

LSEG STREETEVENTS

# EDITED TRANSCRIPT

SCSC.OQ - Q2 2026 Scansource Inc Earnings Call

EVENT DATE/TIME: FEBRUARY 05, 2026 / 3:30PM GMT

## CORPORATE PARTICIPANTS

**Mary Gentry** *Scansource Inc - Senior Vice President, Finance and Treasurer*

**Michael Baur** *Scansource Inc - Chairman of the Board, Chief Executive Officer*

**Stephen Jones** *Scansource Inc - Senior Executive Vice President, Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Gregory Burns** *Sidoti & Company, LLC - Analyst*

**Keith Housum** *Northcoast Research - Analyst*

**Guy Hardwick** *Barclays Capital Inc. - Analyst*

**Adam Tindle** *Raymond James & Associates, Inc. - Analyst*

## PRESENTATION

### Operator

Welcome to the ScanSource Quarterly Earnings Conference Call. (Operator Instructions) Today's call is being recorded. If anyone has any objections, you may disconnect at this time.

I would now like to turn the call over to Mary Gentry, Senior Vice President, Finance and Treasurer. Please go ahead.

---

### **Mary Gentry** - *Scansource Inc - Senior Vice President, Finance and Treasurer*

Good morning, and thank you for joining us. Our call will include prepared remarks from Mike Baur, our Chair and CEO; and Steve Jones, our Chief Financial Officer. We will review our operating results for the quarter and then take your questions. We posted an earnings infographic that accompanies our comments and webcast in the Investor Relations section of our website.

As you know, certain statements in our press release, infographic and on this call are forward-looking statements and subject to risks and uncertainties that could cause actual results to differ materially from expectations. These risks and uncertainties include the factors identified in our earnings release and in our Form 10-K for the year ended June 30, 2025, and in our subsequent reports on Form 10-Q. Forward-looking statements represent our views only as of today, and ScanSource disclaims any duty to update these statements, except as required by law. During our call, we will discuss both GAAP and non-GAAP results and have provided reconciliations on our website and in our Form 8-K filed earlier today.

I'll now turn the call over to Mike.

---

### **Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

Thanks, Mary, and thanks, everyone, for joining us today. In the second quarter, we generated strong free cash flow and delivered net sales and gross profit growth in both segments. However, our profitability was negatively impacted due to some unexpected expenses contained in the quarter. This resulted in declines in both gross profit and EBITDA margins compared to our very strong first quarter. In Q2, we had organic net sales growth for both segments though slower than expected for our Specialty Technology Solutions segment.

Today, we're excited to announce the launching of a new converged communication sales team at ScanSource. This communications team unifies the ScanSource communications products and the Intelisys products and services to fully embrace the accelerating convergence

of hardware, cloud and customer experience technologies. We believe end users are embracing cloud-based UCaaS and CX platforms, and this is a growth opportunity for our channel partners.

We're bringing together the expertise of our people to form one unified sales team, a team with deep knowledge of communications products and Intelisys cloud-based CX solutions. By giving this one team responsibility for both the hardware and recurring cloud business for these partners, we are strengthening partner alignment, expanding our share of wallet and positioning ScanSource at the center of this converging ecosystem.

In our Intelisys & Advisory segment, our investment strategy is driving growth and momentum in new orders. We make these investments ahead of the revenue, understanding that it typically takes about a year for new orders to convert into billings. As a result, we're seeing our new orders increase at a faster rate than our current revenue from billings. New investments for Intelisys include building out our new converged communication sales team, which is designed to further accelerate growth and capture new end user solution opportunities.

As we move ahead, our strategy centers on helping our channel partners deliver innovative converged solutions driving both organic net sales and free cash flow through solid execution of our strategic plan. Our team is focused on profitable growth, executing our strategy, and making progress toward our three-year strategic goals.

I'll now turn the call over to Steve to take you through our financial results and outlook for fiscal year 2026.

---

**Stephen Jones** - Scansource Inc - Senior Executive Vice President, Chief Financial Officer

Thanks, Mike. Q2 net sales grew 3% year-over-year in both segments and gross profits increased 1% year-over-year. Profits for the quarter were negatively impacted by some higher period expenses in our Specialty Technology Solutions segment, impacting both COGS and SG&A. We delivered strong free cash flow in the quarter and closed on a new five-year credit facility that will support our strategic objectives and capital priorities.

