

**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, 2020**

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: **0-25092**



INSIGHT ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

86-0766246

(I.R.S. Employer
Identification Number)

**6820 South Harl Avenue, Tempe, Arizona 85283
(Address of principal executive offices) (Zip Code)**

**(480) 333-3000
(Registrant's telephone number, including area code)**

Not Applicable

(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
Common stock, par value \$0.01

Trading Symbol
NSIT

Name of each exchange on which registered
The 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 ☒
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

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 ☒

The number of shares outstanding of the issuer's common stock as of October 30, 2020 was 35,097,785.

INSIGHT ENTERPRISES, INC.
QUARTERLY REPORT ON FORM 10-Q
Three Months Ended September 30, 2020

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INSIGHT ENTERPRISES, INC.

FORWARD-LOOKING INFORMATION

References to “the Company,” “Insight,” “we,” “us,” “our” and other similar words refer to Insight Enterprises, Inc. and its consolidated subsidiaries, unless the context suggests otherwise. Certain statements in this Quarterly Report on Form 10-Q, including statements in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2 of this report, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include: projections of, and matters that affect, net sales, gross profit, gross margin, operating expenses, earnings from operations, non-operating income and expenses, net earnings or cash flows, cash needs and the payment of accrued expenses and liabilities; our future responses to and the potential impact of coronavirus strain COVID-19 (“COVID-19”) on our Company; the expected effects of seasonality on our business; expectations of further consolidation and trends in the Information Technology (“IT”) industry; our business strategy and our strategic initiatives, including our efforts to grow our core business in the current environment, develop and grow our global cloud business and build scalable solutions; expectations regarding partner incentives; our expectations about future benefits of our acquisitions and our plans related thereto, including potential expansion into wider regions; our expectations regarding the PCM integration, including expected synergies; the increasing demand for big data solutions; the availability of competitive sources of products for our purchase and resale; our intentions concerning the payment of dividends; our acquisition strategy; our ability to offset the effects of inflation and manage any increase in interest rates; projections of capital expenditures; our plans to continue to evolve our IT systems, including migration of EMEA’s current system; the sufficiency of our capital resources, the availability of financing and our needs or plans relating thereto; the effects of new accounting principles and expected dates of adoption; the effect of indemnification obligations; projections about the outcome of ongoing tax audits; our expectations regarding future tax rates; adequate provisions for and our positions and strategies with respect to ongoing and threatened litigation and expected outcomes; our ability to expand our client relationships; our expectations that pricing pressures in the IT industry will continue; our plans to use cash flow from operations for working capital, to pay down debt, repurchase shares of our common stock, make capital expenditures, and fund acquisitions; our belief that our office facilities are adequate and that we will be able to extend our current leases or locate substitute facilities on satisfactory terms; our belief that we have adequate provisions for losses; our expectation that we will not incur interest payments under our inventory financing facilities; our expectations that future income will be sufficient to fully recover deferred tax assets; our exposure to off-balance sheet arrangements; statements of belief; and statements of assumptions underlying any of the foregoing. Forward-looking statements are identified by such words as “believe,” “anticipate,” “expect,” “estimate,” “intend,” “plan,” “project,” “will,” “may” and variations of such words and similar expressions and are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements. There can be no assurances that results described in forward-looking statements will be achieved, and actual results could differ materially from those suggested by the forward-looking statements. Some of the important factors that could cause our actual results to differ materially from those projected in any forward-looking statements include, but are not limited to, the following, which are discussed in “Risk Factors” in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 and in “Risk Factors” in Part II, Item 1A of this report:

- the duration and severity of the COVID-19 pandemic and its effects on our business, results of operations and financial condition, as well as the widespread outbreak of any other illnesses or communicable diseases;
 - actions of our competitors, including manufacturers and publishers of products we sell;
 - our reliance on our partners for product availability, competitive products to sell and marketing funds and purchasing incentives, which can change significantly in the amounts made available and in the requirements year over year;
 - changes in the IT industry and/or rapid changes in technology;
-

INSIGHT ENTERPRISES, INC.

