CONTEXT

IT Industry Update

15 April 2020

CONTEXT COVID-19 Weekly Report

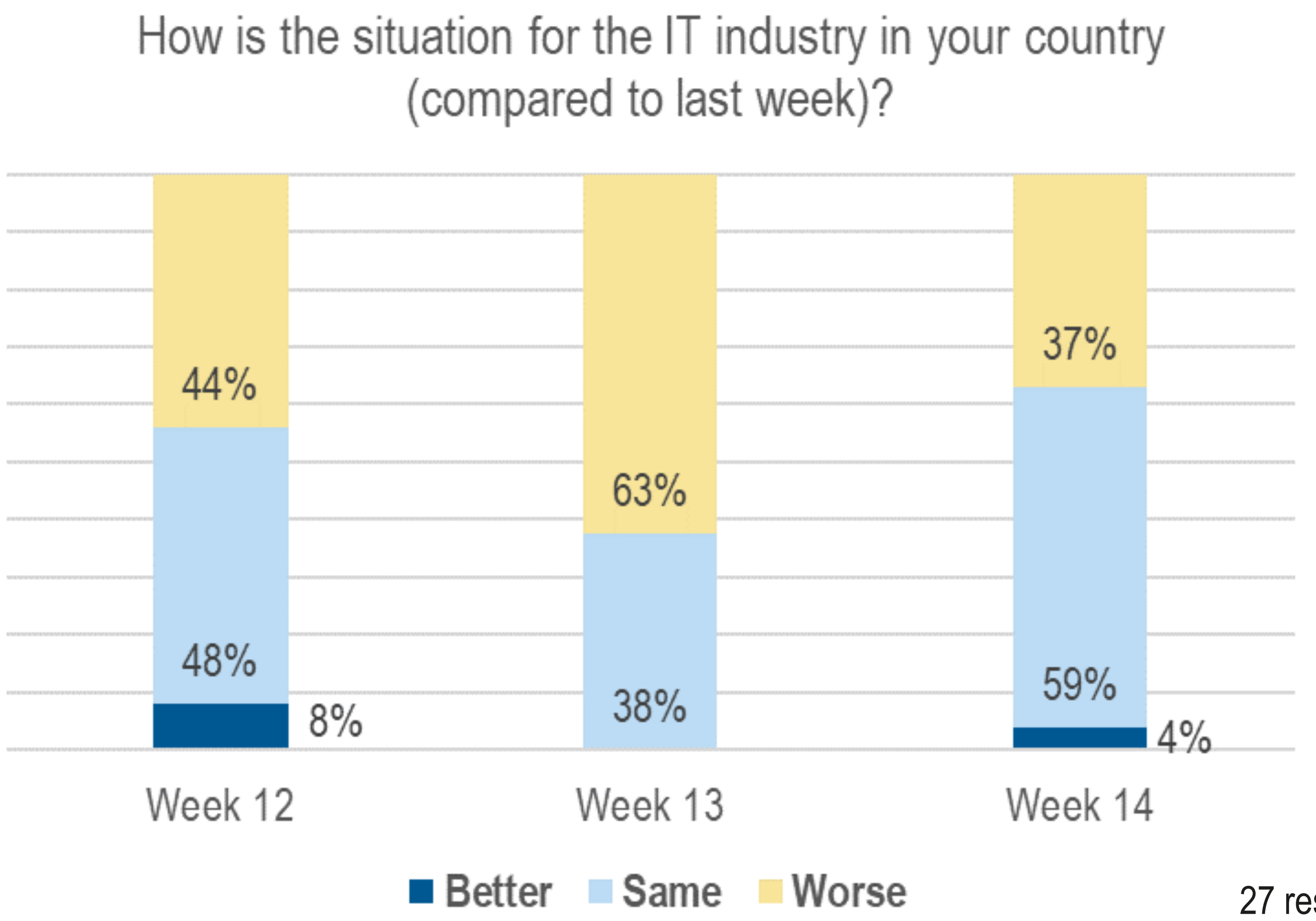
01 CLIMATE SURVEY FEEDBACK

02 TOP TRENDS WESTERN & EASTERN EUROPE: COVID-19 REPRTS

03 CATEGORY HIGHLIGHTS – ANALYST INPUT

04 GLOBAL DISTRIBUTION UPDATE – CONTEXT & NPD (WEEK 13)

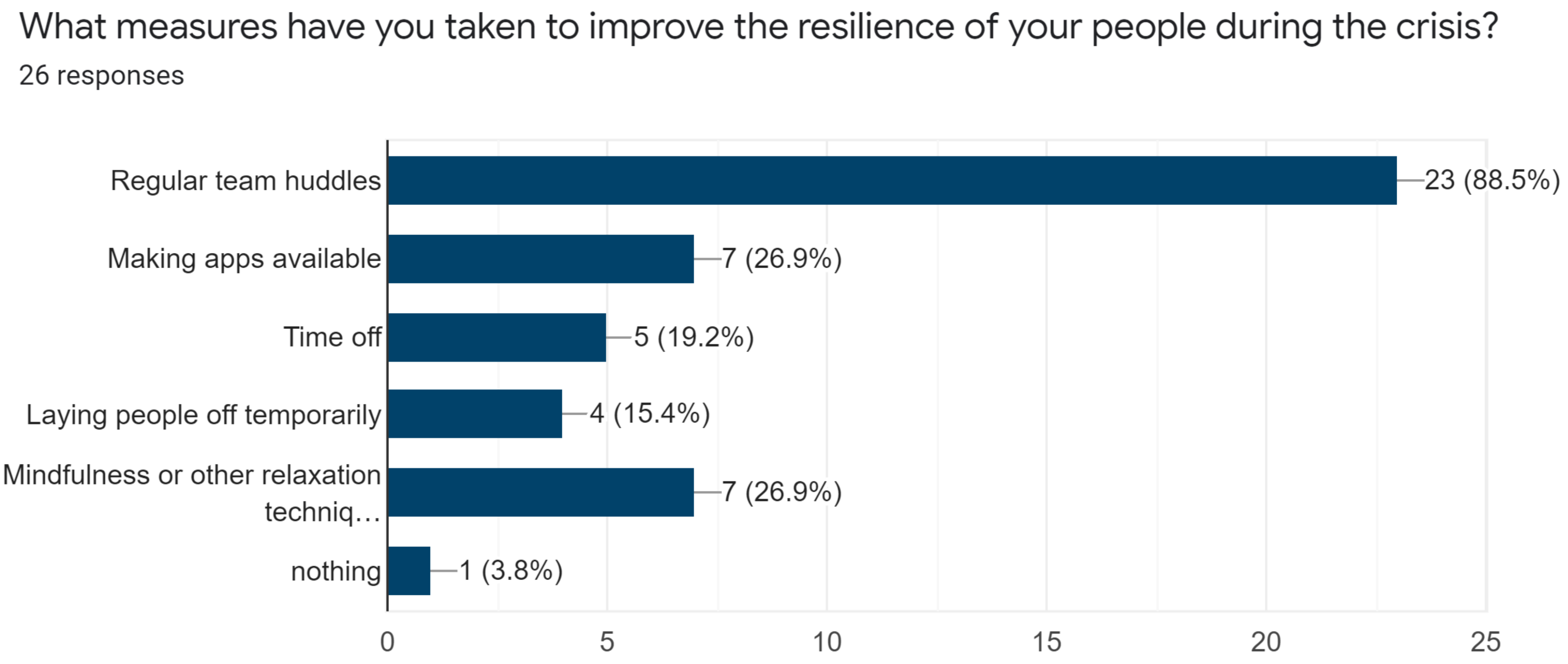
CLIMATE SURVEY FEEDBACK



27 responses

CLIMATE SURVEY FEEDBACK

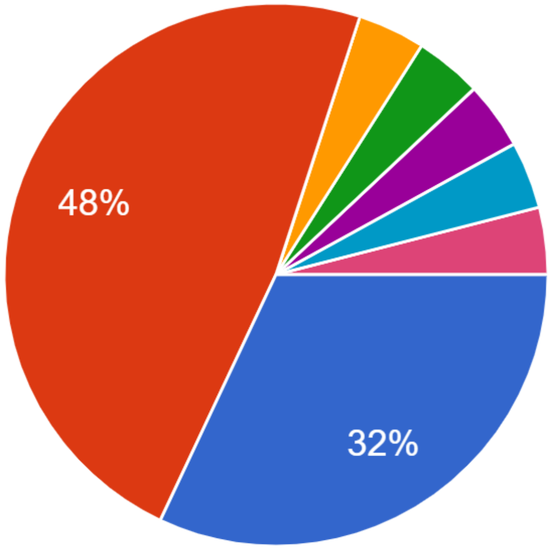
Huddles are the key for employee resilience with other creative measures in place



CLIMATE SURVEY FEEDBACK
Two main responses on holidays

What is your approach to the build-up of holiday allowance?

25 responses



%

suggesting people to take some days in april

summer holiday are already submitted. we wait to see how will the next weeks to adjust holiday if needed

About holidays at the end of the isolation regime until the question was raised. But I hope that my colleagues understand that after quarantine ends, more work will have to be done.

Encouraging at this stage for staff to take planned holidays and not cancel

people have to take 5 days before the end of lock down

COVID-19 REPORTS

01 REVENUE PANDEMIC INDEX

4 week rolling revenue trends based on pandemic calendar, revenue is base 100 in week 0 of pandemic, predictive indications, by country and region

02 REVENUE GROWTH

4 week rolling revenue % growth/decline trends compared to prior year, by country and region

03 SECTOR/CATEGORY WEATHER MAPS

4 week rolling revenue % growth/decline trends compared to prior year, plotted in 4 quadrants, Europe only (detailed report has country data)

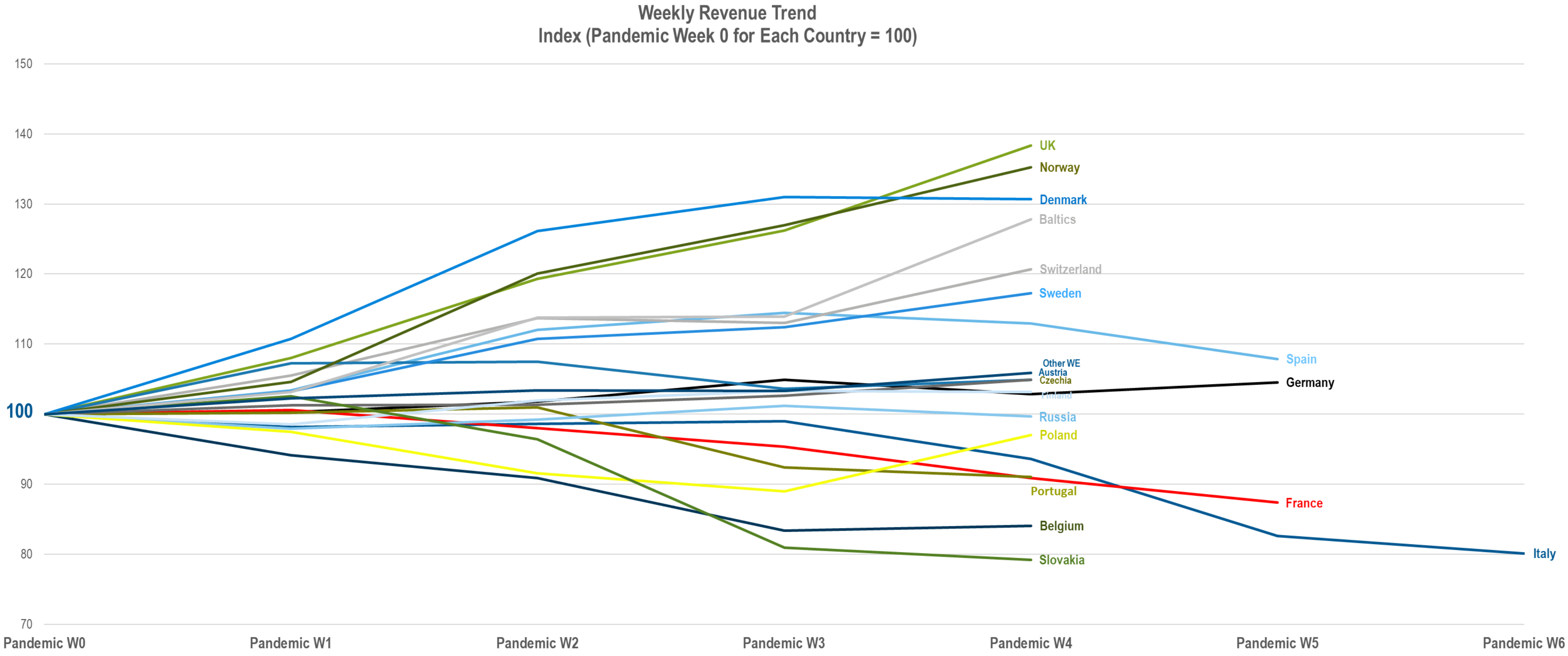
04 CHANNEL HEALTH

4 week rolling revenue % growth/decline trends compared to prior year, in 3 business & 2 consumer channels, Europe only (detailed report has country data)