Turning to our segments. I'll start with our Specialty Technology Solutions segment. Net sales increased 3% year-over-year and 4% quarter-over-quarter. Gross profits increased 1% year-over-year. Higher period expense, including freight cost and mix, impacted gross profit margins by approximately 30 basis points. Excluding these costs, gross profit growth would have been in line with the revenue growth for the segment. The percent of gross profits from recurring revenues grew to approximately 18% for the segment and includes positive contributions from the acquisition of Advantix and DataXoom.

The Specialty Technology Solutions segment adjusted EBITDA margin was 2.8%. For the quarter, the impact on segment adjusted EBITDA margin from higher period expenses is approximately 60 basis points. In our Intelisys & Advisory segment, net sales increased 3% year-over-year, in line with our expectations. Annual net billings increased to approximately \$2.85 billion. Gross profit increased 3% year-over-year, while adjusted EBITDA margin for the segment was 41%.

Going a bit deeper on our balance sheet and cash flows. We ended Q2 with approximately \$83 million in cash and a net debt leverage ratio of approximately 0 on a trailing 12-month adjusted EBITDA basis. Adjusted ROIC was 11.9% for the quarter and 13.3% for the first half of FY26. Share repurchases for the quarter totaled \$18 million, and we have \$179 million remaining under our share repurchase authorization. We continue to have a strong balance sheet and are well positioned to execute our strategic priorities and achieve our three-year goals.

Our three-year goals focused on growing the company's gross profit contributions from recurring streams, expanding our profitability, delivering strong free cash flow and disciplined capital deployment. You can find our goals in the infographic and our investor presentation in the Investors section of our website.

We are pleased with the contribution from our acquisitions, including the most recent acquisition of DataXoom and what they bring to our channel capabilities and our strategic plan. We continue to explore acquisition opportunities that could expand our technology stack, our

capabilities and help us drive additional value across our partner ecosystem. Our capital allocation priorities also include continued share repurchases.

We are confident in our business model and are optimistic for growth in the second half of our fiscal year. For the first half of our fiscal year, our gross profit margin was close to 14%, and our adjusted EBITDA margin was over 4.6%. We are updating our full year projections based on our first half performance. We now believe that full year revenue will be in the range of \$3 billion to \$3.1 billion, and adjusted EBITDA will be in the range of between \$140 million and \$150 million. For annual free cash flow, we maintain our expectations of at least \$80 million. Our expectations include an increase in the second half of large deals as well as investment in our Intelisys & Advisory segment to drive new order growth.

We'll now open it up for questions.

---

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Greg Burns, Sidoti.

---

### Gregory Burns - Sidoti & Company, LLC - Analyst

Could you just give us a little bit more color maybe on the period costs that you highlighted and whether or not you expect that to continue into the second half of the year? Or are they just going to remain kind of localized into this quarter?

---

### Stephen Jones - Scansource Inc - Senior Executive Vice President, Chief Financial Officer

Greg, this is Steve. I'll take that question. Yes, in our 10-Q, we outlined some of the costs, both in our COGS and in our SG&A. In the COGS piece of it, it's really around mix and freight expense in the quarter that pushed our margins down. We also called out some bad debt expense driven by a customer-specific reserve that we took. And we closely manage our receivables, and we have a very healthy receivables portfolio. So when we look at that, we do think that's more period related.

---

### Gregory Burns - Sidoti & Company, LLC - Analyst

Okay. And I guess you mentioned also a little bit slower-than-expected growth in the Technology segment. Could you just maybe give us a little bit more color on where specifically the lower growth was coming from or maybe some detail around product categories that might be helpful for us to better understand the dynamics.

---

### Michael Baur - Scansource Inc - Chairman of the Board, Chief Executive Officer

Greg, it's Mike. I think what I would say about that is the large deals are really part of the story here, and maybe that's where I'll talk about it. We saw large deals get broken up into smaller pieces. And so as they're rolling out, they're not happening normally, and we saw this even last quarter. And so I believe that's the real story here is that we've got a slowdown in large deals that are being invoiced in the quarter. And we see that -- by the way, we see that as part of the challenge for the hardware business as we look out. And implicit in our adjusted guidance is that we do need the large deals to resume, and we believe that, that will happen.

**Gregory Burns** - *Sidoti & Company, LLC - Analyst*

Okay. Is there any specific reason why you have more confidence in that? Are you seeing anything specifically or anything you're hearing from your customers?

