

APEX INDUSTRIES INCORPORATED

Annual Financial Report

Fiscal Year 2024

Comprehensive Financial Analysis and Performance Review

Prepared for Shareholders and Investors

North America Segment: Revenue of \$523 million, down 1.9% year-over-year. Operating margin was 29.9%. Results reflect continued market share gains and favorable currency impacts.

Cash flow from operations was \$841 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$606 million, representing a free cash flow margin of 17.9%.

During the period, the Company repurchased 2,825,412 shares of common stock for \$230 million at an average price of \$81.39 per share. As of period end, \$649 million remained available under the current share repurchase authorization.

Gross margin for the period was 43.8%, compared to 46.1% in the same period last year. The decline in gross margin reflects favorable mix shift in our Enterprise Software business, partially offset by unfavorable mix in our Professional Services segment.

Middle East & Africa Segment: Revenue of \$301 million, up 11.7% year-over-year. Operating margin was 40.9%. Growth was supported by expansion into new verticals and increased customer adoption.

During the period, the Company repurchased 1,495,177 shares of common stock for \$170 million at an average price of \$113.58 per share. As of period end, \$231 million remained available under the current share repurchase authorization.

During the period, the Company repurchased 2,145,869 shares of common stock for \$219 million at an average price of \$102.21 per share. As of period end, \$475 million remained available under the current share repurchase authorization.

The effective tax rate for the period was 21.7%, compared to 23.2% in the prior year period. The decrease in the effective tax rate was primarily due to changes in geographic mix of earnings and valuation allowance changes.

Revenue for the fiscal period reached \$2,392 million, representing a 11.4% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$574 million to total revenue.

Cash flow from operations was \$431 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$299 million, representing a free cash flow margin of 24.5%.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including moderate GDP growth and digital transformation initiatives. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

Total backlog at period end was \$11.8 billion, an increase of 5.0% compared to \$11.2 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.03x.

Latin America Segment: Revenue of \$216 million, up 23.4% year-over-year. Operating margin was 22.4%. Results reflect continued market share gains and favorable currency impacts.

Total backlog at period end was \$11.6 billion, an increase of 23.2% compared to \$9.4 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.34x.

Revenue for the fiscal period reached \$1,228 million, representing a 19.2% increase compared to the prior year period. This performance was primarily driven by strong demand in our Asia Pacific segment, which contributed \$434 million to total revenue.

Metric	Current Period	Prior Period	Change
Revenue	\$563M	\$585M	-3.7%
Gross Profit	\$1,658M	\$1,762M	-5.9%
Operating Income	\$1,579M	\$1,668M	-5.3%
Net Income	\$955M	\$1,037M	-8.0%
EPS	\$1,908M	\$1,930M	-1.2%

Cash flow from operations was \$661 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$522 million, representing a free cash flow margin of 19.2%.

Accounts receivable at period end was \$289 million, with days sales outstanding of 64 days, compared to 62 days in the prior year period. Inventory levels were \$344 million, representing 35 days of supply.

The Company anticipates operating margin for the full year to be in the range of 21.2% to 24.1%, reflecting planned investments in product development while maintaining disciplined cost management across the organization.

For the upcoming fiscal year, management expects revenue in the range of \$4,299 million to \$4,514 million, representing year-over-year growth of 8% to 12% at the midpoint. This guidance assumes continued strength in Enterprise Software and Europe.

Net income attributable to shareholders was \$522 million, or \$7.19 per diluted share, compared to net income of \$536 million, or \$8.18 per diluted share, in the prior year period.

Free cash flow for the fiscal year is expected to be in the range of \$785 million to \$863 million, representing conversion of approximately 101% of net income. Capital expenditures are planned at \$341 million to \$392 million.

Accounts receivable at period end was \$437 million, with days sales outstanding of 65 days, compared to 64 days in the prior year period. Inventory levels were \$378 million, representing 43 days of supply.

Latin America Segment: Revenue of \$538 million, up 27.0% year-over-year. Operating margin was 19.1%. Results reflect continued market share gains and favorable currency impacts.

Net income attributable to shareholders was \$369 million, or \$2.68 per diluted share, compared to net income of \$332 million, or \$2.73 per diluted share, in the prior year period.

Net income attributable to shareholders was \$205 million, or \$6.91 per diluted share, compared to net income of \$241 million, or \$7.95 per diluted share, in the prior year period.