01 REVENUE PANDEMIC INDEX

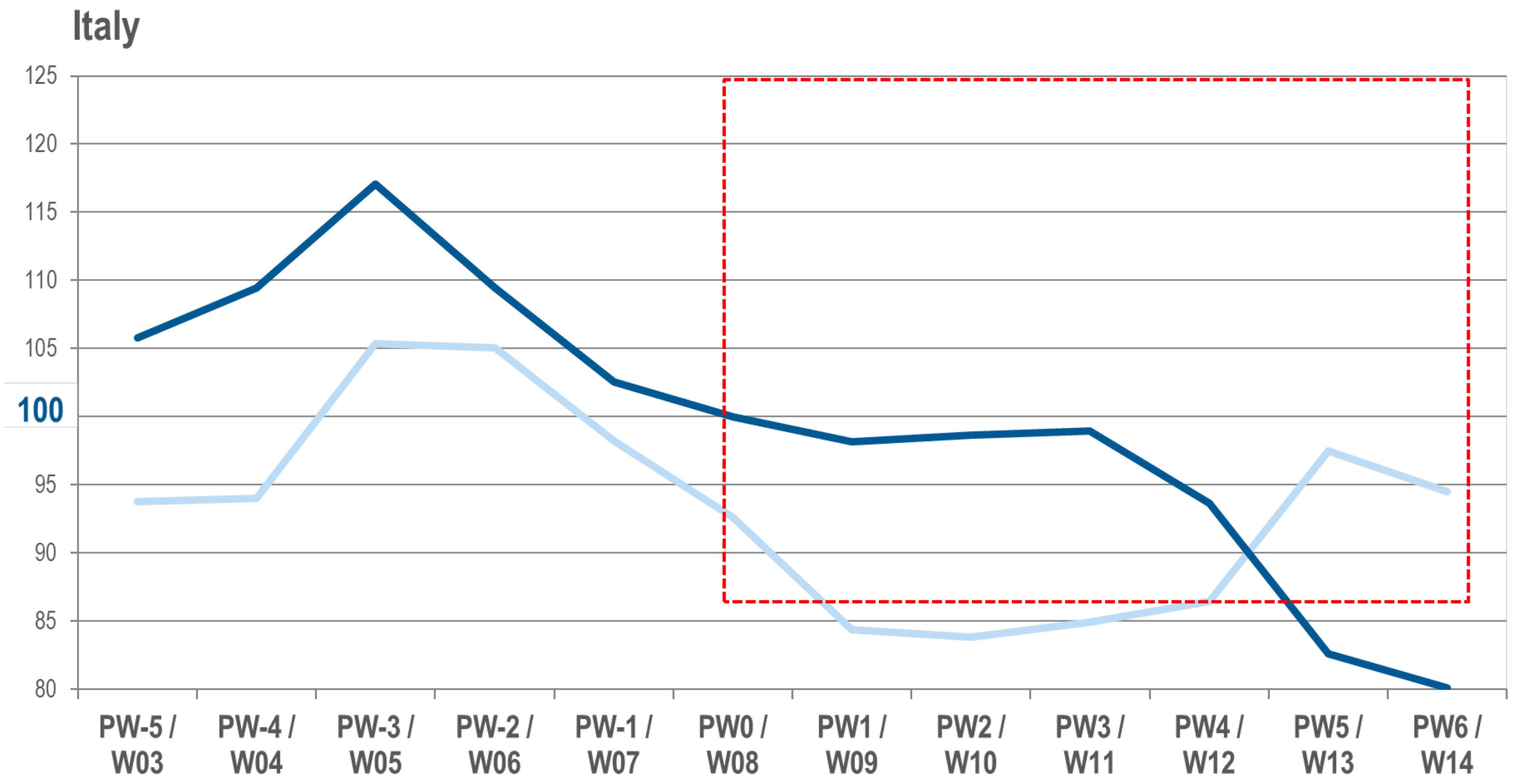
INDEX BASED ON ACTUAL REVENUES AND PANDEMIC CALENDAR SHOWS THOSE COUNTRIES AT MOST RISK OF DROP – UK, NORDICS, BALTICS AND SWITZERLAND

CONTEXT



CONTEXT COVID-19 Weekly Report

ITALY, THE 1ST PANDEMIC COUNTRY, GROWS FROM PW0, BUCKING PRIOR YEAR TREND, PLUNGES IN PW4 AND DOES NOT PICK UP IN PW6 (THE QUARTER-END)

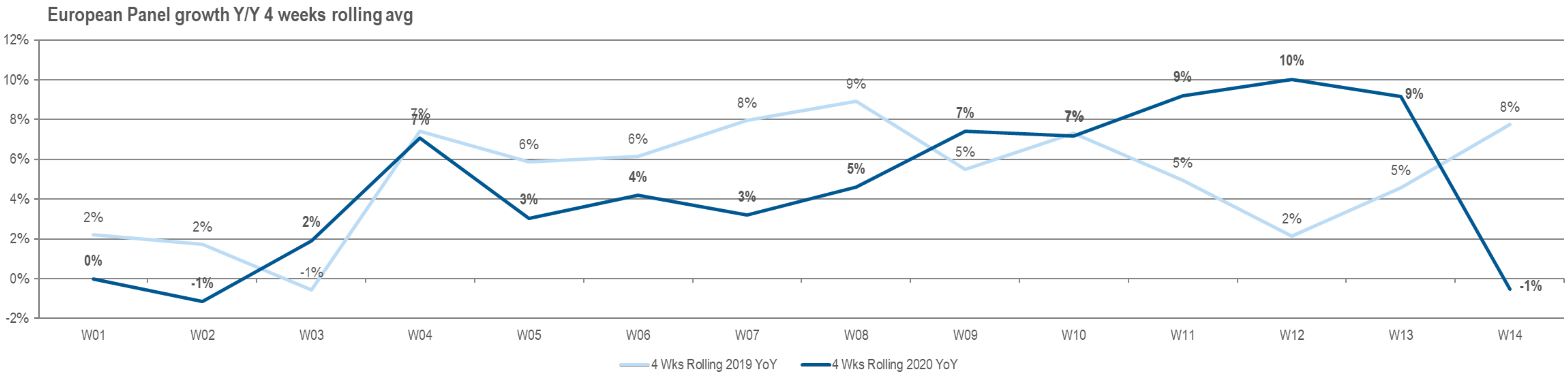


CONTEXT COVID-19 Weekly Report

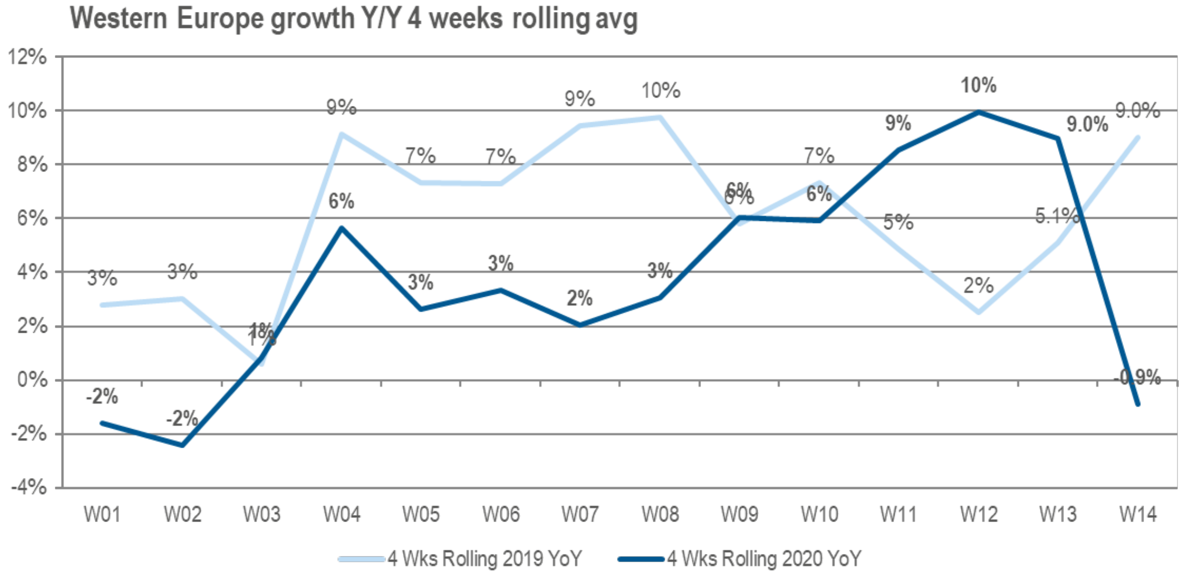
02

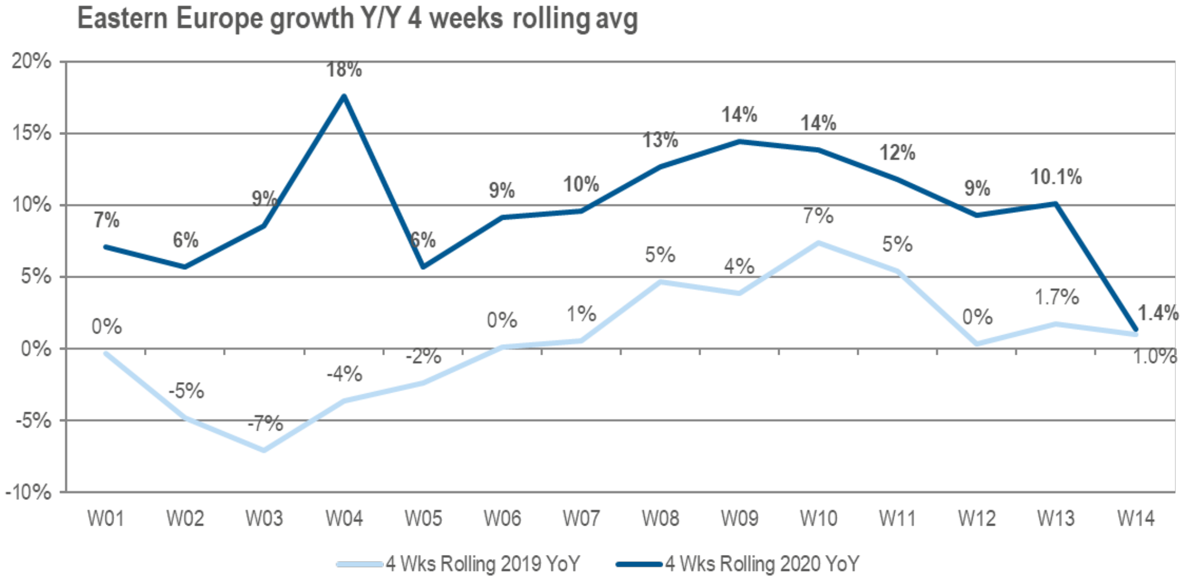
REVENUE GROWTH

AFTER DIVERGENCE IN WK 11 & SMALL INFLECTION IN WK 13, BIG DROP IN YOY % IN WK 14 - FULL IMPACT OF COMPARISON WITH STRONG CLOSE IN Q1 2019



WESTERN EUROPE PLUNGES, EASTERN EUROPE SIMILAR TREND BUT REMAINS POSITIVE (JUST)

