



Investor Presentation

September 2024

SAFE HARBOR AND NON-GAAP

Safe Harbor Statement

This presentation contains “forward-looking” statements, including our FY25 outlook, mid-term goals, market growth rates through 2027, growth opportunities, and our operating strategies, which involve risks and uncertainties, many of which are beyond our control. No undue reliance should be placed on such statements, as any number of factors could cause actual results to differ materially from anticipated or forecasted results, including, but not limited to, the following factors, which are neither presented in order of importance nor weighted: macroeconomic conditions, including potential prolonged economic weakness, inflation, the failure to manage and implement our organic growth strategy, credit risks involving our larger customers and suppliers, changes in interest and exchange rates and regulatory regimes impacting our international operations, risk to our business from a cyberattack, a failure of our IT systems, failure to hire and retain quality employees, loss of our major customers, relationships with our key suppliers and customers or a termination or a modification of the terms under which we operate with these key suppliers and customers, changes in our operating strategy, and other factors set forth in the “Risk Factors” contained in our annual report on Form 10-K for the fiscal year ended June 30, 2024. Except as may be required by law, ScanSource expressly disclaims any obligation to update these forward-looking statements to reflect events or circumstances after the date of this presentation or otherwise.

Non-GAAP Financial Information

In addition to disclosing results that are determined in accordance with United States Generally Accepted Accounting Principles (“GAAP”), the Company also discloses certain non-GAAP measures, including adjusted EBITDA, adjusted EBITDA margin, net debt, adjusted return on invested capital (“ROIC”), net leverage ratio, and free cash flow. A reconciliation of the Company's non-GAAP financial information to GAAP financial information is provided in the Appendix and in the Company's Form 8-K, filed with the SEC, with the quarterly earnings press release for the period indicated. Please see the “Non-GAAP Financial Information” section in the quarterly earnings press release for additional description of our non-GAAP measures.

ScanSource discloses forward-looking information that is not presented in accordance with GAAP with respect to adjusted EBITDA margin and adjusted ROIC. ScanSource believes that a quantitative reconciliation of such forward-looking information to the most directly comparable GAAP financial measure cannot be made without unreasonable efforts, because a reconciliation of these non-GAAP financial measures would require an estimate of future non-operating items such as acquisitions and divestitures, restructuring costs, impairment charges and other unusual or non-recurring items. Neither the timing nor likelihood of these events, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, a reconciliation of such forward-looking information to the most directly comparable GAAP financial measure is not provided.

ScanSource – A Transformed Company

From: A traditional hardware distributor



To: Innovative hybrid distributor



Expand technology offerings in increasingly digital world



Intelisys, leading technology services distributor of telecom and cloud



Rapidly growing recurring revenue



Specialty device distribution



Expanding margins

AGENDA

Leading Hybrid Distributor. Expanding Value for Partners.



