customer.

The Group also provides hosted managed services to its customers offering Infrastructure as a Service ('IAAS') and managed print services among others. The Group hosts these services using internal resources and recognises revenue on a straight-line basis over the contractual service period. The Group recognises the respective revenue on a gross basis as the Group is acting as a principal in the transaction as it has both managerial involvement and effective control over the services being provided throughout the contract period.

Softcat also sells extended or enhanced warranty products provided by third parties. These warranties are sold separately to hardware and provide the customer with a service in addition to assurance that the product will function as expected. For these enhanced warranty products, the Group is arranging for those services to be provided by the third party over an extended period and therefore is acting as an agent in the transaction and records revenue on a net basis at the point of sale. Revenue from such services is recognised in full at the point of service commencement as the Group has no ongoing obligation in relation to delivery of the underlying service.

Payments for these goods are generally received on industry standard terms of 30 days from the date of invoice.

Public sector partner business revenue

The Group transacts with several partners in the public sector where the partner is responsible for the solution and customer relationship. These transactions incorporate the provision of hardware, software or services to the end customer. For this business, the Group's responsibilities of invoicing and cash collection are more aligned to those of an agent and therefore this business is recognised as agent and presented net of cost of sales.

Revenue is recognised in full on satisfactory completion of the work by the partner, as this is the point the Group has satisfied its performance obligations. Payment is generally due within 30 days from completion of the work.

Deferred costs

IFRS 15 requires certain costs to fulfil a contract to be recognised as a separate asset. These costs are deferred until the performance obligation to which they relate has been met. Deferred costs are measured at the purchase price of the associated goods or services received. Deferred costs are released from the Consolidated statement of financial position in line with the recognition of revenue on the specific transaction. There are no significant or material judgements made by management in the measurement or recognition of these deferred costs, as costs are matched to an associated sale and the period of deferral is typically short.

Commissions have been incurred in respect of contracts whereby the performance obligation has not yet been satisfied; however, the Group has applied the practical expedient and recognised the commission as an expense when incurred given that the period over which the commission would have been recognised is less than a year.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which Softcat has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Softcat transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). This occurs infrequently and is usually to support the wishes of the customer who sometimes may prefer to provide funds up front which can then be allocated to future orders. Contract liabilities are recognised as revenue when Softcat performs obligations under the contract. Further details of contract balances are provided in note 13.

1.6 Cost of sales

The Group recognises cost of sales at the point at which it recognises revenue as explained above. Cost of sales predominantly relates to the cost of goods or services purchased from suppliers and then sold to customers. In addition to these costs, the following elements are also included within cost of sales:

Rebates

Included within cost of sales are rebates received from commercial partners. Further details are provided on rebates in note 1.7 below.

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

1 Material accounting policies continued

1.6 Cost of sales continued

Managed service infrastructure costs

The Group operates its own network operating centre which facilitates the selling of Softcat hosted managed services. The costs of maintaining this capability include, but are not limited to, the rental of space in data warehouses, energy and licensing costs. These costs represent the cost of sale of selling hosted managed service solutions and are included within cost of sales.

Funded training costs

The Group carries out numerous training programmes, activities and schemes that aim to educate its sales force and internally promote the products the business resells. The costs of these activities are recognised within cost of sales.

Early settlement discounts

Through the normal course of business, the Group receives credits from distributors and suppliers for the prompt settlement of invoices. Softcat recognises these discounts in cost of sales as they are considered to be a reduction in the cost of goods sold.

1.7 Rebates

Rebates from suppliers are accounted for in the period in which they are earned and are based on commercial agreements with suppliers. Rebates earned are mainly sales volume related and are generally short term in nature, with rebates earned but not yet received typically relating to the preceding quarter's trading. Other forms of rebate received from commercial partners include income from training provided to staff. Rebate income is recognised in cost of sales in the Consolidated statement of profit or loss and other comprehensive income and rebates earned but not yet received are included within accrued income in the Consolidated statement of financial position.

1.8 Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

1.9 Property, plant and equipment

Property, plant and equipment other than freehold land is stated at cost, net of accumulated depreciation and/or impairment losses, if any. If the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Freehold buildings	fifty years straight line
Building improvements	remaining period of lease - ten years straight line
Computer equipment	three to five years straight line
Fixtures, fittings and equipment	six years straight line
Motor vehicles	three years straight line

Land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement when the asset is derecognised.

Building improvements relate to expenditure on improving both leasehold property and the freehold property of Solar House in Marlow. Improvements to Solar House are depreciated over a ten-year period, which represents their useful life. Leasehold improvements are depreciated over their useful life which is the lesser of the remaining length of the lease or ten years.

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

1.10 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is provided for at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Computer software	three to fifteen years straight line
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1 Material accounting policies continued

1.10 Intangible assets continued

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

1.11 Cloud software licence agreements

Licence agreements to use cloud software are treated as service contracts and expensed in the Group's income statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases, the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Group's income statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

1.12 Leases

A lease is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group's leases, which predominantly relate to property leases, are recognised in line with IFRS 16.

The leases policy under IFRS 16 is as follows:

i) Right-of-use assets

Softcat recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property lease assets	three to ten years straight line
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The right-of-use assets are also subject to impairment reviews.

ii) Lease liabilities

At the commencement date of the lease, Softcat recognises lease liabilities measured at the present value of lease payments to be made over the lease term adjusted for any termination options. The lease payments include fixed payments, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Payments to be made under the reasonably certain extension option are also included.

In calculating the present value of the lease payments, Softcat uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments from a change in index or rate, or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low value assets

Softcat applies the short-term lease recognition exemption to any short-term leases it enters into (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). Softcat also applies the lease of low-value assets recognition exemption to leases that are considered to be low value and under £5,000. Lease payments on low-value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

1.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Inventories include goods in transit and other products ordered to fulfil customer orders where the right of ownership is yet to transfer.

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

1 Material accounting policies continued

1.14 Financial instruments

Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

i) Trade receivables

Trade receivables are recognised and measured at the transaction price less allowance for expected credit losses. Trade receivables do not carry interest.

The simplified approach on expected credit losses ('ECLs') for trade receivables and contract assets has been used as there is not a significant financing component to these assets. In accordance with the simplified approach for impairment of trade receivables and accrued income under IFRS 9, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses and includes a forward-looking element as well as an assessment based on history and experience. Factors considered when assessing the expected credit losses include prior experience, specific customer credit ratings, communication quality, industry factors and the current economic climate.

Due to the size of the receivables ledger and the volume of smaller balances, it is not possible to review all balances individually and therefore a portion of the ledger is reviewed collectively and provided for as such. More material or higher risk balances are reviewed individually looking at specific circumstances including payment history, the forecast of economic conditions in the sector the customer operates in, communication quality and responsiveness, to determine future expected credit losses, and are provided for individually with respect to the perceived level of risk. In addition, any entities that are in administration or have been passed to debt collection are provided for individually.

Unbilled receivables are recognised when a contract results in completion of a performance obligation in advance of the customer being invoiced.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, call deposits and bank overdrafts. Cash and cash equivalent balances have a maturity of three months or less and are subject to an insignificant level of risk to change in value.

iii) Accrued income

Accrued income predominantly relates to supplier rebates and is recognised according to both rebate agreements and supplier spend in the financial year.

As accrued income has a contractual right to receive cash, it is a financial asset and therefore also subject to loss allowances under IFRS 9. The loss allowance for accrued income is measured at an amount equal to lifetime expected credit losses and includes a forward-looking element as well as an assessment based on history and experience. Factors considered when assessing the expected credit losses include prior experience, supplier credit ratings, communication quality, industry norms and the current economic climate.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. The Group's financial liabilities comprise trade and other payables. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

i) Trade payables

Trade payables are initially measured at fair value. Trade payables due after one year are measured at amortised cost, using the effective interest rate method.

