



Investor Presentation

November 2024

SAFE HARBOR AND NON-GAAP

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This presentation contains “forward-looking” statements, including our FY25 outlook, mid-term goals, market growth rates, growth opportunities, and our operating and acquisition 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 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, and subsequent reports on Form 10-Q, filed with the Securities and Exchange Commission. 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.

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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 connectivity and cloud



Fast-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**

Channel Partners
~25,000

Technology Suppliers
~500

Total Employees
~2,300

Specialty Technologies

Two Operating Segments

Sales by Geography
United States & Canada

90%

Recurring Revenue %
of Gross Profit

28%



Based on Sales Model

Specialty
Technology
Solutions

77%

Intelisys &
Advisory

23%

Gross profit contribution percentage



Mobility and
Barcode



Security and
Networking



Point of Sale (POS)
and Payments



Communications
and Collaboration

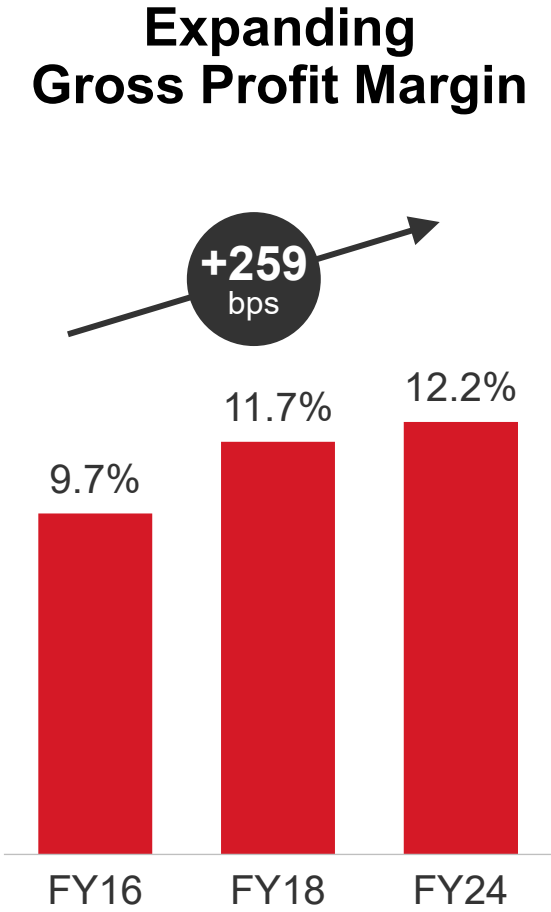
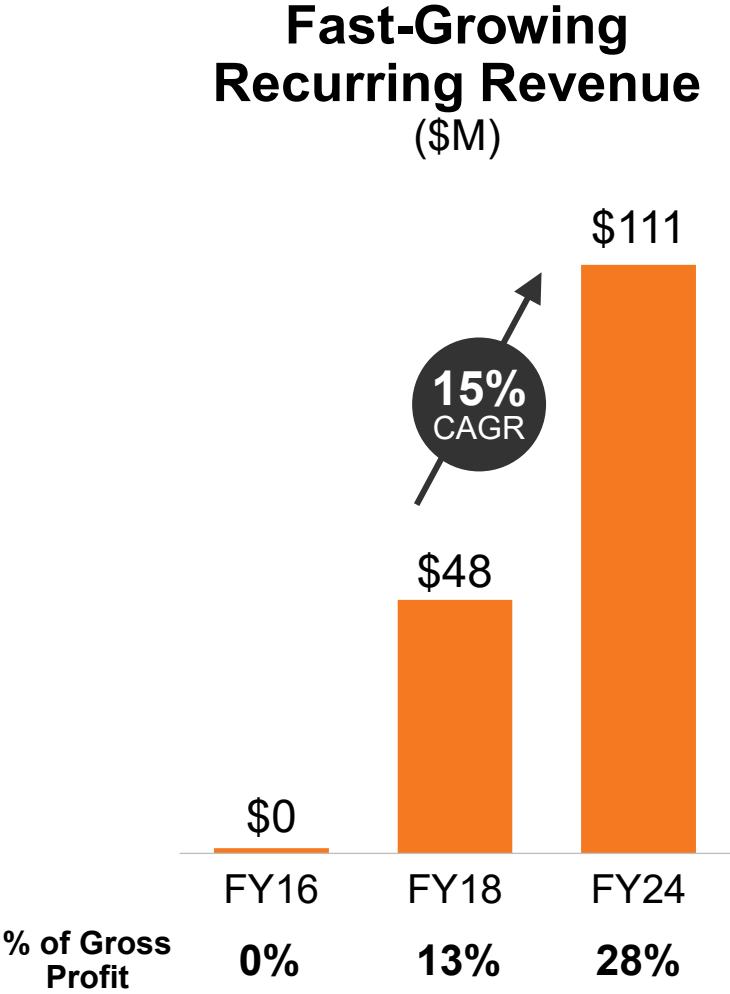


