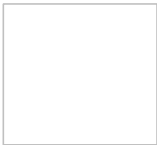


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)  
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2022  
or  
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from to

Commission File Number 001-35985



**CDW CORPORATION**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**75 Tri-State International**  
**Lincolnshire, Illinois**  
(Address of principal executive offices)

**26-0273989**  
(I.R.S. Employer  
Identification No.)  
**60069**  
(Zip Code)

**(847) 465-6000**  
(Registrant's telephone number, including area code)  
**None**  
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	CDW	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of October 28, 2022, there were 135,390,982 shares of common stock, \$0.01 par value, outstanding

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**CDW CORPORATION AND SUBSIDIARIES**  
**FORM 10-Q**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>PART I</b>	
<b>FINANCIAL INFORMATION</b>	
Item 1.	
<a href="#">Financial Statements:</a>	
<a href="#">Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021</a>	<a href="#">3</a>
<a href="#">Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2022 and 2021</a>	<a href="#">4</a>
<a href="#">Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2022 and 2021</a>	<a href="#">5</a>
<a href="#">Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2022 and 2021</a>	<a href="#">6</a>
<a href="#">Consolidated Statements of Stockholders' Equity for the Three and Nine Months Ended September 30, 2022 and 2021</a>	<a href="#">7</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">9</a>
Item 2.	
<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">22</a>
Item 3.	
<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">38</a>
Item 4.	
<a href="#">Controls and Procedures</a>	<a href="#">38</a>
<b>PART II</b>	
<b>OTHER INFORMATION</b>	
Item 1.	
<a href="#">Legal Proceedings</a>	<a href="#">39</a>
Item 1A.	
<a href="#">Risk Factors</a>	<a href="#">39</a>
Item 2.	
<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	<a href="#">39</a>
Item 3.	
<a href="#">Defaults Upon Senior Securities</a>	<a href="#">39</a>
Item 4.	
<a href="#">Mine Safety Disclosures</a>	<a href="#">39</a>
Item 5.	
<a href="#">Other Information</a>	<a href="#">39</a>
Item 6.	
<a href="#">Exhibits</a>	<a href="#">40</a>
<b>SIGNATURES</b>	<a href="#">41</a>

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**PART I—FINANCIAL INFORMATION**
**Item 1. Financial Statements**

**CDW CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in millions, except per share amounts)

	September 30, 2022	December 31, 2021
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 384.6	\$ 258.1
Accounts receivable, net of allowance for credit losses of \$24.0 and \$20.4, respectively	4,549.4	4,499.4
Merchandise inventory	914.5	927.6
Miscellaneous receivables	486.4	435.5
Prepaid expenses and other	560.3	357.5
Total current assets	6,895.2	6,478.1
Operating lease right-of-use assets	153.8	155.6
Property and equipment, net	188.0	195.8
Goodwill	4,327.5	4,382.9
Other intangible assets, net	1,525.5	1,628.1
Other assets	385.6	358.9
<b>Total Assets</b>	<b>\$ 13,475.6</b>	<b>\$ 13,199.4</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable-trade	\$ 3,251.1	\$ 3,114.2
Accounts payable-inventory financing	478.7	448.3
Current maturities of long-term debt	57.8	102.7
Contract liabilities	437.7	402.9
Accrued expenses and other current liabilities:		
Compensation	359.1	361.7
Advertising	169.8	145.5
Sales and income taxes	58.0	65.9
Other	546.6	454.8
Total current liabilities	5,358.8	5,096.0
Long-term liabilities:		
Debt	6,100.0	6,755.8
Deferred income taxes	208.3	222.3
Operating lease liabilities	180.0	184.2
Other liabilities	302.5	235.4
Total long-term liabilities	6,790.8	7,397.7
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100.0 shares authorized; no shares issued or outstanding for both periods	—	—
Common stock, \$0.01 par value, 1,000.0 shares authorized; 135.3 and 134.8 shares outstanding, respectively	1.4	1.3
Paid-in capital	3,481.5	3,369.5
Accumulated deficit	(1,969.3)	(2,570.7)
Accumulated other comprehensive loss	(187.6)	(94.4)
Total stockholders' equity	1,326.0	705.7
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 13,475.6</b>	<b>\$ 13,199.4</b>

The accompanying notes are an integral part of the Consolidated Financial Statements.

**CDW CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(dollars in millions, except per-share amounts)  
(unaudited)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net sales	\$ 6,215.5	\$ 5,300.0	\$ 18,310.4	\$ 15,283.9
Cost of sales	4,982.3	4,385.1	14,804.9	12,691.0
Gross profit	1,233.2	914.9	3,505.5	2,592.9
Selling and administrative expenses	766.8	528.5	2,216.9	1,513.2
Operating income	466.4	386.4	1,288.6	1,079.7
Interest expense, net	(62.6)	(36.4)	(176.3)	(107.5)
Other (expense) income, net	(4.8)	0.4	(5.7)	38.3
Income before income taxes	399.0	350.4	1,106.6	1,010.5
Income tax expense	(101.2)	(83.8)	(279.3)	(237.2)
Net income	\$ 297.8	\$ 266.6	\$ 827.3	\$ 773.3
Net income per common share:				
Basic	\$ 2.20	\$ 1.94	\$ 6.12	\$ 5.54
Diluted	\$ 2.17	\$ 1.91	\$ 6.04	\$ 5.47
Weighted-average common shares outstanding:				
Basic	135.3	137.3	135.1	139.5
Diluted	137.1	139.4	136.9	141.4

The accompanying notes are an integral part of the Consolidated Financial Statements.

**CDW CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(dollars in millions)  
(unaudited)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net income	\$ 297.8	\$ 266.6	\$ 827.3	\$ 773.3
Other comprehensive income (loss):				
Unrealized gain from cash flow hedge, net of tax	0.7	—	2.1	—
Reclassification of cash flow hedge loss to net income, net of tax	1.0	0.7	2.6	1.7
Foreign currency translation, net of tax	(50.0)	(15.0)	(97.9)	(3.4)
Other comprehensive income (loss)	(48.3)	(14.3)	(93.2)	(1.7)
Comprehensive income	<u>\$ 249.5</u>	<u>\$ 252.3</u>	<u>\$ 734.1</u>	<u>\$ 771.6</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

**CDW CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(dollars in millions)  
(unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 827.3	\$ 773.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	218.1	140.0
Equity-based compensation expense	71.4	53.3
Deferred income taxes	(12.3)	(6.7)
Provision for credit losses	6.6	(7.3)
Other	13.1	(33.4)
Changes in assets and liabilities:		
Accounts receivable	(156.2)	(323.5)
Merchandise inventory	(16.1)	(87.5)
Other assets	(273.9)	(92.6)
Accounts payable-trade	188.5	179.7
Other liabilities	227.5	41.4
Net cash provided by operating activities	1,094.0	636.7
<b>Cash flows from investing activities:</b>		
Capital expenditures	(97.2)	(66.2)
Acquisitions of businesses, net of cash acquired	(28.0)	(339.7)
Proceeds from the sale of equity method investment	—	36.0
Net cash used in investing activities	(125.2)	(369.9)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings under revolving credit facility	1,854.6	548.3
Repayments of borrowings under revolving credit facility	(2,047.3)	(379.6)
Repayments of debt	(435.5)	(11.2)
Repayments of receivable financing liability	(58.9)	(2.1)
Payments to extinguish debt	—	(56.5)
Net change in accounts payable-inventory financing	46.6	(183.7)
Financing payments for revenue generating assets	—	(46.1)
Repurchases of common stock	—	(1,185.3)
Proceeds from stock option exercises	20.7	60.7
Payment of incentive compensation plan withholding taxes	(21.9)	(28.4)
Dividend payments	(202.7)	(167.1)
Other	14.0	19.2
Net cash used in financing activities	(830.4)	(1,431.8)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(11.9)</b>	<b>(0.1)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>126.5</b>	<b>(1,165.1)</b>
<b>Cash and cash equivalents—beginning of period</b>	<b>258.1</b>	<b>1,410.2</b>
<b>Cash and cash equivalents—end of period</b>	<b>\$ 384.6</b>	<b>\$ 245.1</b>
<b>Supplementary disclosure of cash flow information:</b>		
Interest paid	\$ (131.6)	\$ (85.1)
Income taxes paid, net	\$ (274.5)	\$ (264.4)

The accompanying notes are an integral part of the Consolidated Financial Statements.

**CDW CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(dollars in millions)  
(unaudited)

<b>Three Months Ended September 30, 2022</b>						
	<b>Common Stock</b>		<b>Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
<b>Balance as of June 30, 2022</b>	135.2	\$ 1.4	\$ 3,441.8	\$ (2,197.7)	\$ (139.3)	\$ 1,106.2
Net income	—	—	—	297.8	—	297.8
Equity-based compensation expense	—	—	26.8	—	—	26.8
Stock option exercises	0.1	—	5.6	—	—	5.6
Coworker Stock Purchase Plan	—	—	6.9	—	—	6.9
Dividends paid (\$0.50 per share)	—	—	0.4	(68.1)	—	(67.7)
Incentive compensation plan stock withheld for taxes	—	—	—	(1.3)	—	(1.3)
Unrealized gain on cash flow hedge	—	—	—	—	0.7	0.7
Reclassification of cash flow hedge loss to net income	—	—	—	—	1.0	1.0
Foreign currency translation	—	—	—	—	(50.0)	(50.0)
<b>Balance as of September 30, 2022</b>	<u>135.3</u>	<u>\$ 1.4</u>	<u>\$ 3,481.5</u>	<u>\$ (1,969.3)</u>	<u>\$ (187.6)</u>	<u>\$ 1,326.0</u>

<b>Three Months Ended September 30, 2021</b>						
	<b>Common Stock</b>		<b>Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
<b>Balance as of June 30, 2021</b>	138.3	\$ 1.4	\$ 3,294.1	\$ (2,163.5)	\$ (83.2)	\$ 1,048.8
Net income	—	—	—	266.6	—	266.6
Equity-based compensation expense	—	—	16.9	—	—	16.9
Stock option exercises	0.3	—	18.9	—	—	18.9
Coworker Stock Purchase Plan	—	—	5.5	—	—	5.5
Repurchases of common stock	(2.4)	—	—	(450.0)	—	(450.0)
Dividends paid (\$0.40 per share)	—	—	0.3	(55.1)	—	(54.8)
Incentive compensation plan stock withheld for taxes	—	—	—	(0.6)	—	(0.6)
Reclassification of cash flow hedge loss to net income	—	—	—	—	0.7	0.7
Foreign currency translation	—	—	—	—	(15.0)	(15.0)
<b>Balance as of September 30, 2021</b>	<u>136.2</u>	<u>\$ 1.4</u>	<u>\$ 3,335.7</u>	<u>\$ (2,402.6)</u>	<u>\$ (97.5)</u>	<u>\$ 837.0</u>



