

FOR IMMEDIATE RELEASE

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SCANSOURCE DELIVERS STRONG FIRST QUARTER PERFORMANCE

Driven by 5% Net Sales Growth and 6% Gross Profit Growth

GREENVILLE, SC -- November 6, 2018 -- ScanSource, Inc. (NASDAQ: SCSC), a leading global provider of technology products and solutions, today announced financial results for the first quarter ended September 30, 2018.

| | Quarter ended September 30, | | |
|--|---|----------|--------|
| | 2018 | 2017 | Change |
| | <i>(in millions, except per share data)</i> | | |
| Net sales | \$ 972.9 | \$ 924.6 | 5% |
| Operating income | 21.4 | 7.6 | 182% |
| Non-GAAP operating income ⁽¹⁾ | 32.7 | 30.6 | 7% |
| GAAP net income | 14.3 | 4.1 | 245% |
| Non-GAAP net income ⁽¹⁾ | 22.9 | 19.4 | 18% |
| GAAP diluted EPS | \$ 0.56 | \$ 0.16 | 250% |
| Non-GAAP diluted EPS ⁽¹⁾ | \$ 0.89 | \$ 0.76 | 17% |

⁽¹⁾ Non-GAAP results exclude amortization of intangible assets related to acquisitions, change in fair value of contingent consideration and other non-GAAP items. A reconciliation of non-GAAP financial information to GAAP financial information is presented in the Supplementary Information (Unaudited) below.

“We had a strong start to our fiscal year with excellent results across the board,” said Mike Baur, CEO, ScanSource, Inc. “Both Worldwide segments contributed to our organic sales growth of 6.5%, as we kept our strategic focus on putting our customers first and helping them grow their businesses.”

Quarterly Results

For the first quarter of fiscal year 2019, net sales increased 5% to \$972.9 million, reflecting sales growth in both Worldwide segments. Organic sales, which exclude the impact from foreign currency translation and recent acquisitions, grew 6.5% year-over-year. Operating income increased to \$21.4 million, as the expense for the change in contingent consideration related to Network1 decreased. Non-GAAP operating income increased 7% to \$32.7 million, driven by higher sales volumes and higher gross margins.

On a GAAP basis, net income for the first quarter of fiscal year 2019 totaled \$14.3 million, or \$0.56 per diluted share, compared with net income of \$4.1 million, or \$0.16 per diluted share, for the prior-year quarter. Non-GAAP net income for the first quarter of fiscal year 2019 increased 18% to \$22.9 million, or \$0.89 per diluted share, compared to \$19.4 million, or \$0.76 per diluted share, for the prior-year quarter.

Forecast for Next Quarter

For the second quarter of fiscal year 2019, ScanSource expects net sales to range from \$1.01 billion to \$1.07 billion, diluted earnings per share to range from \$0.70 to \$0.76 per share and non-GAAP diluted earnings per share to range from \$0.92 to \$0.98 per share. Non-GAAP diluted earnings per share exclude amortization of intangible assets related to acquisitions and change in fair value of contingent consideration and other non-GAAP items.

Webcast Details and CFO Commentary

At approximately 4:15 p.m. ET today, a CFO commentary, as a supplement to this press release and the Company's conference call, will be available on ScanSource's website, www.scansource.com (Investor Relations section). ScanSource will present additional information about its financial results and outlook in a conference call today, November 6, 2018, at 5:00 p.m. ET. A webcast of the call will be available for all interested parties and can be assessed at www.scansource.com (Investor Relations section). The webcast will be available for replay for 60 days.