Connectivity



Cloud
Services

Clear Evidence of a Transformed Business Model



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



OUR MISSION ➤

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

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Building on Specialty Technologies with Recurring Revenue Opportunities in Both Segments



Mobility
and Barcode



Security and
Networking



Point of Sale (POS)
and Payments



Communications
and Collaboration



Connectivity



Cloud
Services

SUPPLIERS INCLUDE



Key Technology Trends for Sustainable Profitable Growth

- ✓ Shift in buying/consumption preferences to cloud and SaaS/subscriptions
- ✓ More complex technology solutions as devices, software and services are bundled together
- ✓ Connected devices enable digitization, automation, and worker productivity
- ✓ Investments in enhanced network connectivity and 5G networks
- ✓ Heightened emphasis on security for cloud and for protecting people and assets
- ✓ AI adds to CX (UCaaS/CCaaS) solutions and growing demand for cloud-based contact centers



ScanSource Plays a Pivotal Role Accelerating Growth for Partners

TECHNOLOGY SUPPLIERS

ScanSource Value Proposition for Suppliers



ScanSource Value Proposition for Channel Partners

CHANNEL PARTNERS

Proven Success with Agency Model for Connectivity and Cloud

- Revenues recognized on a net basis (net sales \approx gross profit)
- Very low working capital requirements and no inventories
- **Intelisys**, leading technology services distributor (TSD) with annualized net billings \$2.67B⁽¹⁾
 - Generates over 90% of segment gross profit
 - Earns percentage of commissions, building recurring revenues from multi-year contracts (agency model)
 - Strong supplier contracts and choice (200+ suppliers); top CX (UCaaS/CCaaS ~28% of FY24 net billings)
- **Resourceive**, technology advisor delivering strategic IT sourcing solutions (acquired Aug '24)
 - Start of advisory channel business
- **Channel Exchange** (formerly intY US), new marketplace platform (expected go-live Dec '24)
 - Cloud platform with automated quoting, invoicing, licensing, and provisioning



