



Investor Presentation

May 2024

SAFE HARBOR AND NON-GAAP

Safe Harbor Statement

This presentation contains certain comments that are “forward-looking” statements about our FY24 outlook, mid-term goals, market growth rates through 2027, growth opportunities, and our operating strategies that involve plans, strategies, economic performance and trends, projections, expectations, costs or beliefs about future events, and other statements that are not descriptions of historical facts. Forward-looking information is inherently subject to risks and uncertainties.

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, economic weakness and inflation, 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 year ended June 30, 2023, and subsequent reports on Form 10-Q, filed with the Securities and Exchange Commission.

Although ScanSource believes the expectations in its forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement. ScanSource disclaims any obligation to update or revise any forward-looking

statements, whether as a result of new information, future events, or otherwise, except as may be required by law.

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.

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, not 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.

The New 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

~62%

Modern Communications & Cloud



Communications
and Collaboration



Connectivity



Cloud
Services

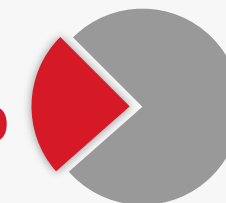
~38%

Channel Play

100%

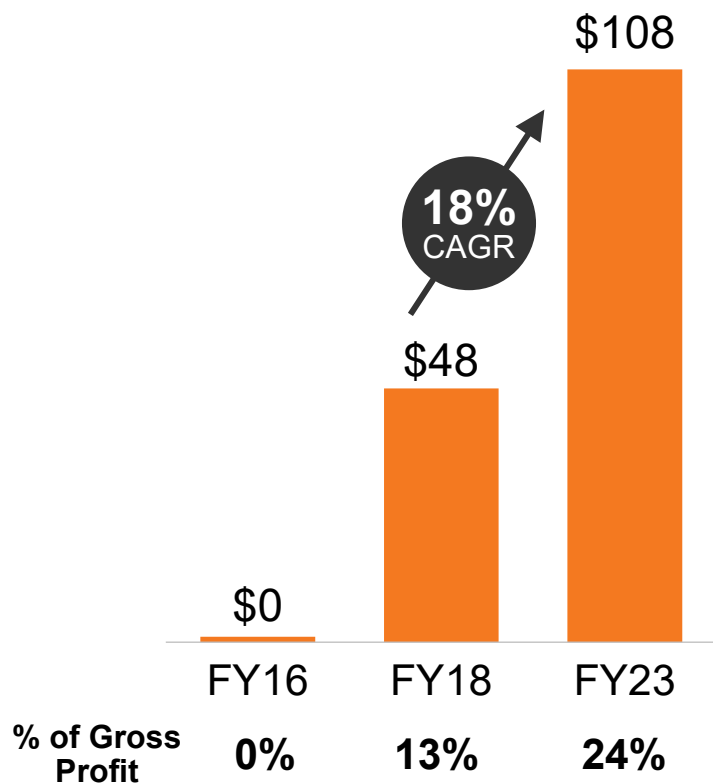
Recurring Revenue %
of Gross Profit

~24%

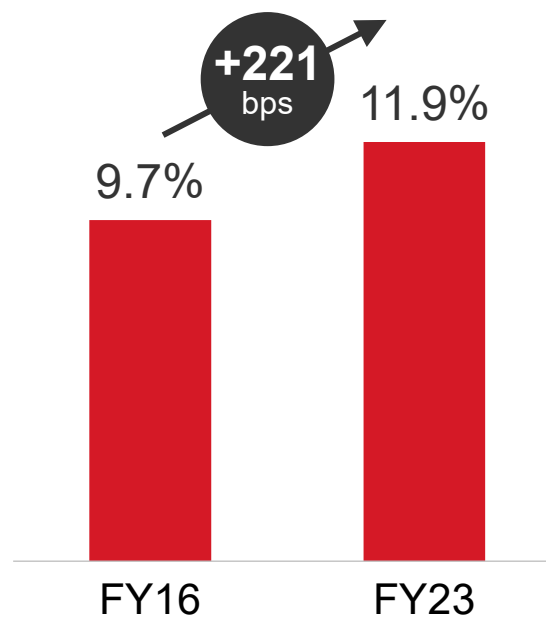


Clear Evidence of a Transformed Business Model

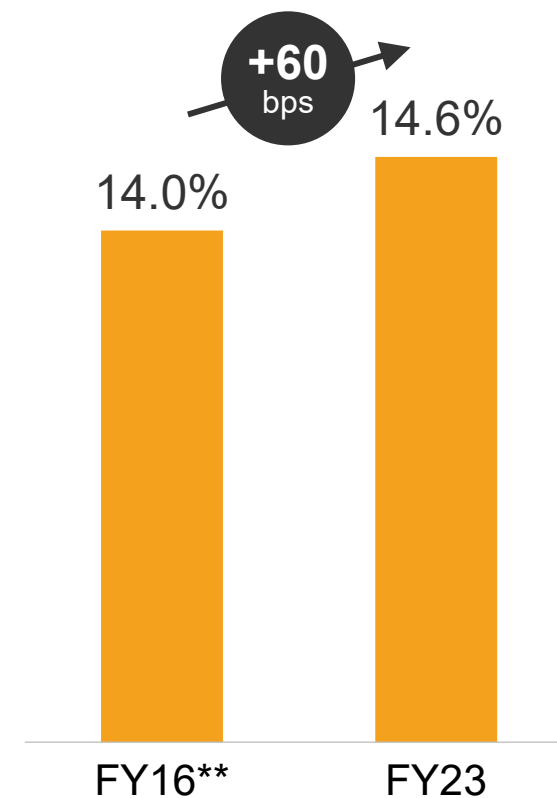
Rapidly Growing Recurring Revenue (\$M)



Expanding Gross Profit Margin



Higher Adj. ROIC*



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.

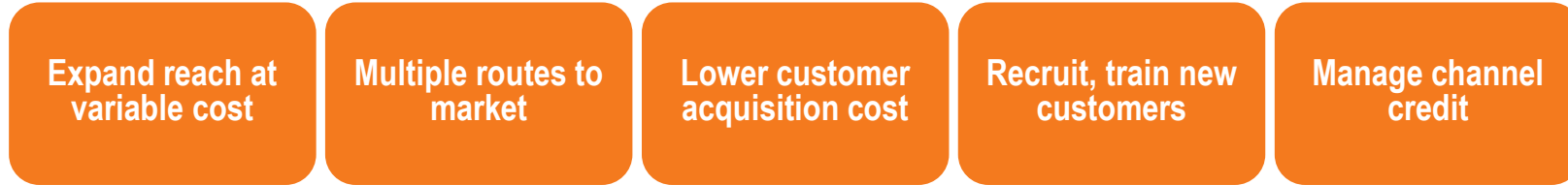
* Non-GAAP measure

** As reported in FY16, adjusted for change in calculation to exclude share-based compensation; includes discontinued operations

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



Networking and Security



Point of Sale (POS) and Payments

SUPPLIERS INCLUDE



50% of Gross Profit

Modern Communications & Cloud



Communications and Collaboration



Connectivity



Cloud Services

SUPPLIERS INCLUDE



50% of Gross Profit

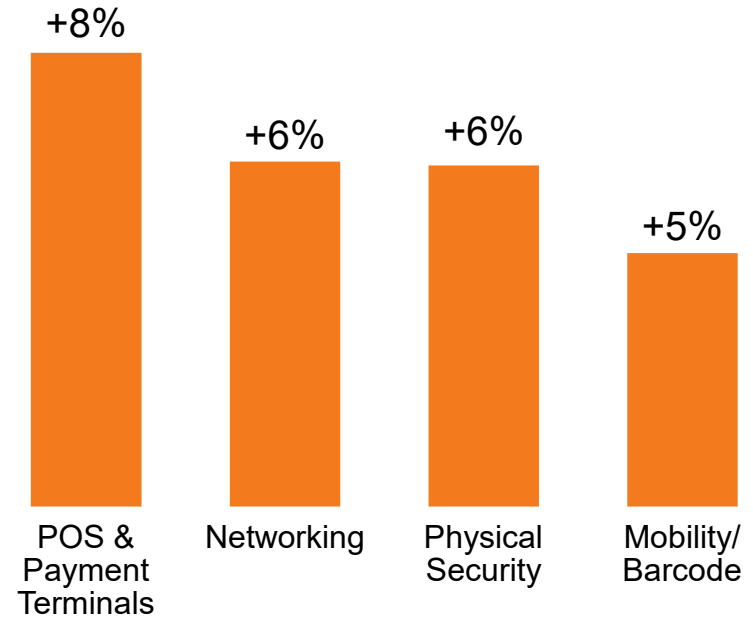
Setting the Hardware Business Up to Deliver Sustainable Profitable Growth