Derecognised financial instruments

For a small number of customers, Softcat acts as intermediary to provide financing arrangements between the customer and a third-party financing provider. Following the delivery of the goods or services, which represents our performance obligation in full, Softcat receives settlement of the customer invoice, by the third-party financing company. Receivables are derecognised only when Softcat has transferred the receivable, meaning that it has retained the contractual rights to the cash flows, but has assumed an obligation to pay those cash flows to the finance provider, in the case where all three of the following conditions are met:

- Softcat has no obligation to pay amounts to the finance provider unless it collects equivalent amounts from the receivable;
- Softcat is prohibited from selling or pledging the receivable; and
- Softcat has an obligation to remit the cash received without material delay.

The transfer described above qualifies for derecognition as Softcat has transferred substantially all the risks and rewards of ownership of the receivable. Its only continuing involvement following delivery is to act as agent in the receipt and transfer of cash payments and, in line with the derecognition criteria set out above, the customer receivable is derecognised. Softcat does not retain or regain ownership of any assets at the end of these arrangements and the finance provider takes on the credit risk of future cash flows from the customer.

Cash flows in respect of these arrangements are recognised within cash generated from operations and typically result in a £Nil impact given that the Group acts as agent in the receipt and transfer of cash payments.

1 Material accounting policies continued

1.15 Pensions

The pension costs charged in the financial statements represent the contributions payable by the Group during the year on the defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amounts charged to the income statement represent the contributions payable to the scheme in respect of the accounting period and represent the full extent of the Group's liability.

1.16 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For deferred tax on leases, under the general approach of IAS 12, the depreciation of the right-of-use asset is regarded as reducing the temporary difference that arose on initial recognition of the asset, and therefore gives rise to no tax effect. However, the accretion of the finance costs on the liability gives rise to an additional deductible temporary difference arising after initial recognition of the liability, requiring recognition of a deferred tax asset. This gives rise to an immaterial deferred tax asset for the years ended 31 July 2023 and 31 July 2024.

1.17 Current taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Softcat applies judgement in identifying uncertainties over income tax treatments and considered whether it has any uncertain tax positions and determined that it is highly probable that its tax treatments will be accepted by the taxation authorities. Where it is not probable that an uncertain tax treatment will be accepted the most likely amount or expected amount is recognised depending on which method better predicts the resolution of the uncertainty.

1.18 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

The assets and liabilities of foreign operations are translated into Pounds Sterling at the rates of exchange ruling at the balance sheet date. Income and expense items are translated using average exchange rates, which approximate to actual rates, for the relevant accounting period. Exchange differences arising, if any, are classified as other comprehensive income and recognised in the foreign exchange translation reserve in the Consolidated statement of financial position.

1.19 Share-based payments

During the year the Group operated the following equity-settled share option schemes:

Share Incentive Plan ('SIP')

The Group operates a SIP for employees who were awarded free shares following the initial public offering in November 2015. Shares were allocated to employees on the basis of length of service. Free shares awarded to an employee under the SIP are subject to a minimum holding period of three years following the date on which beneficial interest in the relevant ordinary shares is conferred by the SIP Trustee to the employee.

The fair value of the SIP shares was determined by the share price at date of grant, on 9 December 2015. A fair value charge was recognised as an expense in the income statement over the vesting period with a corresponding increase in equity. The charge was recognised only on the expected number of shares to vest. The assumption used for expected leavers within three years from the date of award was calculated with reference to historical employee retention rates.

In addition, the Group's voluntary partnership share purchase programme, which is open to all eligible employees, is administered through the SIP. Through this programme, employees have the option to purchase shares from their gross income, the cost of which is not borne by the Group.

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

1 Material accounting policies continued

1.19 Share-based payments continued

Long Term Incentive Plan ('LTIP')

Details in relation to the Softcat LTIP awards to Executive Directors are included in the Directors' Remuneration Report on page 139.

LTIP awards will only vest and become exercisable upon achievement of performance targets, linked to earnings per share and total shareholder return, as well as being conditional upon continued employment with the Group. The fair value is measured using a suitable valuation model where appropriate. Non-market vesting conditions are taken into account by adjusting the number of LTIP shares expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of LTIP shares that will eventually vest. Market vesting conditions are factored into the fair value of the LTIP shares granted. The cumulative expense is not adjusted for failure to meet a market vesting condition. The resulting fair value charge is charged as an expense in the income statement over the vesting period with a corresponding increase in equity. Employer's National Insurance contributions are payable, on exercise, on the market value of the award and are accrued for within the share-based payments expense in the Consolidated statement of profit or loss and other comprehensive income.

Deferred shares

One-third of the Executive Directors' annual target bonus is paid in deferred shares. The Group accrues for the cost of the non-cash bonus over a four-year period, including the year in which the bonus targets are assessed and the following three-year vesting period. Employer's National Insurance contributions are payable, on exercise, on the market value of the award and are accrued for within the share-based payments expense in the Consolidated statement of profit or loss and other comprehensive income.

1.20 Adjusted 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, set out below, assist in providing additional useful information on the underlying trends, sales performance and position of the Group. Gross invoiced income is a measure which correlates closely to the cash received by the business and therefore aids the user's understanding of working capital movements in the Consolidated statement of financial position and the relationship to sales performance and the mix of products sold.

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 and cash conversion.

Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue as reported in the IFRS measure. A reconciliation of IFRS revenue to gross invoiced income is provided within note 2, Segmental information.

Cash conversion ratio comprises cash flows from operations 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:

	Notes	2024 £'000	2023 £'000
Net cash generated from operating activities	19	115,608	104,802
Income taxes paid	19	39,226	29,793
Cash generated from operations		154,834	134,595
Purchase of property, plant and equipment	7	(1,115)	(2,544)
Purchase of intangible assets	9	(6,017)	(701)
Cash generated from operations, net of capital expenditure		147,702	131,350
Operating profit		154,064	140,898
Cash conversion ratio		95.9%	93.2%

2 Segmental information

The information reported to the Group's Chief Executive, who is considered to be the chief operating decision maker for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is that of 'value-added IT reseller and IT infrastructure solutions provider'. The Group's revenue, results and assets for this one reportable segment can be determined by reference to the Consolidated statement of profit or loss and other comprehensive income and Consolidated statement of financial position. An analysis of revenues by product, which form one reportable segment, is set out below:

Revenue by type:	2024 £'000	2023 £'000
Software	213,520	188,797
Hardware	561,238	610,638
Services	187,875	185,865
	962,633	985,300

2 Segmental information continued

Gross invoiced income by type:	2024 £'000	2023 £'000
Software	1,807,468	1,543,501
Hardware	568,450	617,844
Services	476,233	401,963
	2,852,151	2,563,308

Revenue and gross invoiced income can also be disaggregated by type of business¹:

Revenue by type of business:	2024 £'000	2023 £'000
Small and medium	473,985	555,541
Enterprise	298,434	253,229
Public sector	190,214	176,530
	962,633	985,300

Note:

1. Types of business are split by entity staff size. Small and medium business represents work forces of up to 2,000 seats. Enterprise is above 2,000 seats and public sector represents government and other public bodies.

Gross invoiced income by type of business:	2024 £'000	2023 £'000
Small and medium	1,157,007	1,103,851
Enterprise	597,320	512,839
Public sector	1,097,824	946,618
	2,852,151	2,563,308

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.