**CDW CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(dollars in millions)  
(unaudited)

Nine Months Ended September 30, 2022						
Common Stock						
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
<b>Balance as of December 31, 2021</b>	134.8	\$ 1.3	\$ 3,369.5	\$ (2,570.7)	\$ (94.4)	\$ 705.7
Net income	—	—	—	827.3	—	827.3
Equity-based compensation expense	—	—	71.4	—	—	71.4
Stock option exercises	0.4	0.1	20.6	—	—	20.7
Coworker Stock Purchase Plan	0.1	—	18.7	—	—	18.7
Dividends paid (\$1.50 per share)	—	—	1.3	(204.0)	—	(202.7)
Incentive compensation plan stock withheld for taxes	—	—	—	(21.9)	—	(21.9)
Unrealized gain on cash flow hedge	—	—	—	—	2.1	2.1
Reclassification of cash flow hedge loss to net income	—	—	—	—	2.6	2.6
Foreign currency translation	—	—	—	—	(97.9)	(97.9)
<b>Balance as of September 30, 2022</b>	<u>135.3</u>	<u>\$ 1.4</u>	<u>\$ 3,481.5</u>	<u>\$ (1,969.3)</u>	<u>\$ (187.6)</u>	<u>\$ 1,326.0</u>

Nine Months Ended September 30, 2021						
Common Stock						
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
<b>Balance as of December 31, 2020</b>	141.9	\$ 1.4	\$ 3,204.9	\$ (1,813.4)	\$ (95.8)	\$ 1,297.1
Net income	—	—	—	773.3	—	773.3
Equity-based compensation expense	—	—	53.3	—	—	53.3
Stock option exercises	1.2	—	60.7	—	—	60.7
Coworker Stock Purchase Plan	0.1	—	15.9	—	—	15.9
Repurchases of common stock	(7.0)	—	—	(1,185.3)	—	(1,185.3)
Dividends paid (\$1.20 per share)	—	—	0.9	(168.0)	—	(167.1)
Incentive compensation plan stock withheld for taxes	—	—	—	(28.4)	—	(28.4)
Reclassification of cash flow hedge loss to net income	—	—	—	—	1.7	1.7
Foreign currency translation	—	—	—	—	(3.4)	(3.4)
Impact of adoption of Topic 740	—	—	—	19.2	—	19.2
<b>Balance as of September 30, 2021</b>	<u>136.2</u>	<u>\$ 1.4</u>	<u>\$ 3,335.7</u>	<u>\$ (2,402.6)</u>	<u>\$ (97.5)</u>	<u>\$ 837.0</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

**1. Description of Business and Summary of Significant Accounting Policies**

**Description of Business**

CDW Corporation (“Parent”), a Fortune 500 company and member of the S&P 500 Index, is a leading multi-brand provider of information technology (“IT”) solutions to small, medium and large business, government, education and healthcare customers in the United States (“US”), the United Kingdom (“UK”) and Canada. The Company’s broad array of offerings ranges from discrete hardware and software products to integrated IT solutions and services that include on-premise and cloud capabilities across hybrid infrastructure, digital experience and security.

Throughout this report, the terms the “Company” and “CDW” refer to Parent and its 100% owned subsidiaries.

Parent has two 100% owned subsidiaries, CDW LLC and CDW Finance Corporation. CDW LLC is an Illinois limited liability company that, together with its 100% owned subsidiaries, holds all material assets and conducts all business activities and operations of the Company. CDW Finance Corporation is a Delaware corporation formed for the sole purpose of acting as co-issuer of certain debt obligations and does not hold any material assets or engage in any business activities or operations.

**Basis of Presentation**

The accompanying unaudited interim Consolidated Financial Statements as of September 30, 2022 and for the three and nine months ended September 30, 2022 and 2021 (the “Consolidated Financial Statements”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) and the rules and regulations of the US Securities and Exchange Commission (the “SEC”) for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. The presentation of the Consolidated Financial Statements requires the Company to make estimates and assumptions that affect reported amounts and related disclosures. In the opinion of management, the Consolidated Financial Statements contain all adjustments (consisting of a normal, recurring nature) necessary to present fairly the Company’s financial position, results of operations, comprehensive income, cash flows and changes in stockholders’ equity as of the dates and for the periods indicated. The unaudited results of operations for such interim periods reported are not necessarily indicative of results for the full year.

These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “December 31, 2021 Consolidated Financial Statements”). The significant accounting policies and estimates used in preparing these Consolidated Financial Statements were applied on a basis consistent with those reflected in the December 31, 2021 Consolidated Financial Statements.

On December 1, 2021, the Company completed its acquisition of all issued and outstanding equity interests in Granite Parent, Inc., the parent company of Sirius Computer Solutions, Inc. (“Sirius”), a leading provider of secure, mission-critical technology-based solutions and one of the largest IT solutions integrators in the United States. The Company included the financial results of Sirius in its Consolidated Financial Statements from the date of the acquisition.

**Principles of Consolidation**

The Consolidated Financial Statements include the accounts of Parent and its 100% owned subsidiaries. All intercompany transactions and accounts are eliminated in consolidation.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

## 2. Recent Accounting Pronouncements

In September 2022, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations. This ASU requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose key terms of the programs and information about the obligations that are outstanding at the end of the reporting period. This disclosure requirement is intended to provide information about an entity’s use of supplier finance programs and their effect on the entity’s working capital, liquidity and cash flows. The ASU is effective for all entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the rollforward requirement, which is effective for fiscal years beginning after December 15, 2023. The Company plans to adopt the standard during the first quarter of 2023, except for the rollforward requirement, which will be adopted during the first quarter of 2024. The standard does not affect the Company’s recognition, measurement or financial statement presentation of supplier finance program obligations on the Consolidated Financial Statements. The Company is currently evaluating the impact the ASU will have on its disclosures.

## 3. Acquisitions

### Sirius

On December 1, 2021, the Company completed its acquisition of Sirius for an aggregate consideration paid, net of cash acquired, of approximately \$2.4 billion. The purchase price allocation is preliminary and is subject to change during the measurement period, which is not to exceed 12 months from the close of the acquisition. During the nine months ended September 30, 2022, there have been no significant adjustments to the preliminary purchase price allocation from those disclosed in the Company’s December 31, 2021 Consolidated Financial Statements. At this time, the Company is in the process of finalizing the purchase price allocation, which includes finalizing the valuation assumptions for customer relationships, such as customer attrition rate, as well as the allocation of goodwill across the reporting units.

### Focal Point Data Risk LLC and certain affiliates (“Focal Point”)

On July 30, 2021, the Company completed its acquisition of Focal Point through a purchase of all issued and outstanding equity interests. The purchase price allocation was final as of June 30, 2022. There were no adjustments to the preliminary purchase price allocation disclosed in the Company’s December 31, 2021 Consolidated Financial Statements.

### Amplified IT LLC (“Amplified IT”)

On March 15, 2021, the Company completed its acquisition of Amplified IT through a purchase of all issued and outstanding membership interests. The purchase price allocation was final as of March 31, 2022. There were no adjustments to the preliminary purchase price allocation disclosed in the Company’s December 31, 2021 Consolidated Financial Statements.

## 4. Accounts Receivable and Contract Balances

### Accounts Receivable

The timing of revenue recognition may differ from the time of billing to customers. Accounts receivable presented on the Consolidated Balance Sheets represent an unconditional right to consideration, which includes unbilled receivables. Unbilled receivables represent revenues that are not currently billable but payment is unconditional and solely subject to the passage of time. These items are expected to be billed and collected in the normal course of business. The balance of the Company’s accounts receivable is classified as current for amounts expected to be collected within 12 months and noncurrent for amounts to be collected beyond 12 months. The following table details the total accounts receivable recognized and the related classification on the Consolidated Balance Sheets:

	September 30, 2022	December 31, 2021
Accounts receivable, current <sup>(1)</sup>	\$ 4,549.4	\$ 4,499.4
Accounts receivable, noncurrent <sup>(2)</sup>	199.6	197.4
Total accounts receivable	<u>\$ 4,749.0</u>	<u>\$ 4,696.8</u>

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

- (1) Accounts receivable, current are presented within Accounts receivable, net of allowance for credit losses on the Consolidated Balance Sheets.
- (2) Accounts receivable, noncurrent are presented within Other assets on the Consolidated Balance Sheets.

From time to time, the Company transfers certain accounts receivable, without recourse, to third-party financial companies as a method to reduce the Company's credit exposure and accelerate cash collections. Such transfers are recognized as a sale and the related accounts receivable is derecognized from the Consolidated Balance Sheet upon receipt of the third-party financing company's payment. During the nine months ended September 30, 2022 and 2021, the Company sold approximately \$445 million and \$104 million of accounts receivable, respectively.

#### Contract Balances

Contract assets and liabilities represent the difference in the timing of revenue recognition from receipt of cash from customers. Contract assets represent revenue recognized on performance obligations satisfied or partially satisfied for which the Company has no unconditional right to consideration. Contract liabilities consist of payments received from customers, or such consideration that is contractually due, in advance of providing the product or performing services. The following table details information about the Company's contract balances recognized on the Consolidated Balance Sheets:

	September 30, 2022	December 31, 2021
Contract assets <sup>(1)</sup>	\$ 274.2	\$ 134.7
Contract liabilities <sup>(2)(3)</sup>	\$ 460.5	\$ 423.3

- (1) Contract assets are presented within Prepaid expenses and other on the Consolidated Balance Sheets.
- (2) Includes \$23 million and \$20 million of long-term contract liabilities that are presented within Other liabilities on the Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021, respectively.
- (3) During the nine months ended September 30, 2022 and 2021, the Company recognized revenue of \$223 million and \$156 million, respectively, related to its contract liabilities that were included in the beginning balance of the respective periods.

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following table represents the total transaction price for the remaining performance obligations as of September 30, 2022, related to non-cancelable contracts longer than 12 months in duration that is expected to be recognized over future periods.

	Within 1 Year	Years 1-2	Years 2-3	Thereafter
Remaining performance obligations	\$ 49.6	\$ 22.7	\$ 9.3	\$ 1.3

## **5. Inventory Financing Agreements**

The Company has entered into agreements with certain financial intermediaries to facilitate the purchase of inventory from various suppliers under certain terms and conditions, as described below. These amounts are classified separately as Accounts payable-inventory financing on the Consolidated Balance Sheets. The Company does not incur any interest expense associated with these agreements as balances are paid when they are due.

Amounts included in Accounts payable-inventory financing are as follows:

	September 30, 2022	December 31, 2021
Revolving Loan inventory financing agreement <sup>(1)</sup>	\$ 434.6	\$ 310.1
Other inventory financing agreements	44.1	138.2
Accounts payable-inventory financing	<u>\$ 478.7</u>	<u>\$ 448.3</u>

- (1) The revolving credit facility includes an inventory floorplan sub-facility that enables the Company to maintain an inventory financing agreement with a financial intermediary.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

## 6. Financial Instruments

The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company's indebtedness creates interest rate risk on its variable-rate debt. The Company uses derivative financial instruments to manage its exposure to interest rate risk. For additional information, see Note 7 (Debt).

The Company has interest rate cap agreements that entitle it to payments from the counterparty of the amount, if any, by which the three-month London Interbank Offered Rate ("LIBOR") exceeds the strike rates of the caps during the agreement period in exchange for an upfront premium. During the nine months ended September 30, 2022, the Company did not enter into new interest rate cap agreements.

As of September 30, 2022 and December 31, 2021, the Company had interest rate cap agreements with a fair value of \$3 million and less than \$1 million, respectively, which were classified within Other assets on the Consolidated Balance Sheets. The total notional amount of the interest rate cap agreements was \$1.3 billion as of September 30, 2022 and December 31, 2021, which mature on December 31, 2022.