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

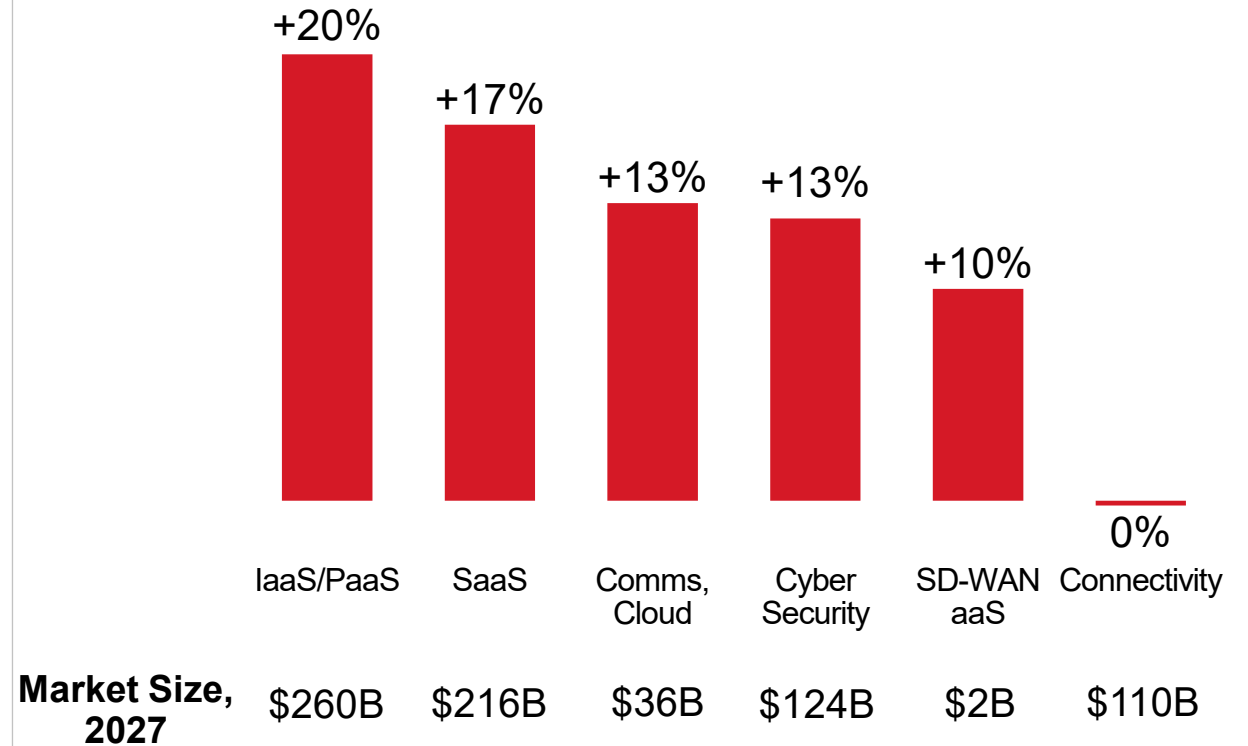
Positioned in High Growth Cloud Markets – Intelisys Generates ~38% of Segment Gross Profit

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



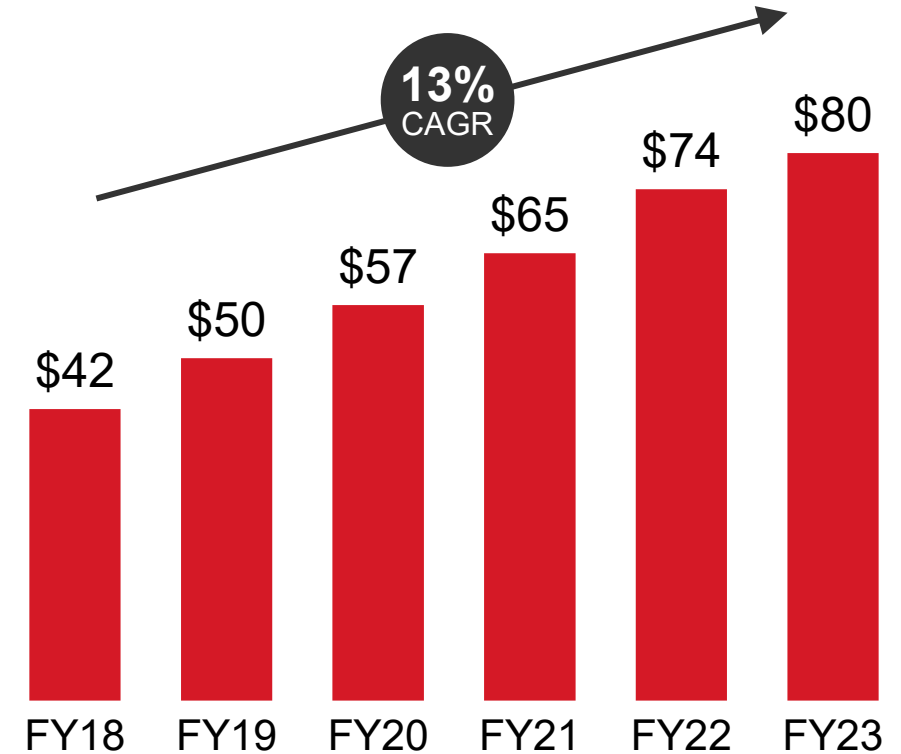
For US and Canada based on end-user spending (reflects direct and indirect sales); ScanSource's market opportunity is in indirect sales.
 Source: ScanSource estimates using market research from Gartner. Connectivity includes wireless data and voice; see "Safe Harbor Statement."