Safe Harbor Statement

This press release contains "forward-looking" statements, including the forecast of sales and earnings per share for next quarter, that involve risks and uncertainties. Any number of factors could cause actual results to differ materially from anticipated or forecasted results, including, but not limited to, changes in interest and exchange rates and regulatory regimes impacting the Company's international operations, the impact of tax reform laws, the failure of acquisitions to meet the Company's expectations, the failure to manage and implement the Company's organic growth strategy, credit risks involving the Company's larger customers and vendors, termination of the Company's relationship with key vendors or a significant modification of the terms under which it operates with a key vendor, the decline in demand for the products and services that the Company provides, reduced prices for the products and services that the Company provide due both to competitor and customer action, and other factors set forth in the "Risk Factors" contained in the Company's annual report on Form 10-K for the year ended June 30, 2018, filed with the Securities and Exchange Commission. Except as may be required by law, the Company expressly disclaims any obligation to update these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

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 financial measures, which are summarized below. Non-GAAP financial measures are used to understand and evaluate performance, including comparisons from period to period. Non-GAAP results exclude amortization of intangible assets related to acquisitions, change in fair value of contingent consideration, acquisition costs and other non-GAAP adjustments.

Net sales on a constant currency basis, excluding acquisitions: The Company discloses the percentage change in net sales excluding the translation impact from changes in foreign currency exchange rates between reporting periods and excluding the net sales from acquisitions prior to the first full year from the acquisition date. This measure enhances the comparability between periods to help analyze underlying trends on an organic basis.

Non-GAAP operating income, non-GAAP pre-tax income, non-GAAP net income and non-GAAP diluted earnings per share: To evaluate current period performance on a more consistent basis with prior periods, the Company discloses non-GAAP operating income, non-GAAP pre-tax income, non-GAAP net income and non-GAAP diluted earnings per share (non-GAAP diluted "EPS"). These non-GAAP results exclude amortization of intangible assets related to acquisitions, change in the fair value of contingent consideration, acquisition costs and other non-GAAP adjustments. Non-GAAP operating income, non-GAAP net income, and non-GAAP diluted EPS measures are useful in assessing and understanding the Company's operating performance, especially when comparing results with previous periods or forecasting performance for future periods.

Return on invested capital ("ROIC"): Management uses ROIC as a performance measurement to assess efficiency in allocating capital under the Company's control to generate returns. Management believes this metric balances the Company's operating results with asset and liability management, is not impacted by capitalization decisions and correlates with shareholder value creation. In addition, it is easily computed, communicated and understood. ROIC also provides management a measure of the Company's profitability on a basis more comparable to historical or future periods.

ROIC assists management in comparing the Company's performance over various reporting periods on a consistent basis because it removes from operating results the impact of items that do not reflect core operating performance. ROIC is calculated as adjusted EBITDA over invested capital. Adjusted earnings before interest expense, income taxes, depreciation and amortization ("Adjusted EBITDA") excludes the change in fair value of contingent consideration and acquisition costs, in addition to other non-GAAP adjustments. Invested capital is defined as average equity plus average daily funded interest-bearing debt for the period. Management believes the calculation of ROIC provides useful information to investors and is an additional relevant comparison of the Company's performance during the year.

These non-GAAP financial measures have limitations as analytical tools, and the non-GAAP financial measures that the Company reports may not be comparable to similarly titled amounts reported by other companies. Analysis of results and outlook on a non-GAAP basis should be considered in addition to, and not in substitution for or as superior to, measurements of financial performance

prepared in accordance with GAAP. A reconciliation of the Company's non-GAAP financial information to GAAP is set forth in the Supplementary Information (Unaudited) below.

About ScanSource, Inc.

ScanSource, Inc. (NASDAQ: SCSC) is a leading global provider of technology products and solutions, focusing on point-of-sale (POS), payments, barcode, physical security, unified communications and collaboration and telecom and cloud services. ScanSource's teams provide value-added solutions and operate from two segments: Worldwide Barcode, Networking & Security, which includes POS Portal, and Worldwide Communications & Services, which includes Intelisys and Canpango. ScanSource is committed to helping its customers choose, configure and deliver the industry's best solutions across almost every vertical market in North America, Latin America and Europe. Founded in 1992 and headquartered in Greenville, South Carolina, ScanSource was named one of the 2018 Best Places to Work in South Carolina and on *FORTUNE* magazine's 2018 List of World's Most Admired Companies. ScanSource ranks #653 on the Fortune 1000. For more information, visit www.scansource.com.

