

SOFTCAT plc
 ('Softcat', the 'Group')

Preliminary results for the year ended 31 July 2025

Another record performance, alongside investment in future growth

Softcat plc (LSE: SCT.L), a leading UK provider of IT infrastructure products and services, today announces its full year results for the twelve months to 31 July 2025. These results reflect another year of record performance and successful strategic execution, delivering strong progress across our key financial metrics and enabling significant investment to drive future growth.

Financial Summary	Year ended		
	31 July 2025	31 July 2024	Change
	£m	£m	
Gross invoiced income^a	3,617.0	2,852.2	26.8%
Gross profit	494.3	417.8	18.3%
Underlying operating profit^a	180.1	154.1	16.9%
Underlying cash conversion (%)^a	95.6%	95.9%	(0.3)ppts
Underlying basic earnings per share (p)^a	69.5p	59.7p	16.4%
Total ordinary dividend (p)	29.3p	26.6p	10.2%
Final ordinary dividend (p)	20.4p	18.1p	12.7%
Special dividend (p)	16.1p	20.9p	(23.0)%
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Statutory measures			
Revenue	1,458.4	962.6	51.5%
Operating profit	172.9	154.1	12.2%
Basic earnings per share (p)	66.6p	59.7p	11.6%

Highlights for the year ended 31 July 2025

- Strong gross profit growth of 18.3% and underlying operating profit^a growth of 16.9% driven by continued strength in the base business, together with an outstanding second half performance supported by larger solutions projects.
- GII growth of 26.8% reflects good performance across technologies and customer segments, aided by the contribution from very large, low margin deals.
- Further significant investment to underpin future growth, spanning IT, data and digital projects, new sales and HR systems, our office network and our people.
- Completed our first-ever acquisition with the purchase of Oakland, a data and AI consultancy, which provides new capabilities in an area of growing demand.
- Statutory operating profit of £172.9m grew by 12.2%, including £7.2m of non-underlying costs recognised in the year, mainly relating to systems investment.
- Strong underlying cash conversion^a of 95.6%, with closing net cash and cash equivalents of £182.3m (FY2024: £158.5m).
- A final ordinary dividend of 20.4p, resulting in a full year dividend of 29.3p, up 10.2%, together with a special dividend of 16.1p.
- Outlook: Our FY2026 outlook remains consistent with that provided in our August trading update. Given the phasing of large projects in both FY2025 and FY2026 we expect underlying operating profit growth in the current year to be first half weighted.

^a See page 12 for full definitions and further reconciliations of Alternative Performance Measures (APMs).

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

Graham Charlton, Softcat CEO, commented,

"I'm very pleased to report another record performance for Softcat, which marks a milestone achievement of 20 consecutive years of double-digit gross profit growth. The strength of our business model and our consistent strategic execution underpin our continuing ability to scale and invest for future growth. Our outstanding performance in FY2025 and the sustainability of our growth model are a tribute to our special culture and the ongoing evolution of our offering.

We have never been in a better position to address the increasingly complex needs of customers, who are adapting to rapid developments across all facets of their technology. During the year, we completed our first acquisition, bolstering our data, automation and AI capabilities in an exciting growth segment. And we have once again proven our ability to deliver larger and more complex solutions projects, an area we have been investing in for a number of years.

I would like to thank all our people for their incredible commitment and support to each other, and in going above and beyond for customers, delivering exceptional service with a positive attitude. Our strong performance provides us with the confidence to accelerate investment in our own systems and processes, ensuring that we have a modern and efficient infrastructure, to reinforce our competitive advantage and deliver on the significant growth opportunities ahead."

Outlook

Looking ahead, Softcat remains well positioned to deliver significant growth by making further market share gains in a growing market. Our FY2026 outlook remains consistent with that provided in our FY2025 trading update on 28 August.

Excluding the significant incremental contribution from large projects in FY2025, the Board expects to deliver low double-digit gross profit growth and high single-digit underlying operating profit growth in FY2026^c. Including the significant incremental contribution from large deals in the comparative period, this translates to reported rates of high single-digit gross profit growth and low single-digit growth in underlying operating profit.

The second half of FY2025 was exceptionally strong, reflecting the contribution from larger solutions projects. Our guidance for FY2026 includes the committed pipeline of further large projects. While dependent on customer and vendor schedules, these are expected to be delivered in the first half. This means growth in underlying operating profit in FY2026 will be first half weighted.

^c Underlying operating profit is adjusted to remove non-underlying items, including acquisition-related expenses such as the fair value of deferred contingent consideration, and implementation costs of the new sales and HR systems. Excluding the significant incremental contribution from large deals in FY2025, underlying operating profit is c.£170m.

Analyst and investor call

The management team will host an investor and analyst conference call at 9.30am UK time, on Wednesday, 22 October 2025. To join the conference call, please use the following webcast link:

https://brmedia.news/SCT_FY25

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

For further information, please contact:

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Forward-looking statements

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

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

Chief Executive Officer's ReviewPerformance and market conditions

I am delighted with how Softcat has performed in FY2025, delivering outstanding growth in most of our key metrics and overachieving our targets set at the beginning of the year, even against the backdrop of a continued challenging trading environment. We have delivered another record year, taking our unbroken track record of double-digit gross profit growth to 20 years, over which time we have also delivered consecutive annual growth in GII and underlying operating profit. Our continued success is due to our special culture and the strength of our diverse customer relationships, supported by the breadth and depth of our product and service offering and we remain resolutely focused on maintaining our competitive advantage in these important areas.

During the year we grew customer numbers, up 1.6% year-on-year, and sold more to those customers, with an increase of 16.5% in gross profit per customer. Growth was once again broad-based across different customer segments and technology areas. We were also successful in winning and delivering some large datacentre projects, reflecting the benefit of investments we have made over recent years in our capability to deliver larger and more complex solutions.

We have continued to develop and make progress against our strategy, and we remain confident in our ability to take additional market share. Our proven business model and consistent execution continue to underpin Softcat's success. To drive further progress and scale, we are focused on four key growth engines across our business: our special culture, sales and customer excellence, the breadth and quality of our offering, and operational excellence. Our continued investment in these areas ensures our long-term relevance to customers and will further enhance the customer and employee experience.

Customer priorities and technology trends

Our customers are focused on driving value from their technology spend, aligning their investments closely with business outcomes, to drive productivity and innovation. With our strategic focus and deep understanding of an increasingly complex and rapidly changing IT landscape, we are well placed to support their needs. Our ability to assemble multi-disciplinary teams means we can deliver transformation projects and deploy effective solutions at scale, driving growth and providing competitive advantage.