Intelisys A Key Driver of Gross Profit Growth – Net Billings, \$2.68B⁽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+)
- Strong cloud supplier offerings; top UCaaS and CCaaS (~25% of net billings)
- Sustainable and forecastable free cash flow

Intelisys Revenues (\$M)



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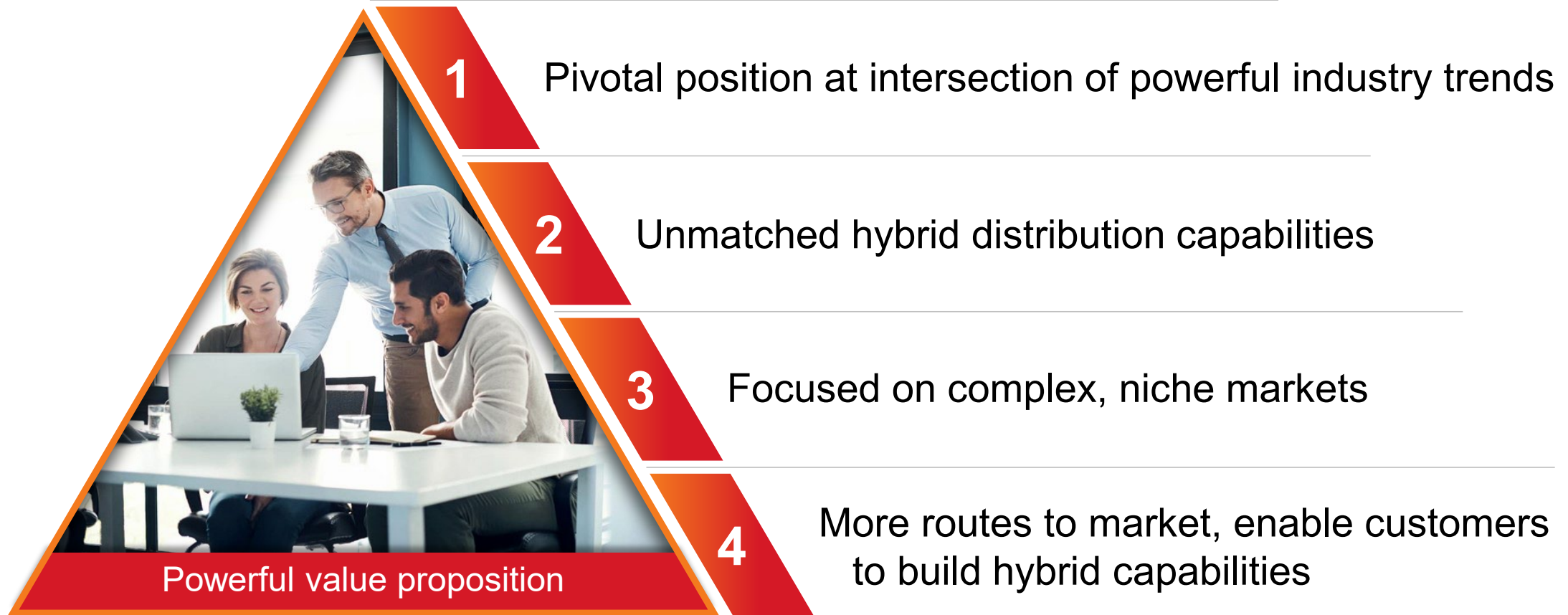
Attractive financial profile drives free cash flow

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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