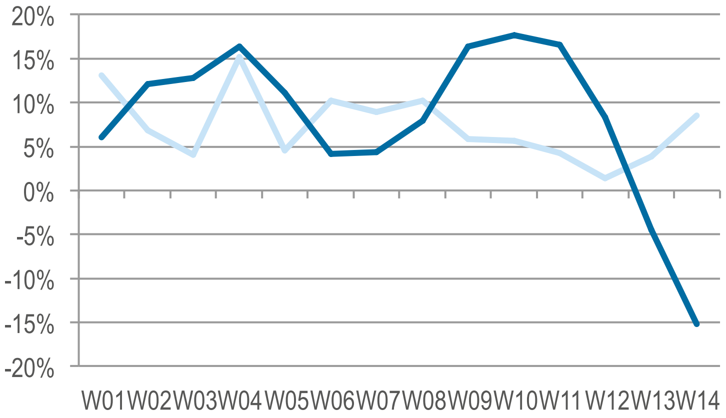




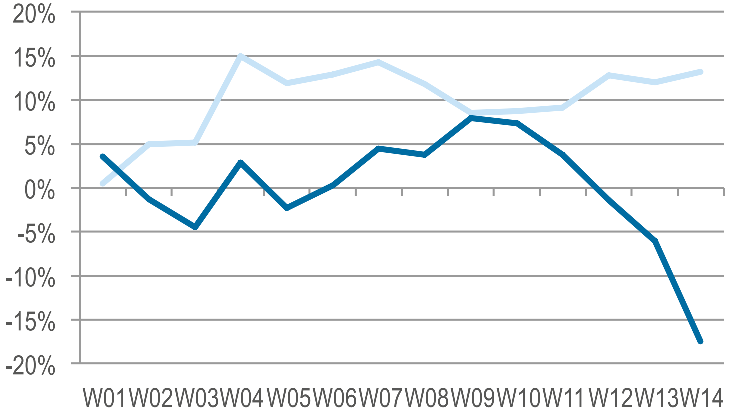
CONTEXT COVID-19 Weekly Report

FROM EARLIEST IN COVID-19 CYCLE TO MOST RECENT - WESTERN EUROPE

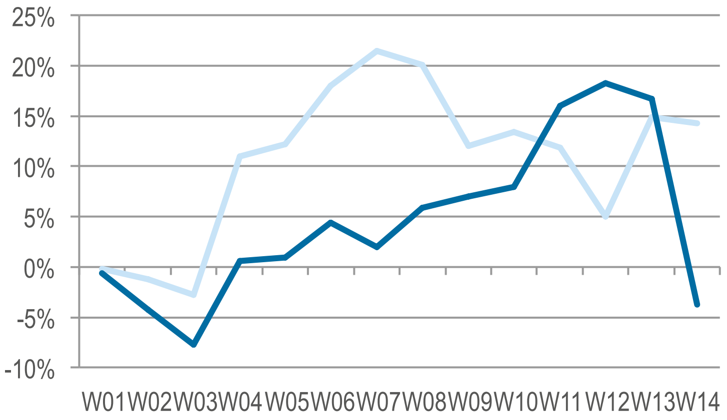
Italy growth Y/Y 4 weeks rolling avg Week 9



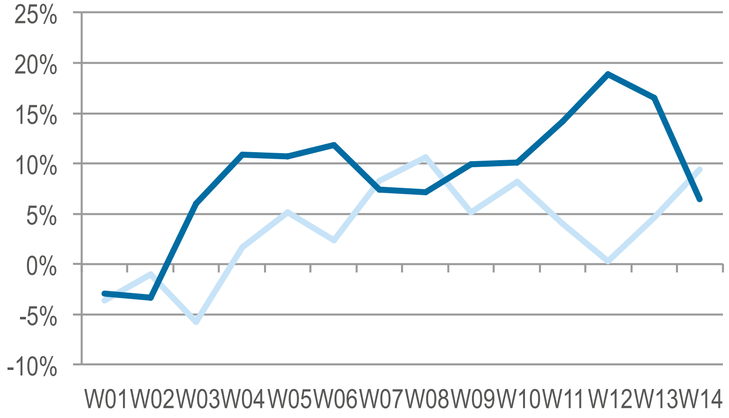
France growth Y/Y 4 weeks rolling avg Week 10



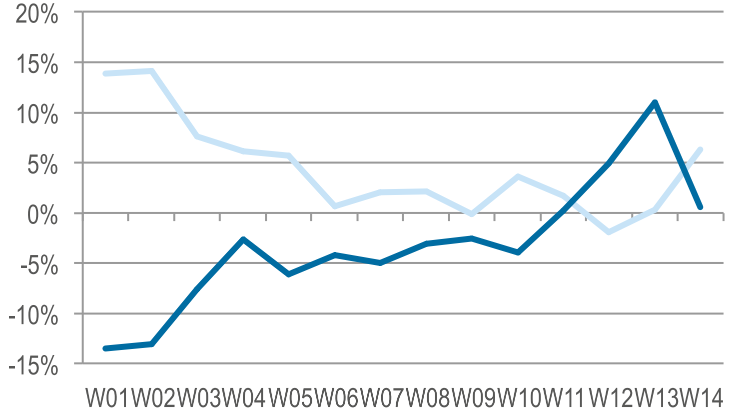
Spain growth Y/Y 4 weeks rolling avg Week 10



Germany growth Y/Y 4 weeks rolling avg Week 10



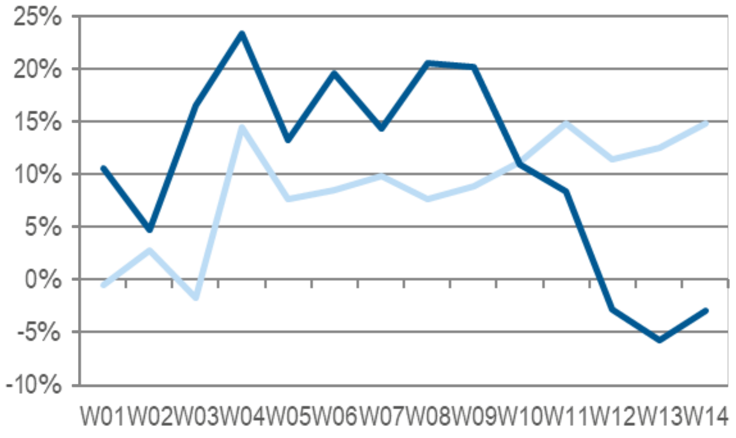
United Kingdom growth Y/Y 4 weeks rolling avg Week 11



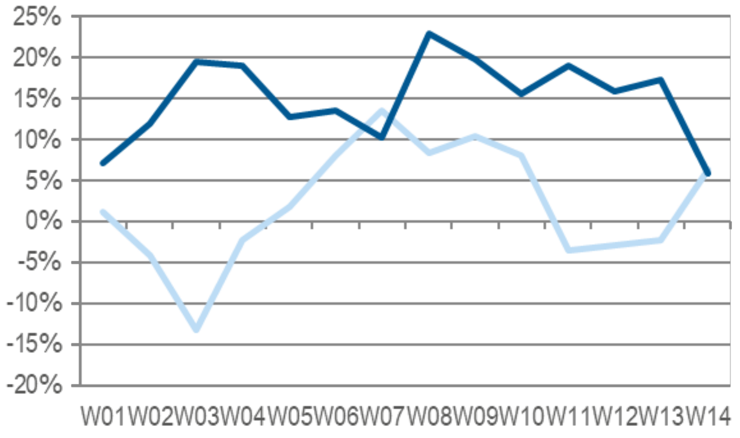
CONTEXT COVID-19 Weekly Report

FROM EARLIEST IN COVID-19 CYCLE TO MOST RECENT - EASTERN EUROPE

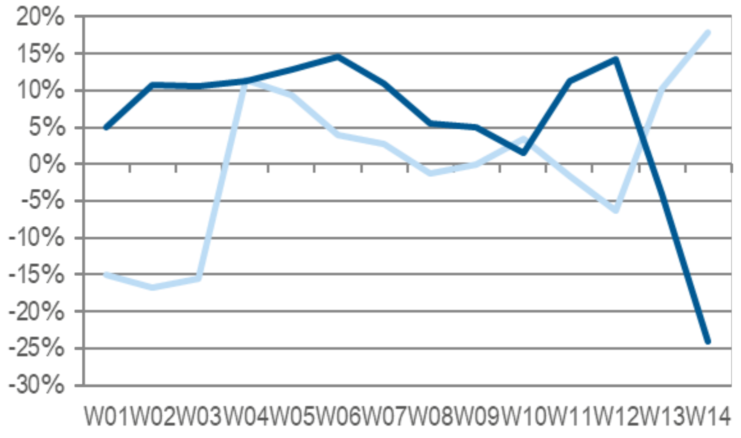
Poland growth Y/Y 4 weeks rolling avg — Week 11



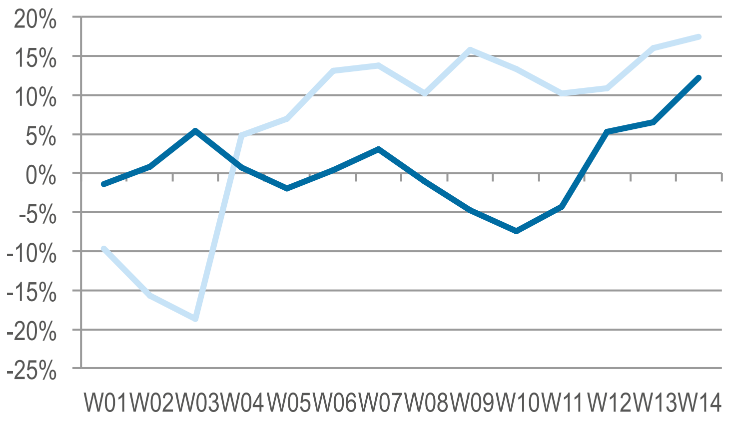
Czech Republic growth Y/Y 4 weeks rolling avg — Week 11



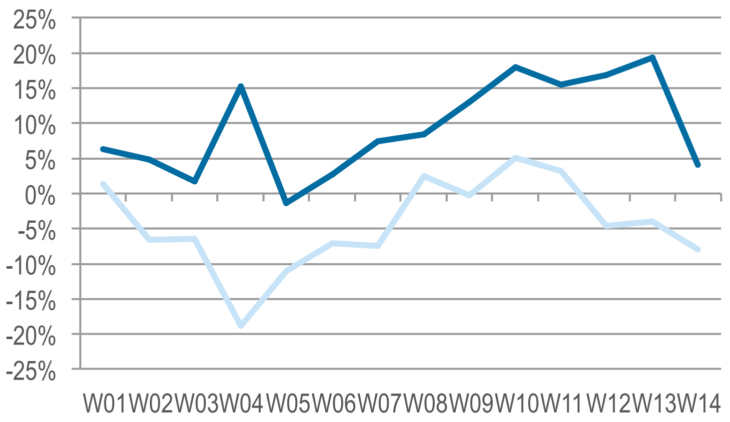
Slovakia growth Y/Y 4 weeks rolling avg — Week 11