1

Hybrid distribution accelerates recurring revenue



2

Diverse ecosystem of partners and technologies

3

Differentiated market position

4

Attractive financial profile drives free cash flow

5

Deliver sustainable long-term profitable growth

ScanSource At-a-Glance – Leading Hybrid Distributor

Specialty Technology
Distributor

**Market
Leader**

Customers

~25,000

Technology Suppliers

~500

Total Employees

~2,300

Two Segments – Net Sales

Specialty Technology Solutions



Mobility and
Barcode



Security and
Networking



Point of Sale (POS)
and Payments

~61%

Modern Communications & Cloud



Communications
and Collaboration



Connectivity



Cloud
Services

~39%

Sales by Geography
United States

90%

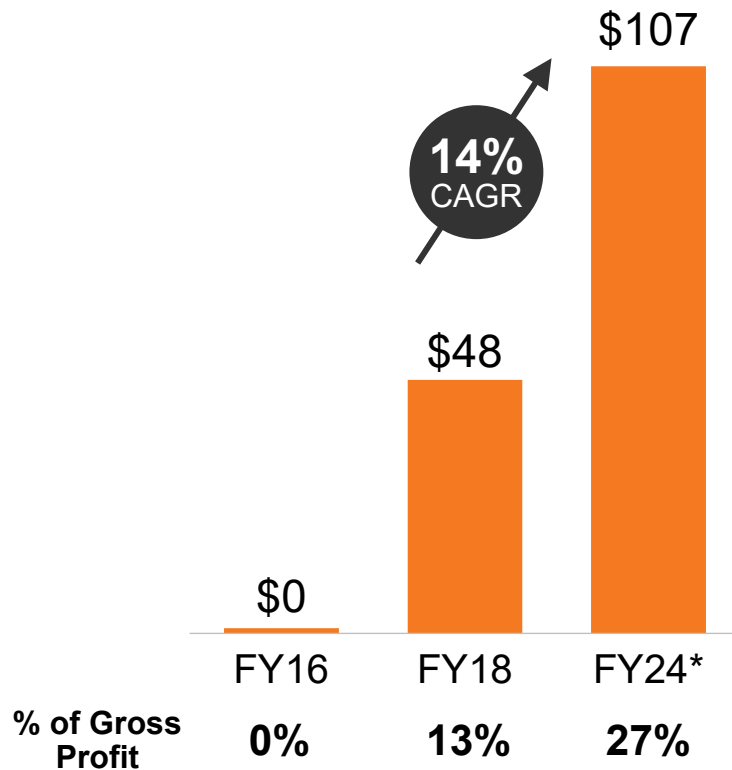
Recurring Revenue %
of Gross Profit

~27%

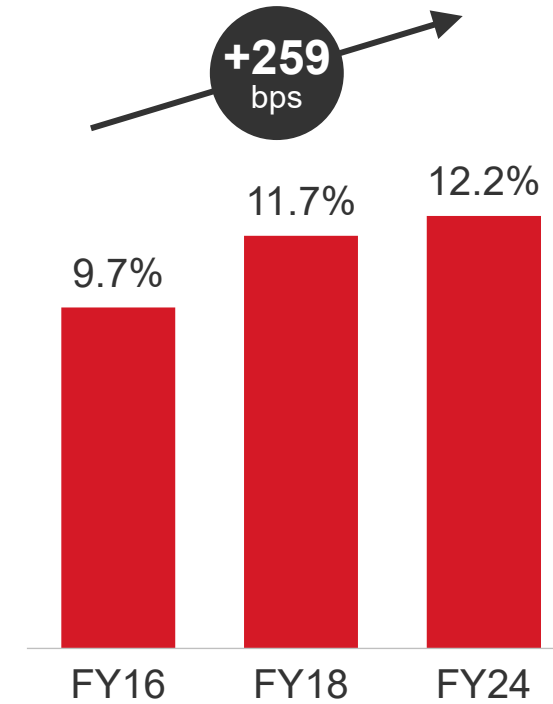


Clear Evidence of a Transformed Business Model

Rapidly Growing Recurring Revenue (\$M)



Expanding Gross Profit Margin



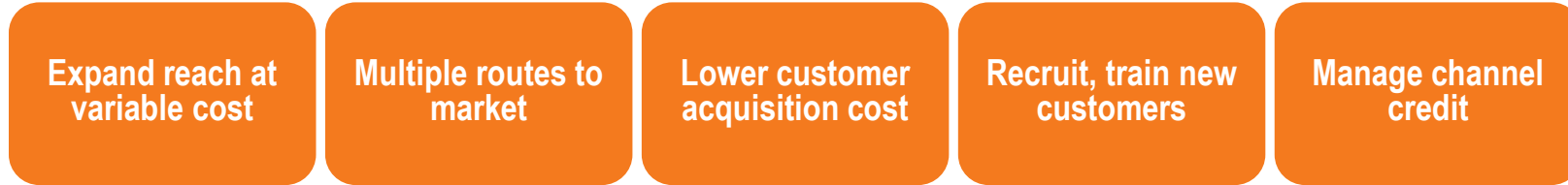
Recurring revenue chart reflects gross profit from recurring revenues. Recurring revenue represents revenue from the Intelisys commissions business, SaaS, subscriptions, and hardware rentals. Recurring revenue is generally recognized on a net basis.

* For FY24, excludes \$3.5M for the intY UK business sold in December 2023.

ScanSource Plays a Pivotal Role Accelerating Growth for Our Customers: #1 or #2 Channel Partner for Our Key Suppliers

TECHNOLOGY SUPPLIERS (~500)

ScanSource Value Proposition for Suppliers



“Exceptional customer orchestration”



“One-stop-shop for hybrid solutions, reducing complexity”

ScanSource Value Proposition for Customers

CUSTOMERS (~25,000)



OUR MISSION

Drive sustainable profitable growth by orchestrating hybrid technology solutions through a rapidly growing ecosystem of suppliers and customers leveraging our people, processes, and tools.

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Building On Specialized Technologies – Two Segments

Specialty Technology Solutions



Mobility and Barcode



Security and Networking



Point of Sale (POS) and Payments

SUPPLIERS INCLUDE



47% of Gross Profit

Modern Communications & Cloud



Communications and Collaboration



Connectivity



Cloud Services

SUPPLIERS INCLUDE



53% of Gross Profit

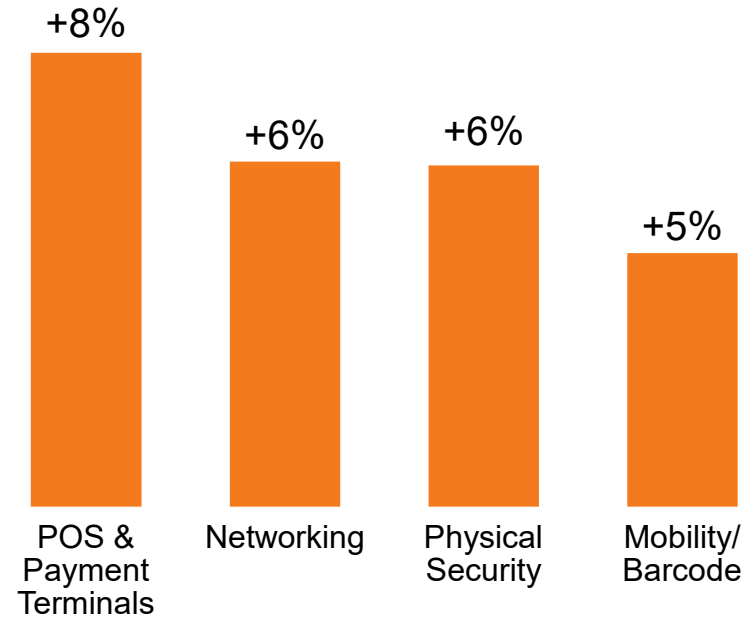
Setting the Hardware Business Up to Deliver Sustainable Profitable Growth