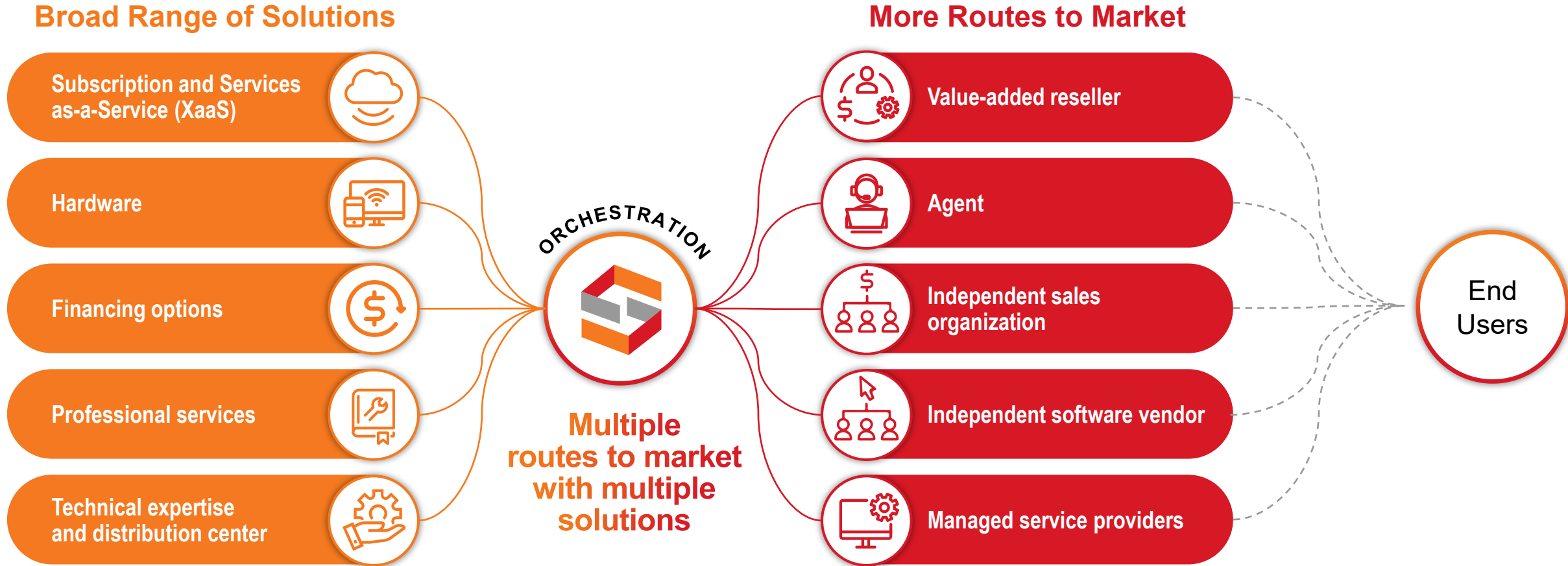
Advantages



**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**
 - focus on working capital efficiency improvements

Building a Cash Culture at ScanSource

Cash Conversion Cycle

Q3 FY24 – Q/E

+82 days

- Days Sales Outstanding in receivables + Paid for Inventory days
- 8-day improvement for FY24 YTD

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

Free Cash Flow*

Q3 FY24 – YTD

+\$310M

- Cash earnings
- Lower use of working capital from lower revenues and working capital efficiency improvements

* Non-GAAP measure

Strong Balance Sheet and Disciplined Capital Allocation

Priorities

Disciplined M&A

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

Share Repurchases

- May '24: New \$100M authorization
- As of 3/31/24, \$45M remaining Aug '21 authorization
- \$20M in Q3 FY24 share repurchases

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

Key Metrics Q3 FY24 – Q/E

Net leverage ratio*	-0.1x
Cash	\$159M
Borrowing availability	\$350M
Debt	\$146M

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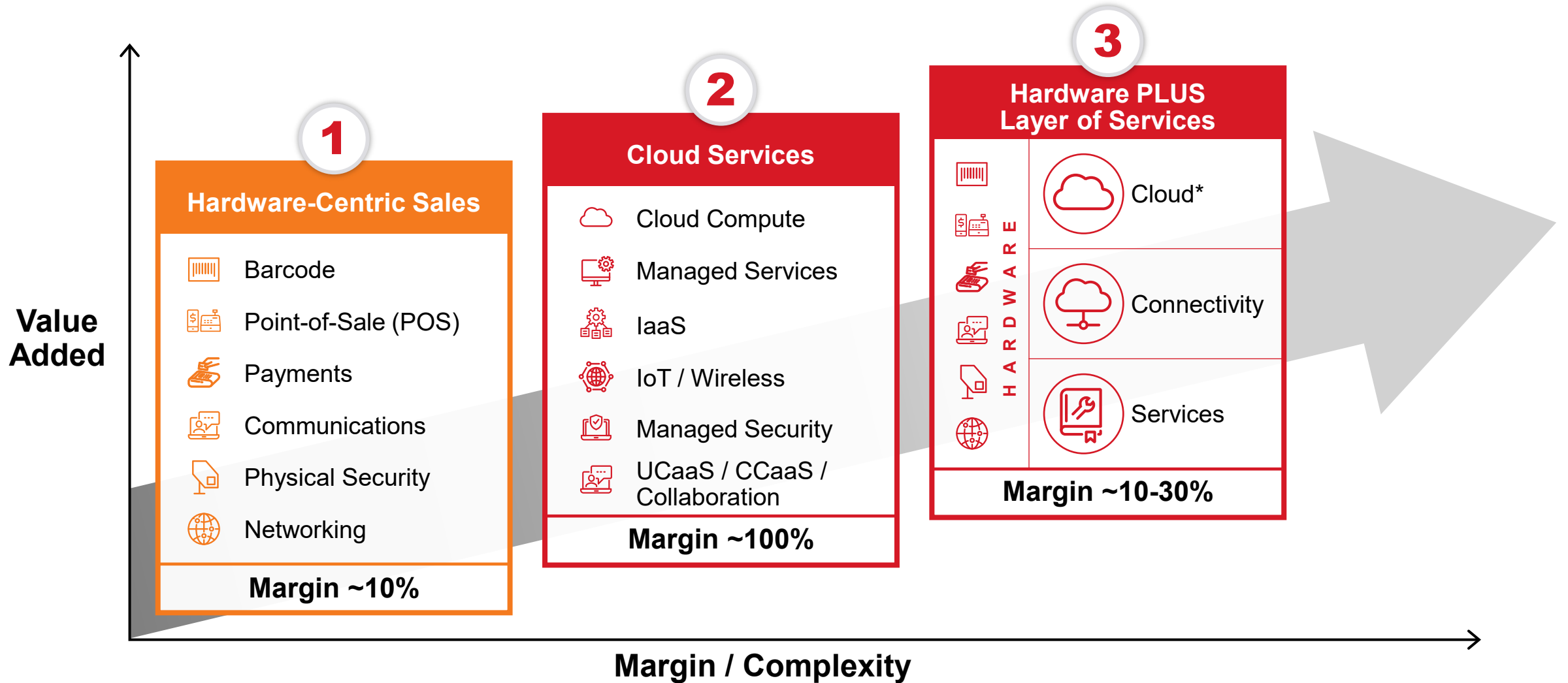