The fair values of the Company's interest rate cap agreements are classified as Level 2 in the fair value hierarchy. The valuation of the interest rate cap agreements is derived by using a discounted cash flow analysis on the expected cash receipts that would occur if variable interest rates rise above the strike rates of the caps. This analysis reflects the contractual terms of the interest rate cap agreements, including the period to maturity, and uses observable market-based inputs, including LIBOR curves and implied volatilities. The Company also incorporates insignificant credit valuation adjustments to appropriately reflect the respective counterparty's nonperformance risk in the fair value measurements. The counterparty credit spreads are based on publicly available credit information obtained from a third-party credit data provider.

Since inception, the total notional amount of \$1.3 billion in interest rate cap agreements were designated as cash flow hedges. As a result of the prepayment on the senior unsecured term loan facility, the Company redesignated a notional amount of \$350 million, which did not result in a material impact to the Consolidated Financial Statements for the three and nine months ended September 30, 2022. For additional information on the prepayment, see Note 7 (Debt). The changes in the fair value of derivatives that qualify as cash flow hedges are recorded in Accumulated other comprehensive loss ("AOCL") and are subsequently reclassified into Interest expense in the period when the hedged forecasted transaction affects earnings. The following table provides the activity in AOCL, net of tax, for the three and nine months ended September 30, 2022 and 2021.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Change in fair value recorded to AOCL	\$ 0.7	\$ —	\$ 2.1	\$ —
Reclassification from AOCL to Interest expense, net	\$ 1.0	\$ 0.7	\$ 2.6	\$ 1.7

The Company expects to reclassify \$1 million from AOCL to earnings within Interest expense, net within the next 12 months.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

## 7. Debt

	Maturity Date	As of September 30, 2022		As of December 31, 2021	
		Interest Rate	Amount	Interest Rate	Amount
<i>Credit Facility</i>					
Senior unsecured revolving loan facility	December 2026	Variable	\$ 101.6	Variable	\$ 316.4
<i>Term Loan</i>					
Senior unsecured term loan facility	December 2026	Variable	984.5	Variable	1,420.0
<i>Unsecured Senior Notes</i>					
Senior notes due 2024	December 2024	5.500 %	575.0	5.500 %	575.0
Senior notes due 2025	May 2025	4.125 %	600.0	4.125 %	600.0
Senior notes due 2028	April 2028	4.250 %	600.0	4.250 %	600.0
Senior notes due 2029	February 2029	3.250 %	700.0	3.250 %	700.0
Senior notes due 2026	December 2026	2.670 %	1,000.0	2.670 %	1,000.0
Senior notes due 2028	December 2028	3.276 %	500.0	3.276 %	500.0
Senior notes due 2031	December 2031	3.569 %	1,000.0	3.569 %	1,000.0
Total unsecured senior notes			4,975.0		4,975.0
Receivable financing liability			124.3		179.5
Other long-term obligations			12.2		13.6
Unamortized discounts and deferred financing fees			(39.8)		(46.0)
Current maturities of long-term debt			(57.8)		(102.7)
Total long-term debt			\$ 6,100.0		\$ 6,755.8

As of September 30, 2022, the Company is in compliance with the covenants under its credit agreements and indentures.

### Credit Facility

The Company has a variable rate senior unsecured revolving loan facility (the “Revolving Loan Facility”) from which it may draw tranches denominated in US dollars, British pounds or Euros. The interest rate is based on LIBOR plus a margin or an alternate base rate plus a margin, where the margin is based on the Company’s senior unsecured rating. The Revolving Loan Facility is used by the Company for borrowings, issuances of letters of credit and floorplan financing. As of September 30, 2022, the Company could have borrowed up to an additional \$1.1 billion under the Revolving Loan Facility. As of September 30, 2022, the Revolving Loan Facility had less than \$1 million of undrawn letters of credit and \$429 million reserved for the floorplan sub-facility.

### Term Loan

The senior unsecured term loan facility (the “Term Loan Facility”) has a variable interest rate, which has effectively been capped through the use of interest rate caps. The interest rate is based on LIBOR plus a margin, where the margin is determined by the Company’s senior unsecured credit rating. During the three months ended September 30, 2022, the Company prepaid \$400 million on the Term Loan Facility without penalty. In total, the Company paid \$436 million during the nine months ended September 30, 2022. As a result of the prepayment, no additional mandatory payments are required on the remaining principal amount until its maturity date.

### Unsecured Senior Notes

The unsecured senior notes have a fixed interest rate, which is paid semi-annually.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

### Receivable Financing

As a result of the Sirius acquisition, the Company assumed liabilities related to receivable financing. Such amounts relate to certain accounts receivable transferred to third-party financial companies that did not qualify as a sale under the terms of the agreements. The proceeds from these arrangements are recognized as a liability and the associated accounts receivable remains on the Consolidated Balance Sheet until the liability is settled. The Company did not execute any transfers under these agreements during the nine months ended September 30, 2022.

### Fair Value

The fair values of the unsecured senior notes were estimated using quoted market prices for identical liabilities that are traded in over-the-counter secondary markets. The fair value of the Term Loan Facility was estimated using dealer quotes for identical liabilities in markets that are not considered active. The unsecured senior notes and Term Loan Facility were classified as Level 2 within the fair value hierarchy. The carrying value of the Revolving Loan Facility approximates fair value.

The approximate fair values and related carrying values of the Company's long-term debt, including current maturities and excluding unamortized discount and unamortized deferred financing costs, were as follows:

	September 30, 2022	December 31, 2021
Fair value	\$ 5,494.7	\$ 6,996.0
Carrying value	6,197.6	6,904.5

## **8. Income Taxes**

Income tax expense was \$101 million and \$84 million for the three months ended September 30, 2022 and 2021, respectively. The effective tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 25.4% and 23.9% for the three months ended September 30, 2022 and 2021, respectively. Income tax expense was \$279 million and \$237 million for the nine months ended September 30, 2022 and 2021, respectively. The effective tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 25.2% and 23.5% for the nine months ended September 30, 2022 and 2021, respectively.

The effective tax rate for both the three and nine months ended September 30, 2022 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes, partially offset by excess tax benefits on equity-based compensation. The effective tax rate for the three months ended September 30, 2021 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes, partially offset by excess tax benefits on equity-based compensation. The effective tax rate for the nine months ended September 30, 2021 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate effective in 2023, partially offset by excess tax benefits on equity-based compensation.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

## 9. Earnings Per Share

The numerator for both basic and diluted earnings per share is Net income. The denominator for basic earnings per share is the weighted-average shares outstanding during the period.

A reconciliation of basic weighted-average shares outstanding to diluted weighted-average shares outstanding is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Basic weighted-average shares outstanding	135.3	137.3	135.1	139.5
Effect of dilutive securities <sup>(1)</sup>	1.8	2.1	1.8	1.9
Diluted weighted-average shares outstanding <sup>(2)</sup>	137.1	139.4	136.9	141.4

- (1) The dilutive effect of outstanding stock options, restricted stock units, performance share units and Coworker Stock Purchase Plan units is reflected in the diluted weighted-average shares outstanding using the treasury stock method.
- (2) There were 0.1 million potential common shares excluded from diluted weighted-average shares outstanding for both the three and nine months ended September 30, 2022 and fewer than 0.1 million potential common shares excluded from diluted weighted-average shares outstanding for both the three and nine months ended September 30, 2021. Inclusion of these common shares in diluted weighted average shares outstanding would have had an anti-dilutive effect.

## 10. Commitments and Contingencies

The Company is party to various legal proceedings that arise in the ordinary course of its business, which include commercial, intellectual property, employment, tort and other litigation matters. The Company is also subject to audit by federal, state, international, national, provincial and local authorities, and by various partners, group purchasing organizations and customers, including government agencies, relating to purchases and sales under various contracts. In addition, the Company is subject to indemnification claims under various contracts. From time to time, certain customers of the Company file voluntary petitions for reorganization or liquidation under the US bankruptcy laws or similar laws of the jurisdictions for the Company's business activities outside of the US. In such cases, certain pre-petition payments received by the Company could be considered preference items and subject to return to the bankruptcy administrator.

As of September 30, 2022, the Company does not believe that there is a reasonable possibility that any material loss exceeding the amounts already recognized for these proceedings and matters, if any, has been incurred. However, the ultimate resolutions of these proceedings and matters are inherently unpredictable. As such, the Company's consolidated financial statements could be adversely affected in any particular period by the unfavorable resolution of one or more of these proceedings or matters.

A subsidiary of the Company received a Civil Investigative Demand ("CID") dated September 20, 2021 from the Department of Justice ("DOJ") in connection with a False Claims Act investigation. The DOJ requested information related to teaming agreements with original equipment manufacturers ("OEMs") and the Company is cooperating with the DOJ. At this stage of the matter, the Company is unable to assess the probability of any outcome or the range of possible loss, if any.



**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

# 11. Segment Information

The Company's segment information reflects the way the chief operating decision maker uses internal reporting to evaluate business performance, allocate resources and manage operations.

The Company has three reportable segments: Corporate, which is comprised primarily of US private sector business customers with more than 250 employees, Small Business, which primarily serves US private sector business customers with up to 250 employees, and Public, which is comprised of government agencies and education and healthcare institutions in the US. The Company has two other operating segments: CDW UK and CDW Canada, both of which do not meet the reportable segment quantitative thresholds and, accordingly, are included in an all other category ("Other").

The Company has centralized logistics and headquarters functions that provide services to the segments. The logistics function includes purchasing, distribution and fulfillment services to support the Corporate, Small Business and Public segments. As a result, costs and intercompany charges associated with the logistics function are fully allocated to all of these segments based on a percent of Net sales. The centralized headquarters function provides services in areas such as accounting, information technology, marketing, legal and coworker services. Headquarters function costs that are not allocated to the segments are included under the heading of "Headquarters" in the tables below.