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

Well, it is based on information. We just had last week our sales kickoff for our internal specialty sales teams. And so we spend a lot of time talking to our sales teams about what they're hearing from partners, from suppliers. So yes, based on surveys of our partner community and what they believe as they look at their calendar year. And many of these partners, as we all know, they don't have large, long pipelines. And so they generally have very good shorter-term information. And we believe that the information we're getting suggests that the large deals will continue to happen. But again, they may be broken up over the quarter. And so this is really more of a -- for the year, we feel good about it. Q2, we had expected more than we actually booked.

---

**Operator**

Keith Housum, Northcoast Research.

---

**Keith Housum** - *Northcoast Research - Analyst*

Mike, I understand the memory issue that's affecting a lot of the technology world. On the price side may not impact you guys so much because you guys are pretty much passing through the prices. But what are you hearing from the customers in terms of -- are you seeing prices increasing now? And any concerns that you have that perhaps there'll be some supply shortage at some point through not only the second half of your fiscal year, but throughout all of 2026?

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

Yes. Keith, we talked about that for sure is the suppliers are indicating that the memory issue will affect them. They don't know what's the near-term impact versus long term. And some of it is a pricing issue, as you know, and some of it potentially could be a shortage issue, right?

And since so many technology companies use the same memory sources, I think that will be a challenge for some of our suppliers. So we certainly think that we're going to be in the same position as everyone else in the channel to manage through this. But right now, there's just a lack of visibility as to the near-term impact. So we've adjusted our guidance knowing what we know today about the potential for that to happen. And right now, it's not significant in our guidance, okay?

---

**Keith Housum** - *Northcoast Research - Analyst*

Okay. Appreciate that. I'm going to ask you look at your crystal ball a little bit here and talk about the Intelisys business. You guys have been restructuring that business now for a few quarters. Are we thinking the second half of 2026, the calendar year, we should see Intelisys sales start to accelerate from the current levels?

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

Well, I would say this, Keith, we probably didn't restructure as much as we added additional sales capabilities is the way I would frame it and what we expected from our sales teams when we brought on Ken Mills, which will be over 1.5 years ago now. So for sure, we believe

we had to get more aggressive at acquiring new customers and focusing on new orders and not just at the existing book of business that many of our partners had.

And I think part of it, too, is we went through a couple of years ago an aging of the Intelisys partner community, where we had many of the partners, as you recall, that were selling their books of business, they were selling their agency. And we kind of saw the peak of that, I believe, 1.5 years ago, and I believe that has diminished to some extent. And so I believe even the partners that have been around a long time are now focused more on new orders. And I believe the new order growth that we referenced that is growing faster than our billings is indicative of what we'll see next year.

Already in '26, we're benefiting from what Ken put in place a year ago. And I think that's why we're starting to see momentum. And I expect it will continue to grow at a faster rate than new orders, yes.

---

**Keith Housum** - *Northcoast Research - Analyst*

Okay. And then Brazil, I see it was down 9% organically this quarter. Anything new happening there? I know a year or two ago, we lost Broadcom, but I was kind of surprised by how much that declined year-over-year.

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

Yes. I don't think there's anything specific we can call out. But certainly, we wish that market would recover. It's a market condition that we're in with all the other distributors in Brazil. So from a market perspective, we feel like our management team is managing the -- and pulling the levers that are under their control, whether that's managing expenses or whether that's managing inventories and bringing on new suppliers to replace the supplier that we lost. So I think the management team is operating at a very high level, but it's a challenging market right now for the distribution segment in Brazil.

---

**Keith Housum** - *Northcoast Research - Analyst*

And that's higher than company average gross profits, correct, in Brazil?

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

Yes. That's right. And I would say, historically, I don't know how much we talked about it, Steve, but it would drop to the bottom line as well. It would be a higher profitability, Steve.

---

**Stephen Jones** - *Scansource Inc - Senior Executive Vice President, Chief Financial Officer*

Yes. That's right. Keith, this is Steve. I would say that a lot of their GP flows through. They manage costs very well, and a lot of that does flow through.

---

**Keith Housum** - *Northcoast Research - Analyst*

So that's certainly not helping your gross profit line either.

---

**Stephen Jones** - *Scansource Inc - Senior Executive Vice President, Chief Financial Officer*

That's right.

---

**Michael Baur** - Scansource Inc - Chairman of the Board, Chief Executive Officer

Correct.