As a result, we are seeing continued demand from customers across the entire breadth of our technology proposition. This is being driven by the ongoing evolution of every type of workspace, through to optimising cost, performance, and resilience across hybrid estates, and keeping network architecture connected and protected. Cyber security remains in focus for many customers as pressure grows to demonstrate resilience and compliance in the face of rising

It looks for many customers, as pressure grows to demonstrate resilience and compliance in the face of rising threats. While an upsurge in demand for data organisation, storage and consumption is reshaping technology investment, as customers look to harness AI.

Our latest annual customer experience survey highlighted data security as the most common technology priority, reflecting the need for organisations to adapt to changing regulations, protect against emerging cyber threats and ensure comprehensive governance to safely benefit from all forms of AI innovation. Our customers are at varying stages of maturity in terms of their data journey, but the common desire is to embed more AI and automation into their systems and workflows, both within existing applications and through bespoke proprietary development. In June, we hosted a customer summit, a unique event delivered in partnership with Microsoft, to help business leaders understand the art of the possible and where to focus their efforts. The clear message was that organisations need to be investing in their data journey today to realise the benefits of agentic AI, or risk falling behind. This was a core part of the rationale for our acquisition of Oakland.

The volume and quality of data is paramount to leveraging the benefits of AI and this places significant pressure on all elements of IT infrastructure. To deliver the transformative insights and business outcomes that customers expect, there will be considerable additional requirements for data centre capacity, connectivity, security, storage, and workload management, across both cloud platforms and hybrid infrastructures.

Strategic developments

Our evolved technology proposition has been embedded throughout the year, simplifying how we present our offer to customers and vendors, as well as employees. We can now showcase a clearly organised set of products and services to customers developed around the major components of modern IT infrastructure, with the flexibility to rapidly adapt to vendor innovation. Alongside the ongoing investment in our own data and digital strategies, we will ensure that our customer proposition remains relevant and easy to engage with.

A further benefit of clearly framing our technology proposition, is the ability to accurately pinpoint areas for future development, or where our presence is underweight. For example, by introducing our data, automation and AI tower, we quickly identified a need for greater capability in data services to improve our market positioning.

The acquisition of Oakland expands our addressable market, providing us with a presence in data and AI consulting that would have taken years to build organically, and having initially worked together as partners, we were delighted to join forces with a company and management team which is very closely culturally aligned. Pleasingly, the customer and vendor reaction has been very positive, and the number of sales qualified leads is slightly ahead of our expectations at this stage. The deal process has also allowed us to build our M&A muscle, as we develop capabilities and experience that can support future strategic acquisitions.

During the year, we evolved our UK vendor management framework. The framework allows us to work more effectively with our strategic partners and is clearly aligned with our growth strategy and technology proposition. With our technology and vendor propositions now in place, our focus is on supporting their success through investment in our own technology and Data and Digital strategy to drive future growth.

We continue to be drawn into overseas markets by our customers, serving more of their operations outside the UK and Ireland, which is driving growth in our multinational customer base. As we seek to grow our share of large and complex customers, multinational presence remains strategically important to us, now comprising an extensive network of branches across Europe, APAC and an office with c.20 employees in Virginia, USA.

The feedback from our customers confirms we are on the right track. Our annual Customer Experience Survey received a record level of responses in FY2025 with an unchanged 98% customer satisfaction score and a net promoter score of 64 (FY2024: 63). This exemplifies a truly differentiated level of customer service and reflects an institutional commitment to customer success.

Investment for future growth

Our desire to invest for future growth remains undiminished, focused on the four key growth engines spanning our business. Our vision is to build a business which is increasingly relevant to customers, automated, smarter and easier to interact with. This will improve both customer outcomes and employee experience, ensuring that our uniquely rich combination of products and technical and service offerings can be delivered to the right customer at the right time, in a way that works for them. This means investing more in our own technology including our data and

digital strategies.

During the year, we started work on a multi-year project to implement and enrich a new cloud-based sales system. Our incumbent system has been in use for over 20 years and is not compatible with our growth ambitions. In Microsoft Dynamics 365, we have selected a contemporary platform that will reduce reliance on manual processes, connect with other core Group systems and enable us to leverage integrated AI functionality. The first phase will be focused on building foundations that, with future development and optimisation, will deliver significant benefits both to our customer interactions and employee experience.

In addition, we are also upgrading our HR system and are mindful that these parallel developments require significant project management and robust controls. This will be enabled through support from our internal technology, audit, risk management and governance teams, which have expanded over recent years.

We have also significantly invested in our office network as part of a Group-wide upgrade programme, which reflects our continued expansion and our ongoing focus on creating vibrant and welcoming working environments. We relocated three offices during the year, starting with our new Birmingham office in November 2024, while in March 2025 we moved our London office to one of the single largest floorplates in the City, followed by the opening of our new Bristol office in April 2025. In addition to seeing an uplift in office-based collaboration, these modern spaces enable us to provide more accessible, centrally located facilities that enhance wellbeing and allow room for further growth. They also encourage even greater partnership between our people, vendors and customers.

People and culture

Softcat is a special place to work that will always put our people and culture first. Our unique culture has driven our success to date and is at the heart of our differentiated customer service. We devote enormous time and effort to preserving and evolving that culture, and as we continue to grow, we are empowering more and more of our people to lead this through initiatives such as the formalisation of local office leadership structures. Our culture is one of openness and transparency and is focussed on reward and recognition for outstanding attitude and results, centred around the needs of our customers. This creates the virtuous cycle of trust that results in stronger and deeper customer relationships, enabling further investment in our proposition, and reinforcing our competitive advantage over time.

During FY2025, average headcount grew by 7.3% year-on-year to 2,639. The new hires continue to be concentrated across our technical, specialist and sales support functions, as we build our capability to do more with existing customers.

Softcat champions inclusivity, sustainability and active engagement through our employee-led community groups. These include our diversity and inclusion networks and the Founders Group, helping employees connect with our purpose and roots, together with Love2Give, our charitable giving and volunteering initiative. We remain committed to increasing our female gender balance, with a target of 40% female representation by 2030, compared with the current position of 37%. During the year, Softcat joined the Business Disability forum to further our commitment to disability inclusion, while mental health also continues to be a focus area and this year we launched a new employee assistance programme.

Recognition for our efforts is received not only from our employees, but also through external awards. We continue to participate in the Great Place to Work survey and retain our position in the UK's Best Workplaces™ list within the Super Large category. We have also retained our status as a certified Great Place to Work in the UK and in Ireland, while achieving recognition for the first time in this category in the US. We are also proud to be recognised as a 2025 Best Workplace for Development, for Wellbeing and for Women.