Information about the Company's segments is as follows:

	Corporate	Small Business	Public	Other	Headquarters	Total
<b>Three Months Ended September 30, 2022</b>						
Net sales	\$ 2,577.8	\$ 491.2	\$ 2,424.3	\$ 722.2	\$ —	\$ 6,215.5
Operating income (loss)	203.3	47.0	234.0	32.3	(50.2)	466.4
Depreciation and amortization expense	(30.8)	(3.1)	(11.9)	(7.7)	(22.1)	(75.6)
<b>Three Months Ended September 30, 2021</b>						
Net sales	\$ 2,067.3	\$ 467.1	\$ 2,153.9	\$ 611.7	\$ —	\$ 5,300.0
Operating income (loss)	186.0	41.4	178.7	21.9	(41.6)	386.4
Depreciation and amortization expense	(4.1)	(0.9)	(16.9)	(8.5)	(17.8)	(48.2)
<b>Nine Months Ended September 30, 2022</b>						
Net sales	\$ 7,866.1	\$ 1,515.2	\$ 6,700.3	\$ 2,228.8	\$ —	\$ 18,310.4
Operating income (loss)	644.5	140.7	553.0	96.8	(146.4)	1,288.6
Depreciation and amortization expense	(79.4)	(6.4)	(44.7)	(24.2)	(63.4)	(218.1)
<b>Nine Months Ended September 30, 2021</b>						
Net sales	\$ 5,856.2	\$ 1,382.7	\$ 6,156.3	\$ 1,888.7	\$ —	\$ 15,283.9
Operating income (loss)	522.6	128.2	468.7	73.3	(113.1)	1,079.7
Depreciation and amortization expense	(11.9)	(2.5)	(46.4)	(25.7)	(53.5)	(140.0)

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

Geographic Areas and Revenue Mix

	Three Months Ended September 30, 2022				
	Corporate	Small Business	Public	Other	Total
<b>Geography<sup>(1)</sup></b>					
United States	\$ 2,570.8	\$ 491.2	\$ 2,424.3	\$ 5.6	\$ 5,491.9
Rest of World	7.0	—	—	716.6	723.6
Total Net sales	<u>2,577.8</u>	<u>491.2</u>	<u>2,424.3</u>	<u>722.2</u>	<u>6,215.5</u>
<b>Major Product and Services</b>					
Hardware	1,958.1	399.5	1,921.4	533.7	4,812.7
Software	355.1	62.4	346.8	119.9	884.2
Services	245.8	24.0	151.1	66.0	486.9
Other <sup>(2)</sup>	18.8	5.3	5.0	2.6	31.7
Total Net sales	<u>2,577.8</u>	<u>491.2</u>	<u>2,424.3</u>	<u>722.2</u>	<u>6,215.5</u>
<b>Sales by Channel</b>					
Corporate	2,577.8	—	—	—	2,577.8
Small Business	—	491.2	—	—	491.2
Government	—	—	788.4	—	788.4
Education	—	—	1,021.1	—	1,021.1
Healthcare	—	—	614.8	—	614.8
Other	—	—	—	722.2	722.2
Total Net sales	<u>2,577.8</u>	<u>491.2</u>	<u>2,424.3</u>	<u>722.2</u>	<u>6,215.5</u>
<b>Timing of Revenue Recognition</b>					
Transferred at a point in time where CDW is principal	2,216.3	438.4	2,189.4	641.2	5,485.3
Transferred at a point in time where CDW is agent	194.3	36.3	129.5	22.2	382.3
Transferred over time where CDW is principal	167.2	16.5	105.4	58.8	347.9
Total Net sales	<u>\$ 2,577.8</u>	<u>\$ 491.2</u>	<u>\$ 2,424.3</u>	<u>\$ 722.2</u>	<u>\$ 6,215.5</u>

- (1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.
- (2) Includes items such as delivery charges to customers.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended September 30, 2021				
	Corporate	Small Business	Public	Other	Total
<b>Geography<sup>(1)</sup></b>					
United States	\$ 2,064.6	\$ 467.1	\$ 2,153.9	\$ 5.4	\$ 4,691.0
Rest of World	2.7	—	—	606.3	609.0
Total Net sales	<u>2,067.3</u>	<u>467.1</u>	<u>2,153.9</u>	<u>611.7</u>	<u>5,300.0</u>
<b>Major Product and Services</b>					
Hardware	1,641.2	400.7	1,747.3	474.5	4,263.7
Software	279.3	50.2	312.9	75.3	717.7
Services	128.5	10.4	89.2	58.8	286.9
Other <sup>(2)</sup>	18.3	5.8	4.5	3.1	31.7
Total Net sales	<u>2,067.3</u>	<u>467.1</u>	<u>2,153.9</u>	<u>611.7</u>	<u>5,300.0</u>
<b>Sales by Channel</b>					
Corporate	2,067.3	—	—	—	2,067.3
Small Business	—	467.1	—	—	467.1
Government	—	—	568.8	—	568.8
Education	—	—	1,103.6	—	1,103.6
Healthcare	—	—	481.5	—	481.5
Other	—	—	—	611.7	611.7
Total Net sales	<u>2,067.3</u>	<u>467.1</u>	<u>2,153.9</u>	<u>611.7</u>	<u>5,300.0</u>
<b>Timing of Revenue Recognition</b>					
Transferred at a point in time where CDW is principal	1,851.0	434.6	1,984.8	542.6	4,813.0
Transferred at a point in time where CDW is agent	135.6	27.8	109.1	16.3	288.8
Transferred over time where CDW is principal	80.7	4.7	60.0	52.8	198.2
Total Net sales	<u>\$ 2,067.3</u>	<u>\$ 467.1</u>	<u>\$ 2,153.9</u>	<u>\$ 611.7</u>	<u>\$ 5,300.0</u>

- (1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.
- (2) Includes items such as delivery charges to customers.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2022				
	Corporate	Small Business	Public	Other	Total
<b>Geography<sup>(1)</sup></b>					
United States	\$ 7,843.0	\$ 1,515.2	\$ 6,700.3	\$ 14.3	\$ 16,072.8
Rest of World	23.1	—	—	2,214.5	2,237.6
Total Net sales	<u>7,866.1</u>	<u>1,515.2</u>	<u>6,700.3</u>	<u>2,228.8</u>	<u>18,310.4</u>
<b>Major Product and Services</b>					
Hardware	5,931.0	1,262.7	5,364.8	1,658.2	14,216.7
Software	1,177.9	177.2	888.8	359.7	2,603.6
Services	700.0	58.9	432.6	202.5	1,394.0
Other <sup>(2)</sup>	57.2	16.4	14.1	8.4	96.1
Total Net sales	<u>7,866.1</u>	<u>1,515.2</u>	<u>6,700.3</u>	<u>2,228.8</u>	<u>18,310.4</u>
<b>Sales by Channel</b>					
Corporate	7,866.1	—	—	—	7,866.1
Small Business	—	1,515.2	—	—	1,515.2
Government	—	—	1,941.8	—	1,941.8
Education	—	—	2,965.2	—	2,965.2
Healthcare	—	—	1,793.3	—	1,793.3
Other	—	—	—	2,228.8	2,228.8
Total Net sales	<u>7,866.1</u>	<u>1,515.2</u>	<u>6,700.3</u>	<u>2,228.8</u>	<u>18,310.4</u>
<b>Timing of Revenue Recognition</b>					
Transferred at a point in time where CDW is principal	6,833.4	1,374.6	6,062.1	1,980.9	16,251.0
Transferred at a point in time where CDW is agent	547.2	104.0	329.3	71.0	1,051.5
Transferred over time where CDW is principal	485.5	36.6	308.9	176.9	1,007.9
Total Net sales	<u>\$ 7,866.1</u>	<u>\$ 1,515.2</u>	<u>\$ 6,700.3</u>	<u>\$ 2,228.8</u>	<u>\$ 18,310.4</u>

- (1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.
- (2) Includes items such as delivery charges to customers.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2021				
	Corporate	Small Business	Public	Other	Total
<b>Geography<sup>(1)</sup></b>					
United States	\$ 5,844.3	\$ 1,382.7	\$ 6,156.3	\$ 14.7	\$ 13,398.0
Rest of World	11.9	—	—	1,874.0	1,885.9
Total Net sales	<u>5,856.2</u>	<u>1,382.7</u>	<u>6,156.3</u>	<u>1,888.7</u>	<u>15,283.9</u>
<b>Major Product and Services</b>					
Hardware	4,648.6	1,185.3	5,180.5	1,445.9	12,460.3
Software	813.9	148.7	745.4	251.2	1,959.2
Services	342.0	31.9	217.2	181.3	772.4
Other <sup>(2)</sup>	51.7	16.8	13.2	10.3	92.0
Total Net sales	<u>5,856.2</u>	<u>1,382.7</u>	<u>6,156.3</u>	<u>1,888.7</u>	<u>15,283.9</u>
<b>Sales by Channel</b>					
Corporate	5,856.2	—	—	—	5,856.2
Small Business	—	1,382.7	—	—	1,382.7
Government	—	—	1,598.3	—	1,598.3
Education	—	—	3,159.0	—	3,159.0
Healthcare	—	—	1,399.0	—	1,399.0
Other	—	—	—	1,888.7	1,888.7
Total Net sales	<u>5,856.2</u>	<u>1,382.7</u>	<u>6,156.3</u>	<u>1,888.7</u>	<u>15,283.9</u>
<b>Timing of Revenue Recognition</b>					
Transferred at a point in time where CDW is principal	5,267.9	1,288.2	5,764.2	1,670.4	13,990.7
Transferred at a point in time where CDW is agent	368.6	80.6	252.2	59.5	760.9
Transferred over time where CDW is principal	219.7	13.9	139.9	158.8	532.3
Total Net sales	<u>\$ 5,856.2</u>	<u>\$ 1,382.7</u>	<u>\$ 6,156.3</u>	<u>\$ 1,888.7</u>	<u>\$ 15,283.9</u>

- (1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.
- (2) Includes items such as delivery charges to customers.

**CDW CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollars in millions, except per share data, unless otherwise noted)

The following tables present Net sales by major category for the three and nine months ended September 30, 2022 and 2021. Categories are based upon internal classifications.

	Three Months Ended September 30,			
	2022		2021	
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales
Notebooks/Mobile Devices	\$ 1,592.6	25.6 %	\$ 1,641.6	31.0 %
Netcomm Products	721.0	11.6	501.7	9.5
Desktops	333.9	5.4	316.1	6.0
Video	441.4	7.1	424.0	8.0
Enterprise and Data Storage (Including Drives)	376.9	6.1	228.1	4.3
Other Hardware	1,346.9	21.7	1,152.2	21.7
Total Hardware <sup>(1)</sup>	4,812.7	77.5	4,263.7	80.5
Software <sup>(2)</sup>	884.2	14.2	717.7	13.5
Services <sup>(2)</sup>	486.9	7.8	286.9	5.4
Other <sup>(3)</sup>	31.7	0.5	31.7	0.6
Total Net sales	\$ 6,215.5	100.0 %	\$ 5,300.0	100.0 %

	Nine Months Ended September 30,			
	2022		2021	
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales
Notebooks/Mobile Devices	\$ 5,070.0	27.7 %	\$ 4,944.3	32.3 %
Netcomm Products	1,912.6	10.4	1,442.2	9.4
Desktops	1,021.5	5.6	873.5	5.7
Video	1,453.9	7.9	1,161.7	7.6
Enterprise and Data Storage (Including Drives)	1,053.9	5.8	730.2	4.8
Other Hardware	3,704.8	20.2	3,308.4	21.6
Total Hardware	14,216.7	77.6	12,460.3	81.4
Software <sup>(2)</sup>	2,603.6	14.2	1,959.2	12.8
Services <sup>(2)</sup>	1,394.0	7.6	772.4	5.1
Other <sup>(3)</sup>	96.1	0.6	92.0	0.7
Total Net sales	\$ 18,310.4	100.0 %	\$ 15,283.9	100.0 %

- (1) Net sales by hardware category for the three months ended September 30, 2022 include reclassifications to address consistent presentation on a year-to-date basis.
- (2) Certain software and services revenues are recorded on a net basis as the Company is acting as an agent in the transaction. As a result, the category percentage of net revenues is not representative of the category percentage of gross profits.
- (3) Includes items such as delivery charges to customers.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*Unless otherwise indicated or the context otherwise requires, as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "we," "us," "the Company," "our," "CDW" and similar terms refer to CDW Corporation and its subsidiaries. "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the unaudited interim Consolidated Financial Statements and the related notes included elsewhere in this report and with the audited Consolidated Financial Statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. This discussion contains forward-looking statements that are subject to numerous risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements. See "Forward-Looking Statements" at the end of this discussion.*

### Overview

CDW Corporation, a Fortune 500 company and member of the S&P 500 Index, is a leading multi-brand provider of information technology ("IT") solutions to small, medium and large business, government, education and healthcare customers in the US, the UK and Canada. Our broad array of offerings ranges from discrete hardware and software products to integrated IT solutions and services that include on-premise and cloud capabilities across hybrid infrastructure, digital experience and security.