Key Technology Trends

- ✓ Mobile computing devices enabling automation and worker productivity
- ✓ On-line ordering and self-service
- ✓ Payments and retail customer experience
- ✓ IP video surveillance protecting people and assets
- ✓ Remote work and wireless access points



Estimated Growth Rates CAGR % 2022 to 2026/27*



Market Size, 2026/27*	POS & Payment Terminals	Networking	Physical Security	Mobility/Barcode
	\$11B	\$45B	\$12B	\$5B

For US and Canada based on end-user spending (reflects direct and indirect sales); ScanSource's market opportunity is in indirect sales.

Source: ScanSource estimates using market research from Gartner, IDC, and VDC; see "Safe Harbor Statement."

* Estimates for 2022 to 2026 (4 year-CAGR) for POS & Payment Terminals and Mobility/Barcode and for 2022 to 2027 (5 year-CAGR) for Networking and Physical Security

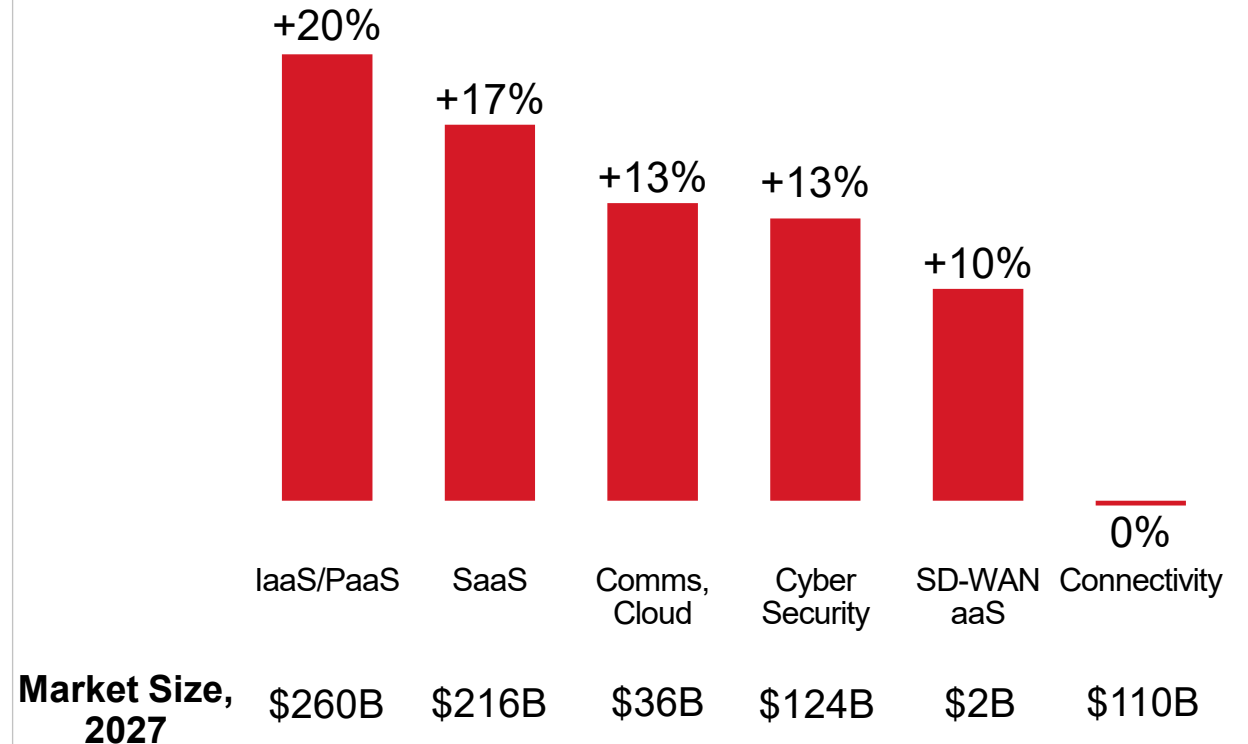
Positioned in High Growth Cloud Markets – Intelisys Generates ~40% of Segment Gross Profit

Key Growth Drivers

- ✓ Hybrid work creates opportunity for cloud-based unified communications & collaboration solutions
- ✓ Growing need for easily maintainable cloud-based contact centers
- ✓ AI adds to UCaaS and CCaaS solutions
- ✓ Heightened emphasis on security for cloud