Baltics growth Y/Y 4 weeks rolling avg — Week 11



Russia growth Y/Y 4 weeks rolling avg — Week 11

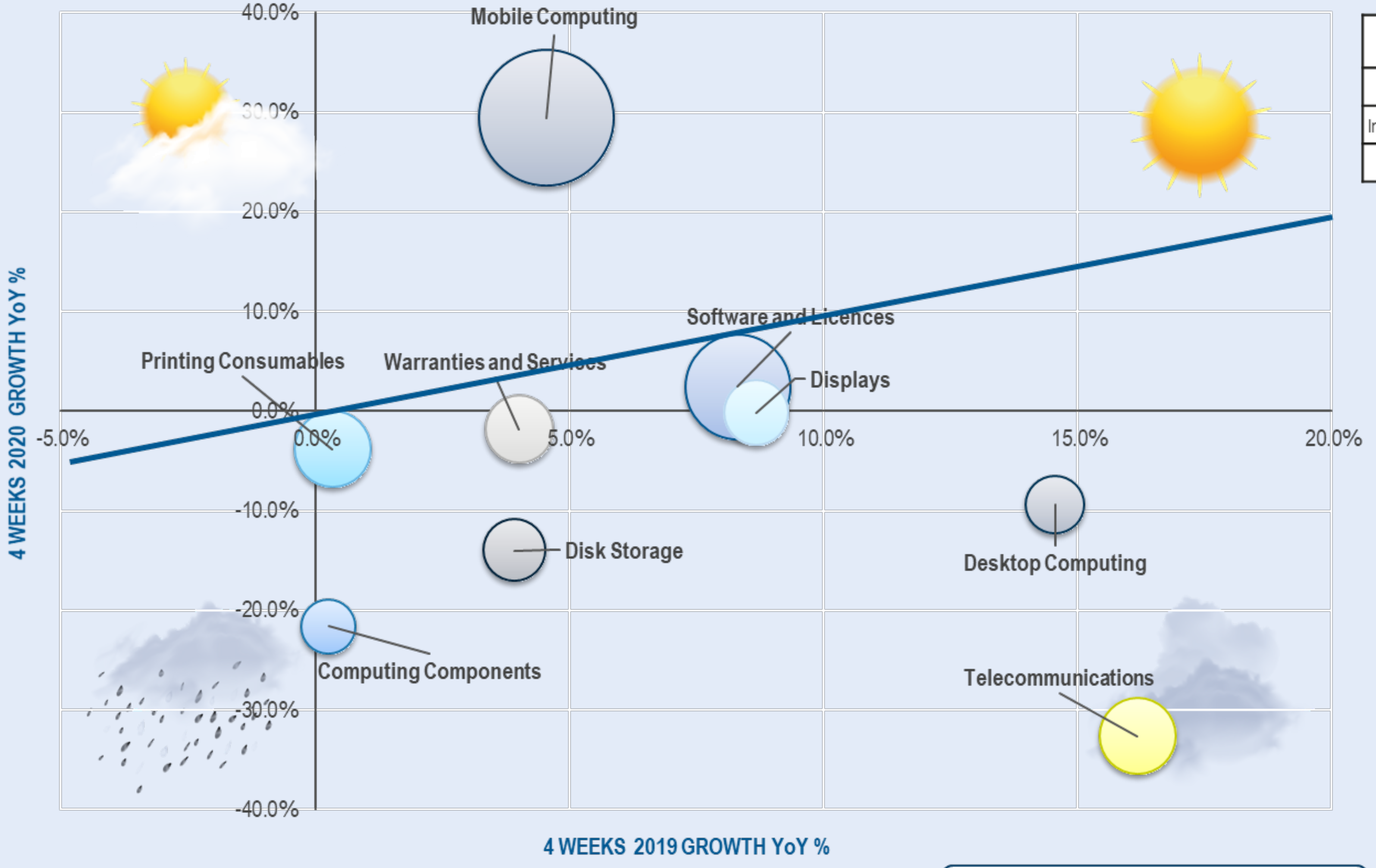


Sorted in order of week of pandemic date

03 CATEGORY WEATHER MAPS

INDUSTRY SECTOR GROWTH: TOP 10 INDUSTRIES BY SALES

% Change in sales through IT Distribution in €: 4 Weeks to Week 14 (05/04/20) vs same period 2019



Traffic Lights:	
Above	15%
Inbetween	
Below	-20%

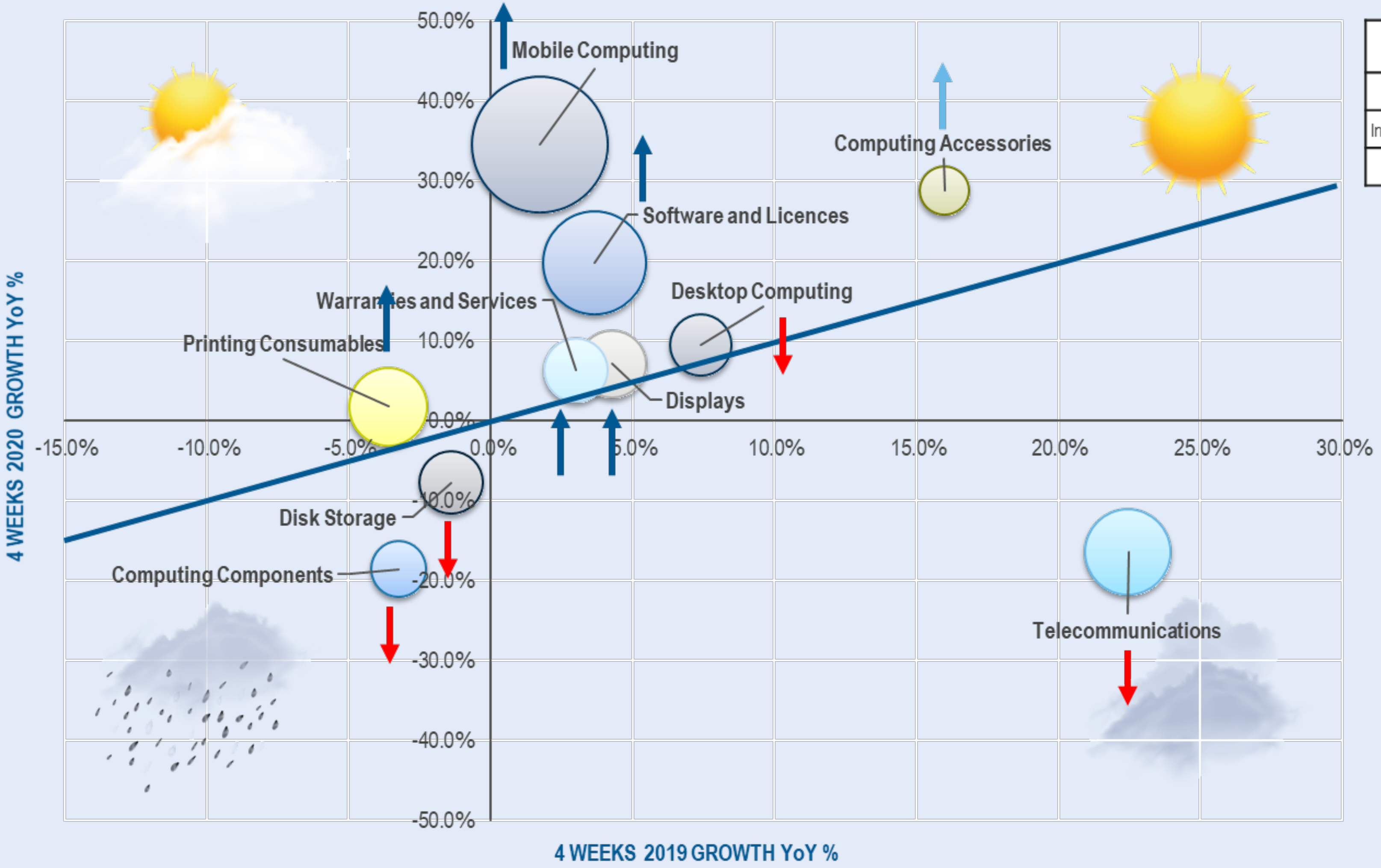
Industry Sector	Q1-19	Q1-20
Mobile Computing	5%	29%
Software and Licences	8%	2%
Printing Consumables	0%	-4%
Telecommunications	16%	-33%
Warranties and Services	4%	-2%
Displays	9%	0%
Disk Storage	4%	-14%
Desktop Computing	15%	-9%
Computing Components	0%	-22%
Printing	8%	-16%
Computing Accessories	18%	15%
Networking Systems	10%	-8%
Audio-Video Systems	35%	21%
Server Computing	4%	-21%
Data Center Networking and Security	-12%	5%
Wireless Networking	19%	8%
Other Networking Equipment	4%	0%
Power Equipment	7%	-12%
Wearable Devices	88%	-27%
Connectivity	13%	-6%
Home and Garden	62%	-28%
Removable Storage	-19%	-31%
Games Consoles	-5%	55%
Unified Communications	8%	-17%
Electronics	-23%	-18%
Smart Home and Office	55%	-11%
Scanner Imaging	44%	-45%
Terminals, Thin Clients and Points of Sales	14%	-30%
Tape Storage	-22%	-10%
Security	8%	-28%
Photo and Video Cameras	-14%	-60%
Security Devices	-46%	100%
eHealth Devices	66%	-24%
eHealth Devices	66%	-24%

CONTEXT COVID-19 Weekly Report

INDUSTRY SECTOR TRENDS: TOP 10 BY REVENUE IN € (PRIOR WEEK FOR COMPARISON)

CONTEXT

% Change in revenue through IT Distribution in €: 4 Weeks to Week 13 (29/3/20) vs same period 2019



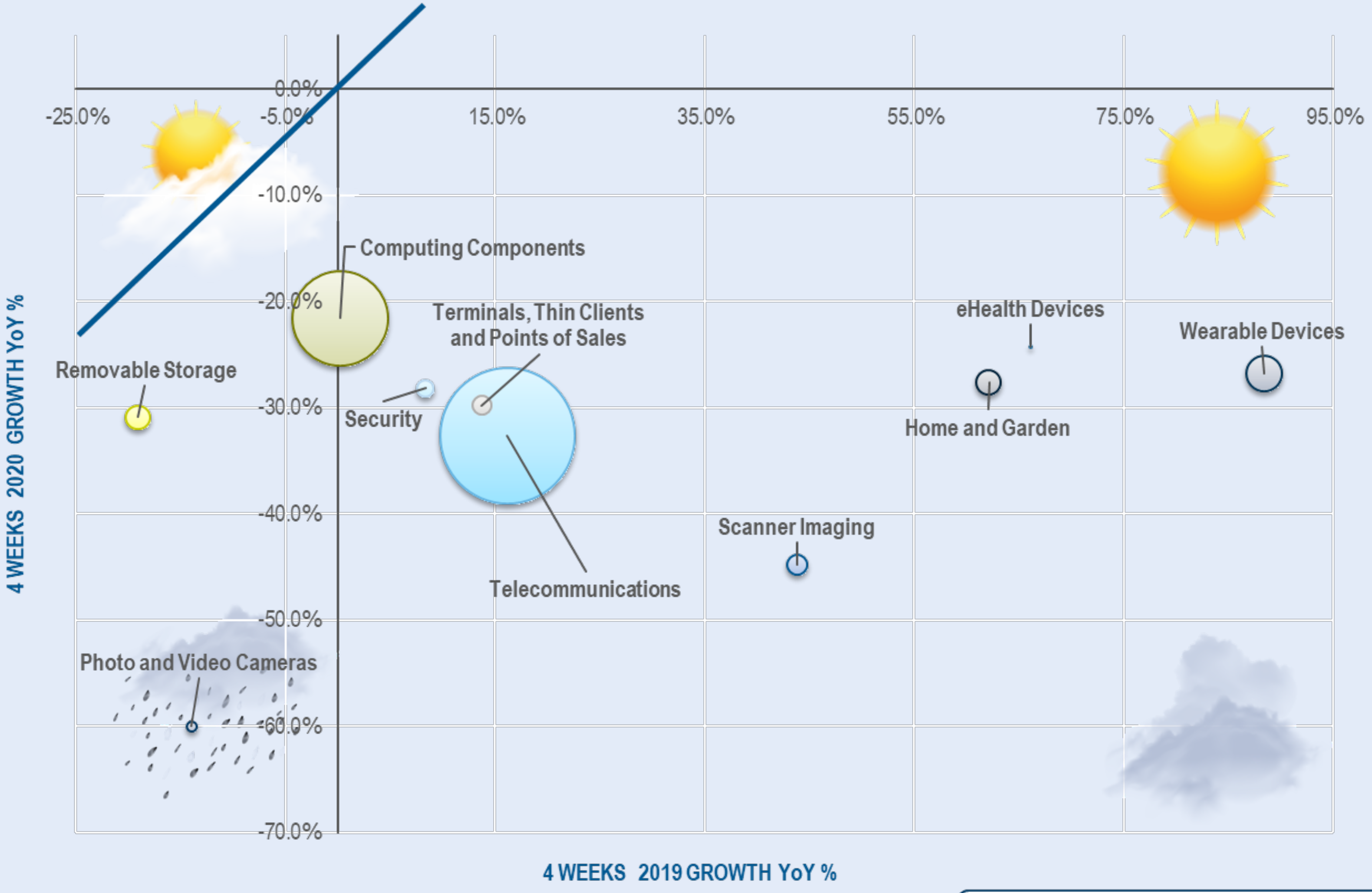
Traffic Lights:	
Above	15%
Inbetween	
Below	-20%