Accounts receivable at period end was \$351 million, with days sales outstanding of 72 days, compared to 67 days in the prior year period. Inventory levels were \$373 million, representing 39 days of supply.

Total backlog at period end was \$8.9 billion, an increase of 22.6% compared to \$7.3 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.20x.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including stable interest rate environment and cloud adoption trends. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

Total backlog at period end was \$4.1 billion, an increase of 11.0% compared to \$3.7 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.04x.

Capital expenditures for the period were \$142 million, primarily related to equipment upgrades and data center investments. Depreciation and amortization expense was \$159 million.

North America Segment: Revenue of \$767 million, up 4.8% year-over-year. Operating margin was 44.3%. Results reflect continued market share gains and favorable currency impacts.

North America Segment: Revenue of \$571 million, down 6.3% year-over-year. Operating margin was 37.5%. The segment benefited from pricing improvements and operational efficiencies.

Net income attributable to shareholders was \$351 million, or \$5.48 per diluted share, compared to net income of \$333 million, or \$5.06 per diluted share, in the prior year period.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including stable interest rate environment and cloud adoption trends. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including moderate GDP growth and cloud adoption trends. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

Metric	Current Period	Prior Period	Change
Revenue	\$1,623M	\$1,697M	-4.4%
Gross Profit	\$1,287M	\$1,128M	+14.1%
Operating Income	\$395M	\$362M	+9.4%
Net Income	\$409M	\$459M	-10.9%
EPS	\$1,820M	\$1,903M	-4.3%

Middle East & Africa Segment: Revenue of \$580 million, down 1.1% year-over-year. Operating margin was 29.3%. Results reflect continued market share gains and favorable currency impacts.

Gross margin for the period was 41.0%, compared to 41.2% in the same period last year. The decline in gross margin reflects cost efficiencies in our Enterprise Software business, partially offset by increased costs in our Enterprise Software segment.

Gross margin for the period was 43.6%, compared to 46.6% in the same period last year. The decline in gross margin reflects improved pricing in our Enterprise Software business, partially offset by increased costs in our Cloud Services segment.

Gross margin for the period was 38.8%, compared to 40.6% in the same period last year. The decline in gross margin reflects improved pricing in our Cloud Services business, partially offset by unfavorable mix in our Cloud Services segment.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including stable interest rate environment and continued enterprise IT spending. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

North America Segment: Revenue of \$588 million, down 8.5% year-over-year. Operating margin was 29.3%. Results reflect continued market share gains and favorable currency impacts.

Total backlog at period end was \$10.5 billion, an increase of 10.1% compared to \$9.6 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.16x.

Asia Pacific Segment: Revenue of \$553 million, down 3.1% year-over-year. Operating margin was 15.6%. Growth was supported by expansion into new verticals and increased customer adoption.

North America Segment: Revenue of \$714 million, down 8.9% year-over-year. Operating margin was 33.5%. Growth was supported by expansion into new verticals and increased customer adoption.

Total backlog at period end was \$9.2 billion, an increase of 8.8% compared to \$8.4 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.25x.

Total backlog at period end was \$9.7 billion, an increase of 7.8% compared to \$9.0 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.27x.

North America Segment: Revenue of \$350 million, up 2.7% year-over-year. Operating margin was 26.8%. The segment benefited from pricing improvements and operational efficiencies.

Middle East & Africa Segment: Revenue of \$428 million, up 28.4% year-over-year. Operating margin was 44.9%. The segment benefited from pricing improvements and operational efficiencies.

Middle East & Africa Segment: Revenue of \$632 million, up 28.0% year-over-year. Operating margin was 19.3%. Performance was driven by strong enterprise demand and successful product launches.

Operating expenses totaled \$803 million, increasing by 3.8% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets.

The Company anticipates operating margin for the full year to be in the range of 24.8% to 26.0%, reflecting planned investments in technology infrastructure while maintaining disciplined cost management across the organization.

During the period, the Company repurchased 1,184,206 shares of common stock for \$240 million at an average price of \$202.25 per share. As of period end, \$271 million remained available under the current share repurchase authorization.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including favorable currency conditions and continued enterprise IT spending. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

Free cash flow for the fiscal year is expected to be in the range of \$1,099 million to \$1,209 million, representing conversion of approximately 92% of net income. Capital expenditures are planned at \$275 million to \$317 million.