We are vendor, technology and consumption model "agnostic", with a solutions portfolio including more than 100,000 products and services from more than 1,000 leading and emerging brands. Our solutions are delivered in physical, virtual and cloud-based environments through approximately 10,000 customer-facing coworkers, including sellers, highly-skilled technology specialists and advanced service delivery engineers. We are a leading sales channel partner for many original equipment manufacturers ("OEMs"), software publishers and cloud providers (collectively, our "vendor partners"), whose products we sell or include in the solutions we offer. We provide our vendor partners with a cost-effective way to reach customers and deliver a consistent brand experience through our established end-market coverage, technical expertise and extensive customer access.

On December 1, 2021, we completed the acquisition of Sirius Computer Solutions, Inc. ("Sirius"). The aggregate consideration paid, net of cash acquired, at the closing of the acquisition was approximately \$2.4 billion. Sirius is a leading provider of secure, mission-critical technology-based solutions and is one of the largest IT solutions integrators in the United States, leveraging its services-led approach, broad portfolio of hybrid infrastructure solutions, and deep technical expertise of its 2,600 coworkers to support corporate and public customers. This strategic acquisition enhances our breadth and depth of services and solutions offerings.

We have three reportable segments, Corporate, Small Business and Public. Our Corporate segment primarily serves US private sector business customers with more than 250 employees. Our Small Business segment primarily serves US private sector business customers with up to 250 employees. Our Public segment is comprised of government agencies and education and healthcare institutions in the US. We also have two other operating segments: CDW UK and CDW Canada, each of which do not meet the reportable segment quantitative thresholds and, accordingly, are included in an all other category ("Other"). The financial results of Sirius have been included in our Consolidated Financial Statements beginning on the acquisition date. These amounts are presented within the Corporate, Small Business and Public reportable segments.

We may sell all or only select products that our vendor partners offer. Each vendor partner agreement provides for specific terms and conditions, which may include one or more of the following: product return privileges, price protection policies, purchase discounts and vendor incentive programs, such as purchase or sales rebates and cooperative advertising reimbursements. We also resell software for major software publishers. Our agreements with software publishers allow the end-user customer to acquire software or licensed products and services. In addition to helping our customers determine the best software solutions for their needs, we help them manage their software agreements, including warranties and renewals. A significant portion of our advertising and marketing expenses are reimbursed through cooperative advertising programs with our vendor partners. These programs are at the discretion of our vendor partners and are typically tied to sales or other commitments to be met by us within a specified period of time.

## **Trends and Key Factors Affecting our Financial Performance**

We believe the following key factors may have a meaningful impact on our business performance, influencing our ability to generate sales and achieve our targeted financial and operating results:

- General economic conditions are a key factor affecting our results as they can impact our customers' willingness to spend on information technology. Macroeconomic uncertainty persists as a result of the continued rate of inflation and the corresponding increase in interest rates driven by monetary policy. Additionally, social and geopolitical factors such as resurgences of COVID-19, changes in government administration and laws and the ongoing military conflict between Russia and Ukraine have resulted in business volatility and disruption, including supply constraints reflected in component availability and labor and logistical disruptions. The enhanced uncertainty in the current environment may result in a delay or pause on investments in technology by our customers.
- Customers' top priorities continue to be digital transformation, security, hybrid and cloud solutions and end point solutions as hybrid environments become the accepted work model and drive demand for remote collaboration and work-and-learn-from-anywhere capabilities. We have orchestrated solutions by leveraging client devices, accessories, collaboration tools, security, software and hybrid and cloud offerings to help customers build these capabilities and achieve their objectives.
- Changes in spending policies, budget priorities and funding levels, including current and future stimulus packages, are key factors influencing the purchasing levels of Government, Healthcare and Education customers. As the duration and ongoing economic impacts of the COVID-19 pandemic remain uncertain, current and future budget priorities and funding levels for Government, Healthcare and Education customers may be adversely affected.
- Technology trends drive customer purchasing behaviors in the market. Current technology trends are focused on delivering greater flexibility and efficiency, as well as designing IT securely. These trends are driving customer adoption of solutions such as those delivered via cloud, software defined architectures and hybrid on-premise and off-premise combinations, as well as the evolution of the IT consumption model to more "as a service" offerings, including software as a service and infrastructure as a service, in addition to ongoing managed and professional service arrangements. Technology trends are likely to change as customers prioritize the projects that produce the most important outcomes for their operations.

## **Key Business Metrics**

We monitor a number of financial and non-financial measures and ratios on a regular basis in order to track the progress of our business and make adjustments as necessary. We believe that the most important of these measures and ratios include average daily sales, gross margin, operating margin, Net income, Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income, Net sales growth on a constant currency basis, Net income per diluted share, Non-GAAP net income per diluted share, free cash flow, return on working capital, Cash and cash equivalents, net working capital, cash conversion cycle and debt levels including available credit. These measures and ratios are closely monitored by management, so that actions can be taken, as necessary, in order to achieve financial objectives.

In this section, we discuss Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis, which are non-GAAP financial measures.

We believe these measures provide analysts, investors and management with helpful information regarding the underlying operating performance of our business, as they remove the impact of items that management believes are not reflective of underlying operating performance. Management uses these measures to evaluate period-over-period performance as management believes they provide a more comparable measure of the underlying business. Certain non-GAAP financial measures are also used to determine certain components of performance-based compensation. For the definitions of Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis and reconciliations to the most directly comparable US GAAP measure, see "Results of Operations - Non-GAAP Financial Measure Reconciliations."



### Third Quarter Overview

The results of certain key business metrics are as follows:

(dollars in millions)	Three Months Ended September 30,	
	2022	2021
Net sales	\$ 6,215.5	\$ 5,300.0
Gross profit	1,233.2	914.9
Operating income	466.4	386.4
Net income	297.8	266.6
Non-GAAP operating income	549.0	435.1
Non-GAAP net income	357.0	298.0
Average daily sales <sup>(1)</sup>	97.1	82.8
Net debt <sup>(2)</sup>	5,773.2	3,821.1
Cash conversion cycle (in days) <sup>(3)</sup>	18	25

(1) There were 64 selling days for both the three months ended September 30, 2022 and 2021.

(2) Defined as Total debt minus Cash and cash equivalents.

(3) Cash conversion cycle is defined as days of sales outstanding in Accounts receivable and certain receivables due from vendors plus days of supply in Merchandise inventory minus days of purchases outstanding in Accounts payable and Accounts payable-inventory financing, based on a rolling three-month average.

### Results of Operations

#### Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

Results of operations, in dollars and as a percentage of Net sales, are as follows:

	Three Months Ended September 30,			
	2022		2021	
	Dollars in Millions	Percentage of Net Sales	Dollars in Millions	Percentage of Net Sales
Net sales	\$ 6,215.5	100.0 %	\$ 5,300.0	100.0 %
Cost of sales	4,982.3	80.2	4,385.1	82.7
Gross profit	1,233.2	19.8	914.9	17.3
Selling and administrative expenses	766.8	12.3	528.5	10.0
Operating income	466.4	7.5	386.4	7.3
Interest expense, net	(62.6)	(1.0)	(36.4)	(0.7)
Other (expense) income, net	(4.8)	(0.1)	0.4	—
Income before income taxes	399.0	6.4	350.4	6.6
Income tax expense	(101.2)	(1.6)	(83.8)	(1.6)
Net income	\$ 297.8	4.8 %	\$ 266.6	5.0 %

#### Net sales

Total Net sales for the three months ended September 30, 2022 increased \$916 million, or 17.3%, to \$6,216 million, compared to the three months ended September 30, 2021. Net sales growth was driven by all operating segments. For additional information, see the “Segment Results of Operations” below.

### Gross profit

Gross profit increased \$318 million, or 34.8%, to \$1,233 million for the three months ended September 30, 2022, compared to \$915 million for the three months ended September 30, 2021. As a percentage of Net sales, Gross profit margin increased 250 basis points to 19.8% for the three months ended September 30, 2022. The increase in Gross profit margin was primarily driven by more favorable product mix and rate and higher mix of netted down revenue, as well as increased Net sales and margins on services as a result of the recent business acquisitions.

### Selling and administrative expenses

Selling and administrative expenses increased \$238 million, or 45.1%, to \$767 million for the three months ended September 30, 2022, compared to \$529 million for the three months ended September 30, 2021. The increase was primarily driven by higher payroll consistent with higher Gross profit and higher coworker count, including the impact of the acquisition of Sirius, as well as higher intangible asset amortization and integration expenses from the acquisition of Sirius.

### Operating income

Operating income was \$466 million for the three months ended September 30, 2022, an increase of \$80 million, or 20.7%, compared to \$386 million for the three months ended September 30, 2021. Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll and higher intangible asset amortization and integration expenses from the acquisition of Sirius.

### Interest expense, net

Interest expense, net for the three months ended September 30, 2022 was \$63 million, an increase of \$26 million compared to \$36 million for the three months ended September 30, 2021. This increase was primarily driven by additional interest expense from the \$2.5 billion aggregate principal amount of unsecured senior notes issued on December 1, 2021, the net proceeds of which were used to fund the acquisition of Sirius.

### Income tax expense

Income tax expense was \$101 million and \$84 million for the three months ended September 30, 2022 and 2021, respectively. The effective tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 25.4% and 23.9% for the three months ended September 30, 2022 and 2021, respectively.

The higher effective tax rate for the three months ended September 30, 2022 as compared to the same period in the prior year was primarily attributable to higher non-deductible expenses and lower excess tax benefits on equity-based compensation.

### Segment Results of Operations

Net sales by segment, in dollars and as a percentage of total Net sales, and the year-over-year dollar and percentage change in Net sales are as follows:

(dollars in millions)	Three Months Ended September 30,					
	2022		2021		Dollar Change	Percent Change <sup>(1)</sup>
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales		
Corporate	\$ 2,577.8	41.5 %	\$ 2,067.3	39.0 %	\$ 510.5	24.7 %
Small Business	491.2	7.9	467.1	8.8	24.1	5.2
Public:						
Government	788.4	12.7	568.8	10.7	219.6	38.6
Education	1,021.1	16.4	1,103.6	20.8	(82.5)	(7.5)
Healthcare	614.8	9.9	481.5	9.1	133.3	27.7
Total Public	2,424.3	39.0	2,153.9	40.6	270.4	12.6
Other	722.2	11.6	611.7	11.6	110.5	18.1
Total Net sales	\$ 6,215.5	100.0 %	\$ 5,300.0	100.0 %	\$ 915.5	17.3 %

(1) There were 64 selling days for both the three months ended September 30, 2022 and 2021.