Sustainability

We strive for a sustainable future and one where our people and planet can prosper. Our integrated approach to implementing innovative environmental strategies, impactful social initiatives, and robust governance, helps us deliver on our sustainability commitments, while our close collaboration with partners and customers empowers them to achieve their own sustainability goals, creating a ripple effect of positive change.

We continue to prioritise initiatives within our business that support our approach to climate change, including those that minimise our direct impact on the environment and increase collaboration with our partners and supply chain to influence indirect effects. By widening access to sustainable solutions and services, we are helping customers to make purchasing decisions that accelerate their own decarbonisation efforts. We have recently launched our first certified carbon neutral service for global third-party maintenance and monitoring, in collaboration with Softcat partner Park Place Technologies. This demonstrates our continued commitment in this area and builds on achieving carbon neutrality status for one of our biggest services, Softcat Cisco Support, and our Managed Device Lifecycle Service in the prior year.

We also recognise the need for large organisations to support and protect our natural world. During the year, we joined forces with 12 of our suppliers in a pioneering biodiversity partnership, believed to be the first channel volunteering collaboration of its kind in our industry. This opens up new ways for our entire value chain to strengthen relationships while delivering outcomes that align with sustainability priorities.

Chief Financial Officer's Review

Financial Summary	FY2025	FY2024	Change
<u>Gross invoiced income split</u>			
Software	£2,074.5m	£1,807.5m	14.8%
Hardware	£992.2m	£568.5m	74.5%
Services	£550.3m	£476.2m	15.5%
Total gross invoiced income¹	£3,617.0m	£2,852.2m	26.8%
<u>Revenue split</u>			
Software	£227.2m	£213.5m	6.4%
Hardware	£985.7m	£561.2m	75.6%
Services	£245.5m	£187.9m	30.6%
Total revenue	£1,458.4m	£962.6m	51.5%
Gross profit	£494.3m	£417.8m	18.3%
Gross profit margin ²	13.7%	14.6%	(0.9%) pts
Underlying operating profit³	£180.1m	£154.1m	16.9%
Underlying operating profit margin ²	5.0%	5.4%	(0.4%) pts
Non-underlying items	£(7.2)m	-	-
Statutory operating profit	£172.9m	£154.1m	12.2%
Gross profit per customer ⁴	£48.5k	£41.7k	16.5%
Customer base ⁴	10.2k	10.0k	1.6%
Underlying cash conversions ⁵	95.6%	95.9%	(0.3) 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 12.

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

3 Underlying operating profit and underlying operating profit margin are APMs. For further information on this, please refer to page 12.

4 Gross profit per customer is defined as Gross profit divided by the customer base. Customer base is defined as the number of customers who have transacted with Softcat in both of the preceding twelve-month periods. During the year, we undertook an exercise to improve the quality of our customer data, which included aligning all trading entities with a relevant parent company where necessary, resulting in a small reduction in the overall customer number. For comparability, the customer data and associated average GP per customer in prior years has also been amended in line with the revised methodology.

5 Underlying cash conversion is defined as net cash generated from operating activities before taxation and any acquisition related cashflows, including deferred consideration outflows, net of capital expenditure, as a percentage of underlying operating profit. This is also an APM. For further information on this, please refer to page 12.

Gross profit, revenue and gross invoiced income

Our FY2025 results reflect the strength of our business model and ongoing successful strategic execution. We continue to support the technology solution needs of a diverse range of new and existing customers through our comprehensive breadth of expertise, product offering and services, together with exceptional levels of customer service delivered by our highly engaged employees.

Gross profit (GP), our primary measure of income, grew by 18.3% to £494.3m. Market conditions have remained challenging, with continued macroeconomic and geopolitical uncertainty, and our performance in this context highlights the resilience of our business model. We have a broad portfolio of solutions and serve a wide and varied customer base, and it is this diversity, complemented by our expanding capabilities in the delivery of larger and more complex solutions projects, that enables us to deliver sustainable growth.

GP growth was broad-based across enterprise, mid-market and public sector customer segments with all growing double-digit, led by mid-market, which reflects the contribution from larger solutions projects in the second half. By technology area, GP growth continued to be driven by security, reflecting the ongoing customer focus on cyber investments, alongside growth in data centres and networking, where demand was broad-based and supplemented by the larger solutions projects. Workplace GP growth was more modest reflecting the impact of Microsoft incentive changes and ongoing subdued demand for devices.

By product type, software, hardware and services GP all grew double-digit. Hardware growth was supported by datacentre and networking infrastructure, server and compute sales, with a significant contribution to growth coming from the larger solutions projects delivered in the second half. Software GP growth was broad-based across technologies and services growth was boosted by some large, high margin support service deals, albeit impacted by a strong base comparator.

Revenue is reported in accordance with IFRS 15 with some transactions (generally hardware, professional services and internally delivered support and managed services) reported gross (principal) and others (generally software and externally provided support and managed services) reported net (agent) which can make revenue trends hard to understand. We therefore continue to report GII to help provide a clearer view of underlying growth and to support understanding of key balance sheet movements. FY2025 revenue grew overall by 51.5% driven by: (1) hardware revenue growth of 75.6% reflecting strong datacentre, networking, server and compute sales, supported by larger solutions projects in the second half. Hardware accounts for a much higher mix of revenue than GII and this is the main reason total revenue growth is higher than GII growth; (2) services revenue growth of 30.6%, reflecting a higher share of internally-delivered services (reported on a gross basis), including particular success in support services deals mentioned above; and (3) software revenue growth of 6.4% which was below GII growth of 14.8%, reflecting mix into low margin public sector deals and the impact of Microsoft changes.

GII increased 26.8% to £3,617.0m, mainly driven by strong growth in hardware (74.5%), as discussed above. Software GII grew by 14.8% with particular strength in cyber and networking software, while services growth of 15.5% was driven by internal services alongside third-party support deals. GII grew ahead of GP during the year primarily due to the dilutive impact of larger solutions projects at lower margin, resulting in GP as a percentage of GII declining year-on-year to 13.7% (FY2024: 14.6%).

As shown in the table below, GII growth accelerated to 32.8% in H2 compared with 19.3% in H1, largely reflecting the contribution of larger solutions projects in the second half. GII grew ahead of GP in each half resulting in a steady reduction in gross margin across the year. In H1, this reflected dilution in software margin as well as the impact of several large, low margin deals, while in H2, the impact was driven by a small number of sizeable transactions relating to larger, low margin solutions projects.