	2024 £'000	2023 £'000
Gross invoiced income	2,852,151	2,563,308
Income to be recognised as agent under IFRS 15	(1,889,518)	(1,578,008)
Revenue	962,633	985,300

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

3 Operating profit

Operating profit is stated after charging/(crediting):	2024 £'000	2023 £'000
Depreciation of property, plant and equipment	2,631	2,466
Depreciation of right-of-use assets	2,429	2,127
Amortisation of intangible assets	1,564	1,525
Low value asset and short-term lease expense	57	83
Foreign exchange gain	(757)	(1,052)
Inventories expensed in the year	457,426	515,477
Movement in trade receivables provision as potentially uncollectable, recovered or written off during the year	(798)	(1,038)
Auditor's remuneration		
Fees payable for the audit of the Company's annual accounts and consolidated annual statements	759	733
Fees payable for audit-related services	–	–
Total for statutory audit services	759	733
Fees payable for the half-year review of the condensed financial statements	45	42
Total for non-audit-related services	45	42

For details on employee numbers and employee costs, please see note 24.

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

4 Finance income and finance cost

	2024 £'000	2023 £'000
Bank interest income	5,778	1,171
Lease liability interest cost	(443)	(205)

5 Income tax

The major components of the income tax expense for the years ended 31 July 2024 and 31 July 2023 are:

	2024 £'000	2023 £'000
Consolidated statement of profit or loss		
Current income tax charge in the year	40,338	30,414
Adjustment in respect of current income tax of previous years	(465)	(160)
Foreign tax relief/other relief	(39)	–
Foreign tax suffered	123	–
Total current income tax charge	39,957	30,254
Deferred tax		
Current year	(49)	(275)
Adjustments in respect of prior periods	447	229
Effect of changes in tax rates	–	(373)
Deferred tax charge/(credit)	398	(419)
Total tax charge	40,355	29,835
Reconciliation of total tax charge		
Reconciliation of tax expense and accounting profit multiplied by the Group's domestic tax rate for 2024 and 2023:		
Profit on ordinary activities before taxation	159,399	141,864
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 25% (2023: 21%)	39,850	29,791
Effects of:		
Non-deductible expenses	399	267
Adjustment to previous periods	(19)	69
Effect of changes in tax rates	–	(373)
Effects of overseas tax rates	69	1
Share options	56	74
Other differences	–	6
	505	44
Income tax charge reported in profit or loss	40,355	29,835

In the year ended 31 July 2024, £211,310 (2023: £159,460) of current tax was credited to equity and £29,020 (2023: £69,825 credit) of deferred tax was debited to equity.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% for large groups for financial years beginning on or after 31 December 2023.

Based on an initial analysis, all territories in which the Group operates are expected to qualify for one of the safe harbour exemptions such that top-up taxes should not apply. To the extent that this is not the case, there is the potential for Pillar Two taxes to apply, but these are not expected to be material.

6 Dividends

	2024 £'000	2023 £'000
Declared and paid during the year		
Special dividend on ordinary shares (12.6p per share (2023: 12.6p))	25,113	25,122
Final dividend on ordinary shares (17.0p per share (2023: 16.6p))	33,965	33,098
Interim dividend on ordinary shares (8.5p per share (2023: 8.0p))	16,970	15,955
	76,048	74,175

A final dividend of 18.1p per share has been recommended by the Directors and if approved by shareholders will be paid on 17 December 2024. The final ordinary dividend will be payable to shareholders whose names are on the register at the close of business on 8 November 2024. Shares in the Company will be quoted ex-dividend on 7 November 2024. The dividend reinvestment plan ('DRIP') election date is 26 November 2024.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 20.9p has been proposed. If approved, this will also be paid on 17 December 2024 alongside the final ordinary dividend.

The Board recommends the final and special dividend for shareholders' approval.

Softcat's ordinary dividend policy remains a progressive one which targets an annual dividend of between 40% and 50% of the Group's profits after tax in each financial year before any exceptional items. In determining the level of dividend in any year in accordance with the policy, the Board considers a number of other factors that influence the proposed dividend, which include but are not limited to:

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

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

The Audit Committee on behalf of the Board reviews the distributable reserves of the Group as part of its half-year and full-year reviews. The Board then considers the Audit Committee's review as part of its process to approve or recommend dividends.

Softcat intends to continue to fund its dividends through the cash generated by the business. Details of the Group's continuing viability and going concern can be found on page 89 and pages 166 to 168 respectively.

7 Property, plant and equipment

	Freehold land and buildings £'000	Building improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 August 2022	2,649	8,060	1,940	4,803	215	17,667
Additions	168	966	324	528	558	2,544
At 31 July 2023	2,817	9,026	2,264	5,331	773	20,211
Additions	556	34	315	210	–	1,115
Disposals	–	–	–	–	(103)	(103)
At 31 July 2024	3,373	9,060	2,579	5,541	670	21,223
Depreciation						
At 1 August 2022	256	3,075	1,135	1,783	148	6,397
Charge for the year	25	1,151	514	717	59	2,466
At 31 July 2023	281	4,226	1,649	2,500	207	8,863
Disposals	–	–	–	–	(103)	(103)
Charge for the year	46	1,143	488	743	211	2,631
At 31 July 2024	327	5,369	2,137	3,243	315	11,391
Net book value						
At 31 July 2024	3,046	3,691	442	2,298	355	9,832
At 31 July 2023	2,536	4,800	615	2,831	566	11,348

Freehold land amounting to £1.4m (2023: £1.4m) has not been depreciated. No assets are subject to restrictions on title or are pledged as security for liabilities (2023: £Nil).

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

8 Right-of-use assets and lease liabilities

Leases – as a lessee

Softcat has lease contracts for various 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 year:

	2024 £'000	2023 £'000
Property Leases		
Opening right-of-use asset as at 1 August	9,969	6,162
Lease additions and modifications	2,526	5,934
Depreciation	(2,429)	(2,127)
Closing right-of-use asset as at 31 July	10,066	9,969

The weighted average incremental borrowing rate as used for the period is 3.9%.

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

	2024 £'000	2023 £'000
Property Leases		
Opening lease liability as at 1 August	9,761	6,666
Lease additions and modifications	2,526	5,934
Accretion of interest	443	205
Payments	(2,372)	(3,044)
Closing lease liability as at 31 July	10,358	9,761
Split as:		
Short term	2,253	2,734
Long term	8,105	7,027

Lease modifications in the year were in respect of extension of specific lease terms of existing property leases.

Softcat had no variable lease expenses charged or income from sub-leases credited to the Consolidated statement of profit or loss and other comprehensive income, nor any sale and leaseback transactions.

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

As at 31 July 2024, 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 (2023: £Nil).

Following the lease modifications above, the termination options on existing property leases were no longer expected to be utilised.

The total value of lease charges for low-value and short-term leases to the Consolidated statement of profit or loss and other comprehensive income for the year was £56,811 (2023: £82,569).

9 Intangible assets

	Software under development £'000	Computer software £'000	Total £'000
Cost			
At 1 August 2022	–	9,055	9,055
Additions	–	702	702
At 31 July 2023	–	9,757	9,757
Additions	3,804	2,213	6,017
At 31 July 2024	3,804	11,970	15,774
Amortisation			
At 1 August 2022	–	1,077	1,077
Charge for the year	–	1,525	1,525
At 31 July 2023	–	2,602	2,602
Charge for the year	–	1,564	1,564
At 31 July 2024	–	4,166	4,166
Net book value			
At 31 July 2024	3,804	7,804	11,608
At 31 July 2023	–	7,155	7,155

Software under development capitalised relates to enhancements to existing capitalised software, along with new systems being designed and built internally. This includes the implementation of a new IT service management and customer service system.