Operating income by segment, in dollars and as a percentage of total Net sales, and the year-over-year percentage change are as follows:

	Three Months Ended September 30,					
	2022			2021		
	Dollars in Millions	Operating Margin		Dollars in Millions	Operating Margin	Percent Change in Operating Income
<b>Segments:<sup>(1)</sup></b>						
Corporate	\$ 203.3	7.9 %	\$	186.0	9.0 %	9.3 %
Small Business	47.0	9.6		41.4	8.9	13.5
Public	234.0	9.7		178.7	8.3	30.9
Other <sup>(2)</sup>	32.3	4.5		21.9	3.6	47.5
Headquarters <sup>(3)</sup>	(50.2)	nm*		(41.6)	nm*	20.7
<b>Total Operating income</b>	<b>\$ 466.4</b>	<b>7.5 %</b>	<b>\$</b>	<b>386.4</b>	<b>7.3 %</b>	<b>20.7 %</b>

\* Not meaningful

- (1) Segment operating income includes the segment's direct operating income, allocations for certain Headquarters' costs, allocations for income and expenses from logistics services, certain inventory adjustments and volume rebates and cooperative advertising from vendors.
- (2) Includes the financial results for our other operating segments, CDW UK and CDW Canada, which do not meet the reportable segment quantitative thresholds.
- (3) Includes Headquarters' function costs that are not allocated to the segments.

#### Corporate

Corporate segment Net sales for the three months ended September 30, 2022 increased \$511 million, or 24.7%, compared to the three months ended September 30, 2021. This increase in Net sales, which also included the contribution from the acquisition of Sirius, was primarily driven by customers' priorities on digital transformation and continued focus on a hybrid work model. These factors resulted in higher Net sales across various categories, including netcomm products, services, software, enterprise storage and notebooks/mobile devices.

Corporate segment Operating income was \$203 million for the three months ended September 30, 2022, an increase of \$17 million, or 9.3%, compared to \$186 million for the three months ended September 30, 2021. Corporate segment Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll and higher intangible asset amortization from the acquisition of Sirius.

#### Small Business

Small Business segment Net sales for the three months ended September 30, 2022 increased \$24 million, or 5.2%, compared to the three months ended September 30, 2021. This increase in Net sales was primarily driven by customers' priorities on digital transformation, resulting in higher Net sales in services, software and notebooks/mobile devices.

Small Business segment Operating income was \$47 million for the three months ended September 30, 2022, an increase of \$6 million, or 13.5%, compared to \$41 million for the three months ended September 30, 2021. Small Business segment Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll.

#### Public

Public segment Net sales for the three months ended September 30, 2022 increased \$270 million, or 12.6%, compared to the three months ended September 30, 2021. This increase in Net sales, which also included the contribution from the acquisition of Sirius, was primarily driven by Government and Healthcare customers. Net sales to Government customers increased 38.6% primarily driven by state and local and federal customers, which resulted in increased Net sales in enterprise storage, netcomm products, services and software. Net sales to Healthcare customers increased by 27.7% primarily due to continued focus on digital transformation to enhance patient experiences, which resulted in increased Net sales in various product categories. These

increases were partially offset by decreased Net sales to Education customers of 7.5% primarily driven by decreased Net sales in notebooks/mobile devices with K-12 customers.

Public segment Operating income was \$234 million for the three months ended September 30, 2022, an increase of \$55 million, or 30.9%, compared to \$179 million for the three months ended September 30, 2021. Public segment Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll and higher intangible asset amortization from the acquisition of Sirius.

#### *Other*

Net sales in Other, which is comprised of results from our UK and Canadian operations, for the three months ended September 30, 2022 increased \$111 million, or 18.1%, compared to the three months ended September 30, 2021. This increase was driven by both our UK and Canadian operations as customers continued to focus on digital transformation, resulting in increased Net sales in software, notebooks/mobile devices and netcomm products.

Other Operating income was \$32 million for the three months ended September 30, 2022, an increase of \$10 million, or 47.5%, compared to \$22 million for the three months ended September 30, 2021. Other Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll.

#### *Non-GAAP Financial Measure Reconciliations*

We have included reconciliations of Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis for the three months ended September 30, 2022 and 2021 below.

Non-GAAP operating income excludes, among other things, charges related to the amortization of acquisition-related intangible assets, equity-based compensation and the associated payroll taxes, and acquisition and integration expenses. Non-GAAP operating income margin is defined as Non-GAAP operating income as a percentage of Net sales. Non-GAAP income before income taxes and Non-GAAP net income exclude, among other things, charges related to acquisition-related intangible asset amortization, equity-based compensation, acquisition and integration expenses, and the associated tax effects of each. Net sales growth on a constant currency basis is defined as Net sales growth excluding the impact of foreign currency translation on Net sales compared to the prior period.

Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis are considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial condition that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with US GAAP. Non-GAAP measures used by management may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

We believe these measures provide analysts, investors and management with helpful information regarding the underlying operating performance of our business, as they remove the impact of items that management believes are not reflective of underlying operating performance. Management uses these measures to evaluate period-over-period performance as management believes they provide a more comparable measure of the underlying business. Certain non-GAAP financial measures are also used to determine certain components of performance-based compensation.

# Non-GAAP operating income and Non-GAAP operating income margin

(dollars in millions)	Three Months Ended September 30,		
	2022	2021	% Change
Operating income, as reported	\$ 466.4	\$ 386.4	20.7 %
Amortization of intangibles <sup>(1)</sup>	44.8	24.6	
Equity-based compensation	26.8	16.9	
Acquisition and integration expenses	9.7	6.1	
Other adjustments	1.3	1.1	
Non-GAAP operating income	\$ 549.0	\$ 435.1	26.2 %
Non-GAAP operating income margin	8.8 %	8.2 %	

(1) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

# Non-GAAP income before income taxes and Non-GAAP net income

	Three Months Ended September 30,						
	2022			2021			
(dollars in millions)	Income before income taxes	Income tax expense <sup>(1)</sup>	Net income	Income before income taxes	Income tax expense <sup>(1)</sup>	Net income	Net Income % Change
As reported	\$ 399.0	\$ (101.2)	\$ 297.8	\$ 350.4	\$ (83.8)	\$ 266.6	11.7 %
Amortization of intangibles <sup>(2)</sup>	44.8	(12.6)	32.2	24.6	(6.2)	18.4	
Equity-based compensation	26.8	(8.1)	18.7	16.9	(9.3)	7.6	
Acquisition and integration expenses	9.7	(2.6)	7.1	6.1	(1.5)	4.6	
Other adjustments	1.3	(0.1)	1.2	1.1	(0.3)	0.8	
Non-GAAP	\$ 481.6	\$ (124.6)	\$ 357.0	\$ 399.1	\$ (101.1)	\$ 298.0	19.8 %

(1) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity-based compensation.

(2) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

# Net sales growth on a constant currency basis

(dollars in millions)	Three Months Ended September 30,		
	2022	2021	% Change <sup>(1)</sup>
Net sales, as reported	\$ 6,215.5	\$ 5,300.0	17.3 %
Foreign currency translation <sup>(2)</sup>	—	(63.8)	
Net sales, on a constant currency basis	\$ 6,215.5	\$ 5,236.2	18.7 %

(1) There were 64 selling days for both the three months ended September 30, 2022 and 2021.

(2) Represents the effect of translating the prior year results of CDW UK and CDW Canada at the average exchange rates applicable for the three months ended September 30, 2022.

## Nine Months Overview

The results of certain key business metrics are as follows:

(dollars in millions)	Nine Months Ended September 30,	
	2022	2021
Net sales	\$ 18,310.4	\$ 15,283.9
Gross profit	3,505.5	2,592.9
Operating income	1,288.6	1,079.7
Net income	827.3	773.3
Non-GAAP operating income	1,527.4	1,220.9
Non-GAAP net income	998.0	833.5
Average daily sales <sup>(1)</sup>	95.9	80.0
Net debt <sup>(2)</sup>	5,773.2	3,821.1
Cash conversion cycle (in days) <sup>(3)</sup>	18	25

(1) There were 191 selling days for both the nine months ended September 30, 2022 and 2021.

(2) Defined as Total debt minus Cash and cash equivalents.

(3) Cash conversion cycle is defined as days of sales outstanding in Accounts receivable and certain receivables due from vendors plus days of supply in Merchandise inventory minus days of purchases outstanding in Accounts payable and Accounts payable-inventory financing, based on a rolling three-month average.

## Results of Operations

### Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Results of operations, in dollars and as a percentage of Net sales, are as follows:

	Nine Months Ended September 30,			
	2022		2021	
	Dollars in Millions	Percentage of Net Sales	Dollars in Millions	Percentage of Net Sales
Net sales	\$ 18,310.4	100.0 %	\$ 15,283.9	100.0 %
Cost of sales	14,804.9	80.9	12,691.0	83.0
Gross profit	3,505.5	19.1	2,592.9	17.0
Selling and administrative expenses	2,216.9	12.1	1,513.2	9.9
Operating income	1,288.6	7.0	1,079.7	7.1
Interest expense, net	(176.3)	(1.0)	(107.5)	(0.7)
Other (expense) income, net	(5.7)	—	38.3	0.3
Income before income taxes	1,106.6	6.0	1,010.5	6.7
Income tax expense	(279.3)	(1.5)	(237.2)	(1.6)
Net income	\$ 827.3	4.5 %	\$ 773.3	5.1 %

### Net sales

Total Net sales for the nine months ended September 30, 2022 increased \$3,027 million, or 19.8%, to \$18,310 million compared to the nine months ended September 30, 2021. The Net sales growth was driven by all operating segments. For additional information, see the “Segment Results of Operations” below.

### Gross profit

Gross profit increased \$913 million, or 35.2%, to \$3,506 million for the nine months ended September 30, 2022, compared to \$2,593 million for the nine months ended September 30, 2021. As a percentage of Net sales, Gross profit margin increased 210 basis points to 19.1% for the nine months ended September 30, 2022. The increase in Gross profit margin was primarily driven

by more favorable product mix and rate and higher mix of netted down revenue, as well as increased Net sales and margins on professional services as a result of the recent business acquisitions.

#### *Selling and administrative expenses*

Selling and administrative expenses increased \$704 million, or 46.5%, to \$2,217 million for the nine months ended September 30, 2022, compared to \$1,513 million for the nine months ended September 30, 2021. The increase was primarily driven by higher payroll consistent with higher Gross profit and higher coworker count, including the impact of the acquisition of Sirius, as well as higher intangible asset amortization and integration expenses from the acquisition of Sirius.

#### *Operating income*

Operating income was \$1,289 million for the nine months ended September 30, 2022, an increase of \$209 million, or 19.3%, compared to \$1,080 million for the nine months ended September 30, 2021. Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll and higher intangible asset amortization and integration expenses from the acquisition of Sirius.

#### *Interest expense, net*

Interest expense, net, for the nine months ended September 30, 2022 was \$176 million, an increase of \$69 million compared to \$108 million for the nine months ended September 30, 2021. This increase was primarily driven by additional interest expense from the \$2.5 billion aggregate principal amount of unsecured senior notes issued on December 1, 2021, the net proceeds of which were used to fund the acquisition of Sirius.

#### *Income tax expense*

Income tax expense was \$279 million and \$237 million for the nine months ended September 30, 2022 and 2021, respectively. The effective tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 25.2% and 23.5% for the nine months ended September 30, 2022 and 2021, respectively.

The higher effective tax rate for the nine months ended September 30, 2022 as compared to the same period in the prior year was primarily attributable to lower excess tax benefits on equity-based compensation and higher non-deductible expenses, partially offset by a prior year discrete deferred tax expense as a result of an increase in the UK corporate tax rate effective in 2023.