Industry Sector	2019	2020
Mobile Computing	2%	35%
Software and Licences	4%	20%
Telecommunications	22%	-16%
Printing Consumables	-4%	2%
Displays	4%	7%
Warranties and Services	3%	6%
Disk Storage	-1%	-8%
Desktop Computing	7%	10%
Computing Components	-3%	-19%
Computing Accessories	16%	29%
Printing	4%	-7%
Networking Systems	2%	1%
Audio-Video Systems	31%	43%
Server Computing	-1%	-12%
Data Center Networking and Security	-14%	19%
Wireless Networking	11%	8%
Other Networking Equipment	0%	6%
Power Equipment	0%	-2%
Wearable Devices	95%	-18%
Connectivity	11%	-5%
Home and Garden	40%	-5%
Removable Storage	-25%	-23%
Unified Communications	-2%	-7%
Electronics	-23%	-16%
Games Consoles	5%	35%
Scanner Imaging	39%	-36%
Smart Home and Office	41%	-10%
Terminals, Thin Clients and Points of Sales	5%	-31%
Security	2%	-13%
Tape Storage	-27%	-6%
Photo and Video Cameras	-19%	-40%
Security Devices	-46%	107%
eHealth Devices	54%	-9%
Other	7%	88%

CONTEXT COVID-19 Weekly Report

INDUSTRY SECTOR GROWTH: TOP 10 DECLINING INDUSTRIES

% Change in sales through IT Distribution in €: 4 Weeks to Week 14 (05/04/20) vs same period 2019



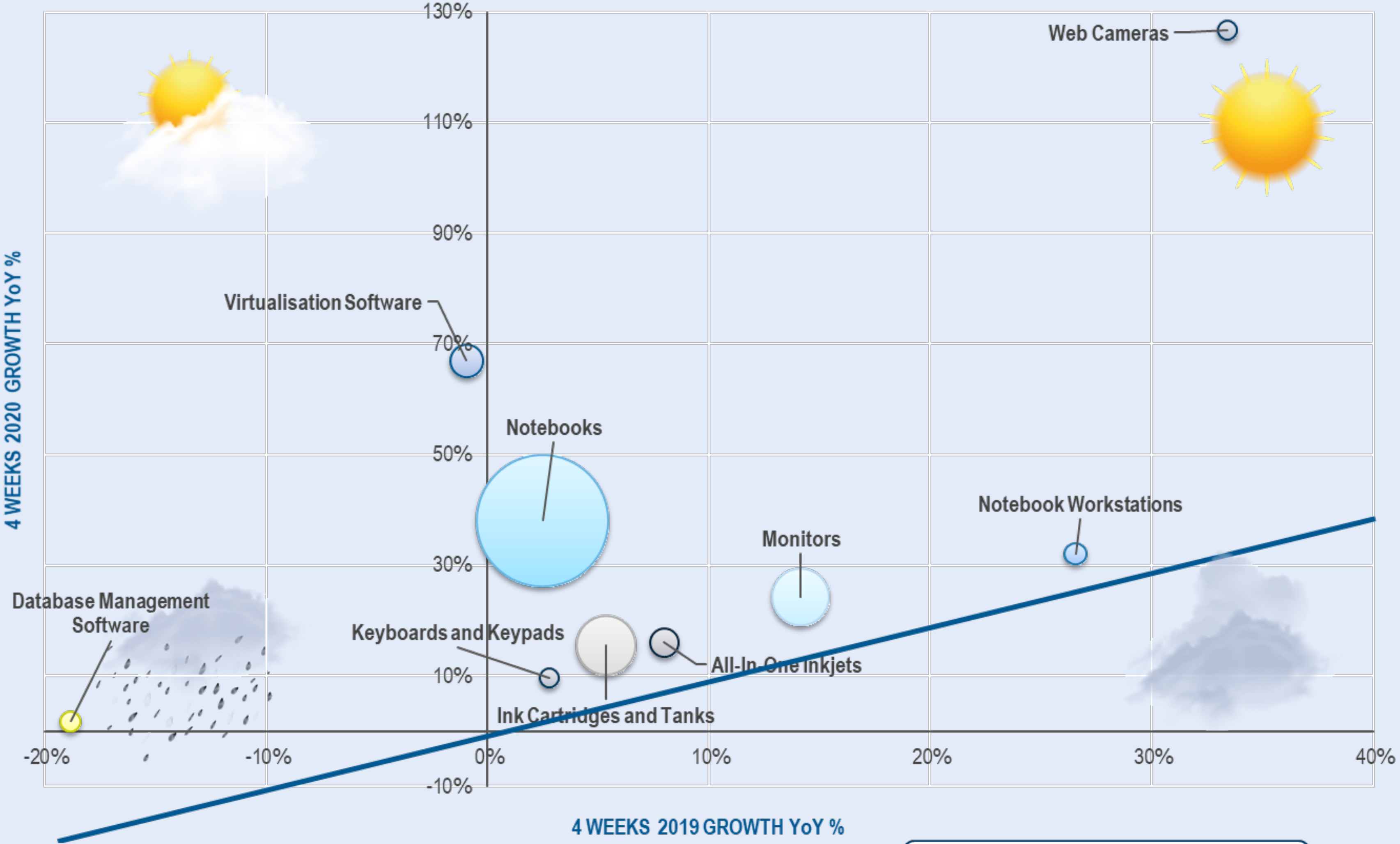
Traffic Lights:	
Above	15%
Inbetween	
Below	-20%

Industry Sector	Q1-19	Q1-20
Photo and Video Cameras	-14%	-60%
Scanner Imaging	44%	-45%
Telecommunications	16%	-33%
Removable Storage	-19%	-31%
Terminals, Thin Clients and Points of Sales	14%	-30%
Security	8%	-28%
Home and Garden	62%	-28%
Wearable Devices	88%	-27%
eHealth Devices	66%	-24%
Computing Components	0%	-22%
Server Computing	4%	-21%
Electronics	-23%	-18%
Unified Communications	8%	-17%
Printing	8%	-16%
Disk Storage	4%	-14%
Power Equipment	7%	-12%
Smart Home and Office	55%	-11%
Tape Storage	-22%	-10%
Desktop Computing	15%	-9%
Networking Systems	10%	-8%
Connectivity	13%	-6%
Printing Consumables	0%	-4%
Warranties and Services	4%	-2%
Displays	9%	0%
Software and Licences	8%	2%
Data Center Networking and Security	-12%	5%
Wireless Networking	19%	8%
Computing Accessories	18%	15%
Audio-Video Systems	35%	21%
Mobile Computing	5%	29%
Games Consoles	-5%	55%
Security Devices	-46%	100%

CONTEXT COVID-19 Weekly Report

CATEGORIES GROWTH: TOP 10 GREATEST CHANGE

% Change in sales through IT Distribution in €: 4 Weeks to Week 14 (05/04/20) vs same period 2019



Traffic Lights:	
Above	15%
Inbetween	
Below	-20%

Category	Q1-19	Q1-20
Web Cameras	33%	127%
Virtualisation Software	-1%	67%
Notebooks	2%	38%
Database Management Software	-19%	2%
Ink Cartridges and Tanks	5%	16%
Monitors	14%	24%
All-In-One Inkjets	8%	16%
Keyboards and Keypads	3%	10%
Notebook Workstations	27%	32%
Network Management Software	10%	15%
Headsets/Headphones and Microphones	51%	53%
Security Software	16%	19%
Network Management and Security Appliances	-2%	-4%
Graphics Cards	-18%	-21%
Office Applications Software	10%	6%
Motherboards	-2%	-6%
Warranties and Services	4%	-2%
Network Expansion Modules	-8%	-14%
Transceivers	6%	-4%
Mice	10%	1%
Network Switches	1%	-9%
Docking Stations	36%	26%
Tablet PCs	11%	-3%
Toner	-4%	-18%
NAS Devices	-1%	-15%
Data Management Software	-1%	-16%
Wireless Access Points	21%	5%
Uninterruptable Power Supplies (UPS)	9%	-8%
Large Format Displays	-1%	-21%
Cables and Connectivity Adapters	14%	-8%
All-in-One Lasers	11%	-11%
Operating Systems Software	19%	-3%
Desktops	15%	-8%
Mobile Computing Cases	23%	-1%
Servers (PC/Mac)	6%	-19%
RAM Memory	-7%	-32%
Laser Printers	5%	-20%
Long Life Consumables	3%	-30%
Desktop Workstations (PC/Mac)	13%	-21%
Processors	17%	-17%
Televisions	6%	-34%
Disk Arrays	26%	-15%
Network Routers	36%	-7%
Smartphones	16%	-33%
Graphics and Design Software	49%	-25%
Smart Watches	78%	-22%

CONTEXT COVID-19 Weekly Report

04

CHANNEL HEALTH

ETAIL CHANNELS ARE GROWING, SMR IS HOLDING UP

CONTEXT

		CHANNEL GROWTH		
Business Sectors	**Channel**	**WE**	**EE**	**Total**
Business Channels	Corporate Reseller	-3%	-19%	-5%
	Small and Medium Reseller	0%	6%	1%
	Etailer Business	9%	-15%	8%
Retail Channels	Etailer Consumer	16%	-6%	13%
	Retail Chain	-9%	12%	-4%

Above	15%
Inbetween	
Below	-20%

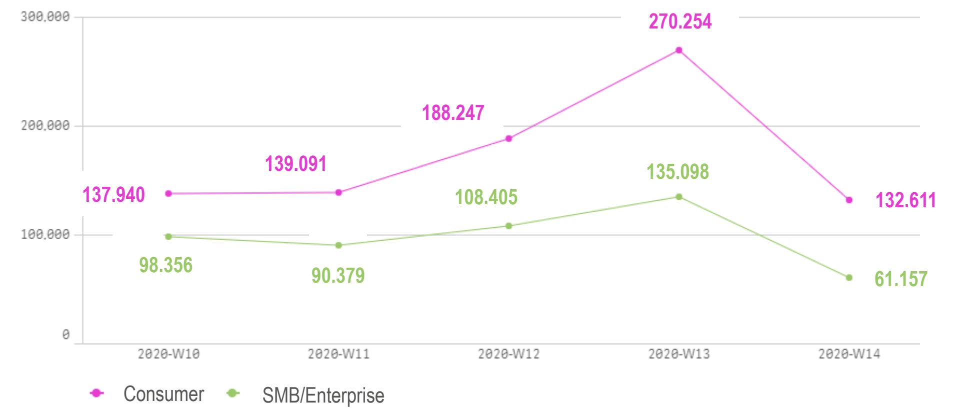
		WESTERN EUROPE														EASTERN EUROPE				
Business Sectors	**Channel**	**Germany**	**UK & Ireland**	**Italy**	**France**	**Spain**	**Switzerland**	**Sweden**	**Austria**	**Denmark**	**Belgium**	**Norway**	**Finland**	**Portugal**	**Other WE**	**Russia**	**Poland**	**Czech Republic**	**Baltics**	**Slovakia**
Business Channels	Corporate Reseller	7%	-1%	-6%	-19%	8%	-9%	-18%	-18%	-4%	-34%	1%	-3%	-32%	6%	-23%	9%	-16%	-27%	-38%
	Small and Medium Reseller	6%	2%	-10%	-20%	-2%	7%	6%	-2%	15%	-12%	22%	23%	0%	11%	15%	1%	-11%	5%	-17%
	Etailer Business	7%	20%	-4%	-9%	1%	-36%	25%	3%	38%	31%	65%	16%	-37%	-32%	-20%	29%	-34%	-22%	-31%
Retail Channels	Etailer Consumer	16%	11%	-12%	-13%	1%	59%	57%	15%	55%	60%	78%	1%	7%	38%	-10%	-14%	2%	24%	-20%
	Retail Chain	0%	-10%	-33%	-13%	-18%	16%	-11%	-15%	34%	-9%	-7%	11%	-18%	40%	16%	-9%	52%	113%	-27%