	H1 FY2025	H1 FY2024	Change	H2 FY2025	H2 FY2024	Change
GII	£1,507.1m	£1,263.5m	19.3%	£2,109.9m	£1,588.7m	32.8%
GP	£220.2m	£196.5m	12.1%	£274.1m	£221.3m	23.9%
GP/GII %	14.6%	15.6%	(1.0) pts	13.0%	13.9%	(0.9) pts

Customer KPIs

During the year, GP per customer grew by 16.5% to £48.5k (FY2024: £41.7k) and the customer base expanded by 1.6%, to 10.2k (FY2024: 10.0k).

As the longevity of the relationship with our customers increases, the GP transacted with them also increases. Over time, customers tend to buy across more technology areas and an increasing range of vendors. Loyalty, as measured by a lower rate of customer churn, also significantly increases. We track this by measuring core KPIs among those customers transacting over £1k of GP with us each year, at which point average churn drops significantly. The number of customers in this more stable cohort, grew by 3.7% to more than 8.2k during the year, with the average GP delivered from each of those customers expanding by 14.1% to £60.1k.

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

Internal analysis, incorporating data from industry sources, indicates that our total addressable market in the UK and Ireland in 2025 is more than £87bn, growing at an annual average rate of around 10%. This includes the expanded opportunity in data and AI that will be unlocked through our acquisition of Oakland. We estimate that we can

opportunity in data and AI that we've unlocked through our acquisition of Oakland. We estimate that we serve approximately 20% of the customers in our target market in the UK, based on those who trade with us in two consecutive 12-month periods, with an average 20-25% share of wallet. We therefore continue to see a significant future growth opportunity, which is supportive of our strategy to attract new customers and go deeper with our existing customers.

Operating profitability and investment in future growth

Underlying operating profit of £180.1m (FY2024: £154.1m) increased by 16.9% year-on-year. This reflects the GP growth of 18.3%, partially offset by a 19.1% rise in underlying operating costs.

Underlying operating cost growth was driven by increased commissions and other variable pay broadly in line with commissionable GP growth and a 11.2% increase in wages and salaries, with average headcount growth of 7.3%, reflecting a more measured level of expansion as we leverage the significant headcount growth in recent years, and average salary per head growth of 3.7%. In addition, four months of the step up in Employers' National Insurance Contributions are reflected in second half costs. During the year, we expanded our internal IT team, and moved three offices to new, larger sites with associated increased costs. We also realised some FX losses and took an impairment on our Marlow freehold site during the year.

As a result of the above, the ratio of underlying operating profit to gross profit has marginally decreased to 36.4% (FY2024: 36.9%).

Statutory operating profit of £172.9m (FY2024: £154.1m) increased by 12.2% year-on-year, reflecting the impact of non-underlying costs of £7.2m (FY2024: £Nil).

Non-underlying costs

Non-underlying costs recognised during the year include system development costs of £5.3m relating to the implementation of the new cloud-based sales system and HR system, neither of which meet the criteria for capitalisation. This treatment is in line with the IFRS Interpretations Committee's decision clarifying how arrangements in respect of cloud-based Software as a Service ('SaaS') systems should be accounted for. In addition, there is a £1.9m charge relating to the acquisition of Oakland, consisting of £0.7m in transaction costs, £1.0m in respect of the fair value of deferred consideration and amortisation of acquired intangibles of £0.2m.

Corporation tax charge

The effective tax rate for FY2025 was 25.4% (FY2024: 25.3%) and marginally higher than the UK statutory rate of 25.0% due to the impact of non-deductible expenses. Our tax strategy continues to be focused on paying the right amount of tax in the right jurisdiction, at the right time.

Cash flow and cash conversion

Cash and cash equivalents at the FY2025 balance sheet date increased by £23.8m to £182.3m (FY2024: £158.5m), after total dividend payments during the year of £95.7m, and the Group remains debt free.

Underlying cash conversion, defined as net cash generated from operating activities before tax and any acquisition related cashflows, including deferred consideration outflows, net of capital expenditure, as a percentage of underlying operating profit, was 95.6% (FY2024: 95.9%). This strong performance reflects continued good working capital management, offset by investment in offices and IT systems.

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

Following an annual review of the Group's working capital requirements, we have also decided to raise the cash floor required for operational needs by 20% from £75m to £90m, effective in FY2026. The cash floor was last raised two years ago, during which time the Group's GII has grown by 41%. Given that timings of trade receivables and payables are typically closely aligned, this modest increase in the cash floor provides us with the flexibility to pursue strategic customer wins as our business expands and average deal sizes grow.

Finance net income

During the year, net interest income totalled £5.3m (FY2024: £5.3m). During the year, higher interest income earned on cash and cash equivalents was offset by an increase in lease liability interest costs following several office relocations.

Dividend

A final ordinary dividend of 20.4p per share (FY2024: 18.1p), amounting to £40.8m (FY2024: £36.2m), has been recommended by the Board of Directors. This brings the total dividend for the year to 29.3p per share (FY2024: 26.6p). If approved by shareholders, the final ordinary dividend will be payable on 16 December 2025, to shareholders whose names are on the register at the close of business on 7 November 2025. Shares in the Group will be quoted ex-dividend on 6 November 2025. The last day for dividend reinvestment plan ('DRIP') elections is 25 November 2025.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 16.1p per share has been proposed. If approved by shareholders, this will also be paid on 16 December 2025 alongside the final ordinary dividend. This will bring the total amount returned to shareholders since becoming a public company to £661.9m.

Acquisition of Oakland

In April 2025, Softcat acquired Oakland Group Services Limited, a specialist provider of data and AI consultancy services, significantly enhancing our capability in an exciting growth segment. The acquisition was settled by an initial cash payment of £8.0m, with further contingent payments over the next three years depending on performance.

Statement of Financial Position

Revenue and cost of sales have not been recognised for a large specific order in FY2025, in line with revenue recognition criteria under IFRS15. However, the customer has paid Softcat upfront and, in turn, Softcat has paid the supplier upfront for the full order value. This has contributed to £290.3m of the increase in contract liabilities (Note 10), reflecting the associated rise in deferred income as revenue cannot yet be recognised.

Inventory levels (Note 6) rose primarily due to goods held or in transit related to this order, contributing £149.5m to the overall increase. A contract fulfilment asset of £72.6 million (Note 8) has also been recognised for goods delivered that have not yet met the criteria for revenue recognition.

Within trade and other receivables (Note 7), the increase in deferred costs is largely associated with this order, which relate to goods not yet received by Softcat.

Alternative Performance Measures

The Group uses several 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. These non-GAAP measures comprise gross invoiced income (or 'GII'), underlying operating profit and underlying cash conversion.