#### **Segment Results of Operations**

Net sales by segment, in dollars and as a percentage of total Net sales, and the year-over-year dollar and percentage change in Net sales are as follows:

	Nine Months Ended September 30,					
	2022		2021			
(dollars in millions)	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales	Dollar Change	Percent Change <sup>(1)</sup>
Corporate	\$ 7,866.1	43.0 %	\$ 5,856.2	38.3 %	\$ 2,009.9	34.3 %
Small Business	1,515.2	8.3	1,382.7	9.0	132.5	9.6
Public:						
Government	1,941.8	10.6	1,598.3	10.5	343.5	21.5
Education	2,965.2	16.2	3,159.0	20.7	(193.8)	(6.1)
Healthcare	1,793.3	9.8	1,399.0	9.2	394.3	28.2
Total Public	6,700.3	36.6	6,156.3	40.4	544.0	8.8
Other	2,228.8	12.1	1,888.7	12.3	340.1	18.0
Total Net sales	\$ 18,310.4	100.0 %	\$ 15,283.9	100.0 %	\$ 3,026.5	19.8 %

(1) There were 191 selling days for both the nine months ended September 30, 2022 and 2021.

Operating income by segment, in dollars and as a percentage of total Net sales, and the year-over-year percentage change are as follows:

	Nine Months Ended September 30,					
	2022			2021		
	Dollars in Millions	Operating Margin		Dollars in Millions	Operating Margin	Percent Change in Operating Income
<b>Segments:<sup>(1)</sup></b>						
Corporate	\$ 644.5	8.2 %	\$	522.6	8.9 %	23.3 %
Small Business	140.7	9.3		128.2	9.3	9.8
Public	553.0	8.3		468.7	7.6	18.0
Other <sup>(2)</sup>	96.8	4.3		73.3	3.9	32.1
Headquarters <sup>(3)</sup>	(146.4)	nm*		(113.1)	nm*	29.4
<b>Total Operating income</b>	<b>\$ 1,288.6</b>	<b>7.0 %</b>	<b>\$</b>	<b>1,079.7</b>	<b>7.1 %</b>	<b>19.3 %</b>

\* Not meaningful

- (1) Segment operating income includes the segment's direct operating income, allocations for certain Headquarters' costs, allocations for income and expenses from logistics services, certain inventory adjustments and volume rebates and cooperative advertising from vendors.
- (2) Includes the financial results for our other operating segments, CDW UK and CDW Canada, which do not meet the reportable segment quantitative thresholds.
- (3) Includes Headquarters' function costs that are not allocated to the segments.

#### Corporate

Corporate segment Net sales for the nine months ended September 30, 2022 increased \$2,010 million, or 34.3%, compared to the nine months ended September 30, 2021. This increase in Net sales, which also included the contribution from the acquisition of Sirius, was primarily driven by customers' priorities on digital transformation and continued focus on a hybrid work model. These factors resulted in higher Net sales across various categories, including notebooks/mobile devices, netcomm products, video, enterprise storage, software and services.

Corporate segment Operating income was \$645 million for the nine months ended September 30, 2022, an increase of \$122 million, or 23.3%, compared to \$523 million for the nine months ended September 30, 2021. Corporate segment Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll and higher intangible asset amortization from the acquisition of Sirius.

#### Small Business

Small Business segment Net sales for the nine months ended September 30, 2022 increased \$133 million, or 9.6%, compared to the nine months ended September 30, 2021. This increase was primarily driven by customers' priorities on digital transformation, resulting in increased Net sales in notebooks/mobile devices, software and services.

Small Business segment Operating income was \$141 million for the nine months ended September 30, 2022, an increase of \$13 million, or 9.8%, compared to \$128 million for the nine months ended September 30, 2021. Small Business segment Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll.

#### Public

Public segment Net sales for the nine months ended September 30, 2022 increased \$544 million, or 8.8%, compared to the nine months ended September 30, 2021. This increase in Net sales, which also included the contribution from the acquisition of Sirius, was primarily driven by Healthcare and Government customers. Net sales to Healthcare customers increased by 28.2% primarily due to continued focus in digital transformation to enhance patient experiences, which resulted in increased Net sales in software and services. Net sales to Government customers increased 21.5% primarily driven by state and local customers, which resulted in increased Net sales in services and netcomm products. These increases were partially offset by decreased Net sales to Education customers of 6.1% primarily driven by decreased Net sales in notebooks/mobile devices with K-12 customers.



Public segment Operating income was \$553 million for the nine months ended September 30, 2022, an increase of \$84 million, or 18.0%, compared to \$469 million for the nine months ended September 30, 2021. Public segment Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll and higher intangible asset amortization from the acquisition of Sirius.

#### Other

Net sales in Other, which is comprised of results from our UK and Canadian operations, for the nine months ended September 30, 2022 increased \$340 million, or 18.0%, compared to the nine months ended September 30, 2021. This increase was driven by both our UK and Canadian operations as customers continued to focus on digital transformation, resulting in increased Net sales in notebooks/mobile devices and software.

Operating income was \$97 million for the nine months ended September 30, 2022, an increase of \$24 million, or 32.1%, compared to \$73 million for the nine months ended September 30, 2021. Other Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll.

#### Non-GAAP Financial Measure Reconciliations

We have included reconciliations of Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis for the nine months ended September 30, 2022 and 2021 below.

#### Non-GAAP operating income and Non-GAAP operating income margin

(dollars in millions)	Nine Months Ended September 30,		
	2022	2021	% Change
Operating income, as reported	\$ 1,288.6	\$ 1,079.7	19.3 %
Amortization of intangibles <sup>(1)</sup>	126.4	70.6	
Equity-based compensation	71.4	53.3	
Acquisition and integration expenses	36.3	12.5	
Other adjustments	4.7	4.8	
Non-GAAP operating income	\$ 1,527.4	\$ 1,220.9	25.1 %
Non-GAAP operating income margin	8.3 %	8.0 %	

(1) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

#### Non-GAAP income before income taxes and Non-GAAP net income

	Nine Months Ended September 30,						
	2022			2021			
(dollars in millions)	Income before income taxes	Income tax expense <sup>(1)</sup>	Net income	Income before income taxes	Income tax expense <sup>(1)</sup>	Net income	Net Income % Change
As reported	\$ 1,106.6	\$ (279.3)	\$ 827.3	\$ 1,010.5	\$ (237.2)	\$ 773.3	7.0 %
Gain on sale of equity method investment	—	—	—	(36.0)	8.8	(27.2)	
Amortization of intangibles <sup>(2)</sup>	126.4	(33.8)	92.6	70.6	(13.4)	57.2	
Equity-based compensation	71.4	(23.7)	47.7	53.3	(36.3)	17.0	
Acquisition and integration expenses	36.3	(9.4)	26.9	12.5	(3.1)	9.4	
Other adjustments	4.7	(1.2)	3.5	5.2	(1.4)	3.8	
Non-GAAP	\$ 1,345.4	\$ (347.4)	\$ 998.0	\$ 1,116.1	\$ (282.6)	\$ 833.5	19.7 %

(1) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity-based compensation.

(2) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

### Net sales growth on a constant currency basis

(dollars in millions)	Nine Months Ended September 30,		
	2022	2021	% Change <sup>(1)</sup>
Net sales, as reported	\$ 18,310.4	\$ 15,283.9	19.8 %
Foreign currency translation <sup>(2)</sup>	—	(125.7)	
Net sales, on a constant currency basis	\$ 18,310.4	\$ 15,158.2	20.8 %

(1) There were 191 selling days for both the nine months ended September 30, 2022 and 2021.

(2) Represents the effect of translating the prior year results of CDW UK and CDW Canada at the average exchange rates applicable for the nine months ended September 30, 2022.

### Seasonality

While we have not historically experienced significant seasonality throughout the year, sales in our Corporate segment, which primarily serves US private sector business customers with more than 250 employees, have historically been higher in the fourth quarter than in other quarters due to customers spending their remaining technology budget dollars at the end of the year. Additionally, sales in our Public segment have historically been higher in the third quarter than in other quarters primarily due to the buying patterns of the federal government and education customers. Since the onset of the COVID-19 pandemic, we have experienced variability compared to historic seasonality trends. Seasonality by channel is expected to continue to be different than historical experience.

### Liquidity and Capital Resources

#### Overview

We finance our operations and capital expenditures with cash from operations and borrowings under our revolving loan facility. As of September 30, 2022, we had \$1.1 billion of availability for borrowings under our revolving loan facility. Our liquidity and borrowing plans are established to align with our financial and strategic planning processes and ensure we have the necessary funding to meet our operating commitments, which primarily include the purchase of inventory, payroll and general expenses. We also take into consideration our overall capital allocation strategy, which includes dividend payments, assessment of debt levels, acquisitions and share repurchases. We believe we have adequate sources of liquidity and funding available for at least the next year; however, there are a number of factors that may negatively impact our available sources of funds. The amount of cash generated from operations will be dependent upon factors such as the successful execution of our business plan, general economic conditions and working capital management.

#### Long-Term Debt and Financing Arrangements

On September 30, 2022, we prepaid \$400 million on the Term Loan Facility without penalty. As a result of the prepayment, no additional mandatory payments are required on the remaining principal amount until its maturity date.

As of September 30, 2022, we had total unsecured indebtedness of \$6.2 billion. At September 30, 2022, we were in compliance with the covenants under our credit agreements and indentures.

We may from time to time repurchase one or more series of our outstanding unsecured senior notes, depending on market conditions, contractual commitments, our capital needs and other factors. Repurchases of our senior notes may be made by open market or privately negotiated transactions and may be pursuant to Rule 10b5-1 plans or otherwise.

For additional information regarding our debt and refinancing activities, see Note 7 (Debt) to the accompanying Consolidated Financial Statements.

#### Inventory Financing Agreements

We have entered into agreements with certain financial intermediaries to facilitate the purchase of inventory from various suppliers under certain terms and conditions. These amounts are classified separately as Accounts payable-inventory financing on the Consolidated Balance Sheets. We do not incur any interest expense associated with these agreements as balances are paid when they are due. For additional information, see Note 5 (Inventory Financing Agreements) to the accompanying Consolidated Financial Statements.

### Share Repurchase Program

During the nine months ended September 30, 2022, we made no share repurchases. For additional information on our share repurchase program, see “Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds.”

### Dividends

A summary of 2022 dividend activity for our common stock is as follows:

Dividend Amount	Declaration Date	Record Date	Payment Date
\$0.50	February 9, 2022	February 25, 2022	March 10, 2022
\$0.50	May 4, 2022	May 25, 2022	June 10, 2022
\$0.50	August 3, 2022	August 25, 2022	September 9, 2022

On November 2, 2022, we announced that our Board of Directors declared a quarterly cash dividend on our common stock of \$0.59 per share. The dividend will be paid on December 9, 2022 to all stockholders of record as of the close of business on November 25, 2022.

The payment of any future dividends will be at the discretion of our Board of Directors and will depend upon our results of operations, financial condition, business prospects, capital requirements, contractual restrictions, any potential indebtedness we may incur, restrictions imposed by applicable law, tax considerations and other factors that our Board of Directors deems relevant. In addition, our ability to pay dividends on our common stock will be limited by restrictions on our ability to pay dividends or make distributions to our stockholders and on the ability of our subsidiaries to pay dividends or make distributions to us, in each case, under the terms of our current and any future agreements governing our indebtedness.