The material asset included within computer software relates to the enterprise resource planning (ERP) system that went live in FY2022. The net book value on this asset as at the end of the year was £6.075m (2023: £6.549m). The remaining useful economic life is 5 years.

The amortisation of intangible assets is included in administrative expenses within the Consolidated statement of profit or loss and other comprehensive income. See note 3.

10 Inventories

	2024 £'000	2023 £'000
Finished goods and goods for resale	2,916	3,591

The amount of any write down of inventory recognised as an expense in the year was £Nil (2023: £Nil).

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

11 Trade and other receivables

	2024 £'000	2023 £'000
Trade and other receivables	504,488	429,569
Provision against receivables	(3,122)	(3,920)
Net trade receivables	501,366	425,649
Unbilled receivables	40,487	34,508
Prepayments	6,982	6,344
Accrued income	10,279	9,270
Deferred costs	26,188	14,270
	585,302	490,041

The provision against receivables follows the expected credit loss model under IFRS 9. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The ageing profile of trade receivables was as follows:

	2024 £'000	Related provision £'000	Net £'000	2023 £'000	Related provision £'000	Net £'000
Current	396,096	(1,691)	394,405	309,006	(2,478)	306,528
0-30 days	65,936	(416)	65,520	76,269	(396)	75,873
31-60 days	18,255	(127)	18,128	22,331	(194)	22,137
61-90 days	12,954	(152)	12,802	11,892	(140)	11,752
Over 90 days	11,247	(736)	10,511	10,071	(712)	9,358
Total due	504,488	(3,122)	501,366	429,569	(3,920)	425,648

The Group provides against its trade receivables using the forward-looking expected credit loss model under IFRS 9. An impairment analysis is performed at each reporting date. Provisions against future recoverability are set to reflect probability-weighted outcomes, analysis of prior events and current conditions. Further details on how the Group manages its credit risk can be found in note 21. Movement in the provision for trade receivables was as follows:

	2024 £'000	2023 £'000
Balance at beginning of year	3,920	4,958
Increase for trade receivables regarded as potentially uncollectable	1,193	604
Decrease in provision for trade receivables recovered, or written off, during the year	(1,991)	(1,642)
Balance at end of year	3,122	3,920

Set out below is the information about the credit risk exposure on Softcat's trade receivables:

	Current £'000	<30 days £'000	31-60 days £'000	61-90 days £'000	>91 days £'000	Total £'000
31 July 2024						
Expected credit loss rate	0.43%	0.63%	0.69%	1.17%	6.54%	0.62%
Estimated total gross carrying amount at default	396,096	65,936	18,255	12,954	11,247	504,488
Expected credit loss	(1,691)	(416)	(127)	(152)	(736)	(3,122)
31 July 2023						
Expected credit loss rate	0.80%	0.52%	0.87%	1.18%	7.07%	0.91%
Estimated total gross carrying amount at default	309,006	76,269	22,331	11,892	10,071	429,569
Expected credit loss	(2,478)	(396)	(194)	(140)	(712)	(3,920)

Unbilled receivables and accrued income have been reviewed by management and have been determined to have an immaterial impact on our expected credit losses. The Group does not hold collateral as security.

As part of our assessment of expected credit losses, we assess for specific potentially uncollectable debt as well as wider macro-economic factors that may require provision. See note 21 for details on how the Group approaches its exposure to credit risk.

12 Trade and other payables

	2024 £'000	2023 £'000
Trade payables	290,869	254,907
Other taxes and social security	17,009	13,699
Accruals	121,919	90,222
Other creditors	285	799
	430,082	359,627

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

13 Contract liabilities

	2024 £'000	2023 £'000
Deferred income	41,131	26,883

Deferred income is split as follows:

	2024 £'000	2023 £'000
Short-term deferred income	31,980	23,851
Long-term deferred income	9,151	3,032
	41,131	26,883

Contract balances

Deferred income includes short-term and long-term goods or services to be delivered to a customer by Softcat for which there is a contractual obligation arising from receipt of consideration or amounts due from the customer. The outstanding balances on these accounts have moved in line with the activity of the business and customer base. During the current year, £23.851m (2023: £31.564m) has been recognised in revenue resulting from these contract liabilities existing as at 31 July 2023. As at 31 July 2024, £38.099m remains on the Consolidated statement of financial position as a contract liability resulting from transactions arising from the year to 31 July 2024. Softcat expects that £31.980m of the balance as at 31 July 2024 will be released in FY2025 with the balance released within two to five years of the end of FY2024.

14 Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	158,454	122,621

Cash and cash equivalents comprise cash at bank and cash in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates. All cash held is accessible and is not restricted for any period of time.

15 Deferred tax

The deferred tax asset is made up as follows:

	2024 £'000	2023 £'000
Accelerated capital allowances	(572)	(313)
Share-based payments	2,231	1,969
Other temporary differences	912	1,341
Deferred tax assets	2,571	2,997

	2024 £'000	2023 £'000
Reconciliation of deferred tax asset		
Balance at 31 July 2023 (PY: 31 July 2022)	2,997	2,508
Adjustment in respect of prior years	(446)	(229)
Profit and loss account	49	648
Credit/(charge) to equity	(29)	70
Balance at 31 July 2024 (PY: 31 July 2023)	2,571	2,997

The Group recognises all deferred tax movements in the year within the income statement, except for £29,020 (2023: £69,825 credit) debited to equity in relation to deferred tax movements on share-based payments.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

15 Deferred tax continued

	2024			2023		
	Income statement £'000	SOCIE £'000	Total £'000	Income statement £'000	SOCIE £'000	Total £'000
Current tax						
Movement in respect of prior years	(465)	–	(465)	(160)	–	(160)
Movement in respect of current year	40,422	(211)	40,211	30,414	(160)	30,254
Total current tax	39,957	(211)	39,746	30,254	(160)	30,094
Deferred tax						
Movement in respect of prior years	–	–	–	–	–	–
Movement in respect of current year:						
Share options	(291)	29	(262)	(458)	(70)	(528)
Fixed assets	260	–	260	408	–	408
Other temporary differences	429	–	429	(369)	–	(369)
Total deferred tax	398	29	427	(419)	(70)	(489)
Total tax	40,355	(182)	40,173	29,835	(230)	29,605

16 Pension and other post-retirement benefit commitments

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. At the year end, pension contributions of £868,511 (2023: £738,372) were outstanding.

	2024 £'000	2023 £'000
Contributions payable by the Group for the year	4,422	3,671

17 Share capital

Authorised share capital

In accordance with the Companies Act 2006, the Company no longer has authorised share capital. The Company's Articles of Association have been amended to reflect this change.

	2024 £'000	2023 £'000
Allotted and called up		
199,764,461 (2023: 199,555,082) ordinary shares of 0.05p each	100	100
18,933 (2023: 18,933) deferred shares of 1p each	–	–
	100	100

Note:

At 31 July 2024 deferred shares had an aggregate nominal value of £189.33 (2023: £189.33).

In the year ended 31 July 2024, 216,014 (2023: 174,791) new ordinary shares were issued to satisfy the exercise of share options and 28,095 ordinary shares (2023: 26,215) were issued to satisfy exercises under the Deferred Share Bonus Plan.

No issued ordinary shares of 0.05p each were unpaid at 31 July 2024 (2023: nil unpaid).

All ordinary shares rank pari passu in all respects.

Deferred shares do not have rights to dividends and do not carry voting rights.