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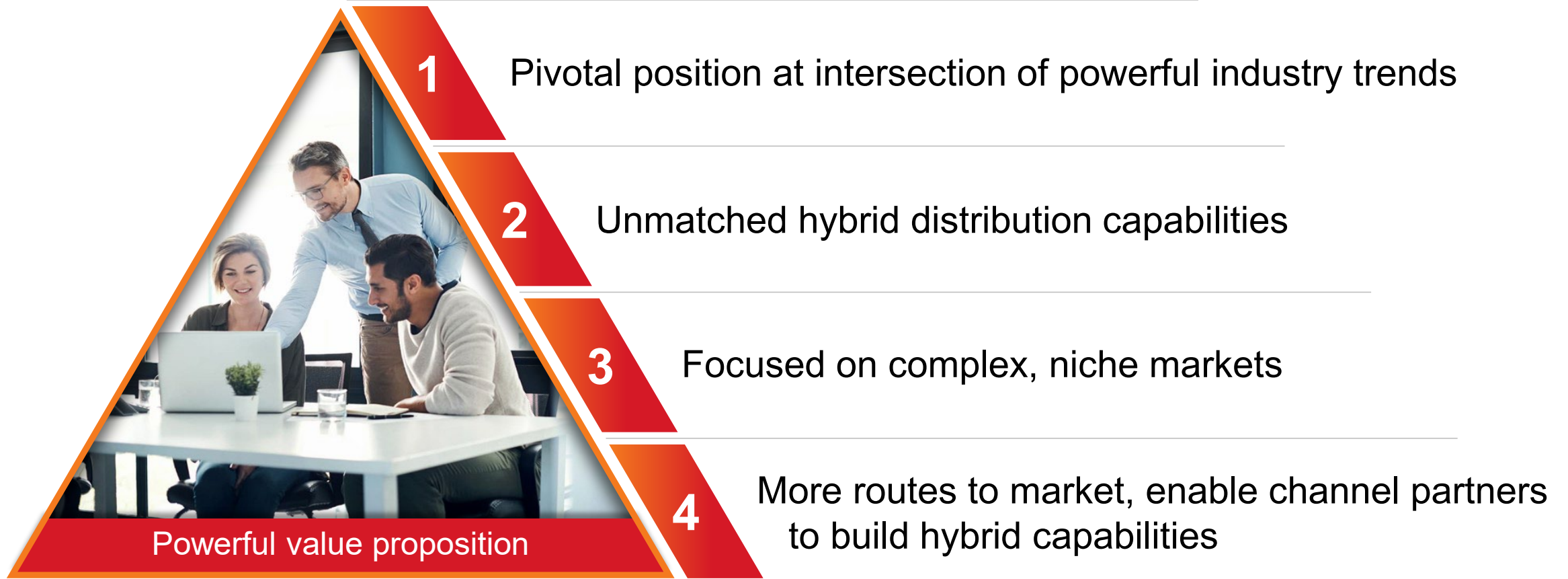
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A Differentiated Market Position



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 customer preferences



Pivotal Position



Value-added partner
for BOTH:






















- Suppliers
- Channel Partners

Channel Partners 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
channel partners to sell cloud