CONTEXT SalesWatch Distribution

Market Review

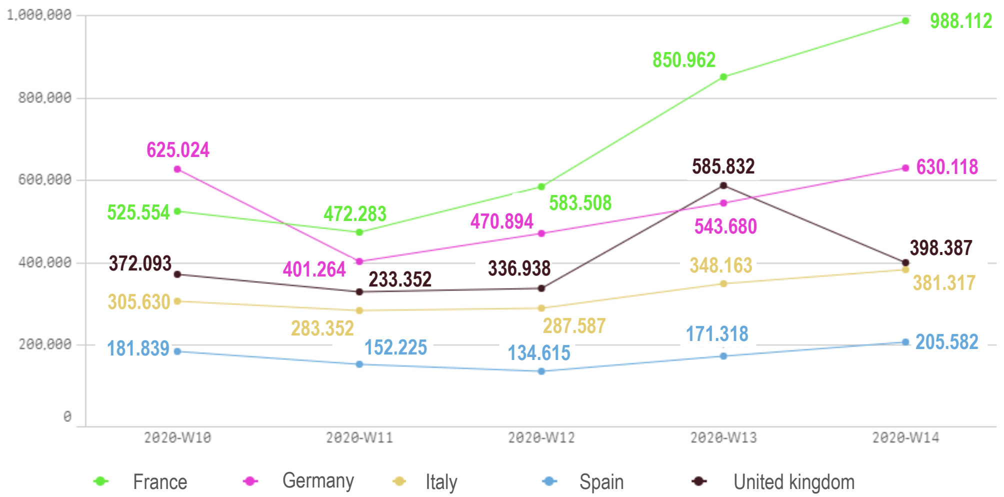
CONSUMER PRINT & CONSUMABLES SALES SPIKE DURING COVID-19 PANDEMIC

Sell through units actual by end user type - Weekly units from 2020-Wk10 to 2020-Wk14



Print Hardware Sales by end user type – WE-CEE

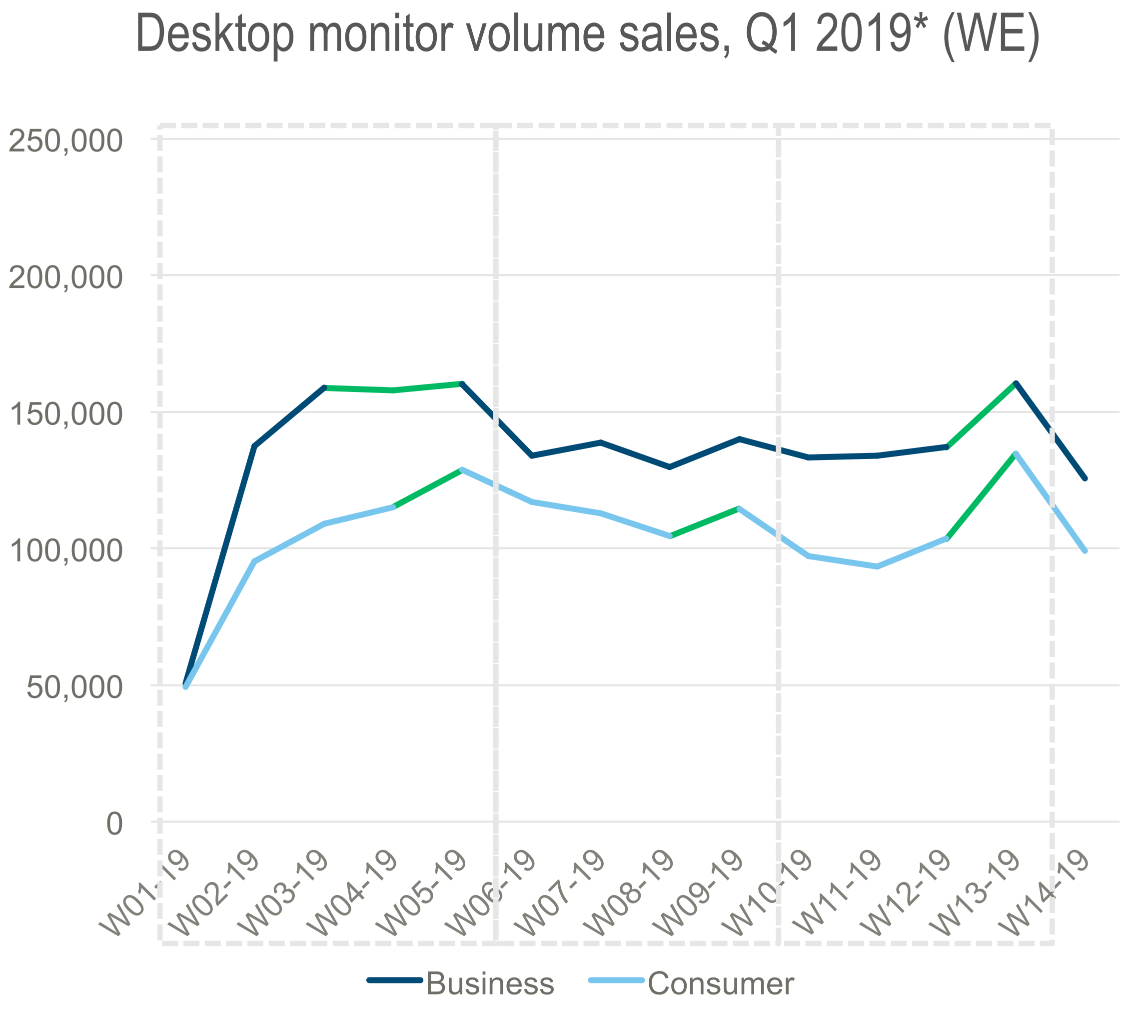
Sell through units actual by country - Weekly units from 2020-Wk10 to 2020-Wk14

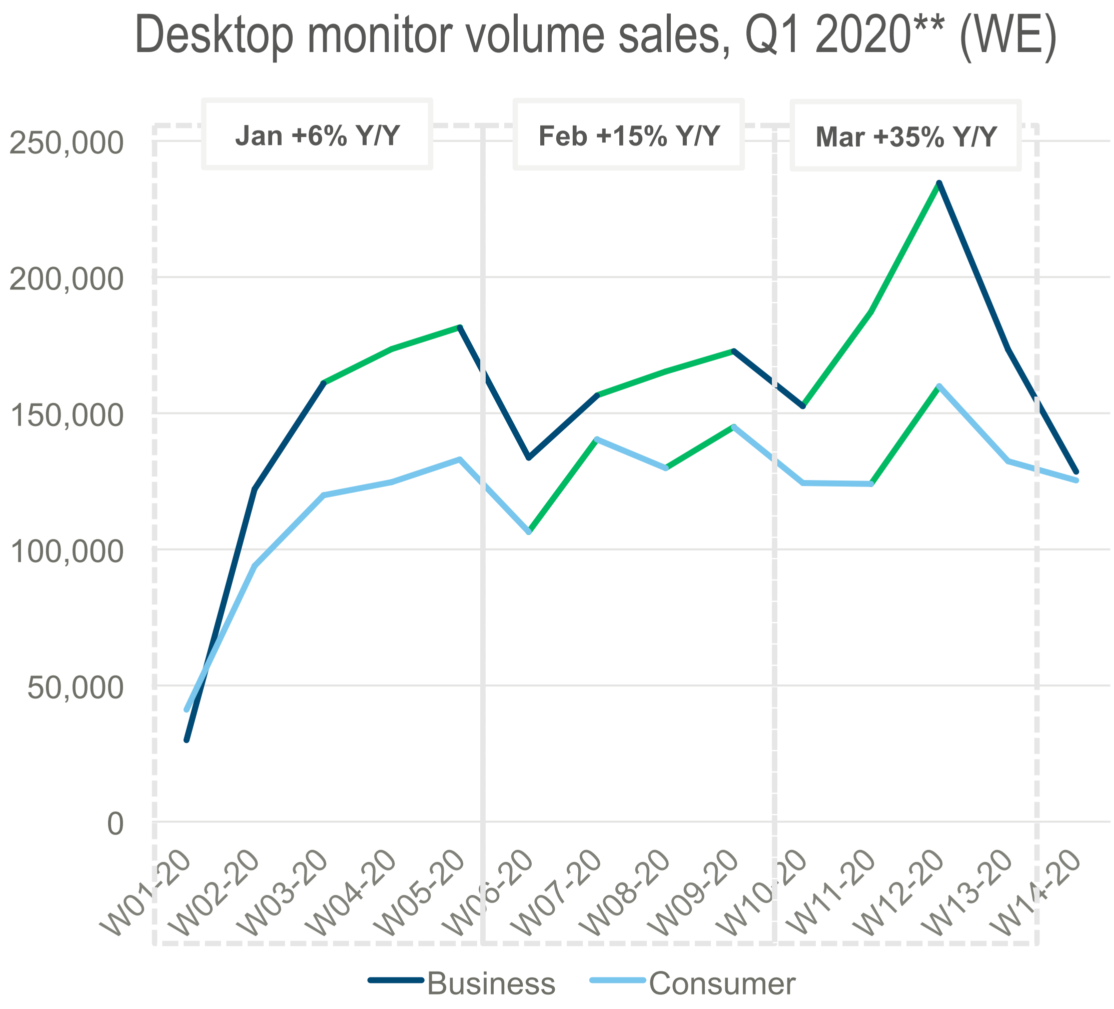


Ink Cartridge Sales – UK, FR, DE, IT, ES

Country	Consumer Print Sell Through Units Change YOY
Totals	27.6%
Italy	51.7%
Germany	17.2%
United Kingdom	7.3%
Spain	52.5%
Poland	60.8%
Russia	22.4%
France	38.9%
Netherlands	69.8%
Czech Republic	16.3%
Portugal	84.7%
Switzerland	34.5%
Belgium	5.1%
Austria	18.9%
Denmark	21.7%
Sweden	-25.6%
Finland	19.6%
Latvia	64.6%
Ireland	37.3%
Slovakia	-19.2%
Lithuania	-17.8%
Norway	69.0%
Estonia	-19.6%