Own share transactions

In the year ended 31 July 2024, the SIP Trust returned £Nil (2023: £Nil) to the Group through share recycling.

18 Earnings per share

	2024 P	2023 P
Earnings per share		
Basic	59.7	56.2
Diluted	59.4	56.0

18 Earnings per share continued

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

	2024 £'000	2023 £'000
Earnings		
Earnings for the purposes of earnings per share, being profit for the year	119,044	112,029
The weighted average number of shares is given below:		
	2024 '000	2023 '000
Number of shares used for basic earnings per share	199,490	199,237
Number of shares expected to be issued at nil consideration following exercise of share options	1,026	922
Number of shares used for diluted earnings per share	200,516	200,159

19 Notes to the Consolidated statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2024 £'000	2023 £'000
Operating profit	154,064	140,898
Depreciation of property, plant and equipment	2,631	2,466
Depreciation of right-of-use assets	2,429	2,127
Amortisation of intangibles	1,564	1,525
Dividend equivalents paid	(98)	(66)
Cost of equity-settled employee share schemes	3,612	3,330
Operating cash flow before movements in working capital	164,202	150,280
Decrease in inventory	675	1,513
(Increase)/decrease in trade and other receivables	(95,261)	51,383
Increase/(decrease) in trade and other payables and contract liabilities	85,218	(68,581)
Cash generated from operations	154,834	134,595
Income taxes paid	(39,226)	(29,793)
Net cash from operating activities	115,608	104,802

20 Financial commitments

Guarantees

As at the reporting date, Softcat plc has a class guarantee facility of £Nil (2023: £Nil) with HSBC UK Bank plc.

21 Financial instruments and financial risk management

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

Financial assets

The financial assets of the Group were as follows:

	2024 £'000	2023 £'000
Cash at bank and in hand	158,454	122,621
Trade and other receivables	552,132	469,427
	710,586	592,048

The Directors consider that the carrying amount for all financial assets approximates to their fair value.

Financial liabilities

The financial liabilities of the Group were as follows:

	2024 £'000	2023 £'000
Trade payables	(290,869)	(254,907)
Accruals	(121,919)	(90,222)
Lease liabilities	(10,358)	(9,761)
	(423,146)	(354,890)

The Directors consider that the carrying amount of financial liabilities (excluding lease liabilities) approximates to their fair value.

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

21 Financial instruments and financial risk management continued

Financial risk management

The Group is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk taking is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. During the year, no external debt was required and no facilities were entered.

The Board of Directors reviews and agrees the policies for managing each of these risks, which are summarised below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the year end, the Group has no borrowings and therefore the exposure to interest rate risk is limited to the rates received as interest income on cash deposits. The Group accepts the risk of losing interest on deposits. Due to the limited exposure to interest rate risk, no sensitivity analysis has been prepared.

Foreign currency risk

The Group is exposed to foreign currency risk when dealing with customers and suppliers who wish to be billed in a currency other than Pounds Sterling. As the vast majority of transactions are with UK customers and are denominated in Pounds Sterling, the Directors consider this foreign currency risk to be small and do not hedge this risk due to the limited exposure. The level of foreign currency transactions is monitored closely to ensure that the level of exposure is manageable.

Details of the material foreign currencies in which the Group's trade receivables, cash and cash equivalents, and trade payables are denominated are set out below:

	2024		2023	
	USD £'000	EUR £'000	USD £'000	EUR £'000
Trade receivables	72,276	12,208	30,271	14,668
Cash and cash equivalents	41,627	5,112	12,486	6,812
Trade payables	(78,231)	(7,076)	(31,853)	(5,405)
	35,672	10,244	10,904	16,075

The following table demonstrates the profit before tax sensitivity to possible changes in currency exchange rates with GBP, all other variables held constant.

	2024		2023	
	USD £'000	EUR £'000	USD £'000	EUR £'000
5% increase in rate	(1,699)	(488)	(519)	(765)
5% decrease in rate	1,877	539	574	846

The aggregate net foreign exchange gains recognised in the profit or loss were:

	2024 £'000	2023 £'000
Total net foreign exchange gain in profit or loss	757	1,052

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

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

Outstanding customer receivables are regularly monitored. At 31 July 2024, the Group had 2,189 customer accounts (2023: 2,151) that owed the Group more than £25,000 each. These accounts accounted for approximately 23% (2023: 22%) of total customers and 91% (2023: 91%) of the total value of amounts receivable. There were 800 customers (2023: 778 customers) with balances greater than £100,000 accounting for just over 8% (2023: 8%) of the total number of receivable accounts and 77% (2023: 75%) of the total value of amounts receivable.

The Group continues to monitor the impact of the current macro-economic environment, for example the cost of living crisis, and how this impacts our customer base. The receivables balance continues to be well diversified and individual customers typically represent a very small proportion of the outstanding balance.

The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data and expected credit losses. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables, as there is limited reliance on single or few customers; instead, sales are typically small in size but large in volume as are the number of customers; therefore, the Group considers concentration risk to be low. This is reflected by the fact that as at 31 July 2024, no more than 3.8% (2023: 3.3%) of receivables are due from any one customer.

The Group provides against its trade receivables using the forward-looking expected credit loss model under IFRS 9.

21 Financial instruments and financial risk management continued

Financial risk management continued

Financial instruments and cash deposits

Credit risk from cash balances with banks and financial institutions is managed in accordance with Group policy. The Group has significant cash reserves which are accessible immediately and without restriction. Credit risk with respect to cash deposits is managed by carefully selecting the institutions with which cash is deposited and spreading its deposits across more than one such institution to ease concentration risk. Cash balances are only held across a number of financial institutions and only with financial institutions with a credit rating at least one grade above investment grade. Credit ratings are reviewed on a regular basis.

Liquidity risk

The Group generates positive cash flows from operating activities and these fund short-term working capital requirements. The Group aims to maintain significant cash reserves and none of its cash reserves are subject to restrictions. Access to cash is not restricted and all cash balances could be drawn upon immediately if required. The Board carefully monitors the levels of cash deposits and is comfortable that for normal operating requirements, no external borrowings are currently required.

The following table details the Group's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total £'000
2024					
Trade payables	(290,869)	–	–	–	(290,869)
Accruals	(121,919)	–	–	–	(121,919)
Lease liabilities	(2,253)	(2,132)	(4,950)	(2,207)	(11,542)
	(415,041)	(2,132)	(4,950)	(2,207)	(424,330)
2023					
Trade payables	(254,907)	–	–	–	(254,907)
Accruals	(90,222)	–	–	–	(90,222)
Lease liabilities	(2,734)	(2,162)	(5,060)	(1,232)	(11,188)
	(347,863)	(2,162)	(5,060)	(1,232)	(356,317)

In both the current year and the prior year, materially all of the financial liabilities above, other than lease liabilities, have a contractual settlement date of between zero and three months.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while also maximising the operating potential of the business. The capital structure of the Group consists of equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated statement of changes in equity. The Group is not subject to externally imposed capital requirements.

22 Capital commitments

At 31 July 2024, the Group had £Nil capital commitments (2023: £Nil).

23 Directors' remuneration

	2024 £'000	2023 £'000
Remuneration for qualifying services	2,486	2,521
Company pension contributions to defined contribution schemes	50	3
	2,536	2,524

During the year ended 31 July 2024, the Directors of the Group were awarded a total of 113,461 LTIP shares (2023: 107,110) at an average exercise price of £Nil (2023: £Nil) and 18,632 shares (2023: 52,591) under the FY2017 Deferred Share Bonus Plan.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to two (2023: one). The number of Directors who are entitled to receive shares under long-term incentive schemes during the year was two (2023: two).