Enable to Win

Hardware+ to deliver technology
solutions stack



Innovative Financial Solutions

Versatile financial solutions
for channel partners



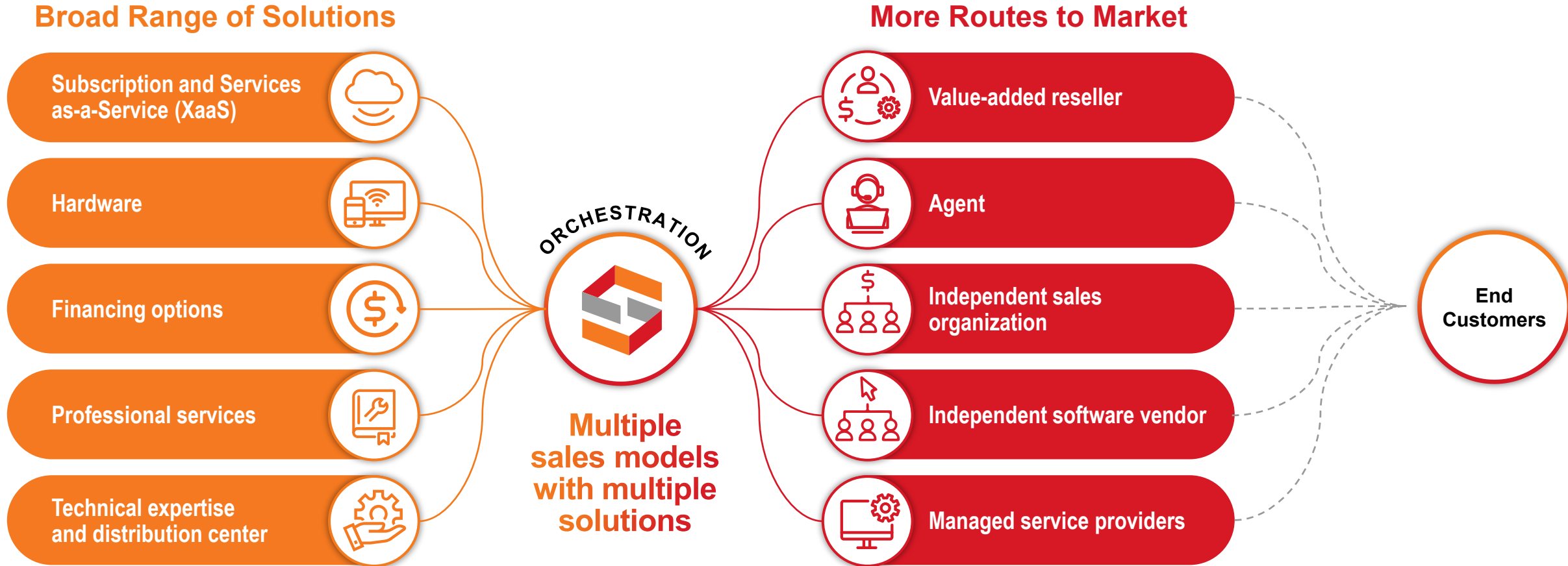
Advantages



**Well-positioned
to meet
complex needs**



Our Hybrid Distribution Orchestrates the Best End Customer 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

- \$95M remaining (as of 9/30/24) on Board-approved authorizations
- \$28M shares repurchased in Q1

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

Key Metrics Q1 FY25 – Q/E

Net leverage ratio*

0.0x

Cash and cash equivalents

\$145M

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 hardware combined with the recurring revenue stream from data connectivity

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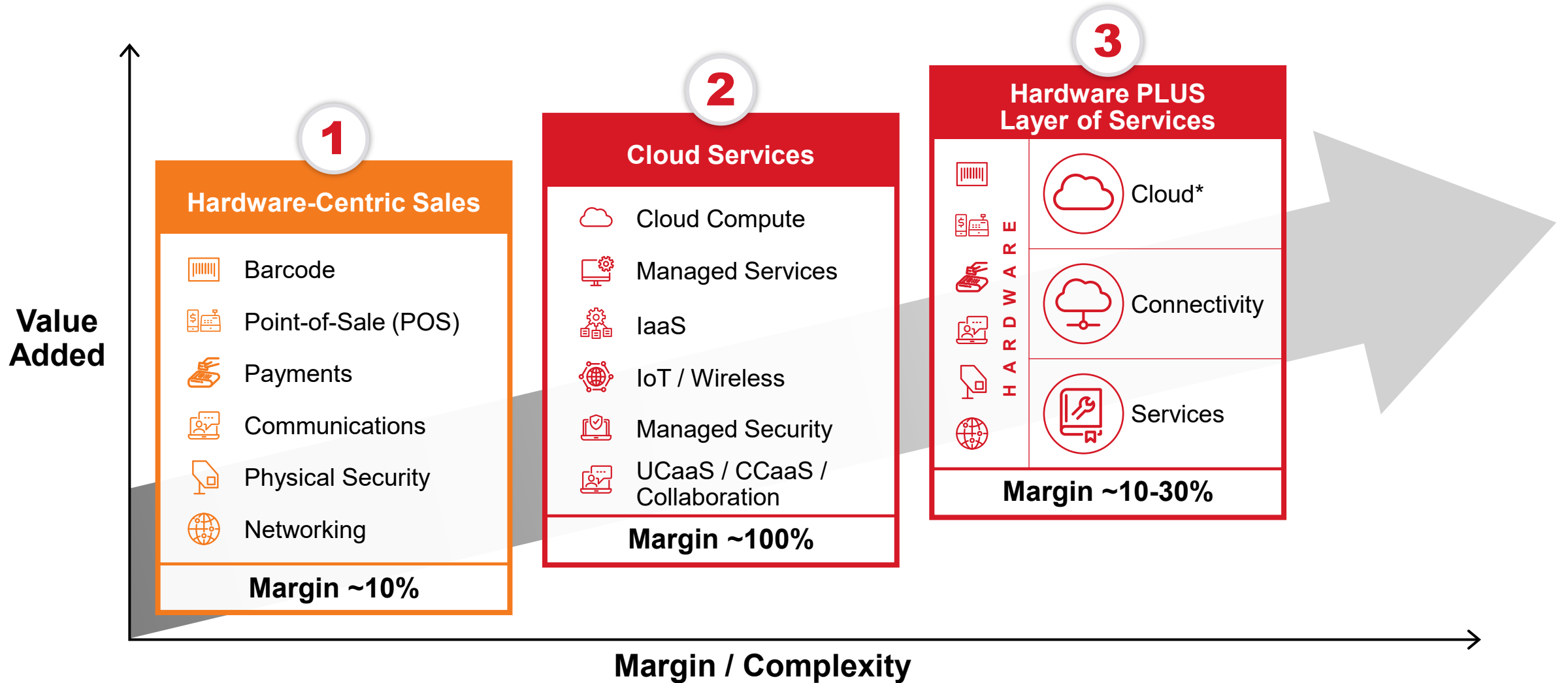