ScanSource, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(in thousands)

| Assets | September 30, 2018 | June 30, 2018* |
|---|---------------------------|-----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 18,858 | \$ 25,530 |
| Accounts receivable, less allowance of \$45,340 at September 30, 2018 and \$45,561 at June 30, 2018 | 677,499 | 678,940 |
| Inventories | 672,696 | 595,948 |
| Prepaid expenses and other current assets | 64,643 | 61,744 |
| Total current assets | 1,433,696 | 1,362,162 |
| Property and equipment, net | 71,625 | 73,042 |
| Goodwill | 311,334 | 298,174 |
| Identifiable intangible assets, net | 131,393 | 136,806 |
| Deferred income taxes | 21,283 | 22,199 |
| Other non-current assets | 52,068 | 52,912 |
| Total assets | \$ 2,021,399 | \$ 1,945,295 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 629,242 | \$ 562,564 |
| Accrued expenses and other current liabilities | 86,762 | 90,873 |
| Current portion of contingent consideration | 50,806 | 42,975 |
| Income taxes payable | 9,014 | 13,348 |
| Current portion of long-term debt | 335 | 551 |
| Total current liabilities | 776,159 | 710,311 |
| Deferred income taxes | 1,650 | 1,769 |
| Long-term debt, net of current portion | 4,764 | 4,878 |
| Borrowings under revolving credit facility | 276,760 | 244,000 |
| Long-term portion of contingent consideration | 29,367 | 65,258 |
| Other long-term liabilities | 54,802 | 52,703 |
| Total liabilities | 1,143,502 | 1,078,919 |
| Shareholders' equity: | | |
| Common stock | 70,035 | 68,220 |
| Retained earnings | 896,655 | 882,333 |
| Accumulated other comprehensive income (loss) | (88,793) | (84,177) |
| Total shareholders' equity | 877,897 | 866,376 |
| Total liabilities and shareholders' equity | \$ 2,021,399 | \$ 1,945,295 |

* Derived from audited financial statements.

ScanSource, Inc. and Subsidiaries
Condensed Consolidated Income Statements (Unaudited)
(in thousands, except per share data)

| | Quarter ended September 30, | |
|--|------------------------------------|-------------|
| | 2018 | 2017 |
| Net sales | \$ 972,900 | \$ 924,559 |
| Cost of goods sold | 860,685 | 818,642 |
| Gross profit | 112,215 | 105,917 |
| Selling, general and administrative expenses | 77,931 | 73,187 |
| Depreciation expense | 3,265 | 3,240 |
| Intangible amortization expense | 5,003 | 5,011 |
| Change in fair value of contingent consideration | 4,584 | 16,881 |
| Operating income | 21,432 | 7,598 |
| Interest expense | 2,627 | 1,585 |
| Interest income | (451) | (881) |
| Other expense, net | 32 | 114 |
| Income before income taxes | 19,224 | 6,780 |
| Provision for income taxes | 4,902 | 2,633 |
| Net income | \$ 14,322 | \$ 4,147 |
| Per share data: | | |
| Net income per common share, basic | \$ 0.56 | \$ 0.16 |
| Weighted-average shares outstanding, basic | 25,599 | 25,434 |
| Net income per common share, diluted | \$ 0.56 | \$ 0.16 |
| Weighted-average shares outstanding, diluted | 25,755 | 25,579 |

ScanSource, Inc. and Subsidiaries
Supplementary Information (Unaudited)

Net Sales by Segment:

| | Quarter ended September 30, | | % Change |
|--|-----------------------------|-------------------|----------|
| | 2018 | 2017 | |
| Worldwide Barcode, Networking & Security: | | | |
| | (in thousands) | | |
| Net sales, as reported | \$ 655,113 | \$ 620,329 | 5.6% |
| Foreign exchange impact ^(a) | 7,513 | — | |
| Net sales, constant currency (non-GAAP) | 662,626 | 620,329 | 6.8% |
| Less: Acquisitions | (23,465) | (14,553) | |
| Net sales, constant currency excluding acquisitions (non-GAAP) | <u>\$ 639,161</u> | <u>\$ 605,776</u> | 5.5% |
| Worldwide Communications & Services: | | | |
| Net sales, as reported | \$ 317,787 | \$ 304,230 | 4.5% |
| Foreign exchange impact ^(a) | 13,307 | — | |
| Net sales, constant currency (non-GAAP) | 331,094 | 304,230 | 8.8% |
| Less: Acquisitions | (964) | — | |
| Net sales, constant currency excluding acquisitions (non-GAAP) | <u>\$ 330,130</u> | <u>\$ 304,230</u> | 8.5% |
| Consolidated: | | | |
| Net sales, as reported | \$ 972,900 | \$ 924,559 | 5.2% |
| Foreign exchange impact ^(a) | 20,820 | — | |
| Net sales, constant currency (non-GAAP) | 993,720 | 924,559 | 7.5% |
| Less: Acquisitions | (24,429) | (14,553) | |
| Net sales, constant currency excluding acquisitions (non-GAAP) | <u>\$ 969,291</u> | <u>\$ 910,006</u> | 6.5% |

(a) Year-over-year net sales growth rate excluding the translation impact of changes in foreign currency exchange rates. Calculated by translating the net sales for the quarter ended September 30, 2018 into U.S. dollars using the average foreign exchange rates for the quarter ended September 30, 2017.

ScanSource, Inc. and Subsidiaries
Supplementary Information (Unaudited)

Net Sales by Geography:

| | Quarter ended September 30, | | % Change |
|--|------------------------------------|-------------------|-----------------|
| | 2018 | 2017 | |
| | (in thousands) | | |
| United States and Canada: | | | |
| Net sales, as reported | \$ 737,957 | \$ 686,650 | 7.5 % |
| Less: Acquisitions | (24,429) | (14,553) | |
| Net sales, excluding acquisitions (non-GAAP) | <u>\$ 713,528</u> | <u>\$ 672,097</u> | 6.2 % |
| International: | | | |
| Net sales, as reported | \$ 234,943 | \$ 237,909 | (1.2)% |
| Foreign exchange impact ^(a) | 20,820 | — | |
| Net sales, constant currency (non-GAAP) | 255,763 | 237,909 | 7.5 % |
| Less: Acquisitions | — | — | |
| Net sales, constant currency excluding acquisitions (non-GAAP) | <u>\$ 255,763</u> | <u>\$ 237,909</u> | 7.5 % |
| Consolidated: | | | |
| Net sales, as reported | \$ 972,900 | \$ 924,559 | 5.2 % |
| Foreign exchange impact ^(a) | 20,820 | — | |
| Net sales, constant currency (non-GAAP) | 993,720 | 924,559 | 7.5 % |
| Less: Acquisitions | (24,429) | (14,553) | |
| Net sales, constant currency excluding acquisitions (non-GAAP) | <u>\$ 969,291</u> | <u>\$ 910,006</u> | 6.5 % |

(a) Year-over-year net sales growth rate excluding the translation impact of changes in foreign currency exchange rates. Calculated by translating the net sales for the quarter ended September 30, 2018 into U.S. dollars using the average foreign exchange rates for the quarter ended September 30, 2017.

ScanSource, Inc. and Subsidiaries
Supplementary Information (Unaudited)
(in thousands, except per share data)

Non-GAAP Financial Information:

| | Quarter ended September 30, 2018 | | | |
|--|---|---------------------------|-----------------------|------------------------|
| | Operating income | Pre-tax income | Net income | Diluted EPS |
| GAAP measure | \$ 21,432 | \$ 19,224 | \$ 14,322 | \$ 0.56 |
| Adjustments: | | | | |
| Amortization of intangible assets | 5,003 | 5,003 | 3,798 | 0.15 |
| Change in fair value of contingent consideration | 4,584 | 4,584 | 3,487 | 0.14 |
| Acquisition costs ^(a) | 355 | 355 | 355 | 0.01 |
| Restructuring costs | 1,328 | 1,328 | 955 | 0.04 |
| Non-GAAP measure | <u>\$ 32,702</u> | <u>\$ 30,494</u> | <u>\$ 22,917</u> | <u>\$ 0.89</u> |