MONITORS: MARCH SAW THE BIGGEST DEMAND PEAK IN BOTH SEGMENTS



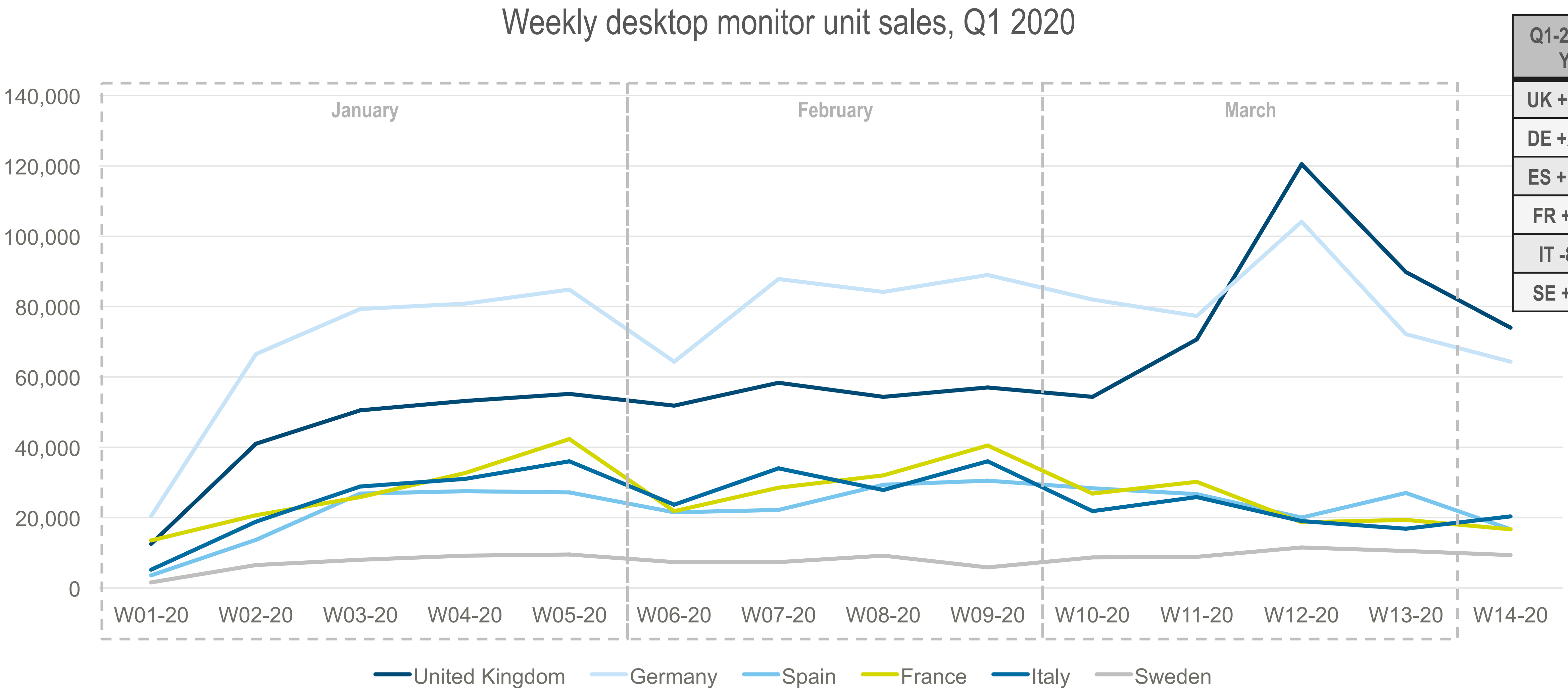


* W14-19 includes April
**W14-20 includes 30-31st of March

CONTEXT Vendor Shipments

MONITORS: UK AND GERMANY DRIVING THE W12 SALES PEAK

CONTEXT



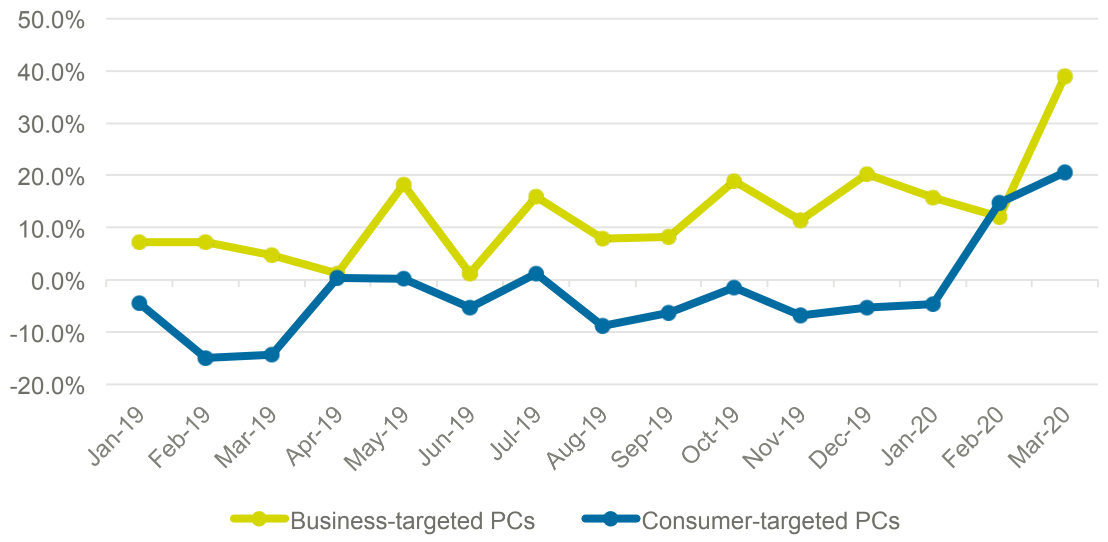
Q1-20 Y/Y
UK +34%
DE +25%
ES +16%
FR +0%
IT -8%
SE +9%

*W14-20 includes 30-31st of March

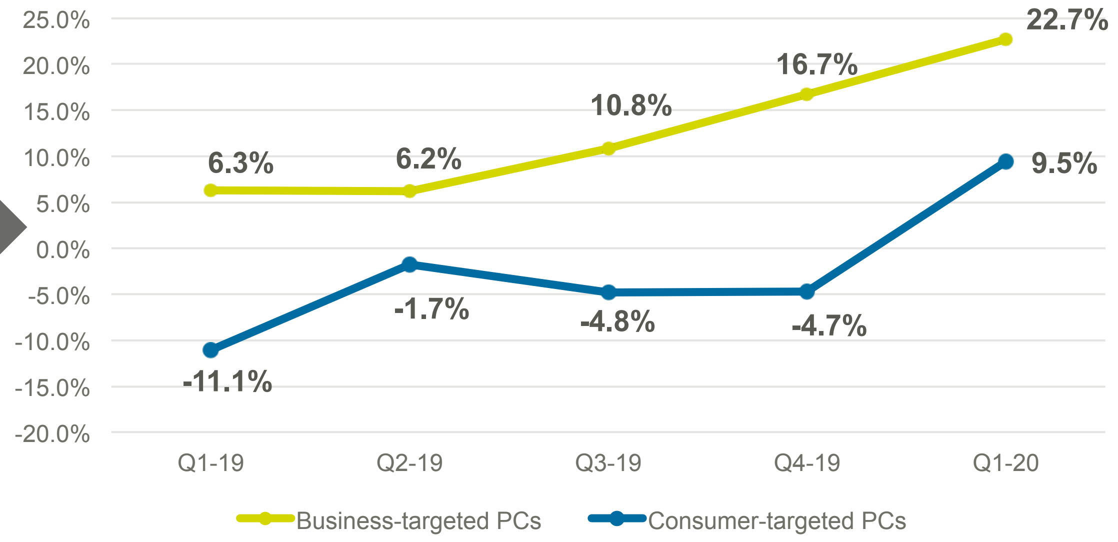
CONTEXT SalesWatch Distribution

PCS: COVID-19 MARCH SURGE IN PC DEMAND BOOSTS FULL-QUARTER GROWTH

Monthly Y/Y PC volume growth, W-E



Quarterly Y/Y PC volume growth, W-E



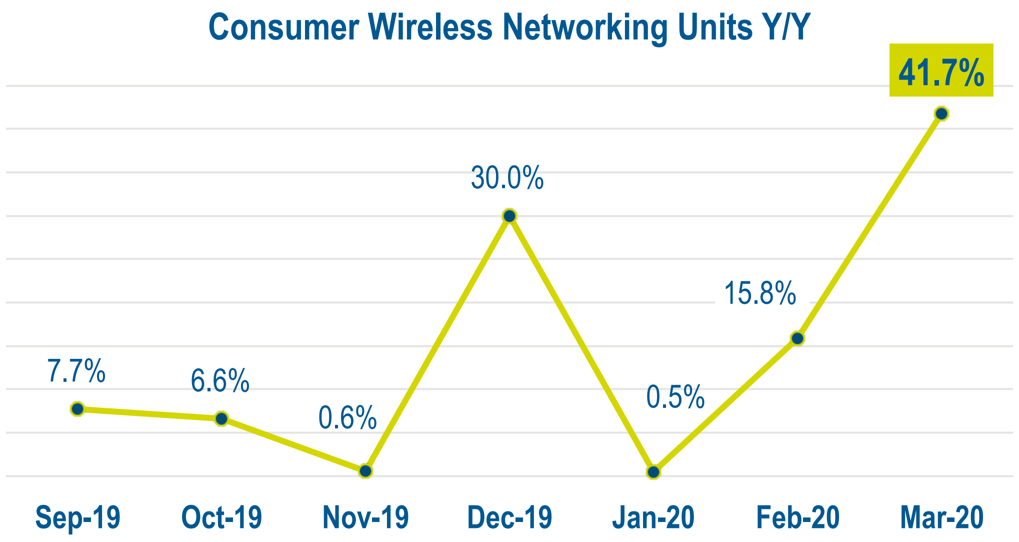
Monthly Y/Y PC volume growth

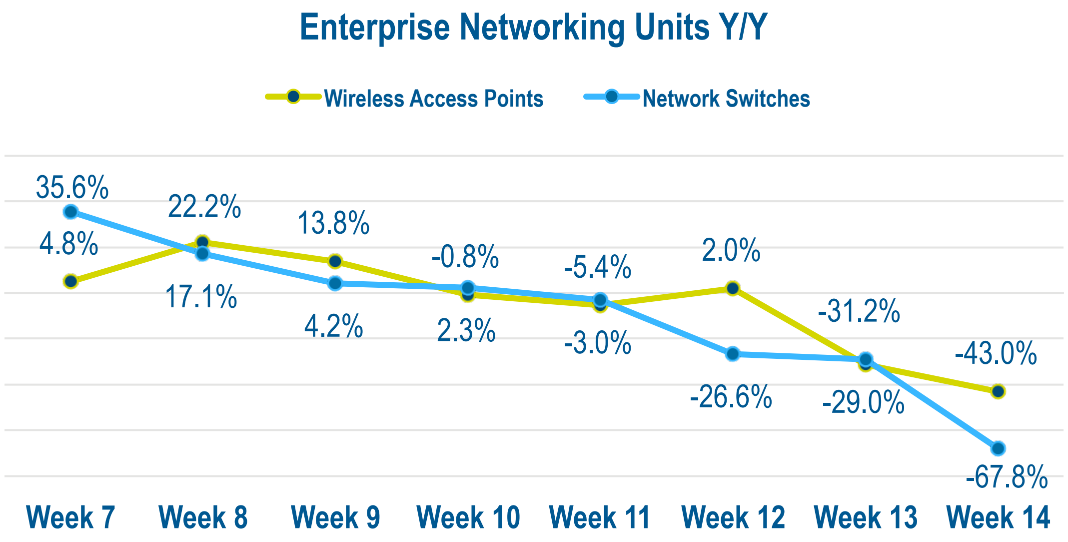
	2020				2020		
Business	Jan	Feb	March	**Consumer**	Jan	Feb	March
All business PCs (incl. WSt)	15.8%	12.1%	39.0%	All consumer PCs	-4.6%	14.7%	20.6%
Notebooks	6.0%	7.0%	56.4%	Notebooks	-6.6%	16.2%	29.9%
Desktops	38.1%	21.2%	9.2%	Desktops	3.5%	8.5%	-20.1%