---

**Keith Housum** - Northcoast Research - Analyst

Okay. And then maybe help me understand a little bit more in terms of the launch that you did today in terms of one communications team. Perhaps can you describe how it was operating previously and how you -- how that's going to be different going forward?

---

**Michael Baur** - Scansource Inc - Chairman of the Board, Chief Executive Officer

Yes, sure. So we've been trying to figure this out for a while as to how do we have a partner, let's say, it's a traditional communications partner where it might be a Mitel partner, Keith, or ShoreTel or Avaya, any of our communications heavy partners that were traditionally selling premise-based equipment and maybe not selling cloud yet or maybe they're selling cloud, but the sales team at ScanSource under specialty was only selling them the hardware. And so the -- if a Mitel partner wanted to buy some connectivity products or services or solutions, the ScanSource specialty seller would have to pass that on as a lead to someone on the Intelisys team.

So now we're going to have one team that can service that partner that will sell the Intelisys products and the specialty hardware products to the same partner. So we're going to make it much easier for the partner. It's also going to give our communication hardware sellers a lot more to sell to their partners.

So I think the partner community will love this idea. We're going to enable them. We're going to make it easier, and we believe this is going to create new solutions from suppliers that will see this as a very attractive way to reach more of the VAR community.

---

**Keith Housum** - Northcoast Research - Analyst

Okay. How are we going to see that in the income statement going forward? Are you going to move some of the communications down to the Intelisys' segment?

---

**Stephen Jones** - Scansource Inc - Senior Executive Vice President, Chief Financial Officer

Keith, this is Steve. No, we'll wind up with the same reporting in our segments. That's a segment reporting discussion. This is more of a management alignment and a go-to-market discussion.

---

**Michael Baur** - Scansource Inc - Chairman of the Board, Chief Executive Officer

Yes, because again, let me finish that part of the description I left out. There'll be Intelisys employees that will be part of this virtual team, and they will sell hardware now. And so if you've got an Intelisys agent that's working with an Intelisys salesperson that reports into the Intelisys management team, they'll now have the right model so they can sell hardware. Whereas in the past, the Intelisys employee here at ScanSource would flip that lead the hardware over to the hardware guys. And that just wasn't working. There was not the right incentives and opportunities. So that's what's changing.

---

**Operator**

Guy Hardwick, Barclays.

---

**Guy Hardwick** - *Barclays Capital Inc. - Analyst*

Just wondering how much of the lowering of guidance is the absence of large deals versus the potential shortages of product that you mentioned?

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

Guy, it's Mike. Yes, I think our view right now, I think this is what I was trying to say earlier, is our guidance is relative to large deals, not to shortages. So we're not in our guidance indicating that there's going to be a shortage impact on our guidance. That's not what we're suggesting today.

---

**Guy Hardwick** - *Barclays Capital Inc. - Analyst*

Okay. And just as a follow-up, could you just kind of update us on the kind of competitive environment in the TSD market? I mean it looks like headcount additions of your competitors has already slowed quite sharply and it's pretty much flat or down in the last six months. So just wondering have things improved? Have you noticed any improvements in terms of the market or not yet?

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

Well, I think the overall TSD space is very competitive and has been, as you know, for a while. We believe that there has been some changes in their approach to how they're going to grow their business organically because we know that from a competitive standpoint, there's been a lot of acquisitive activity from the TSDs. And you've not seen that, of course, from Intelisys, from ScanSource. So we believe that has come to -- has slowed down.

And now I think the opportunity and the pressure on all the TSDs is to grow organically. And that's why you hear us talking about new order growth, and that's what we believe is the right metric because that will show that we can, obviously, in some cases, take market share from the other TSDs, and that's reflected in the new order growth. But it also talks about improving the value proposition for the TSD, both in the eyes of the partner who's the seller, but also in the eyes of the suppliers because the suppliers, they need organic growth to happen, not just share shift among the TSD. So we're very focused on organic growth, and we believe that you will see a change in the market share between all the TSDs over the next year as we execute on our strategy.

---

**Operator**

(Operator Instructions) Adam Tindle, Raymond James.

---

**Adam Tindle** - *Raymond James & Associates, Inc. - Analyst*

Okay. Mike, I just wanted to take a step back. I know we've gone through a lot of detail in this call. But if we take a step back and think we're two quarters into the fiscal year now, you're reducing guidance. If you were to rewind to your initial fiscal '26 plan, what would be sort of the biggest variance areas versus your expectations entering this year?