1. **Gross invoiced income** is a measure which correlates closely to the cash received by the business and therefore aids the user's understanding of working capital movements in the statement of financial position and the relationship to sales performance and the mix of products sold. Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue as reported in the IFRS measure. A reconciliation of IFRS Revenue to gross invoiced income is provided within Note 2 of the financial statements.
2. Underlying operating profit reflects statutory operating profit, adding back non-underlying costs. Non-underlying costs comprise items which, in the opinion of management, should be identified and excluded to provide a

consistent and comparable view of the underlying performance of the Group's ongoing business. They are unusual because of their size, nature (one-off, non-trading costs) or incidence.

When evaluating the nature of an item, management considers the following factors, both individually and in combination:

- whether the item is related to activities outside the Group's primary business activities;
- the specific circumstances that led to the recognition of the item;
- the likelihood that the item will recur; and
- whether an item is cash or non-cash

Non underlying costs	2025 £'000	2024 £'000
Acquisition costs	722	-
Acquisition - contingent consideration liability	1,026	-
Acquisition - amortisation of acquired intangibles	214	-
Major system development costs	5,269	-
	<u>7,231</u>	<u>-</u>

1. **Underlying cash conversion ratio** comprises net cash generated from operating activities before taxation and any acquisition related cashflows, including deferred consideration outflows, net of capital expenditure, as a percentage of underlying operating profit. Underlying cash conversion is an indicator of the Group's ability to convert profits into available cash. In the year ended 31 July 2024 the cash conversion ratio did not incorporate underlying costs or acquisition related cashflows however, as these were nil, no prior year restatement is required. A reconciliation to the adjusted measure for cash conversion is provided below.

	2025 £'000	2024 £'000
Net cash generated from operating activities	140,714	115,608-
Income taxes paid	46,775	39,226
Cash generated from operations	187,489	154,834
Purchase of property, plant and equipment	(11,783)	(1,115)
Purchase of intangible assets	(3,444)	(6,017)
Cash generated from operations, net of capital expenditure	172,262	147,702
Underlying operating profit	180,131	154,064
Underlying cash conversion ratio	95.6%	95.9%

Net cash generated from operating activities includes £5.3m of non-underlying costs. Acquisition related cashflows not included in the underlying cash conversion ratio are the acquisition of subsidiaries net of cash acquired of £7.4m and acquisition costs of £0.7m, both of which are included in investing activities.

2. **Underlying basic earnings per ordinary share** reflect statutory basic earnings per ordinary share, adjusted for the profit after tax impact of non-underlying costs.

	2025 Pence	2024 Pence
Underlying earnings per share - Basic	69.5	59.7

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

	2025 £'000	2024 £'000
Earnings		
Earnings for the purposes of earnings per share being profit for the year	133,008	119,044
Non-underlying costs	7,231	-
Tax effect of non-underlying costs	(1,371)	-
Underlying earnings for the purposes of earnings per share,	138,868	119,044

being profit for the year

The tax effect of non-underlying costs varies depending on the nature of the costs.

The weighted average number of shares is given below:

	2025 000's	2024 000's
Number of shares used for basic earnings per share	199,690	199,490

Principal risks and uncertainties

The principal and emerging risks facing the Group have been identified and evaluated by the Board. In summary, principal risks include:

Risk	Potential impacts	Management and mitigation
BUSINESS STRATEGY		
Failure to respond to market changes including technology offering, channel disintermediation, competitor landscape and customer needs. (no change in net risk)	<ul style="list-style-type: none"> · Loss of competitive advantage · Reduced number of customers and profit per customer 	<ul style="list-style-type: none"> · Insight from ongoing industry analysis and subscriptions input into annual strategy process · Regular insights into customer priorities including climate-related through the annual customer experience survey results and 'voice of the customer' surveys. Multi-layered 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.
OPERATIONAL		
Customer dissatisfaction (no change in net risk)	<ul style="list-style-type: none"> · Reputational damage · Loss of customers · Financial penalties 	<ul style="list-style-type: none"> · Dedicated customer experience team, who manage and escalate customer dissatisfaction cases · ISO20000-1 IT Service Management and ISO-9001 Quality management certified · Ongoing customer service excellence training · 'Big-deal review' process · Investment in customer-supporting internal IT systems
Cyber security risk & business interruption risk (slight increase in net risk)	<ul style="list-style-type: none"> · Inability to deliver managed customer services · Prolonged system outage may result in lost sales opportunities and failure to deliver on key business objectives · Reputational damage · Financial loss · Customer dissatisfaction 	<ul style="list-style-type: none"> · ISO27001 accredited processes. Group-wide information security policy and mandatory security-related training · Regular testing of disaster recovery plans and business continuity plans · Simulation exercises will be conducted in FY2026 · Established and documented processes for incident management, change of control, etc. · Access controls aligned with zero trust principles · Training and awareness including regular phishing tests · 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 · Adoption of NIST 2.0 framework, a recognised cyber maturity framework
FINANCIAL		

Macro-economic factors, including geopolitical conditions, impact on customer sentiment, inflationary pressures, interest and foreign currency volatility (no change in net risk)	<ul style="list-style-type: none"> Short-term supply chain disruption Reduced margins Reduced customer demand Reduced profit per customer Higher operating costs Customer insolvencies and cash collection challenges 	<ul style="list-style-type: none"> Customer base is well diversified in terms of both revenue concentration but also public and commercial sector exposure Close dialogue with supply chain partners Market conditions are factored in our annual budgeting process Operating costs are budgeted and reviewed regularly Going concern and viability statements are underpinned by robust analysis of scenarios Policies and procedures to manage foreign exchange exposures
Ineffective working capital management, including customer credit risk relating to both in-year and multi-year deals (no change in net risk)	<ul style="list-style-type: none"> Increased bad debts Increased cost of operations 	<ul style="list-style-type: none"> Robust credit assessment process including use of trade credit insurance Clear delegation of authority ensuring decisions are escalated appropriately including to the Board, where relevant Group-wide maximum credit exposure per customer (across invoiced and orders yet to be fulfilled inclusive of multi-year deals) of £75m where specific criteria are met Support from vendors for multi-year credit risk for unfulfilled orders is regularly sought 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
Failure to retain competitive terms with our suppliers and/or right-size our cost base compared to gross profit generated. (no change in net risk)	<ul style="list-style-type: none"> Uncompetitive pricing leading to loss of business Reduced profitability/margins 	<ul style="list-style-type: none"> Budgeting process and regular reviews ensure costs are managed appropriately and in consideration of gross profit growth. Any out of budget spend needs management level or Board approval Rebates form an important, but only minority, element of total operating profit. In addition, Rebate programmes tend to be industry standard and not specific to the Group, while vendor aligned teams ensure we optimise available rebate structures Ongoing training to sales and operations teams to keep pace with new vendor programmes
PEOPLE		
Loss of culture (no change in net risk)	<ul style="list-style-type: none"> Reduced staff engagement Negative impact on customer service Loss of talent 	<ul style="list-style-type: none"> Culture sits at the heart of all changes that are made in Softcat. There is regular communication from Senior Leadership Team members to employees at 'Kick Off' and 'all hands' calls about the importance of culture Regional offices with empowered local management Quarterly management satisfaction survey and annual all-employee survey with feedback acted upon Regular staff events and incentives Enhanced internal communication processes and events
Talent, capability & leadership risk (no change in net risk)	<ul style="list-style-type: none"> Lack of strategic direction Reduced staff engagement Loss of talent Loss of competitive advantage 	<ul style="list-style-type: none"> Succession planning process in place Experienced and broad senior management team Investment in robust recruitment and selection processes Attrition tracked and action taken as necessary
REGULATORY AND COMPLIANCE		
Compliance with existing regulation/legislation and being prepared for emerging	<ul style="list-style-type: none"> Financial penalties Reputational damage Loss of customers 	<ul style="list-style-type: none"> Significant investment in a second line of defence function (Risk Assurance and Process Improvement, Information Security, Legal and Company Secretarial teams)