Estimated Growth Rates CAGR % 2022 to 2027



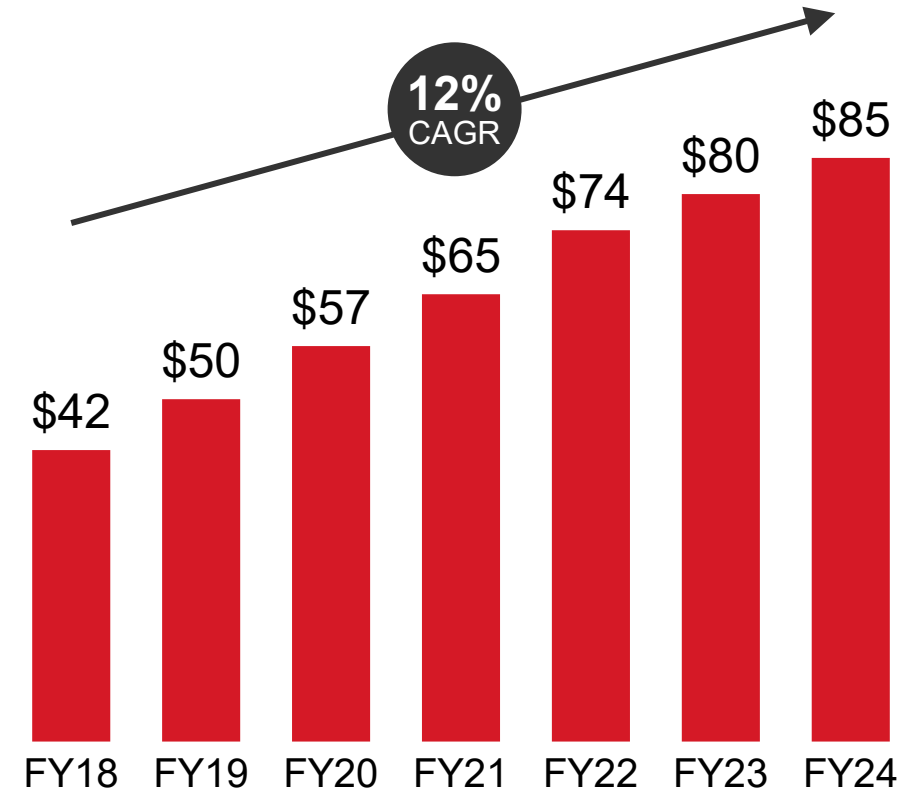
For US and Canada based on end-user spending (reflects direct and indirect sales); ScanSource's market opportunity is in indirect sales.
 Source: ScanSource estimates using market research from Gartner. Connectivity includes wireless data and voice; see "Safe Harbor Statement."

Intelisys A Key Driver of Gross Profit Growth – Net Billings, \$2.67B⁽¹⁾

Key Growth Drivers

- Earns percentage of commissions, building recurring revenues from multi-year contracts
- Revenues recognized on a net basis; net sales equal gross profit
- Very low working capital requirements and no inventories
- Strong supplier contracts and choice (200+ suppliers)
- Strong cloud supplier offerings; top UCaaS and CCaaS (~28% of FY24 net billings)
- Sustainable and forecastable free cash flow

Intelisys Revenues (\$M)



AGENDA

Leading Hybrid Distributor. Expanding Value for Partners.



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Hybrid distribution accelerates recurring revenue

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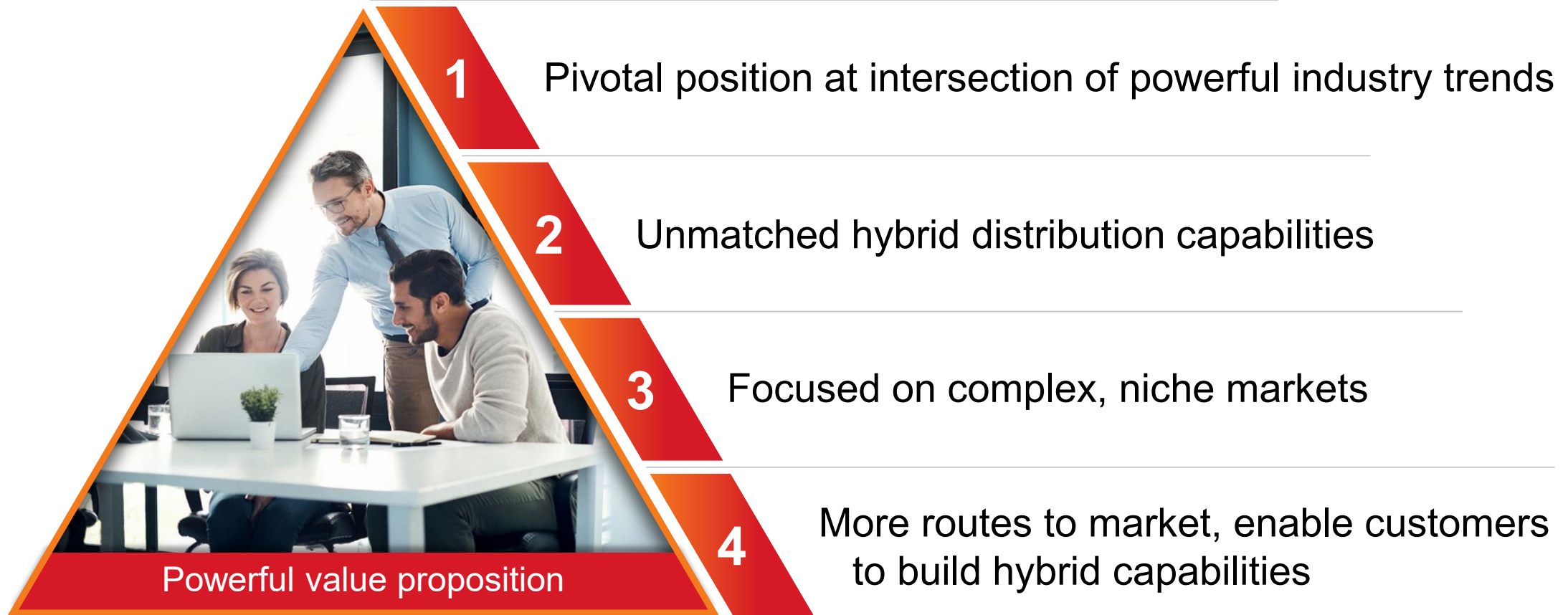
Attractive financial profile drives free cash flow