| | Quarter ended September 30, 2017 | | | |
|--|---|---------------------------|-----------------------|------------------------|
| | Operating income | Pre-tax income | Net income | Diluted EPS |
| GAAP measure | \$ 7,598 | \$ 6,780 | \$ 4,147 | \$ 0.16 |
| Adjustments: | | | | |
| Amortization of intangible assets | 5,011 | 5,011 | 3,261 | 0.13 |
| Change in fair value of contingent consideration | 16,881 | 16,881 | 11,005 | 0.43 |
| Acquisition costs ^(a) | 172 | 172 | 172 | 0.01 |
| Legal settlement, net of attorney fees | 952 | 952 | 771 | 0.03 |
| Non-GAAP measure | <u>\$ 30,614</u> | <u>\$ 29,796</u> | <u>\$ 19,356</u> | <u>\$ 0.76</u> |

^(a) Acquisition costs are non-deductible for tax purposes.

ScanSource Delivers Strong First Quarter Performance

ScanSource, Inc. and Subsidiaries Supplementary Information (Unaudited) (in thousands, except percentages)

Non-GAAP Financial Information:

| | Quarter ended September 30, | |
|--|--------------------------------|-------|
| | 2018 | 2017 |
| Return on invested capital (ROIC), annualized ^(a) | 12.9% | 13.0% |

Reconciliation of Net Income to Adjusted EBITDA

| | | |
|--|-----------|-----------|
| Net income (GAAP) | \$ 14,322 | \$ 4,147 |
| Plus: Interest expense | 2,627 | 1,585 |
| Plus: Income taxes | 4,902 | 2,633 |
| Plus: Depreciation and amortization | 9,268 | 8,864 |
| EBITDA (non-GAAP) | 31,119 | 17,229 |
| Adjustments: | | |
| Change in fair value of contingent consideration | 4,584 | 16,881 |
| Acquisition costs | 355 | 172 |
| Restructuring costs | 1,328 | — |
| Legal settlement, net of attorney fees | — | 952 |
| Adjusted EBITDA (numerator for ROIC) (non-GAAP) | \$ 37,386 | \$ 35,234 |

Invested Capital Calculation

| | | |
|--|--------------|--------------|
| Equity - beginning of the quarter | \$ 866,376 | \$ 837,145 |
| Equity - end of the quarter | 877,897 | 852,976 |
| Adjustments: | | |
| Change in fair value of contingent consideration, net of tax | 3,487 | 11,005 |
| Acquisition costs | 355 | 172 |
| Restructuring costs, net of tax | 955 | — |
| Legal settlement, net of attorney fees, net of tax | — | 771 |
| Average equity | 874,535 | 851,035 |
| Average funded debt ^(b) | 272,277 | 224,956 |
| Invested capital (denominator for ROIC) (non-GAAP) | \$ 1,146,812 | \$ 1,075,991 |

(a) Calculated as net income plus interest expense, income taxes, depreciation and amortization (EBITDA), plus change in fair value of contingent consideration and other adjustments, annualized and divided by invested capital for the period. Invested capital is defined as average equity plus average daily funded interest-bearing debt for the period.

(b) Average funded debt is calculated as the average daily amounts outstanding on short-term and long-term interest-bearing debt.

ScanSource, Inc. and Subsidiaries
Supplementary Information (Unaudited)

Non-GAAP Financial Information:

| | Forecast for Quarter ending December 31, 2018 | |
|--|--|-------------------|
| | Range Low | Range High |
| GAAP diluted EPS | \$ 0.70 | \$ 0.76 |
| Adjustments: | | |
| Amortization of intangible assets | 0.14 | 0.14 |
| Change in fair value of contingent consideration | 0.07 | 0.07 |
| Acquisition costs | 0.01 | 0.01 |
| Non-GAAP diluted EPS | <u>\$ 0.92</u> | <u>\$ 0.98</u> |