I hear you on the large deals, I just want to push back. I mean, we would think that would be just kind of more of a timing issue throughout the course of the year. So if you were to kind of set yourself back in the seat when you were entering this year versus now, what are kind of the key areas that maybe have been a little bit disappointing relative to your expectations that caused the reduction in guidance?

**Michael Baur** - Scansource Inc - Chairman of the Board, Chief Executive Officer

Adam, well, let me go back to something I used to say a lot is that our business is very hard to forecast. Orders come in today, they go out today. This is in the specialty business, which is where the challenge has been. So no news there that that's how that business has always worked. Very difficult to forecast what we're going to do beyond today. We get orders in the day we ship today, right? We don't work off of a backlog traditionally. We get information on large deals that will happen, but there's no guarantees when they'll actually ship.

So if I go back to -- and to answer your question directly, Adam, if I go back and remember what we were saying back in August, we were saying like the year before, this is going to be a second half loaded year that we believe -- and given annual guidance is, again, not something that I enjoy doing, but we did because we have for the last few years. And so given annual guidance back in August with the visibility I have today, I would have said, well, we probably should have forecasted the first half a little lower, expecting the second half to be bigger.

And what we're trying to say now is the second half is going to show growth. And the second -- in this guidance that you'll see, like at the midpoint, that's going to show that we're going to have modest growth year-over-year for the second half. For the year, that's not a great number. But if we can, in the second half show growth, we believe we'll then build momentum going into '27. And that's the way we've always built our business.

---

**Adam Tindle** - Raymond James & Associates, Inc. - Analyst

Yes. I understand. Trust me, I think we can fully empathize with the difficulty in forecasting. I think you're telling my boss that I need to raise.

---

**Michael Baur** - Scansource Inc - Chairman of the Board, Chief Executive Officer

Exactly. Yes, exactly, exactly.

---

**Adam Tindle** - Raymond James & Associates, Inc. - Analyst

Steve, I wanted to ask on the magnitude of the cut. I mean, I think it makes a lot of sense for investors to kind of take the medicine now rather than set expectations to climb back for the year, let's just go ahead and reduce. But on the magnitude, I understand you don't guide on a quarterly basis necessarily, but relative to, I think, a lot of our expectations in the quarter, this guidance was reduced by kind of more than that annualized miss, quote-unquote. How did you think about the magnitude of the guidance reduction? And I also noticed that you -- I think you maintained free cash flow. So maybe touch on how you're able to do that.

---

**Stephen Jones** - Scansource Inc - Senior Executive Vice President, Chief Financial Officer

Yes. Adam, yes, a couple of things. When we look at the second half, we look at it a couple of ways, right? We're trying to take the information that we have from our customer base, what they're working on. And then we put that against really, if you look back over our years and you look at first half versus second half performance, and I'm thinking about the last two years. We've been kind of 49/51, 50/50. And so that's how we get confidence in this -- the second half looks a whole lot like the first half, a little bit of growth that we see coming because, again, we're thinking large deals are going to have to return.

This -- to your point before, it's been more of a pushout than it is a loss. And so that's what's really guiding our expectations. On the free cash flow, I think this comes back to the way we've changed our business model and the confidence we have in our business model. And this is what should happen if we're growing in that low single digits rate. So we have a lot of confidence in our team's ability to deliver that at least \$80 million in free cash flow, which has a really good cash yield for us.

**Adam Tindle** - *Raymond James & Associates, Inc. - Analyst*

Yes. That makes sense. And you know I'm going to ask about capital allocation following that question, of course, Mike. I mean, obviously, one day is not necessarily a trend, but the stock is now hovering below book value. Does this -- obviously, you're going to maintain free cash flow for the year, as Steve just mentioned, so you have some cash to work with. How are you thinking about priorities around capital allocation? Does this perhaps elevate share repurchase?

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

I think what we'd like to do as a management team and at our Board level is talk about what are we trying to do on a three-year basis. And our three-year goals, we believe, are still intact. And we said that in our call.

And we believe -- if you look at our three-year goals, we believe we can have growth from a gross profit perspective, which is where we've been saying we've got to focus on gross profit growth. To do that, we have to have some top line help. There's no doubt about it. And we believe that for us, there's a combination of organic and inorganic that needs to happen on the growth side.