5

Deliver sustainable long-term profitable growth



A Differentiated Market Position



ScanSource is Positioned in a Pivotal Position to Capitalize on Powerful Technology Distribution Trends

Suppliers Seeking New Routes to Market (~500)

- Need distributors who can support diverse routes and end-user preferences



Pivotal Position
























- Value-added partner for BOTH:
- Suppliers
 - Customers

Customers Need Expanded Capabilities (~25,000)

- Hardware +
- SaaS +
- Connectivity +
- Cloud services



Unmatched Hybrid Distribution Capabilities

Capability		Competitors		
		Broadline IT	Speciality IT	Agency
Portfolio in Specialty Technologies:				
• Hardware				
• Agency model for selling cloud services				
Multiple, specialized routes to market				
Deep specialization				
Orchestrate hybrid solutions				

Focused on Complex, Niche Markets

Key Capabilities

Scale of a Market Leader

Deep customer and supplier relationships
– #1 or #2 for our key suppliers



Delivery Model for Hybrid Distribution

Agency model makes it easy for
customers to sell cloud



Enable to Win

Hardware+ to deliver technology
solutions stack



Innovative Financial Solutions

Versatile financial solutions
for customers



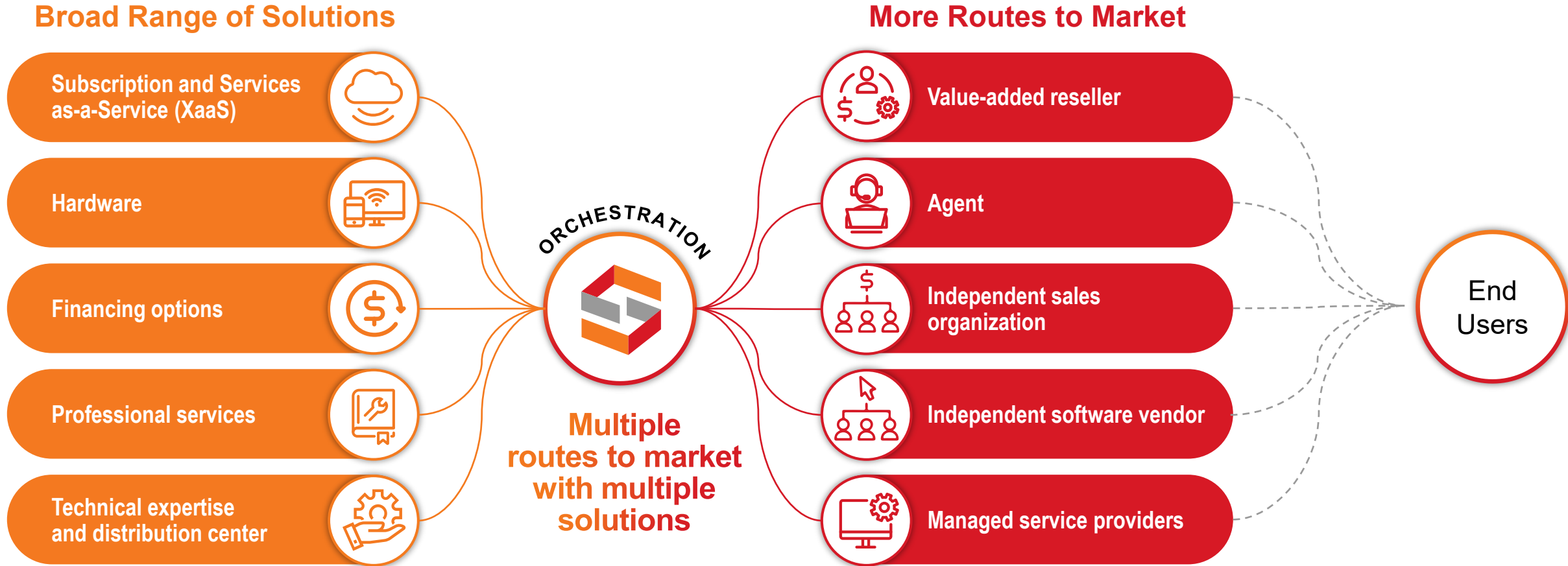
Advantages



**Well-positioned
to meet
complex needs**



Our Hybrid Distribution Orchestrates the Best End-User Solutions



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Attractive Financial Profile Drives Free Cash Flow

- 1. Sustainable profitable growth**
 - fast growing recurring revenue

- 2. Margin expansion opportunity**
 - adj. EBITDA margin* mid-term goal (4.5% to 5%)