Gains on share options exercised in the year were £1,120,841 (2023: £1,155,578).

Share-based payment charges include £1,322,926 (2023: £1,163,390) in respect of Directors.

For further information on Directors' remuneration, please also see pages 125 to 146.

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

24 Employees

Number of employees

The average monthly number of employees (including Directors) during the year was:

	2024 Number	2023 Number
Sales	1,658	1,415
Services	389	377
Administration	412	359
	2,459	2,151

Employment costs

	2024 £'000	2023 £'000
Salaries, commissions and bonus	180,849	157,680
Social security costs	22,024	18,535
Other pension costs	4,422	3,671
Employment costs - subtotal	207,295	179,886
Share option charge	3,612	3,330
Total employment costs including share option charge	210,907	183,216

25 Share option schemes

The Group operates a Long Term Incentive Plan ('LTIP') for Executive Directors and senior management and a Share Incentive Plan ('SIP') for all employees.

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

	2024 £'000	2023 £'000
LTIP	3,612	3,330
Share option charge	3,612	3,330
Employer's National Insurance contributions payable on all plans	820	464
Share option charge including employer's National Insurance	4,432	3,794

All options vest at the end of the vesting period relating to that option or on the occurrence of a contingent event. This includes substantial sale or substantial business asset sale. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, the vesting of these share options is dependent on continued employment.

Following the public listing of shares in the Company, share options become readily convertible assets for which the Group is liable for employer's National Insurance contributions. The Group accrues for National Insurance contributions on a straight-line basis from the date of award to the vesting date.

LTIP

The LTIP provides share awards to Executive Directors and senior management.

Executive Directors

Details in relation to the Softcat LTIP awards to Executive Directors are included in the Directors' Remuneration Report on page 139.

During the year, 113,461 (2023: 107,110) share awards related to LTIP schemes were issued to two Executive Directors at nil exercise price with a performance period of three years. The fair value of these awards was £1,060,633 (2023: £1,082,899). Performance conditions are linked to earnings per share and total shareholder return over the vesting period. The EPS linked element of the LTIPs awarded in the year were valued using the Black-Scholes model and a Monte-Carlo simulation was used for the TSR linked element of the award. The following assumptions were used to reach the below fair value:

	31 July 2024		31 July 2023	
	EPS	TSR	EPS	TSR
Proportion of LTIP award	60%	40%	60%	40%
Share price at grant date (£)	12.26	12.26	12.59	12.59
Weighted average exercise price at grant date	—	—	—	—
Risk-free interest rate	5.26%	5.26%	3.00%	3.00%
Expected volatility	31%	31%	51%	51%
Dividend yield	—%	—%	—%	—%
Performance period (years)	3	3	3	3
Fair value (£)	12.26	4.98	12.59	6.40

25 Share option schemes continued

LTIP continued

Executive Directors continued

Expected volatility has been determined using historical data reflecting share price movements covering the financial year.

During the year, 58,201 (2023: 70,035) LTIP options were exercised with an average weighted share price at the date of exercise of £13.00 (2023: £11.99).

Deferred Share Bonus Plan

One-third of the Executive Directors' annual bonus is paid in deferred shares. In the year, 42,577 (2023: 52,591) deferred shares relating to the 2020 Deferred Share Bonus Plan were issued to one Executive Director and one former Executive Director with a £Nil exercise price and a further vesting period of three years. The fair value is calculated using the share price on the date of grant and the number of shares awarded. The fair value of deferred shares issued in the year is £527,962 (2023: £726,451).

During the year, 28,095 (2023: 26,215) options arising from deferred share bonus plans were exercised with an average weighted share price at the date of exercise of £13.00 (2023: £12.01).

Senior management

An award of 297,399 (2023: 242,263) shares was made to members of the Executive Leadership Team and other senior management in the year. These shares had an exercise price of £Nil at the date of grant and a performance period of three years. The fair value of these awards was £3,165,978 (2023: £2,672,247). As the exercise price of the options awarded in the year was £Nil, the charge has been calculated by multiplying the number of shares issued by the share price on the date of grant, adjusted for an expected forfeiture rate. The share price is the fair value of the equity instrument granted, which was £11.75 (2023: £12.59) at grant date. The resultant fair value is then recognised over the performance period.

During the year, 107,847 shares (2023: 50,082) were forfeited as members of senior management left the business prior to completion of the vesting period.

The weighted average remaining contractual life under the exercise period of all LTIP awards is 8.38 years (2023: 8.19 years).

Share Incentive Plan

The Group awarded free shares to its employees following the initial public offering in November 2015. Shares were allocated to employees on the basis of length of service. Free shares awarded to an employee under the SIP were subject to a minimum holding period of three years.

Historical employee attrition rates were used to calculate the expected number of shares expected to vest. The resulting income statement charge was spread over the three-year vesting period with a corresponding entry in equity.

In addition, the Group's voluntary partnership share purchase programme, which is open to all employees, is administered through the SIP.

As at 31 July 2024, the SIP Trust held 554,092 (2023: 579,582) ordinary shares in the Company. The market value of the shares held by the SIP Trust as at 31 July 2024 was £9.0m (2023: £8.7m).

The weighted average remaining contractual life of share-based payment arrangements at the year end was 1.36 years (2023: 3.36 years).

All share-based payment arrangements

The number and weighted average exercise price of all share-based payment arrangements (including LTIP) are as follows:

	Weighted average exercise price £	No. of shares as at 31 July 2024	Weighted average exercise price £	No. of shares as at 31 July 2023
Outstanding at 1 August	–	1,061,222	–	927,021
Granted during the year	–	455,456	–	401,964
Forfeited during the year	–	(107,847)	–	(50,082)
Exercised during the year	–	(270,577)	–	(217,681)
Outstanding at 31 July		1,138,254		1,061,222
Exercisable at 31 July		183,795		241,560

The fair value of share-based payment arrangements granted in the year was £4,544,775 (2023: £4,222,307), relating entirely to Long Term Incentive Plan awards.

The weighted average remaining contractual life of share-based payment arrangements at the year end was 7.68 years (2023: 7.43 years).

Notes to the consolidated financial statements continued

For the year ended 31 July 2024

26 Post balance sheet events

Dividend

A final dividend of 18.1p per share has been recommended by the Directors and if approved by shareholders will be paid on 17 December 2024. The final ordinary dividend will be payable to shareholders whose names are on the register at the close of business on 8 November 2024. Shares in the Company will be quoted ex-dividend on 7 November 2024. The dividend reinvestment plan ('DRIP') election date is 26 November 2024.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 20.9p has been proposed. If approved, this will also be paid on 17 December 2024 alongside the final ordinary dividend.

Contractual obligations

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 from this contract will be £17.1m.

27 Related party relationships and transactions

Transactions with key management personnel

The remuneration of key management personnel, which consists of persons who have been deemed to be discharging managerial responsibilities, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2024 £'000	2023 £'000
Short-term employee benefits	3,098	2,955
Post-employment benefits	60	6
Key management personnel share-based payment charges	1,524	1,391
	4,682	4,352

Key management personnel received a total of 151,307 share awards (2023: 177,283) at a weighted average exercise price of £Nil (2023: £Nil).

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

Dividends to Directors and former Directors

	2024 £'000	2023 £'000
M Hellowell	–	1,563
G Watt	44	32
G Charlton	53	44
R Perriss	6	6
V Murria	63	62
K Mecklenburgh	–	–
J Ferguson	–	–
M Prakash	–	–
L Weedall	–	–
	166	1,707

Katy Mecklenburgh started on 19 June 2023.