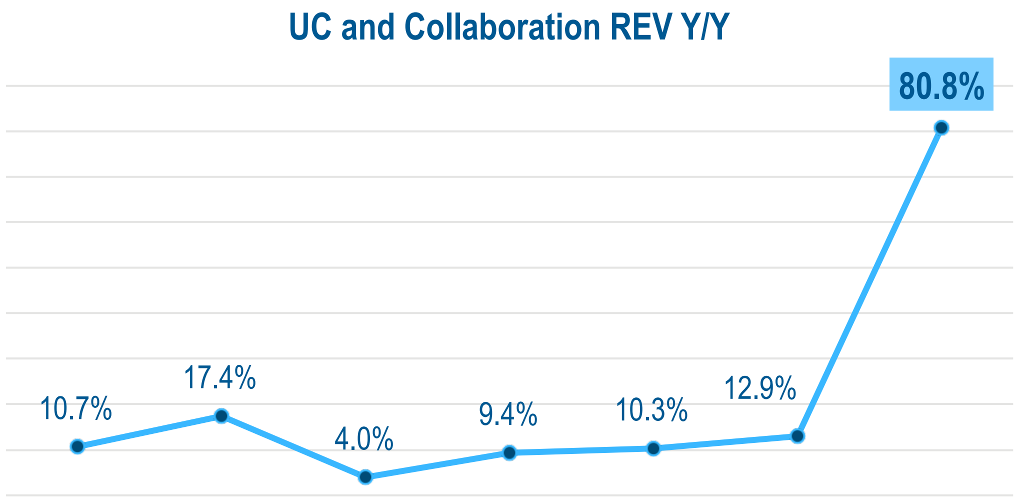
Quarterly Y/Y PC volume growth

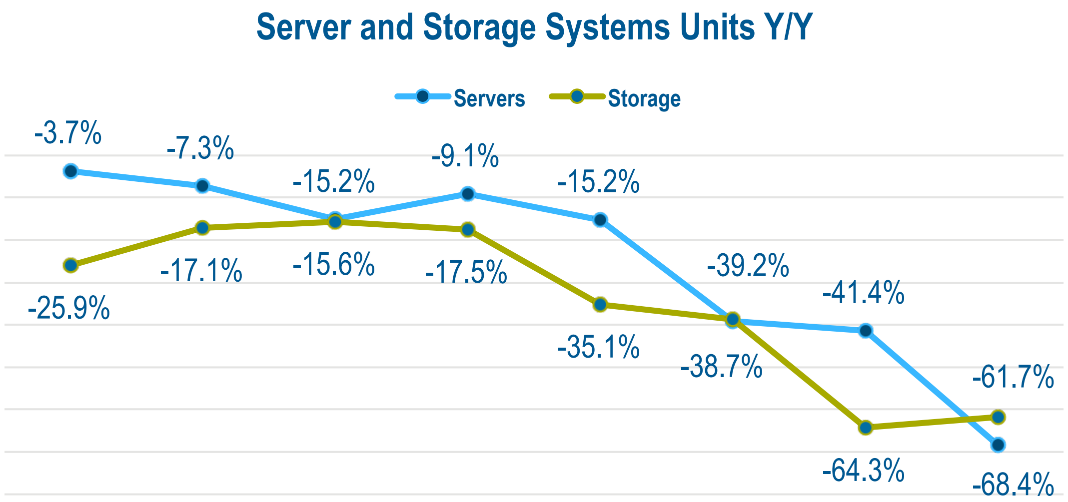
	2020		2020
Business	Q1	**Consumer**	Q1
All business PCs (incl. WSt)	22.7%	All consumer PCs	9.5%
Notebooks	23.4%	Notebooks	12.4%
Desktops	22.7%	Desktops	-2.8%

CONSUMER NETWORKING AND UC UP; CHALLENGING TIME FOR INFRASTRUCTURE







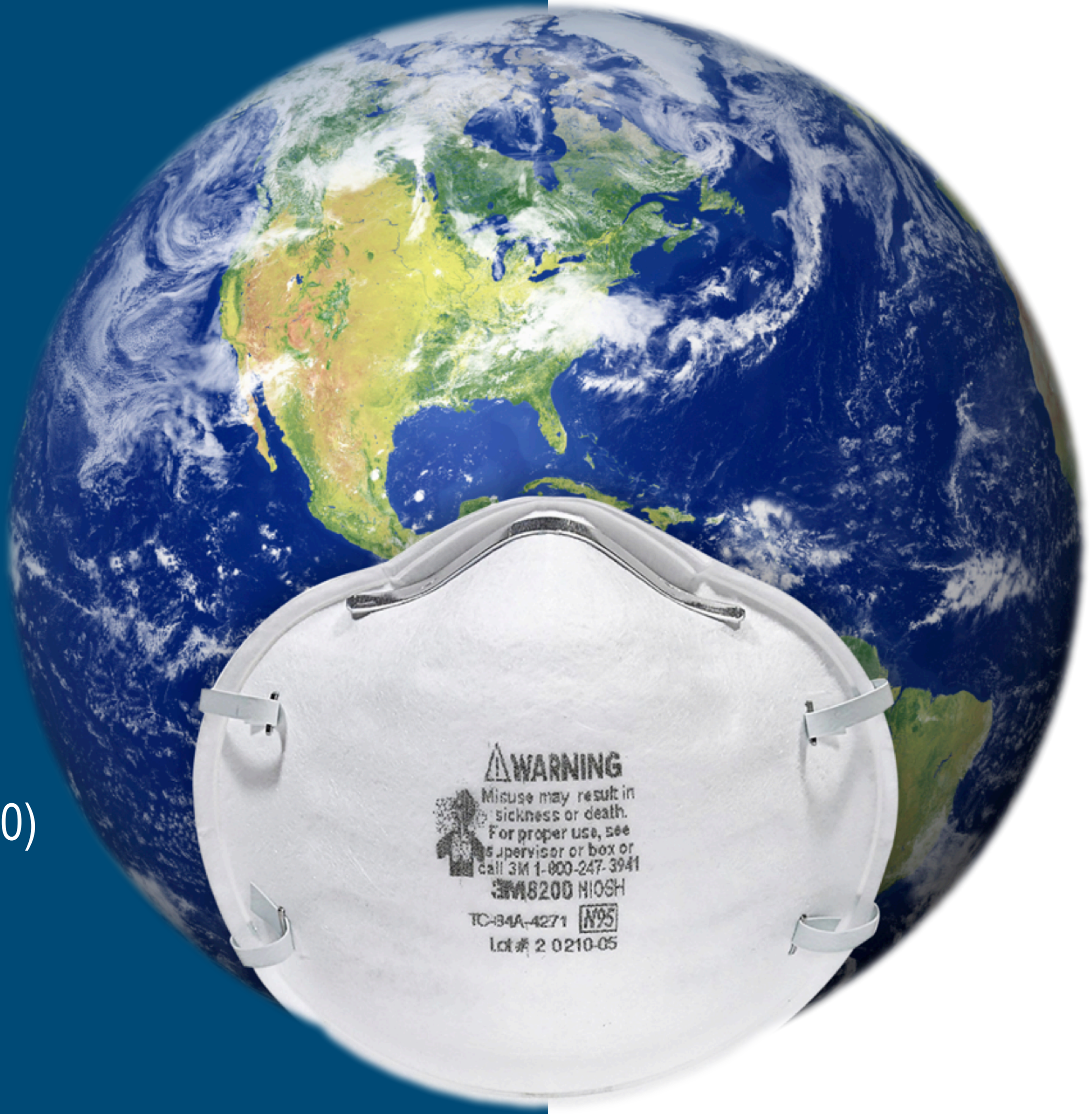


Covid-19 Weekly Report

Global Distribution Update :

Total Distribution Growth in US,
Western and Eastern Europe

Up to Week 13 (week ended 28th & 29th March, 2020)



COVID-19 WEEKLY REPORT

Global Distribution Update

Total Distribution Growth US and Europe

Europe 4 weeks ended 29/3/2020	WE	EE	Europe
Growth YOY in €	9.0%	10.5%	9.2%

	US 4 weeks ended 28/3/2020
Growth YOY in $	8%

COMMENTARY ON EUROPE:

This week we are pleased to present for the first time the joint CONTEXT and NPD report on worldwide distribution.

The report covers the 4 weeks ended 29th March in Europe, and 28th March in USA.

We present the top selling and top declining categories in Europe (split into Eastern and Western Europe) and the US. There are similarities – the growth in headsets, web cameras and notebooks reflects the epoch-making changes in people's lives as we move towards homeworking. What is notable is the strength of growth in software in Europe eg virtualisation software. Does this reflect catch-up in Europe or an opportunity for the US?

In the coming weeks we will look more in-depth with our respective teams to see what is powering the changes in both continents and share our findings.

COMMENTARY ON US:

Distribution technology sales have performed well and grown over the last few weeks, and like other industries, has pockets of growth within select categories. As revenue growth started to slow in the distribution channel, down 2 points from the previous week to 8% growth, volume sales grew 13%, up 3 points from the previous week for the fourth week of March ending March 28, 2020. PC headsets continued its trend of triple digit revenue and volume growth, this week joined by cellular headsets as a top growth category. While USB cameras still experienced revenue growth at 69%, the category fell in the growth rankings. During this time of disruption, companies and workers have to ask themselves what is essential? Any technology that enables working from home and educating from home and has productivity at its core is essential. Some of these essential categories that saw continued growth include monitors, docking stations, BTO thin clients, notebook computers, and keyboards.

Data cartridges and BTO servers were the only top revenue growth categories to experience volume declines. The -27% decline in BTO server unit sales could be stemming from potential supply chain pressure causing a decrease in server shipments. Desktop/server memory continued to be the top declining revenue category, down -48%, with hyperconverged systems, network attached storage, and other notebook accessories also experiencing revenue declines.

COVID-19 WEEKLY REPORT

Global Distribution Update

Top Growth Categories in US, Western and Eastern Europe

Top 20 Growth Categories - 4 W/E 03/28/2020, US Distribution Market, Ranked on Dollar % Change	
	US 4 weeks ended 28/3/2020
	US Dollar % Change
PC Headsets	246%
Cellular Headsets	184%
Telephone Headset	137%
Data Scanners	168%
BTO Thin Clients	157%
Peripheral Cables	106%
Docking Stations	92%
Laptop Cases	87%
Security Cables and Kits	76%
Monitors	70%
USB Camera	69%
Desktop Computers	68%
Modems	55%
Notebook Computers	50%
Keyboards	43%
Notebook Power Adapters	43%
Data Cartridges	41%
BTO Servers	35%
Digital Audio/Video Cables	35%
Tablet & e-Reader Accessories	32%

Top 20 Growth Categories - 4 W/E 03/29/2020, Europe Distribution Market, Western & Eastern Europe, Ranked on Euro % Change			
Europe 4 weeks ended 29/3/2020	WE	EE	Europe
	Euro % Change		
Web Cameras	212%	85%	196%
Smart Home Automation	117%	707%	120%
Virtualisation Software	99%	-5%	88%
Headsets/Headphones and Microphones	84%	35%	79%
Security Software	73%	117%	74%
Games Accessories	64%	4%	46%
Wireless Adapters	40%	64%	44%
Notebooks	42%	32%	40%
Games Software	74%	2%	38%
Docking Stations	38%	9%	36%
Keyboards and Keypads	30%	13%	28%
Monitors	36%	-5%	27%
Notebook Workstations	29%	-12%	25%
Telephony Accessories	26%	-6%	24%
Telephony and Conference Systems	28%	-17%	23%
Wireless LAN Controllers	-36%	530%	22%
SAN Switches and Directors	28%	-8%	21%
Data Management Software	9%	237%	21%
Consoles Fixed	19%	22%	20%
Database Management Software	16%	47%	18%

COVID-19 WEEKLY REPORT

Global Distribution Update

Top Declining Categories in US, Western and Eastern Europe

Top 20 Decline Categories – Ranked on Revenue % Change	
	US Dollar % Change
Desktop/Server Memory	-48%
Hyperconverged Systems	-35%
Network Attached Storage	-33%
Other Notebook Accessories	-32%
Bare-Bones Computers	-29%
Other Networking	-28%
Storage Arrays (Hybrid and HDD)	-28%
Projectors	-28%
LCD TV	-27%
Trays/Feeders	-26%
Mobile Power	-26%
Servers	-25%
Projector Accessories	-24%
BTO Desktop Computers	-21%
Inkjet SF Printers	-21%
Racks Mounts & Chassis	-21%
PBBA	-18%
Uninterruptible Power Supply	-18%
Laser MF Printers	-16%
BTO Workstations	-16%

Top 20 Decline Categories - Ranked on Revenue % Change			
	WE	EE	Europe
	Euro % Change		
Smartphone Protective Cases	-67%	-17%	-64%
Dye Sublimation Printers	-56%	-26%	-55%
Smartphone Screen Protectors	-50%	-25%	-49%
Camera/Camcorder Accessories	-44%	-56%	-48%
Smartphone/Tablet Chargers	-47%	-47%	-47%
Smart Bands and Activity Trackers	-50%	35%	-44%
Copier-based MFPs	-48%	-20%	-43%
MP3/MP4 Players	-38%	-37%	-38%
Points of Sales	-50%	173%	-38%
Digital Cameras	-38%	-36%	-37%
Home Sound Systems	-39%	-27%	-37%
Smart Speakers	-36%	321%	-36%
Scanners	-19%	-73%	-36%
Server Enclosure	-65%	134%	-34%
Graphics Cards	-38%	-15%	-33%
Presentation Devices	-32%	-16%	-31%
Network Chassis	-36%	-20%	-31%
Televisions	-35%	-14%	-30%
Memory Cards	-34%	-13%	-29%
Server Accessories	-26%	-46%	-29%

Thank you!

ANY QUESTIONS?

CONTEXT

Optimise today
Accelerate tomorrow

Great Place To Work®

Best Workplaces™
Medium Category
UK 2019