- 4. Strong balance sheet**
 - disciplined capital allocation

- 3. Free cash flow generation**
 - building a cash culture
 - focus on working capital efficiency improvements

Strong Balance Sheet and Disciplined Capital Allocation

Priorities

Disciplined M&A

- Fund growth of high margin, recurring revenue businesses that are working capital light
- Expand investments in the Agency Channel

Share Repurchases

- \$123M remaining (as of 6/30/24) on Board-approved authorizations
- \$43M shares repurchased in FY24

Maintain Targeted Net Leverage Ratio: 1x to 2x Adj. EBITDA*

Key Metrics Q4 FY24 – Q/E

Net leverage ratio*

-0.3x

Cash and cash equivalents

\$185M

Credit facility availability

\$350M

Total debt

\$144M

Executing Capital Allocation Plan – August 2024 Acquisitions

M&A theme: High margin, recurring revenue businesses that are working capital light



- Technology advisor delivering strategic IT sourcing solutions
- Start of advisory channel business
- Creating the advisory channel model of the future



- Connectivity provider of 5G for mobility solutions
- Enables VARS to sell hybrid solutions combining recurring revenue from connectivity with hardware mobility devices

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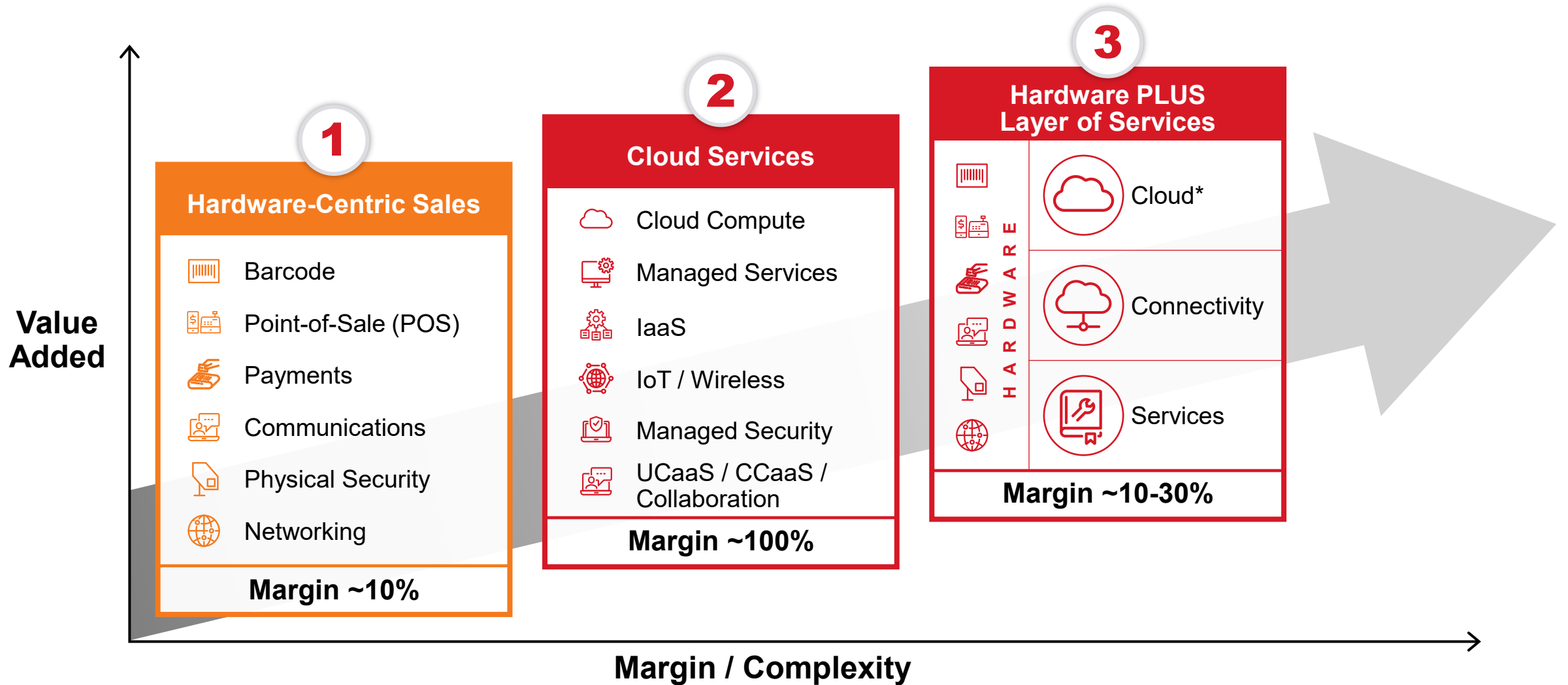