Multiple Profitable Growth Drivers Going Forward

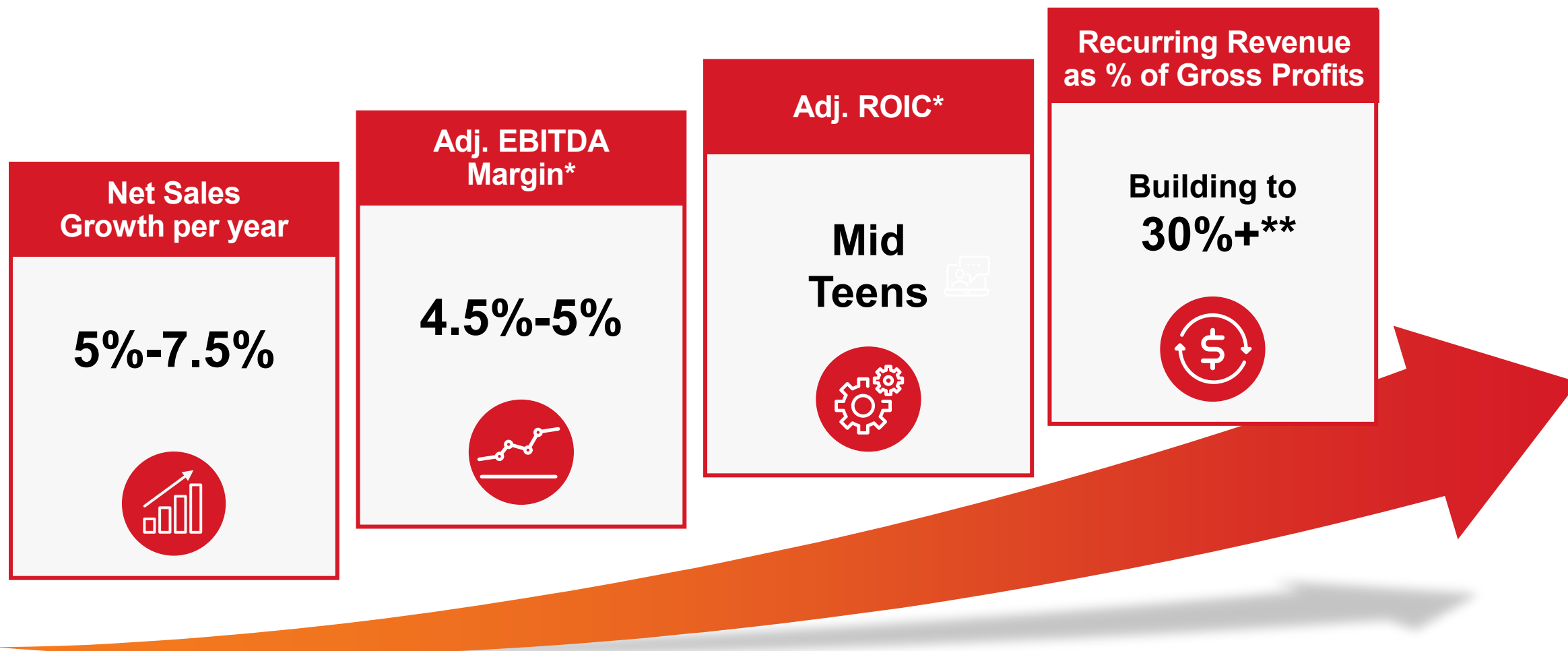
- 1.** Grow hybrid offerings across all routes to market
- 2.** Broaden technology portfolio
- 3.** Enter new markets, target new customer needs
- 4.** Digital expansion
- 5.** Build technology capabilities



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 May 7, 2024 and are not being updated or reaffirmed at this time.