Jacqui Ferguson became a Non-Executive Director on 1 January 2024.

Mayank Prakash became a Non-Executive Director on 1 September 2023.

Martin Hellowell resigned as Non-Executive Chairman on 31 July 2023.

Company statement of financial position

As at 31 July 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Property, plant and equipment	D	9,654	11,348
Right-of-use assets	E	9,991	9,969
Intangible assets	F	11,608	7,155
Investment in subsidiaries	Q	1,752	–
Deferred tax asset	C	2,571	2,997
		35,576	31,469
Current assets			
Inventories	G	2,916	3,591
Trade and other receivables	H	576,409	490,041
Cash and cash equivalents	K	156,180	122,621
		735,505	616,253
Total assets		771,081	647,722
Current liabilities			
Trade and other payables	I	(420,539)	(359,627)
Contract liabilities	J	(31,904)	(23,851)
Income tax payable		(1,141)	(6)
Lease liabilities	E	(2,204)	(2,734)
		(455,788)	(386,218)
Non-current liabilities			
Contract liabilities	J	(9,151)	(3,032)
Lease liabilities	E	(8,105)	(7,027)
		(17,256)	(10,059)
Total liabilities		(473,044)	(396,277)
Net assets		298,037	251,445
Equity			
Issued share capital	M	100	100
Share premium account		4,979	4,979
Cash flow hedge reserve		(285)	(799)
Foreign exchange translation reserve		2,763	3,358
Retained earnings		290,480	243,807
Total equity		298,037	251,445

As permitted by Section 408 of the Companies Act 2006, the Company's Statement of profit or loss has not been included in these financial statements.

The Company generated a profit for the year to 31 July 2024 of £119.0m (2023: £112.0m).

Dividend payments are disclosed in notes 6 and 26 to the consolidated financial statements.

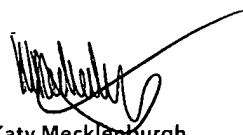
The notes on pages 191 to 198 are an integral part of these financial statements.

The financial statements on pages 191 to 198 were approved by the Board of Directors and authorised for issue on 23 October 2024.

On behalf of the Board



Graham Charlton
Chief Executive Officer



Katy Mecklenburgh
Chief Financial Officer

Softcat plc company registration number: 02174990

Company statement of changes in equity

For the year ended 31 July 2024

Equity attributable to owners of the Company

	Share capital £'000	Share premium account £'000	Cash flow hedge reserve £'000	Foreign exchange translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2022	100	4,979	–	3,562	202,459	211,100
Profit for the year	–	–	–	–	112,029	112,029
Impact of foreign exchange on reserves	–	–	–	(204)	–	(204)
Net loss on cash flow hedge	–	–	(799)	–	–	(799)
Total comprehensive income for the year	–	–	(799)	(204)	112,029	111,026
Share-based payment transactions	–	–	–	–	3,330	3,330
Dividends paid	–	–	–	–	(74,175)	(74,175)
Dividend equivalents paid	–	–	–	–	(66)	(66)
Tax adjustments	–	–	–	–	230	230
Balance at 31 July 2023	100	4,979	(799)	3,358	243,807	251,445
Profit for the year	–	–	–	–	119,020	119,020
Impact of foreign exchange on reserves	–	–	–	(595)	–	(595)
Net gain on cash flow hedge	–	–	514	–	–	514
Total comprehensive income for the year	–	–	514	(595)	119,020	118,939
Share-based payment transactions	–	–	–	–	3,612	3,612
Dividends paid	–	–	–	–	(76,048)	(76,048)
Dividend equivalents paid	–	–	–	–	(98)	(98)
Tax adjustments	–	–	–	–	182	182
Other	–	–	–	–	5	5
Balance at 31 July 2024	100	4,979	(285)	2,763	290,480	298,037

The share capital and share premium accounts represent the nominal value and premium arising on the issue of equity shares.

The reserve for own shares refers to ordinary shares held by a Share Incentive Plan ('SIP') Trust.

During the year ended 31 July 2024, 244,109 share options (2023: 174,791) were exercised and new shares were issued to satisfy this exercise. Proceeds of £Nil (2023: £Nil) were realised from the exercise of these share options.

As at 31 July 2024, the SIP Trust held 133,538 shares (2023: 159,996) awarded to employees as part of the free share award, subject to service conditions. A further 369,513 shares (2023: 368,545) were held on behalf of employees who have taken part in the Group's voluntary partnership share purchase programme. The SIP also held 51,041 unallocated shares (2023: 51,041).

Notes to the Company financial statements

A. Accounting policies

A.1. Corporate information

The financial statements of Softcat plc (the 'Company') for the year ended 31 July 2024 were authorised for issue in accordance with a resolution of the Directors on 23 October 2024.

Softcat plc is a public limited company incorporated and domiciled in England and Wales and whose shares are publicly traded. The registered office is Solar House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW, in the United Kingdom.

The principal activity of the Company continued to be that of a value-added IT reseller and IT infrastructure solutions provider to the corporate and public sector markets.

The Directors of the Group manage the Group's risks at a Group level, rather than at an individual entity level. These risks are detailed in note 21 of the Group's financial statements (see pages 185 to 187).

A.2. Basis of preparation

From 1 August 2023, the Company, which previously prepared its financial statements in accordance with IFRS, has elected to prepare its financial statements in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') in order to take advantage of the available disclosure exemptions. The relevant recognition and measurement criteria of FRS 101 are the same as those within IFRS, but with reduced disclosure requirements. Accordingly, there have been no restatements to the financial statements of the Company in the year ended 31 July 2023 as a result of the change to FRS 101.

The Company's financial statements are included in the Softcat plc (the 'Group') consolidated financial statements for the period ended 31 July 2024.

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of the Company financial statements, in accordance with FRS 101:

- The requirements of IFRS 7 Financial Instruments Disclosures
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 and paragraph 118(e) of IAS 38
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- The requirements of IFRS 16 Leases paragraph 52 and 58, the second sentence of paragraph 89 and paragraphs 90, 91 and 93 of IFRS 16 Leases

Where required, equivalent disclosures are given in the consolidated financial statements of Softcat plc.

SIP Trust

The Company operates an SIP Trust for the benefit of eligible employees. The Company recognises the assets and liabilities of this trust as its own until such assets held vest unconditionally with identified beneficiaries. The Company meets all costs incurred by the trust. The SIP Trust is treated as an extension of the Company and included in these Company accounts.

Notes to the Company financial statements continued

B. Auditor's remuneration

	2024 £'000	2023 £'000
Fees payable for audit-related services	759	733
Total for statutory audit services	759	733
Fees payable for the half-year review of the condensed financial statements	45	42
Total for non-audit-related services	45	42

C. Income tax

The Company recognises all deferred tax movements in the year within the income statement, except for £29,020 (2023: £69,825 credit) debited to equity in relation to deferred tax movements on share-based payments.