regulation/legislation (no change in net risk)	<ul style="list-style-type: none"> Management committee in place to review second line progress and report to the Audit and Risk Committee Ongoing engagement with specialist third parties where required
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Climate change

Climate change is already a part of the compliance with existing regulation/legislation and being prepared for emerging regulation/legislation risk. 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 above.

Going concern

Please refer to note 2.1 under 'Basis of preparation'.

Cautionary statement

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

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

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 ('IFRS').

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 and Risk Committee, the Board considers 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 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, 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.

Group Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 July 2025

		2025	2024
		£'000	£'000
Revenue	<i>Note</i>		
Cost of sales	3	<u>1,458,411</u>	<u>962,633</u>
Gross profit		494,278	417,753
Administrative expenses		<u>(314,147)</u>	<u>(263,689)</u>
Underlying operating profit		180,131	154,064
Non-underlying costs		<u>(7,231)</u>	<u>-</u>
Operating profit		172,900	154,064
Finance income		7,350	5,778
Finance cost		<u>(2,048)</u>	<u>(443)</u>
Profit before taxation		178,202	159,399
Income tax expense	4	<u>(45,194)</u>	<u>(40,355)</u>
Profit for the year		133,008	119,044
Foreign exchange differences on translation of foreign branches and subsidiaries		(885)	(620)
Net (loss)/gain on cash flow hedge		<u>(26)</u>	<u>514</u>
		<u>(911)</u>	<u>(106)</u>
Total comprehensive income for the year		132,097	118,938
Profit attributable to:			
Owners of the Parent Company		133,008	119,044
Total comprehensive income attributable to:			
Owners of the Parent Company		132,097	118,938
Basic earnings per ordinary share (pence)	11	66.6	59.7
Diluted earnings per ordinary share (pence)	11	66.2	59.4

All results are derived from continuing operations.

Group Statement of Financial Position

As at 31 July 2025

		2025	2024
		£'000	£'000
Non-current assets	<i>Note</i>		
Property, plant and equipment		16,898	9,832
Right-of-use-assets		31,790	10,066
Intangible assets and goodwill		20,632	11,608
Investments		50	-
Deferred tax asset		843	2,571
		70,213	34,077
Current assets			
Inventories	6	151,901	2,916
Trade and other receivables	7	713,149	585,302
Contract fulfilment assets	8	72,606	-
Income tax receivable		1,776	-
Cash and cash equivalents		182,282	158,454
		1,121,714	746,672
Total assets		1,191,927	780,749

Current liabilities			
Trade and other payables	9	(471,465)	(430,082)
Contract liabilities	10	(333,206)	(31,980)
Lease liabilities		(4,279)	(2,253)
Income tax payable		-	(1,141)
		(808,950)	(465,456)
Non-current liabilities			
Contract liabilities	10	(13,284)	(9,151)
Lease liabilities		(30,911)	(8,105)
		(44,195)	(17,256)
Total liabilities		(853,145)	(482,712)
Net assets		338,782	298,037
Equity			
Issued share capital	13	100	100
Share premium account		4,979	4,979
Cash flow hedge reserve		(311)	(285)
Foreign exchange translation reserve		1,853	2,738
Retained earnings		332,161	290,505
Total equity		338,782	298,037

Group Statement of Changes in Equity

For the year ended 31 July 2025

	Share capital £'000	Share premium £'000	Cash flow hedge reserve £'000	Transl-ation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 August 2023	100	4,979	(799)	3,358	243,807	251,445
Profit for the year	-	-	-	-	119,044	119,044
Impact of foreign exchange reserves	-	-	-	(620)	-	(620)
Hedging reserve movement	-	-	514	-	-	514
Total comprehensive income/(expense) 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
Balance at 1 August 2024	100	4,979	(285)	2,738	290,505	298,037
Profit for the year	-	-	-	-	133,008	133,008
Impact of foreign exchange reserves	-	-	-	(885)	-	(885)
Hedging reserve movement	-	-	(26)	-	-	(26)
Total comprehensive income/(expense) for the year	-	-	(26)	(885)	133,008	132,097
Share-based payment transactions	-	-	-	-	4,188	4,188
Dividends paid	-	-	-	-	(95,704)	(95,704)
Dividend equivalents paid	-	-	-	-	(95)	(95)
Tax adjustments	-	-	-	-	259	259
Other	-	-	-	-	-	-
Balance at 31 July 2025	100	4,979	(311)	1,853	332,161	338,782

Group Statement of Cash Flows
For the year ended 31 July 2025

		2024
	2025	£'000
	<i>Note</i>	
Net cash generated from operating activities	12	140,714
		115,608
Cash flows from investing activities		
Finance income		7,350
Acquisition of subsidiaries, net of cash acquired		(7,417)
Acquisition associated costs		(722)
Purchase of property, plant and equipment		(11,783)
Purchase of intangible assets		(3,444)
Net cash used in investing activities		(16,016)
		(1,354)
Cash flows from financing activities		
Issue of share capital		-
Dividends paid	5	(95,704)
Payment of principal portion of lease liabilities		(395)
Payment of interest portion of lease liabilities		(2,048)
Net cash used in financing activities		(98,147)
Net increase in cash and cash equivalents		26,551
Exchange losses on cash and cash equivalents		(2,723)
Cash and cash equivalents at beginning of year		158,454
Cash and cash equivalents at end of year		182,282
		158,454

Notes to the Consolidated Financial Information

1. General information

Softcat plc (the 'Group') is a public limited company, incorporated and domiciled in England and Wales. Its registered address is Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW.