Multiple Profitable Growth Drivers Going Forward

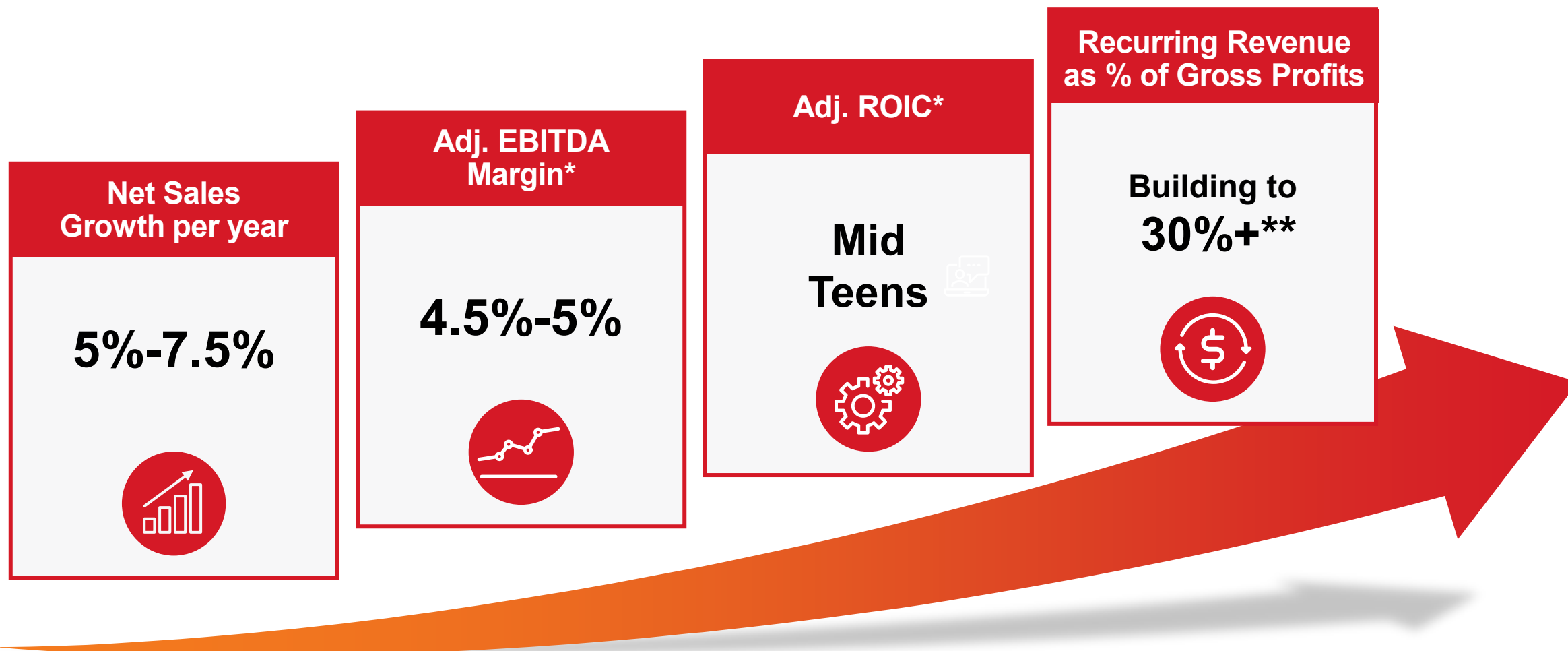
- 1.** Grow hybrid offerings across all routes to market
- 2.** Broaden technology portfolio
- 3.** Enter new markets, target new customer needs
- 4.** Digital expansion
- 5.** Build technology capabilities



Evolving to Higher Value-Added Solutions



Clear Mid-Term Goals



* Non-GAAP measure; see “Non-GAAP Financial Information” for information on forward-looking financial data not presented in accordance with GAAP.

** Accelerate organic growth with strategic acquisitions

Mid-term: 3-to-4-year time frame

Goals were provided as of August 27, 2024 and are not being updated or reaffirmed at this time.

Includes forward-looking statements; see “Safe Harbor Statement.”