Deferred tax

The deferred tax asset is made up as follows:

	2024 £'000	2023 £'000
Accelerated capital allowances	(572)	(313)
Share-based payments	2,231	1,969
Other temporary differences	912	1,341
Deferred tax assets	2,571	2,997

	2024 £'000	2023 £'000
Reconciliation of deferred tax asset		
Balance at 31 July 2023 (PY: 31 July 2022)	2,997	2,508
Adjustment in respect of prior years	(446)	(229)
Profit and loss account	49	648
Credit/(charge) to equity	(29)	70
Balance at 31 July 2024 (PY: 31 July 2023)	2,571	2,997

D. Property, plant and equipment

	Freehold land and buildings £'000	Building improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 August 2023	2,817	9,026	2,264	5,331	773	20,211
Additions	556	34	315	–	–	905
Disposals	–	–	–	–	(103)	(103)
At 31 July 2024	3,373	9,060	2,579	5,331	670	21,013
Depreciation						
At 1 August 2023	281	4,226	1,649	2,500	207	8,863
Charge for the year	46	1,134	488	720	211	2,599
Disposals	–	–	–	–	(103)	(103)
At 31 July 2024	327	5,360	2,137	3,220	315	11,359
Net book value						
At 31 July 2024	3,046	3,700	442	2,111	355	9,654
At 31 July 2023	2,536	4,800	615	2,831	566	11,348

Freehold land amounting to £1.4m (2023: £1.4m) has not been depreciated. No assets are subject to restrictions on title or are pledged as security for liabilities (2023: £Nil).

E. Right-of-use assets and lease liabilities

	2024 £'000	2023 £'000
Property Leases		
Opening right-of-use asset as at 1 August	9,969	6,162
Lease additions and modifications	2,290	5,934
Depreciation	(2,268)	(2,127)
Closing right-of-use asset as at 31 July	9,991	9,969
Property Leases	2024 £'000	2023 £'000
Opening lease liability as at 1 August	9,761	6,666
Lease additions and modifications	2,348	5,934
Accretion of interest	435	205
Payments	(2,235)	(3,044)
Closing lease liability as at 31 July	10,309	9,761
Split as:		
Short term	2,204	2,734
Long term	8,105	7,027

F. Intangible assets

	Software under development £'000	Computer software £'000	Total £'000
Cost			
At 1 August 2022	–	9,055	9,055
Additions	–	702	702
Reclassifications	–	–	–
At 31 July 2023	–	9,757	9,757
Additions	3,804	2,213	6,017
Reclassifications	–	–	–
At 31 July 2024	3,804	11,970	15,774
Amortisation			
At 1 August 2022	–	1,077	1,077
Charge for the year	–	1,525	1,525
At 31 July 2023	–	2,602	2,602
Charge for the year	–	1,564	1,564
At 31 July 2024	–	4,166	4,166
Net book value			
At 31 July 2024	3,804	7,804	11,608
At 31 July 2023	–	7,155	7,155

Software under development capitalised relates to enhancements to existing capitalised software, along with new systems being designed and built internally. This includes the implementation of a new IT service management and customer service system. Please refer to Note 9 of the Group notes to the consolidated financial statements for details of material assets included within intangible assets.

G. Inventories

	2024 £'000	2023 £'000
Finished goods and goods for resale	2,916	3,591

The amount of any write down of inventory recognised as an expense in the year was £Nil (2023: £Nil).

Notes to the Company financial statements continued

H. Trade and other receivables

	2024 £'000	2023 £'000
Trade and other receivables	493,850	429,569
Provision against receivables	(3,122)	(3,920)
Net trade receivables	490,728	425,649
Amounts owed from Group undertakings	1,913	–
Unbilled receivables	40,332	34,508
Prepayments	6,973	6,344
Accrued income	10,279	9,270
Deferred costs	26,184	14,270
	576,409	490,041

The provision against receivables follows the expected credit loss model under IFRS 9. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

I. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	288,668	254,907
Other taxes and social security	16,978	13,699
Accruals	114,608	90,222
Other creditors	285	799
	420,539	359,627

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

J. Contract liabilities

	2024 £'000	2023 £'000
Deferred income	41,055	26,883
Deferred income is split as follows:		
	2024 £'000	2023 £'000
Short-term deferred income	31,904	23,851
Long-term deferred income	9,151	3,032
	41,055	26,883

K. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	156,180	122,621

Cash and cash equivalents comprise cash at bank and cash in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates. All cash held is accessible and is not restricted for any period of time.

L. Pension and other post-retirement benefit commitments

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund. At the year end, pension contributions of £867,236 (2023: £738,372) were outstanding.

	2024 £'000	2023 £'000
Contributions payable by the Company for the year	4,414	3,671

M. Share capital

Authorised share capital

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company's Articles of Association have been amended to reflect this change.

	2024 £'000	2023 £'000
Allotted and called up		
199,764,461 (2023: 199,555,082) ordinary shares of 0.05p each	100	100
18,933 (2023: 18,933) deferred shares ¹ of 1p each	–	–
	100	100

Note:

At 31 July 2024 deferred shares had an aggregate nominal value of £189.33 (2023: £189.33).

In the year ended 31 July 2024, 216,014 (2023: 174,791) new ordinary shares were issued to satisfy the exercise of share options and 28,095 ordinary shares (2023: 26,215) were issued to satisfy exercises under the Deferred Share Bonus Plan.

No issued ordinary shares of 0.05p each were unpaid at 31 July 2024 (2023: nil unpaid).

All ordinary shares rank pari passu in all respects.

Deferred shares do not have rights to dividends and do not carry voting rights.

Own share transactions

In the year ended 31 July 2024, the SIP Trust returned £Nil (2023: £Nil) to the Company through share recycling.

N. Financial commitments

Guarantees

As at the reporting date, Softcat plc has a class guarantee facility of £Nil (2023: £Nil) with HSBC UK Bank plc.

O. Capital commitments

At 31 July 2024, the Company had £Nil capital commitments (2023: £Nil).

P. Employees

Number of employees

The average monthly number of employees (including Directors) during the year was:

	2024 Number	2023 Number
Sales	1,653	1,415
Services	386	377
Administration	410	359
	2,449	2,151

Employment costs

	2024 £'000	2023 £'000
Salaries, commissions and bonus	180,593	157,680
Social security costs	21,998	18,535
Other pension costs	4,414	3,671
Employment costs – subtotal	207,005	179,886
Share option charge	3,612	3,330
Total employment costs including share option charge	210,617	183,216

Details of Directors' remuneration are provided within the Group Directors' Remuneration Report. The Directors' Remuneration Report, on pages 125 to 146, includes details on salary, benefits, pension and share plans. These disclosures form part of the financial statements.

£

Notes to the Company financial statements continued

Q. Investment in subsidiaries

	2024 £'000	2023 £'000
Opening investment	169	–
Capital contribution	1,583	–
	1,752	–

R. Related parties

Details of Directors' emoluments and interests are provided within the Group Directors' Remuneration Report. The Directors' Remuneration Report, on pages 125 to 146, includes details on salary, benefits, pension and share plans. These disclosures form part of the financial statements.

S. Subsidiary undertakings

The registered address and principal place of business of each subsidiary undertaking are shown in the footnotes below the table. The financial performance and financial position of these undertakings have been consolidated in the consolidated financial statements.

Name	Country of registration	Class of share capital	Nature of Investment		Nature of business
			Direct	Indirect	
Softcat US (Holdings) Inc ¹	USA	Ordinary	100%	–	Management company
Softcat US LLC ¹	USA	Ordinary	–	100%	Trading

1. 1300 N 17th Street, Suite 1020, Arlington, VA 22209-3803.

T. Information included in the notes to the consolidated financial statements

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the Company. Please refer to the following:

6 Dividends

25 Share option schemes

26 Post balance sheet events

Company information and contact details

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Graham Charlton (CEO)
Katy Mecklenburgh (CFO)
Jacqui Ferguson (Senior Independent NED)
Robyn Perriss (Independent NED)
Vin Murria OBE (Independent NED)
Lynne Weedall (Independent NED)
Mayank Prakash (Independent NED)

Company Secretary

Luke Thomas

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Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 and 17:30, Monday to Friday excluding public holidays in England and Wales.

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