The annual financial information presented in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 July 2025 or 2024 but is based on, and consistent with, that in the audited financial statements for the year ended 31 July 2025, and those financial statements will be delivered to the Registrar of Companies following the Group's Annual General Meeting. The auditor's report on those financial statements was unmodified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared 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.

These financial statements 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 2024. The accounting policies set out below have, unless otherwise stated (see below), been applied consistently to all periods presented in these financial statements.

The potential climate change-related risks and opportunities to which the Group is exposed, as identified by management, are disclosed in the Group's Climate-related Financial Disclosures ('CFD') in the Annual Report. Management has assessed the potential financial impacts relating to the identified risks and exercised judgement in

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'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's control which are not all currently known.

Going Concern

Overview

These 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 16 to 19) and Chief Financial Officer's review sections (see pages 22 to 25 of the 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 2026. All the forecasts reflect the payment of the FY2025 dividend of £73.0m which will be paid in December 2025 subject to approval at the AGM.

Liquidity and financing position

At 31 July 2025, the Group held instantly accessible cash and cash equivalents of £182.3m, with net current assets of £312.8m. 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 recently increased £90.0m 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.

Challenging economic environment

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

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

Despite the challenging economic environment, the Group 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 2025, takes into account the FY2026 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 2026. 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 FY2025;
- employee commission is incurred in line with the gross margin; and
- increased levels of cost to reflect continued investment in our people and the business's 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 2026 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 recent historic trend or recent event. 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 £4.8m 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.

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%;
- reduction in gross margin of 8%; and
- extending the debtor days by an additional eight 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 2026. Accordingly, at the October 2025 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.

Accounting policies

The preliminary announcement for the year ended 31 July 2025 has been prepared in accordance with the accounting policies as disclosed in Softcat plc's Annual Report and Accounts 2025, as updated to take effect of any new accounting standards applicable for the year.

3. Segmental information

The information reported to the Group's Chief Executive Officer, who is considered to be the chief operating decision maker for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is that of "value-added IT reseller and IT infrastructure solutions provider". The Group's revenue, results and assets for this one reportable segment can be determined by reference to the statement of profit or loss and other comprehensive income and statement of financial position. An analysis of revenues and gross invoiced income by product, which form one reportable segment, is set out below.

Revenue by type

	2025 £'000	2024 £'000
Software	227,242	213,520
Hardware	985,724	561,238
Services	245,445	187,875
	1,458,411	962,633

Gross invoiced income by type

	2025 £'000	2024 £'000
Software	2,074,532	1,807,468
Hardware	992,184	568,450
Services	550,243	476,233
	3,616,959	2,852,151

Revenue and gross invoiced income can also be disaggregated by type of business:

Revenue by type of business

	2025 £'000	2024 £'000
Small and medium	914,190	473,985
Enterprise	318,380	298,434
Public sector	225,841	190,214
	1,458,411	962,633

Gross invoiced income by type of business

	2025 £'000	2024 £'000
Small and medium	1,730,301	1,157,007
Enterprise	675,629	597,320
Public sector	1,211,029	1,097,824
	3,616,959	2,852,151

Gross invoiced income reflects gross income billed to customers adjusted for deferred and accrued revenue items and is consistent with our previous application of IAS 18. Softcat will continue to report gross invoiced income as an alternative financial KPI as this is a measure which correlates closely to the cash received by the business and therefore aids the user's understanding of working capital movements in the statement of financial position and the

relationship to sales performance and the mix of products sold. The impact of IFRS 15 and principal versus agent consideration is an equal reduction to both revenue and cost of sales.

Reconciliation of gross invoiced income to revenue

	2025 £'000	2024 £'000
Gross invoiced income	3,616,959	2,852,151
Income to be recognised as agent under IFRS 15	(2,158,548)	(1,889,518)
Revenue	1,458,411	962,633

The total revenue for the Group has been derived from its principal activity as an IT reseller.

During the period there was one direct customer (2024: none) that individually accounted for greater than 10% of the Group's total revenue, and a considerably lower proportion of gross profit. Revenue generated from this customer in FY25 was £326.7m. The revenues related to this direct customer were predominantly derived within the US subsidiary of the Group. Substantially all of the remaining revenue relates to trading undertaken in the United Kingdom.

4. Taxation

	2025 £'000	2024 £'000
Current tax		
Current income tax charge in the year	44,142	40,338
Adjustment in respect of current income tax in previous years	(332)	(465)
Foreign tax effects	55	84
Deferred tax		
Temporary differences	1,329	398
Total tax charge for the year	45,194	40,355

5. Dividends

	2025 £'000	2024 £'000
Declared and paid during the year:		
Special dividend on ordinary shares (20.9p per share (2024: 12.6p))	41,752	25,113
Final dividend on ordinary shares (18.1p per share (2024: 17.0p))	36,158	33,965
Interim dividend on ordinary shares (8.9p per share (2024: 8.5p))	17,794	16,970
Total	95,704	76,048

A final dividend of 20.4p per share has been recommended by the Directors and if approved by shareholders will be paid on 16 December 2025. The final ordinary dividend will be payable to shareholders whose names are on the register at the close of business on 7 November 2025. Shares in the Company will be quoted ex-dividend on 6 November 2025. The dividend reinvestment plan ('DRIP') election date is 25 November 2025.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 16.1p has been proposed. If approved this will also be paid on 16 December 2025 alongside the final ordinary dividend.

The Board recommends the final and special dividend for shareholders' approval.

6. Inventories

	2025 £'000	2024 £'000
Finished goods, goods in transit and goods for resale	151,901	2,916

The increase in inventories at the year end is predominantly driven by inventory held and in transit for a specific customer, yet to be delivered. As control of the goods has not passed to the customer at year end, the revenue and the related cost of sale have not been recognised.

The amount of any write down of inventory recognised as an expense in the year was £nil in both years.

7. Trade and other receivables

	2025 £'000	2024 £'000
Trade and other receivables	547,398	504,488
Provision against receivables	(4,450)	(3,122)
Net trade receivables	542,948	501,366
Unbilled receivables	59,412	40,487
Prepayments	10,336	6,982
Accrued income	17,579	10,279
Deferred costs	82,874	26,188
	713,149	585,302

8. Contract assets

	2025 £'000	2024 £'000
Contract fulfilment assets	72,606	-

The increase in contract fulfilment assets at the period end is driven by a specific order where Softcat have delivered goods to the customer but have not yet met the revenue recognition criteria under IFRS 15.