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

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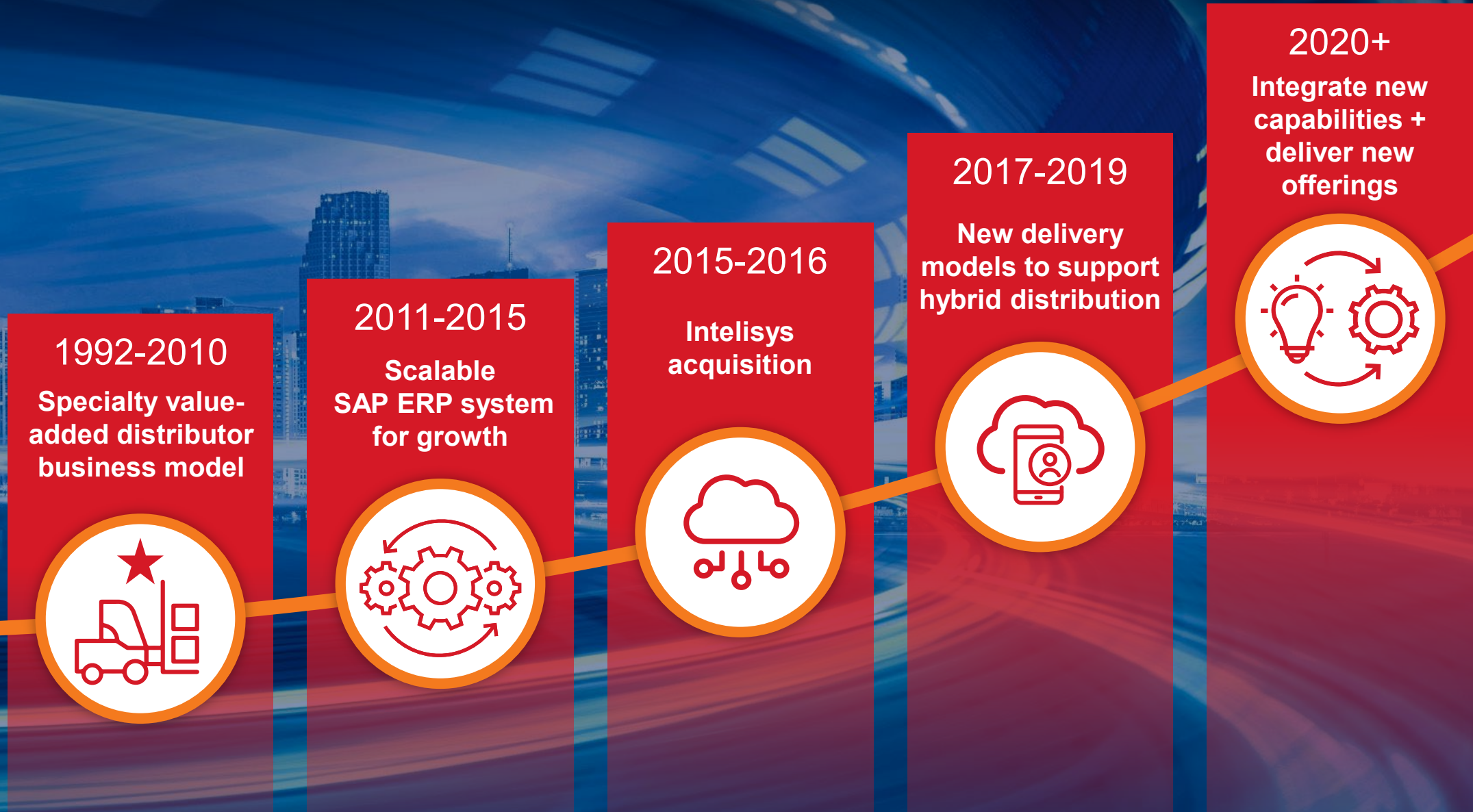
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Appendix

ScanSource Evolution to Leading Hybrid Technology Distribution



Working Capital, 8-Quarter Summary

<i>(\$ in thousands)</i>	Q3 FY24	Q2 FY24	Q1 FY24	Q4 FY23	Q3 FY23	Q2 FY23	Q1 FY23	Q4 FY22
Accounts receivable (Q/E)	\$589,847	\$662,799	\$691,669	\$753,236	\$684,458	\$779,562	\$744,946	\$729,442
Days sales outstanding in receivables	71	68	71	72	70	69	71	68
Inventory (Q/E)	\$529,163	\$575,137	\$656,170	\$757,574	\$752,763	\$761,936	\$675,798	\$614,814
Inventory turns	4.8	5.1	4.4	4.4	4.1	5.0	5.1	5.6
Accounts payable (Q/E)	\$555,733	\$540,642	\$617,594	\$691,119	\$656,688	\$748,662	\$710,919	\$714,177
Paid for inventory days*	11.2	15.7	16.8	17.5	22.7	10.9	7.2	(0.8)
Working capital (Q/E) (AR+INV-AP)	\$563,277	\$697,294	\$730,245	\$819,691	\$780,533	\$792,836	\$709,825	\$630,079
Cash conversion cycle	82	84	88	90	93	80	78	67