Accounts receivable at period end was \$375 million, with days sales outstanding of 68 days, compared to 73 days in the prior year period. Inventory levels were \$236 million, representing 37 days of supply.

Metric	Current Period	Prior Period	Change
Revenue	\$1,221M	\$1,293M	-5.6%
Gross Profit	\$190M	\$175M	+8.6%
Operating Income	\$1,501M	\$1,644M	-8.7%
Net Income	\$607M	\$553M	+9.8%
EPS	\$1,017M	\$1,085M	-6.3%

During the period, the Company repurchased 2,173,944 shares of common stock for \$210 million at an average price of \$96.40 per share. As of period end, \$565 million remained available under the current share repurchase authorization.

Total backlog at period end was \$8.1 billion, an increase of 14.7% compared to \$7.0 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.19x.

Latin America Segment: Revenue of \$358 million, up 3.2% year-over-year. Operating margin was 19.5%. Results reflect continued market share gains and favorable currency impacts.

Operating expenses totaled \$1,088 million, decreasing by 6.6% year-over-year. The decrease was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets.

The effective tax rate for the period was 22.7%, compared to 24.2% in the prior year period. The decrease in the effective tax rate was primarily due to discrete tax benefits and state tax adjustments.

Revenue for the fiscal period reached \$1,133 million, representing a 12.8% increase compared to the prior year period. This performance was primarily driven by strong demand in our Asia Pacific segment, which contributed \$344 million to total revenue.

During the period, the Company repurchased 2,168,565 shares of common stock for \$199 million at an average price of \$91.88 per share. As of period end, \$737 million remained available under the current share repurchase authorization.

For the upcoming fiscal year, management expects revenue in the range of \$5,263 million to \$5,526 million, representing year-over-year growth of 10% to 14% at the midpoint. This guidance assumes continued strength in Managed Services and Latin America.

Revenue for the fiscal period reached \$2,423 million, representing a 2.9% decrease compared to the prior year period. This performance was primarily driven by strong demand in our Latin America segment, which contributed \$659 million to total revenue.

For the upcoming fiscal year, management expects revenue in the range of \$7,636 million to \$8,017 million, representing year-over-year growth of 8% to 11% at the midpoint. This guidance assumes continued strength in Enterprise Software and Asia Pacific.

Total backlog at period end was \$3.2 billion, an increase of 18.7% compared to \$2.7 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.09x.

Accounts receivable at period end was \$285 million, with days sales outstanding of 69 days, compared to 65 days in the prior year period. Inventory levels were \$116 million, representing 55 days of supply.

Accounts receivable at period end was \$352 million, with days sales outstanding of 67 days, compared to 69 days in the prior year period. Inventory levels were \$161 million, representing 58 days of supply.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including stable interest rate environment and digital transformation initiatives. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

Net income attributable to shareholders was \$271 million, or \$6.53 per diluted share, compared to net income of \$253 million, or \$7.23 per diluted share, in the prior year period.

Revenue for the fiscal period reached \$2,491 million, representing a 3.7% decrease compared to the prior year period. This performance was primarily driven by strong demand in our Europe segment, which contributed \$818 million to total revenue.

Revenue for the fiscal period reached \$1,337 million, representing a 6.0% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$358 million to total revenue.

Metric	Current Period	Prior Period	Change
Revenue	\$633M	\$661M	-4.2%
Gross Profit	\$557M	\$475M	+17.1%
Operating Income	\$1,058M	\$1,020M	+3.7%
Net Income	\$1,817M	\$1,608M	+13.0%
EPS	\$1,831M	\$1,643M	+11.4%

Asia Pacific Segment: Revenue of \$537 million, up 27.0% year-over-year. Operating margin was 37.7%. Performance was driven by strong enterprise demand and successful product launches.

The effective tax rate for the period was 21.4%, compared to 22.0% in the prior year period. The decrease in the effective tax rate was primarily due to changes in geographic mix of earnings and valuation allowance changes.

Capital expenditures for the period were \$180 million, primarily related to facility expansion and data center investments. Depreciation and amortization expense was \$183 million.

Net income attributable to shareholders was \$444 million, or \$5.01 per diluted share, compared to net income of \$467 million, or \$4.72 per diluted share, in the prior year period.