Multiple Profitable Growth Drivers Going Forward

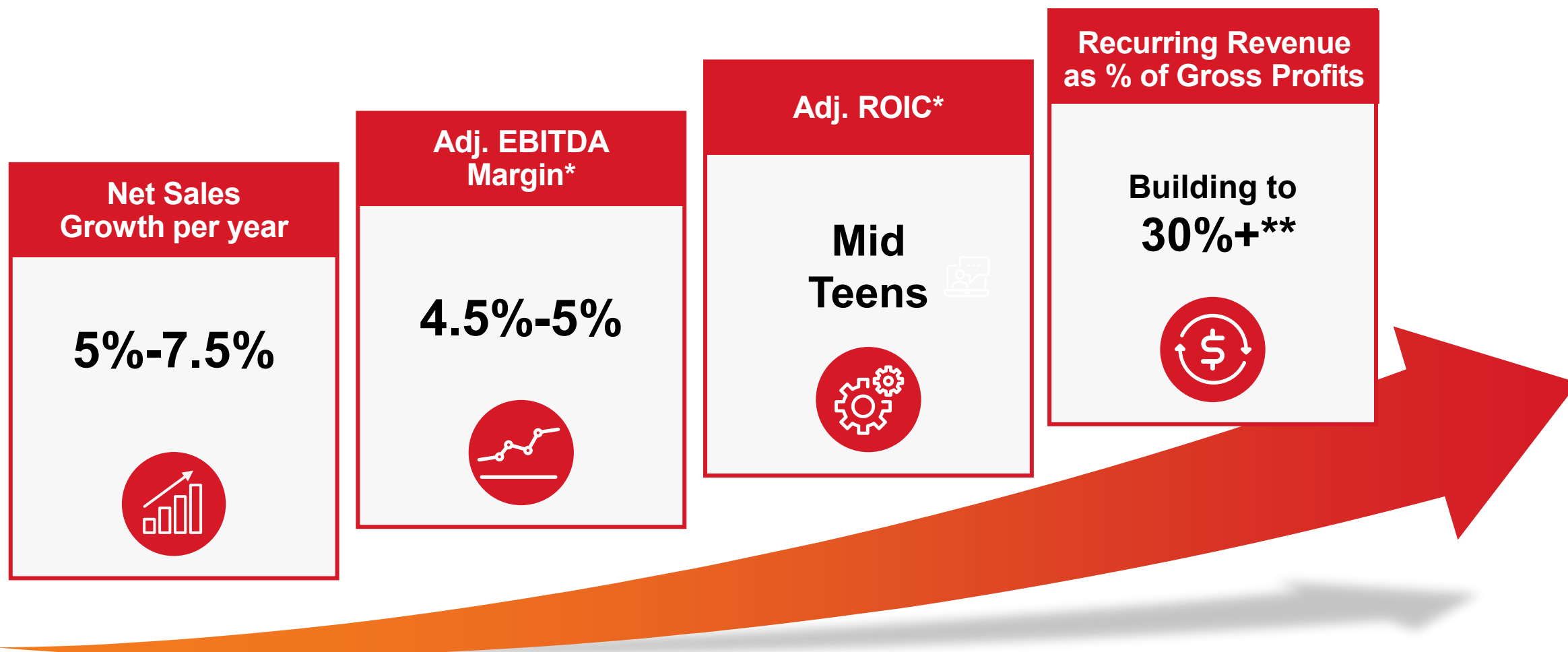
- 1.** Grow hybrid offerings across all routes to market
- 2.** Broaden technology portfolio
- 3.** Enter new markets, target new customer needs
- 4.** Digital expansion
- 5.** Build technology capabilities



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 growth with strategic acquisitions

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

Goals were provided as of November 7, 2024 and are not being updated or reaffirmed at this time.

Includes forward-looking statements; see "Safe Harbor Statement."