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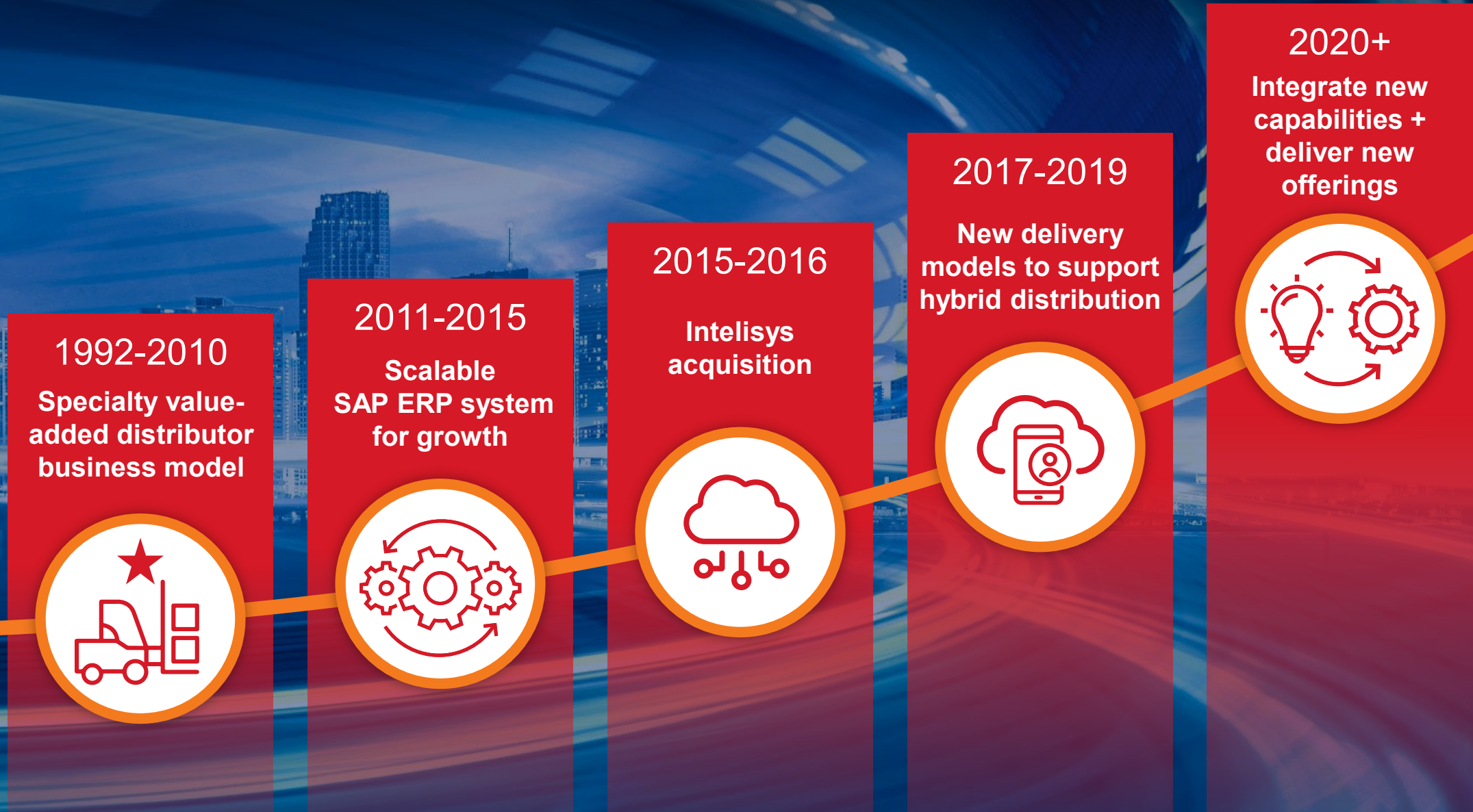
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Appendix

ScanSource Evolution to Leading Hybrid Technology Distribution



Working Capital, 8-Quarter Summary

<i>(\$ in thousands)</i>	Q4 FY24	Q3 FY24	Q2 FY24	Q1 FY24	Q4 FY23	Q3 FY23	Q2 FY23	Q1 FY23
Accounts receivable (Q/E)	\$581,523	\$589,847	\$662,799	\$691,669	\$753,236	\$684,458	\$779,562	\$744,946
Days sales outstanding in receivables	71	71	68	71	72	70	69	71
Inventory (Q/E)	\$512,634	\$529,163	\$575,137	\$656,170	\$757,574	\$752,763	\$761,936	\$675,798
Inventory turns	5.0	4.8	5.1	4.4	4.4	4.1	5.0	5.1
Accounts payable (Q/E)	\$587,984	\$555,733	\$540,642	\$617,594	\$691,119	\$656,688	\$748,662	\$710,919
Paid for inventory days*	4.2	11.2	15.7	16.8	17.5	22.7	10.9	7.2
Working capital (Q/E) (AR+INV-AP)	\$506,173	\$563,277	\$697,294	\$730,245	\$819,691	\$780,533	\$792,836	\$709,825
Cash conversion cycle	75	82	84	88	90	93	80	78

*Paid for inventory days represent Q/E inventory days less Q/E accounts payable days

Non-GAAP Financial Information – Net Leverage Ratio

(\$ in thousands)

	Q4 FY24	Q3 FY24	Q2 FY24	Q1 FY24	Q4 FY23
Consolidated debt (Q/E)	\$144,056	\$145,881	\$168,834	\$248,108	\$329,901
Less: Consolidated cash and cash equivalents (Q/E)	(185,460)	(159,050)	(44,987)	(42,647)	(36,178)
Net debt (Q/E)	\$ (41,404)	\$ (13,169)	\$123,847	\$205,461	\$293,723

Reconciliation of Net Income to Adjusted EBITDA

Net income from continuing operations - GAAP	\$ 16,097	\$ 12,806	\$ 32,726	\$ 15,432	\$ 17,095
Plus: Interest expense	2,084	2,001	3,359	5,585	5,564
Plus: Income taxes	6,600	5,146	7,320	3,715	6,367
Plus: Depreciation and amortization	6,792	6,742	7,258	7,217	7,255
EBITDA	31,573	26,695	50,663	31,949	36,281
Adjustments:					
Tax recovery (a)	(657)	(515)	(1,386)	-	(128)
Share-based compensation	1,808	2,388	2,571	2,769	2,586
Cyberattack restoration costs	141	93	441	201	1,460
Acquisition and divestiture costs	503	511	703	-	-
Restructuring costs	435	3,923	-	-	-
Loss (gain) on sale of business	378	-	(14,533)	-	-
Adjusted EBITDA (non-GAAP)	\$ 34,181	\$ 33,095	\$ 38,459	\$ 34,919	\$ 40,199
Adjusted EBITDA, Trailing 12-Months (TTM)	\$140,654				
Net Debt/Adjusted EBITDA, TTM	-0.3x				

(a) Recovery of prior period withholding taxes in Brazil