Net income attributable to shareholders was \$467 million, or \$7.56 per diluted share, compared to net income of \$545 million, or \$9.07 per diluted share, in the prior year period.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including stable interest rate environment and continued enterprise IT spending. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

The Company anticipates operating margin for the full year to be in the range of 18.2% to 19.8%, reflecting planned investments in product development while maintaining disciplined cost management across the organization.

Capital expenditures for the period were \$188 million, primarily related to facility expansion and real estate improvements. Depreciation and amortization expense was \$218 million.

Cash flow from operations was \$816 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$690 million, representing a free cash flow margin of 12.4%.

Middle East & Africa Segment: Revenue of \$322 million, up 7.6% year-over-year. Operating margin was 29.6%. Results reflect continued market share gains and favorable currency impacts.

Middle East & Africa Segment: Revenue of \$329 million, up 16.9% year-over-year. Operating margin was 38.0%. Growth was supported by expansion into new verticals and increased customer adoption.

Net income attributable to shareholders was \$365 million, or \$7.41 per diluted share, compared to net income of \$350 million, or \$7.26 per diluted share, in the prior year period.

Free cash flow for the fiscal year is expected to be in the range of \$879 million to \$966 million, representing conversion of approximately 87% of net income. Capital expenditures are planned at \$346 million to \$398 million.

Europe Segment: Revenue of \$663 million, down 3.3% year-over-year. Operating margin was 34.5%. Results reflect continued market share gains and favorable currency impacts.

During the period, the Company repurchased 1,982,285 shares of common stock for \$155 million at an average price of \$78.12 per share. As of period end, \$252 million remained available under the current share repurchase authorization.

Europe Segment: Revenue of \$510 million, up 17.6% year-over-year. Operating margin was 41.8%. The segment benefited from pricing improvements and operational efficiencies.

Revenue for the fiscal period reached \$931 million, representing a 18.0% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$263 million to total revenue.

For the upcoming fiscal year, management expects revenue in the range of \$4,407 million to \$4,627 million, representing year-over-year growth of 6% to 10% at the midpoint. This guidance assumes continued strength in Hardware Solutions and North America.

For the upcoming fiscal year, management expects revenue in the range of \$3,740 million to \$3,928 million, representing year-over-year growth of 10% to 13% at the midpoint. This guidance assumes continued strength in Professional Services and Europe.

Gross margin for the period was 51.9%, compared to 53.8% in the same period last year. The decline in gross margin reflects cost efficiencies in our Enterprise Software business, partially offset by unfavorable mix in our Enterprise Software segment.

Revenue for the fiscal period reached \$1,352 million, representing a 18.6% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$442 million to total revenue.

Metric	Current Period	Prior Period	Change
Revenue	\$130M	\$119M	+8.9%
Gross Profit	\$1,298M	\$1,155M	+12.4%
Operating Income	\$497M	\$516M	-3.6%
Net Income	\$1,850M	\$2,094M	-11.7%
EPS	\$1,045M	\$1,018M	+2.6%

Operating expenses totaled \$912 million, decreasing by 3.6% year-over-year. The decrease was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets.

Net income attributable to shareholders was \$445 million, or \$6.58 per diluted share, compared to net income of \$438 million, or \$7.53 per diluted share, in the prior year period.

North America Segment: Revenue of \$592 million, up 13.5% year-over-year. Operating margin was 35.2%. The segment benefited from pricing improvements and operational efficiencies.

Middle East & Africa Segment: Revenue of \$231 million, down 3.9% year-over-year. Operating margin was 19.6%. Performance was driven by strong enterprise demand and successful product launches.

During the period, the Company repurchased 1,146,204 shares of common stock for \$68 million at an average price of \$59.54 per share. As of period end, \$442 million remained available under the current share repurchase authorization.

Total backlog at period end was \$6.9 billion, an increase of 19.3% compared to \$5.8 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.22x.

For the upcoming fiscal year, management expects revenue in the range of \$7,920 million to \$8,316 million, representing year-over-year growth of 9% to 13% at the midpoint. This guidance assumes continued strength in Professional Services and Middle East & Africa.

Management's outlook incorporates assumptions regarding macroeconomic conditions, including favorable currency conditions and cloud adoption trends. The guidance also reflects expected contributions from recent acquisitions and organic growth initiatives.