9. Trade and other payables

	2025 £'000	2024 £'000
Trade payables	285,893	290,869
Other taxes and social security	20,814	17,009
Accruals	163,989	121,919
Other creditors	769	285
	471,465	430,082

10. Contract liabilities

Contract liabilities are comprised of:

	2025 £'000	2024 £'000
Deferred income	346,490	41,131
Deferred income is further broken down as:		
Short term deferred income	333,206	31,980
Long term deferred income	13,284	9,151
	346,490	41,131

The increase in contract liabilities at the period end is driven by a specific order where Softcat has the obligation to transfer goods or services but the obligations have not yet been met. When consideration is paid before goods are transferred, a contract liability is recognised. This occurs infrequently and is usually to support the needs of the customer.

11. Earnings per share

	2025 Pence	2024 Pence
Earnings per share		
Basic	66.6	59.7
Diluted	66.2	59.4

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

	2025 £'000	2024 £'000
Earnings		
Earnings for the purposes of earnings per share being profit for the year	133,008	119,044

The weighted average number of shares is given below:

	2025 000's	2024 000's
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	2025	2024
Number of shares used for basic earnings per share	199,690	199,490
Number of shares expected to be issued at nil consideration following exercise of share options	1,163	1,026
Number of shares used for diluted earnings per share	200,853	200,516

12. Notes to the cash flow statement

	2025 £'000	2024 £'000
Cash flow from operating activities		
Operating profit	172,900	154,064
Depreciation of property, plant and equipment	3,117	2,631
Depreciation of right-of-use assets	3,818	2,429
Amortisation of intangibles	3,551	1,564
Dividend equivalents paid	(95)	(98)
Impairment of property, plant and equipment	1,300	-
Loss on disposal of property, plant and equipment	385	-
Gain on disposal of right-of-use assets	(314)	-
Acquisition associated costs	722	-
Loss on foreign exchange	2,723	-
Cost of equity settled employee share schemes	4,188	3,612
Operating cash flow before movements in working capital	192,295	164,202
(Increase)/decrease in inventories	(148,985)	675
Increase in trade and other receivables and contract fulfilment assets	(199,324)	(95,261)
Increase in trade and other payables and contract liabilities	343,503	85,218
Cash generated from operations	187,489	154,834
Income taxes paid	(46,775)	(39,226)
Net cash generated from operating activities	140,714	115,608

13. Share capital

	2025 £'000	2024 £'000
Allotted and called up		
Ordinary shares of 0.05p each	100	100
Deferred shares* of 1p each	-	-
	100	100

*At 31 July 2025 deferred shares had an aggregate nominal value of £189.33 (2024: £189.33).

Deferred shares do not have rights to dividends and do not carry voting rights.

14. Business combinations

Acquisitions in the period

On 4 April 2025, the Group acquired 100% of the share capital of Oakland Group Services Limited, a non-listed company based in the United Kingdom and specialising in the provision of data platform, data strategy, data governance, data analytics and artificial intelligence consultancy. The Group acquired Oakland Group Services Limited because it significantly enhances the Group's capability in providing these services to existing and new customers.

The details of the business combination are as follows:

	2025 £'000
Fair value of consideration transferred	7,998
Amount settled in cash	1,450
Fair value of contingent consideration	9,448
Total	722
Acquisition costs charged to expenses	722

The fair value of the identifiable assets and liabilities of Oakland Group Services Limited as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Non-current assets	
Property, plant and equipment	85
Right-of-use assets	1,133

Intangible assets	2,400
Investments	50
Total non-current assets	3,668
Current assets	
Trade and other receivables	2,015
Income tax receivable	21
Cash and cash equivalents	581
Total current assets	2,617
Total assets	6,285
Current liabilities	
Trade and other payables	(1,764)
Lease liabilities	(272)
Total current liabilities	(2,036)
 Non-current liabilities	
Deferred tax liability	(671)
Lease liabilities	(861)
Total non-current liabilities	(1,532)
Total liabilities	(3,568)
Total identifiable net assets at fair value	2,717
Goodwill on acquisition	6,731
Consideration transferred settled in cash	(7,998)
Cash and cash equivalents acquired	581
Net cash outflow on acquisition	(7,417)

Consideration transferred

The acquisition of Oakland Group Services Limited was settled in cash amounting to £8.0m. The purchase agreement included additional contingent consideration with service conditions and contingent consideration without service conditions.

The additional consideration without service conditions of £1.6m is payable only if the average profit performance for Oakland's 2026, 2027 and 2028 financial years exceeds targeted levels agreed by both parties. The additional consideration will be payable on 31 March 2027 and 31 March 2028. The contingent consideration liability recognised represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's probability-weighted estimate achieving the base case, downside case and upside case targets. The liability for additional contingent consideration with service conditions of £1m, therefore not classified as consideration transferred under IFRS3, is disclosed as Other Employment Costs.

As at 31 July 2025, there have been no changes in the estimate of the probable cash outflow. Acquisition-related costs amounting to £0.7m are not included as part of consideration transferred and have been recognised as an expense in the Consolidated statement of profit or loss and other comprehensive income, as part of administrative expenses.

In the post-acquisition period Oakland has contributed £1.8m to revenue and £0.3m to loss before tax to the Group results before amortisation of acquired intangibles. If acquired on 1 August 2024 Oakland would have contributed net revenue of £7.1m and loss before tax of £1.0m to the Group results before amortisation of acquired intangibles.

Identifiable net assets

The fair value of the trade and other receivables acquired as part of the business combination amounted to £2.0m. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to £0.01m.

As part of the acquisition, the Group obtained a minority equity interest in a private limited company. The investment does not provide the Group with control or significant influence over the investee and has therefore been recognised as a financial asset.

15. Post balance sheet events

Dividend

A final dividend of 20.4p per share has been recommended by the Directors and if approved by shareholders will be paid on 16 December 2025. The final ordinary dividend will be payable to shareholders whose names are on the register at the close of business on 7 November 2025. Shares in the Company will be quoted ex-dividend on 6 November 2025. The dividend reinvestment plan ('DRIP') election date is 25 November 2025.

In line with the Group's stated intention to return excess cash to shareholders, a further special dividend payment of 16.1p has been proposed. If approved this will also be paid on 16 December 2025 alongside the final ordinary dividend.

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

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