And at the same time, as we said, I believe we said our share repurchase authorization is still like \$179 million. And in the first half of this year, we bought about \$40 million in shares, Steve, is that right?

---

**Stephen Jones** - *Scansource Inc - Senior Executive Vice President, Chief Financial Officer*

Right.

---

**Michael Baur** - *Scansource Inc - Chairman of the Board, Chief Executive Officer*

So we believe that's indicative of our strategy, that our strategy hasn't changed. This quarter, we hope our investors don't believe our strategy has changed. We hate to deliver news that's not what we expected. But again, if we think about this is a quarter, this isn't the year, and we wanted to be fair, though, to everyone about our expectations for the second half and make sure that we're not oversteering and we believe we're being -- we have -- as you know, we have a strong history of doing our best to give our investors an accurate, clear view of what we know today, but our goal is let's keep our three-year strategic goals in mind, and we believe those are very strong.

And again, as we look at the second half, based on our annual guidance that we've adjusted to, that's still a very strong EBITDA margin for the year that will come in consistent with what we're doing from a three-year goal perspective. And I think that's the important part. Look at the metrics that we'll still deliver. This is a very strong company, excellent balance sheet with strong profitability.

---

**Adam Tindle** - *Raymond James & Associates, Inc. - Analyst*

Got it. I'm going to do one more. I think I might be last in the queue. So on Intelisys, I did want to ask, Mike, the dynamic of, I think, billings lagging new orders was something that sounded a little bit newer. I just wanted you to maybe double-click and help explain that dynamic? I mean you've been operating Intelisys for many years now. I could have missed it, but I don't recall hearing that dynamic much over the past number of years. So maybe just kind of double-click on what that was and what changed to drive that.

And Steve, is there any way to -- and this is probably a difficult one, but to quantify that, the impact that, that's having and maybe when that like catches up, how we think about it in the financial statements?

**Michael Baur** - Scansource Inc - Chairman of the Board, Chief Executive Officer

Well, let me -- the reason we started talking about new order growth was -- I almost think back now, it was probably three years ago, Adam, that we started talking about this margin pressure, if you recall, the margin pressure that was happening at Intelisys and in the TSD community as all the other TSDs started bringing in new ownership, PE investments, and there was a market share land grab, which drove margins down for Intelisys, which drove down our revenue growth, right?

And we would start talking, as you know, about our revenues, and we talked about end-user billings. And generally, the end user billings were really, at the end of the day, a great metric for, is this market growing because we would have margin pressure that in a year or a quarter would reduce our growth because of just margin compression. It looked like the TAM was slowing down or the opportunity was slowing down. That wasn't the case. So we decided a year ago that we needed to start being able to talk about new orders. If we can have a -- and we decided not to give a number because we're in a competitive market against other private companies. And so we believe new orders growth faster than our revenues is indicative of what will come.

And so this delay that happens because if we close an order today, it may not get billed for 6 to 12 months from now, maybe even 15 months. And so it's this focus, Adam, on new orders that you won't see in the quarter that are indicative of future revenues. And that's why this pivot to that is important that we communicated.

---

**Stephen Jones** - Scansource Inc - Senior Executive Vice President, Chief Financial Officer

Yes, Adam, this is Steve. I'll take the second half of that question. The impossible one to answer, right, is how do we know? Well, we believe, and I think the message to our investors is as we invest, we're looking for the right ROI on those investments. So if you're hearing us continue to invest in Intelisys and in that order growth, we believe that there's a good ROI on that because this all has to hold together with our three-year goals and the goals that we've laid out and we're committed to. So that's the best way to think about is this -- are we still confident that we're continuing to accelerate the new order growth. If we're still investing in there, our expectation is it's a good ROI, and we continue to do it.

---

**Operator**

I'm showing no additional questions in the queue at this time. I'd like to turn the conference back over to Mr. Steve Jones for any closing remarks.

---

**Stephen Jones** - Scansource Inc - Senior Executive Vice President, Chief Financial Officer

Yes. Thank you, and thank you for joining us today. We expect to hold our next conference call to discuss March 31 quarterly results on Thursday, May 7, 2026, at approximately 10:30 AM.

---

**Operator**

Ladies and gentlemen, thank you for participating in today's conference. This concludes the program. You may now disconnect. Everyone, have a wonderful day.

---

**DISCLAIMER**

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2026, LSEG. All Rights Reserved.