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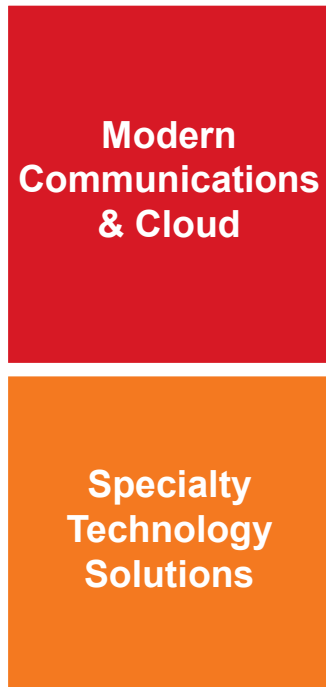
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**Deliver sustainable
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Appendix

NEW SEGMENT REPORTING

Previous Operating Segments By TECHNOLOGY



New Operating Segments By SALES MODEL



Relative size reflects share of gross profit in FY24

Agency Sales Model

- Intelisys
- Technology Advisors/Resourcive
- Channel Exchange (formerly intY US)
- RPM

Wholesale Sales Model

- ScanSource Specialty, North America
- ScanSource Brazil
- Advantix

Working Capital, 8-Quarter Summary

(\$ in thousands)	Q1 FY25	Q4 FY24	Q3 FY24	Q2 FY24	Q1 FY24	Q4 FY23	Q3 FY23	Q2 FY23
Accounts receivable (Q/E)	\$567,127	\$581,523	\$589,847	\$662,799	\$691,669	\$753,236	\$684,458	\$779,562
Days sales outstanding in receivables	66	71	71	68	71	72	70	69
Inventory (Q/E)	\$504,078	\$512,634	\$529,163	\$575,137	\$656,170	\$757,574	\$752,763	\$761,936
Inventory turns	5.3	5.0	4.8	5.1	4.4	4.4	4.1	5.0
Accounts payable (Q/E)	\$578,657	\$587,984	\$555,733	\$540,642	\$617,594	\$691,119	\$656,688	\$748,662
Paid for inventory days*	4.4	4.2	11.2	15.7	16.8	17.5	22.7	10.9
Working capital (Q/E) (AR+INV-AP)	\$492,548	\$506,173	\$563,277	\$697,294	\$730,245	\$819,691	\$780,533	\$792,836
Cash conversion cycle	70	75	82	84	88	90	93	80

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

Non-GAAP Financial Information – Net Leverage Ratio

(\$ in thousands)

	Q1 FY25	Q4 FY24	Q3 FY24	Q2 FY24	Q1 FY24
Consolidated debt (Q/E)	\$143,649	\$144,056	\$145,881	\$168,834	\$248,108
Less: Consolidated cash and cash equivalents (Q/E)	(145,044)	(185,460)	(159,050)	(44,987)	(42,647)
Net debt (Q/E)	\$ (1,395)	\$ (41,404)	\$ (13,169)	\$123,847	\$205,461

Reconciliation of Net Income to Adjusted EBITDA

Net income from continuing operations - GAAP	\$ 16,974	\$ 16,097	\$ 12,806	\$ 32,726	\$ 15,432
Plus: Interest expense	2,109	2,084	2,001	3,359	5,585
Plus: Income taxes	5,988	6,600	5,146	7,320	3,715
Plus: Depreciation and amortization	7,471	6,792	6,742	7,258	7,217
EBITDA	32,542	31,573	26,695	50,663	31,949
Adjustments:					
Share-based compensation	2,471	1,808	2,388	2,571	2,769
Tax recovery (a)	-	(657)	(515)	(1,386)	-
Acquisition and divestiture costs	377	503	511	703	-
Restructuring costs	5,068	435	3,923	-	-
Cyberattack restoration costs	76	141	93	441	201
Insurance recovery, net of payments	(4,868)	-	-	-	-
Loss (gain) on sale of business	-	378	-	(14,533)	-
Adjusted EBITDA (non-GAAP)	\$ 35,666	\$ 34,181	\$ 33,095	\$ 38,459	\$ 34,919
Adjusted EBITDA, Trailing 12-Months (TTM)	\$141,401				
Net Debt/Adjusted EBITDA, TTM	0.0x				

(a) Recovery of prior period withholding taxes in Brazil