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

Free Cash Flow, 4-Quarter Summary

<i>(\$ in thousands)</i>	Q3 FY24	Q2 FY24	Q1 FY24
GAAP Operating cash flow	\$160,152	\$ 63,224	\$ 93,533
Less: Capital expenditures	(2,420)	(2,549)	(2,315)
Free cash flow (Qtr) (non-GAAP)	\$157,732	\$ 60,675	\$ 91,218
Free Cash flow (YTD) (non-GAAP)	\$309,625		

Non-GAAP Financial Information – Adjusted ROIC

<i>(\$ in thousands)</i>	<u>FY23</u>	<u>FY16*</u>
Adjusted Return on invested capital (ROIC), annualized ^(a)	14.6%	14.0%
<u>Reconciliation of Net Income to Adjusted EBITDA</u>		
Net income from continuing operations - GAAP	\$ 88,092	\$ 63,619
Plus: Interest expense	19,786	2,124
Plus: Income taxes	33,758	32,391
Plus: Depreciation and amortization	28,614	17,154
EBITDA	170,250	115,288
Plus: Share-based compensation	11,219	7,093
Plus: Acquisition and divestiture costs	--	863
Less: Tax recovery	(2,986)	--
Plus: Cyberattack restoration costs	1,460	--
Plus: Change in fair value of contingent consideration	--	1,294
Adjusted EBITDA (numerator for ROIC) (non-GAAP)	\$ 179,943	\$ 124,538
<u>Invested Capital Calculation</u>		
Equity - beginning of the period	\$ 806,528	\$ 808,985
Equity - end of the period	905,298	774,496
Plus: Share-based compensation, net	8,326	4,752
Plus: Acquisition and divestiture costs	--	863
Less: Tax recovery, net	(3,985)	--
Plus: Cyberattack restoration costs, net	1,092	--
Less: Impact of discontinued operations, net	(1,717)	--
Plus: Change in fair value of contingent consideration, net	--	977
Average equity	857,771	795,037
Average funded debt ^(b)	372,235	93,500
Invested capital (denominator for Adjusted ROIC) (non-GAAP)	\$ 1,230,006	\$ 888,537

* As reported in FY16 adjusted for change in calculation to exclude share-based compensation; includes discontinued operations.

(a) Calculated as net income plus interest expense, income taxes, depreciation and amortization (EBITDA) divided by invested capital for the period. Adjusted EBITDA reflects other adjustments for non-GAAP measures.

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

Non-GAAP Financial Information – Net Leverage Ratio

<i>(\$ in thousands)</i>	Q3 FY24	Q2 FY24	Q1 FY24	Q4 FY23	Q3 FY23
Consolidated debt (Q/E)	\$145,881	\$168,834	\$248,108	\$329,901	\$311,052
Less: Consolidated cash and cash equivalents (Q/E)	(159,050)	(44,987)	(42,647)	(36,178)	(37,374)
Net debt (Q/E)	\$ (13,169)	\$123,847	\$205,461	\$293,723	\$273,678
<u>Reconciliation of Net Income to Adjusted EBITDA</u>					
Net income from continuing operations - GAAP	\$ 12,806	\$ 32,726	\$ 15,432	\$ 17,095	\$ 21,221
Plus: Interest expense	2,001	3,359	5,585	5,564	5,715
Plus: Income taxes	5,146	7,320	3,715	6,367	8,692
Plus: Depreciation and amortization	6,742	7,258	7,217	7,255	7,074
EBITDA	26,695	50,663	31,949	36,281	42,702
Adjustments:					
Share-based compensation	2,388	2,571	2,769	2,586	2,954
Restructuring costs	3,923	-	-	-	-
Gain on sale of business	-	(14,533)	-	-	-
Cyberattack restoration costs	93	441	201	1,460	-
Acquisition and divestiture costs	511	703	-	-	-
Tax recovery (a)	(515)	(1,386)	-	(128)	-
Adjusted EBITDA (non-GAAP)	\$ 33,095	\$ 38,459	\$ 34,919	\$ 40,199	\$ 45,656
Adjusted EBITDA, Trailing 12-Months (TTM)	\$146,672				
Net Debt/Adjusted EBITDA, TTM	-0.1x				

(a) Recovery of prior period withholding taxes in Brazil