### Cash Flows

Cash flows from operating, investing and financing activities are as follows:

(dollars in millions)	Nine Months Ended September 30,	
	2022	2021
Net cash provided by:		
Operating Activities	\$ 1,094.0	\$ 636.7
Investing Activities		
Capital expenditures	(97.2)	(66.2)
Acquisitions of businesses, net of cash acquired	(28.0)	(339.7)
Proceeds from sale of equity method investment	—	36.0
Cash flows used in investing activities	(125.2)	(369.9)
Financing Activities		
Net change in accounts payable - inventory financing	46.6	(183.7)
Financing payments for revenue generating assets	—	(46.1)
Other cash flows used in financing activities	(877.0)	(1,202.0)
Cash flows used in financing activities	(830.4)	(1,431.8)
Effect of exchange rate changes on cash and cash equivalents	(11.9)	(0.1)
Net increase (decrease) in cash and cash equivalents	\$ 126.5	\$ (1,165.1)

### Operating Activities

Cash flows provided by operating activities are as follows:

(dollars in millions)	Nine Months Ended September 30,		
	2022	2021	Change
Net income	\$ 827.3	\$ 773.3	\$ 54.0
Adjustments for the impact of non-cash items <sup>(1)</sup>	296.9	145.9	151.0
Net income adjusted for the impact of non-cash items	1,124.2	919.2	205.0
Changes in assets and liabilities:			
Accounts receivable <sup>(2)</sup>	(156.2)	(323.5)	167.3
Merchandise inventory <sup>(3)</sup>	(16.1)	(87.5)	71.4
Accounts payable-trade	188.5	179.7	8.8
Other	(46.4)	(51.2)	4.8
Cash flows provided by operating activities	\$ 1,094.0	\$ 636.7	\$ 457.3

(1) Includes items such as depreciation and amortization, deferred income taxes, provision for credit losses and equity-based compensation expense.

(2) The change is primarily due to collection performance.

(3) The change is primarily driven by shipment activity related to customer stocking positions.

In order to manage our working capital and operating cash needs, we monitor our cash conversion cycle, defined as days of sales outstanding in accounts receivable plus days of supply in inventory minus days of purchases outstanding in accounts payable, based on a rolling three-month average. Components of our cash conversion cycle are as follows:

(in days)	September 30,	
	2022	2021
Days of sales outstanding (DSO) <sup>(1)</sup>	68	61
Days of supply in inventory (DIO) <sup>(2)</sup>	18	17
Days of purchases outstanding (DPO) <sup>(3)</sup>	(68)	(53)
Cash conversion cycle	18	25

(1) Represents the rolling three-month average of the balance of Accounts receivable, net at the end of the period, divided by average daily Net sales for the same three-month period. Also incorporates components of other miscellaneous receivables.

(2) Represents the rolling three-month average of the balance of Merchandise inventory at the end of the period divided by average daily Cost of sales for the same three-month period.

(3) Represents the rolling three-month average of the combined balance of Accounts payable-trade, excluding cash overdrafts, and Accounts payable-inventory financing at the end of the period divided by average daily Cost of sales for the same three-month period.

The cash conversion cycle decreased to 18 days at September 30, 2022, compared to 25 days at September 30, 2021. The overall decrease was impacted by the acquisition of Sirius. In addition, netted down revenue has an unfavorable impact to DSO and a favorable impact to DPO as the corresponding receivables and payables reflect the gross amounts due from customers and due to vendors while the corresponding sales and cost of sales are reflected on a net basis. The increase in DIO was primarily due to a higher stocking position driven by demand.

### Investing Activities

Net cash used in investing activities decreased \$245 million for the nine months ended September 30, 2022 compared to September 30, 2021. This decrease was primarily due to the acquisitions of Amplified IT LLC and Focal Point Data Risk LLC in 2021, partially offset by increased capital expenditures in 2022 due to increased investment in our information technology systems and proceeds received from the sale of an equity method investment in 2021.

### Financing Activities

Net cash used in financing activities decreased \$601 million for the nine months ended September 30, 2022 compared to September 30, 2021. This decrease was primarily due to the absence of share repurchases in 2022 and increased volume through our inventory financing arrangements, partially offset by repayments on our senior unsecured term loan facility and net repayments on our revolving loan facility. For additional information regarding the inventory financing agreements and debt activities, see Note 5 (Inventory Financing Agreements) and Note 7 (Debt) to the accompanying Consolidated Financial Statements.

### Issuers and Guarantors of Debt Securities

Each series of our outstanding unsecured senior notes (the “Notes”) are issued by CDW LLC and CDW Finance Corporation (the “Issuers”) and are guaranteed by CDW Corporation (“Parent”) and certain of each CDW LLC’s direct and indirect, 100% owned, domestic subsidiaries (the “Guarantor Subsidiaries” and, together with Parent, the “Guarantors”). All guarantees by Parent and the Guarantors are joint and several, and full and unconditional; provided that guarantees by the Guarantor Subsidiaries are subject to certain customary release provisions contained in the indentures governing the Notes.

The Notes and the related guarantees are the Issuers’ and the Guarantors’ senior unsecured obligations and are:

- structurally subordinated to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries and;
- rank equal in right of payment with all of the Issuers’ and the Guarantors’ existing and future unsecured senior debt.

The following tables set forth Balance Sheet information as of September 30, 2022 and December 31, 2021, and Statement of Operations information for the nine months ended September 30, 2022 and for the year ended December 31, 2021. The financial information includes the accounts of the Issuers and the accounts of the Guarantors (the “Obligor Group”). The financial information of the Obligor Group is presented on a combined basis and the intercompany balances and transactions between the Obligor Group have been eliminated.

### Balance Sheet Information

(dollars in millions)	September 30, 2022	December 31, 2021
Current assets	\$ 5,989.6	\$ 4,584.1
Goodwill	3,944.0	2,373.1
Other assets	2,064.4	1,017.3
Total Non-current assets	6,008.4	3,390.4
Current liabilities	4,830.7	3,393.0
Long-term debt	5,997.4	6,534.6
Other liabilities	618.8	562.4
Total Long-term liabilities	6,616.2	7,097.0

### Statement of Operations Information

(dollars in millions)	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
Net sales	\$ 16,004.5	\$ 17,979.4
Gross profit	3,122.4	3,078.0
Operating income	1,181.0	1,301.9
Net income	747.6	921.3

### Commitments and Contingencies

The information set forth in Note 10 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements is incorporated herein by reference.

## **Critical Accounting Policies and Estimates**

Our critical accounting policies have not changed from those reported in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2021.

## **Recent Accounting Pronouncements**

The information set forth in Note 2 (Recent Accounting Pronouncements) to the accompanying Consolidated Financial Statements is incorporated herein by reference.

## **Forward-Looking Statements**

This report contains “forward-looking statements” within the meaning of the federal securities laws. All statements other than statements of historical fact are forward-looking statements. These statements relate to analyses and other information, which are based on forecasts of future results or events and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. We claim the protection of The Private Securities Litigation Reform Act of 1995 for all forward-looking statements in this report.

These forward-looking statements are identified by the use of terms and phrases such as “anticipate,” “assume,” “believe,” “estimate,” “expect,” “goal,” “intend,” “plan,” “potential,” “predict,” “project,” “target” and similar terms and phrases or future or conditional verbs such as “could,” “may,” “should,” “will,” and “would.” However, these words are not the exclusive means of identifying such statements. Although we believe that our plans, intentions and other expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that we will achieve those plans, intentions or expectations. All forward-looking statements are subject to risks and uncertainties that may cause actual results or events to differ materially from those that we expected.

Important factors that could cause actual results or events to differ materially from our expectations, or cautionary statements, are disclosed under “Trends and Key Factors Affecting our Financial Performance” above, the section entitled “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2021 and from time to time in our subsequent Quarterly Reports on Form 10-Q and our other US Securities and Exchange Commission (“SEC”) filings and public communications. These factors include, among others, the COVID-19 pandemic, including resurgences and the emergence of new variants, and actions taken in response thereto and the associated impact on our business, results of operations, cash flows, financial condition and liquidity; inflationary pressures; level of interest rates; CDW’s relationships with vendor partners and terms of their agreements; continued innovations in hardware, software and services by CDW’s vendor partners; substantial competition that could reduce CDW’s market share; the continuing development, maintenance and operation of CDW’s information technology systems; potential breaches of data security and failure to protect our information technology systems from cybersecurity threats; potential failures to provide high-quality services to CDW’s customers; potential losses of any key personnel, significant increases in labor costs or ineffective workforce management; potential adverse occurrences at one of CDW’s primary facilities or third-party data centers, including as a result of climate change; increases in the cost of commercial delivery services or disruptions of those services; CDW’s exposure to accounts receivable and inventory risks; the potential failure to achieve the anticipated benefits of the acquisition of Sirius in the expected timeframe or at all; future acquisitions or alliances; fluctuations in CDW’s operating results; fluctuations in foreign currency; global and regional economic and political conditions, including impacts of the ongoing military conflict between Russia and Ukraine and related sanctions against Russia; potential interruptions of the flow of products from suppliers; decreases in spending on technology products and services; potential failures to comply with Public segment contracts or applicable laws and regulations; current and future legal proceedings, investigations and audits, including intellectual property infringement claims; changes in laws, including regulations or interpretations thereof, or the potential failure to meet stakeholder expectations on environmental sustainability and corporate responsibility matters; CDW’s level of indebtedness and ability to generate sufficient cash to service such indebtedness; restrictions imposed by agreements relating to CDW’s indebtedness on its operations and liquidity; changes in, or the discontinuation of, CDW’s share repurchase program or dividend payments; and other risk factors or uncertainties identified from time to time in CDW’s filings with the SEC. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by those cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not reflect all of the factors that could cause actual results or events to differ from our expectations. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures of Market Risks” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. As of September 30, 2022, there have been no material changes in this information.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, has concluded that, as of the end of such period, the Company’s disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, and that information is accumulated and communicated to the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely discussions regarding required disclosure.

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in the Company’s internal control over financial reporting during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings**

The information set forth in Note 10 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements included in “Part I, Item 1. Financial Statements” of this report is incorporated herein by reference.

### **Item 1A. Risk Factors**

See “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

#### **Unregistered Sales of Equity Securities**

None.

#### **Issuer Purchases of Equity Securities**

On February 10, 2021, we announced that our Board of Directors authorized a \$1.25 billion increase to our share repurchase program under which we may repurchase shares of our common stock in the open market through privately negotiated or other transactions, depending on share price, market conditions and other factors.

During the three months ended September 30, 2022, we made no share repurchases.

As of September 30, 2022, we had \$87.6 million remaining available under our share repurchase program.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

None.



**Item 6. Exhibits**

<b>Exhibit</b>	<b>Description</b>
31.1*	<a href="#">Certification of Chief Executive Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.</a>
31.2*	<a href="#">Certification of Chief Financial Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.</a>
32.1**	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350.</a>
32.2**	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350.</a>
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).

\* Filed herewith

\*\* These items are furnished and not filed.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CDW CORPORATION

Date: November 2, 2022

By: /s/ Albert J. Miralles  
Albert J. Miralles  
Senior Vice President and Chief Financial Officer  
(Duly authorized officer and principal financial officer)