The Company anticipates operating margin for the full year to be in the range of 20.1% to 22.2%, reflecting planned investments in technology infrastructure while maintaining disciplined cost management across the organization.

Revenue for the fiscal period reached \$1,947 million, representing a 7.7% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$646 million to total revenue.

Cash flow from operations was \$353 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$268 million, representing a free cash flow margin of 24.9%.

Operating expenses totaled \$503 million, increasing by 9.5% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets.

For the upcoming fiscal year, management expects revenue in the range of \$3,152 million to \$3,310 million, representing year-over-year growth of 11% to 14% at the midpoint. This guidance assumes continued strength in Professional Services and Latin America.

The effective tax rate for the period was 27.9%, compared to 30.7% in the prior year period. The decrease in the effective tax rate was primarily due to R&D; tax credits and state tax adjustments.

Capital expenditures for the period were \$127 million, primarily related to facility expansion and manufacturing capacity. Depreciation and amortization expense was \$121 million.

Capital expenditures for the period were \$284 million, primarily related to facility expansion and real estate improvements. Depreciation and amortization expense was \$272 million.

North America Segment: Revenue of \$491 million, down 5.5% year-over-year. Operating margin was 31.3%. Growth was supported by expansion into new verticals and increased customer adoption.

Latin America Segment: Revenue of \$343 million, up 2.3% year-over-year. Operating margin was 35.6%. Growth was supported by expansion into new verticals and increased customer adoption.

Metric	Current Period	Prior Period	Change
Revenue	\$1,375M	\$1,473M	-6.7%
Gross Profit	\$1,194M	\$1,166M	+2.3%
Operating Income	\$1,151M	\$1,227M	-6.2%
Net Income	\$863M	\$794M	+8.7%
EPS	\$1,706M	\$1,639M	+4.1%

The Company anticipates operating margin for the full year to be in the range of 19.2% to 22.1%, reflecting planned investments in technology infrastructure while maintaining disciplined cost management across the organization.

Asia Pacific Segment: Revenue of \$775 million, up 26.9% year-over-year. Operating margin was 33.5%. Performance was driven by strong enterprise demand and successful product launches.

The effective tax rate for the period was 25.6%, compared to 27.3% in the prior year period. The decrease in the effective tax rate was primarily due to changes in geographic mix of earnings and audit settlements.

Net income attributable to shareholders was \$547 million, or \$2.72 per diluted share, compared to net income of \$469 million, or \$2.92 per diluted share, in the prior year period.

Europe Segment: Revenue of \$447 million, up 9.1% year-over-year. Operating margin was 25.8%. Results reflect continued market share gains and favorable currency impacts.

Net income attributable to shareholders was \$350 million, or \$5.28 per diluted share, compared to net income of \$320 million, or \$4.56 per diluted share, in the prior year period.

Operating expenses totaled \$1,189 million, increasing by 10.6% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets.

Revenue for the fiscal period reached \$1,163 million, representing a 0.3% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$446 million to total revenue.

Total backlog at period end was \$3.3 billion, an increase of 6.2% compared to \$3.1 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.19x.

Cash flow from operations was \$701 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$583 million, representing a free cash flow margin of 27.8%.

Gross margin for the period was 36.8%, compared to 38.8% in the same period last year. The decline in gross margin reflects improved pricing in our Professional Services business, partially offset by pricing pressure in our Hardware Solutions segment.

The effective tax rate for the period was 24.3%, compared to 25.2% in the prior year period. The decrease in the effective tax rate was primarily due to R&D; tax credits and valuation allowance changes.

The Company anticipates operating margin for the full year to be in the range of 22.4% to 24.4%, reflecting planned investments in sales capacity while maintaining disciplined cost management across the organization.

Capital expenditures for the period were \$158 million, primarily related to technology infrastructure and real estate improvements. Depreciation and amortization expense was \$159 million.

Gross margin for the period was 39.3%, compared to 41.2% in the same period last year. The decline in gross margin reflects favorable mix shift in our Hardware Solutions business, partially offset by increased costs in our Managed Services segment.

This report contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results may differ materially from those projected. The Company undertakes no obligation to update forward-looking statements. Past performance is not indicative of future results. This document is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities. Investors should carefully consider the risks described in the Company's filings with the Securities and Exchange Commission.