- supply constraints for devices;
- risks associated with the integration and operation of acquired businesses, including PCM and the achievement of expected synergies and benefits;
- possible significant fluctuations in our future operating results as well as seasonality and variability in customer demands;
- the risks associated with our international operations;
- general economic conditions, economic uncertainties, the timing of the economic recovery and changes in geopolitical conditions;
- increased debt and interest expense and decreased availability of funds under our financing facilities;
- cyberattacks or breaches of data privacy and security regulations;
- disruptions in our IT systems and voice and data networks;
- failure to comply with the terms and conditions of our commercial and public sector contracts;
- legal proceedings, including PCM related litigation, client audits and failure to comply with laws and regulations;
- accounts receivable risks, including increased credit loss experience or extended payment terms with our clients;
- our reliance on independent shipping companies;
- our dependence on certain key personnel;
- natural disasters or other adverse occurrences;
- exposure to changes in, interpretations of, or enforcement trends related to tax rules and regulations;
- intellectual property infringement claims and challenges to our registered trademarks and trade names;
- the conditional conversion feature of the convertible notes, which if triggered, may adversely affect the Company's financial condition and operating results;
- the accounting method for convertible debt securities that may be settled in cash, such as the convertible notes, could have a material effect on the Company's reported financial results;
- future sales of the Company's common stock or equity-linked securities in the public market could lower the market price for our common stock;
- the Company is subject to counterparty risk with respect to the convertible note hedge transactions; and
- risks associated with the discontinuation of LIBOR as a benchmark rate.

Additionally, there may be other risks that are otherwise described from time to time in the reports that we file with the Securities and Exchange Commission (the "SEC"). Any forward-looking statements in this report are made as of the date of this filing and should be considered in light of various important factors, including the risks and uncertainties listed above, as well as others. We assume no obligation to update, and, except as may be required by law, do not intend to update, any forward-looking statements. We do not endorse any projections regarding future performance that may be made by third parties.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

INSIGHT ENTERPRISES, INC. CONSOLIDATED BALANCE SHEETS (in thousands, except per share data) (unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 75,237	\$ 114,668
Accounts receivable, net of allowance for doubtful accounts of \$15,406 and \$10,762, respectively	2,267,718	2,511,383
Inventories	158,400	190,833
Other current assets	225,052	231,148
Total current assets	2,726,407	3,048,032
Property and equipment, net of accumulated depreciation and amortization of \$250,205 and \$236,330, respectively	127,580	130,907
Goodwill	425,800	415,149
Intangible assets, net of accumulated amortization of \$103,102 and \$73,492, respectively	253,078	278,584
Other assets	294,445	305,507
	<u>\$ 3,827,310</u>	<u>\$ 4,178,179</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable—trade	\$ 1,275,187	\$ 1,275,957
Accounts payable—inventory financing facilities	367,997	253,676
Accrued expenses and other current liabilities	319,397	352,204
Current portion of long-term debt	1,422	1,691
Total current liabilities	1,964,003	1,883,528
Long-term debt	294,722	857,673
Deferred income taxes	40,572	44,633
Other liabilities	265,122	232,027
	<u>2,564,419</u>	<u>3,017,861</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 3,000 shares authorized; no shares issued	—	—
Common stock, \$0.01 par value, 100,000 shares authorized; 35,090 shares at September 30, 2020 and 35,263 shares at December 31, 2019 issued and outstanding	351	353
Additional paid-in capital	358,567	357,032
Retained earnings	939,857	841,097
Accumulated other comprehensive loss – foreign currency translation adjustments	(35,884)	(38,164)
Total stockholders' equity	<u>1,262,891</u>	<u>1,160,318</u>
	<u>\$ 3,827,310</u>	<u>\$ 4,178,179</u>

See accompanying notes to consolidated financial statements.

INSIGHT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net sales:				
Products	\$ 1,661,568	\$ 1,668,880	\$ 5,182,817	\$ 4,729,887
Services	274,910	243,667	866,447	704,147
Total net sales	1,936,478	1,912,547	6,049,264	5,434,034
Costs of goods sold:				
Products	1,500,312	1,519,240	4,688,497	4,315,464
Services	128,603	117,112	403,479	318,454
Total costs of goods sold	1,628,915	1,636,352	5,091,976	4,633,918
Gross profit	307,563	276,195	957,288	800,116
Operating expenses:				
Selling and administrative expenses	245,155	223,215	756,598	613,767
Severance and restructuring expenses	808	2,662	9,962	3,712
Acquisition and integration related expenses	118	5,896	2,195	9,059
Earnings from operations	61,482	44,422	188,533	173,578
Non-operating (income) expense:				
Interest expense, net	9,115	7,694	31,160	16,581
Other (income) expense, net	1,301	(538)	836	858
Earnings before income taxes	51,066	37,266	156,537	156,139
Income tax expense	12,160	10,134	37,285	39,682
Net earnings	\$ 38,906	\$ 27,132	\$ 119,252	\$ 116,457
Net earnings per share:				
Basic	\$ 1.11	\$ 0.76	\$ 3.40	\$ 3.27
Diluted	\$ 1.10	\$ 0.76	\$ 3.37	\$ 3.23
Shares used in per share calculations:				
Basic	35,077	35,512	35,123	35,631
Diluted	35,348	35,868	35,418	36,027

See accompanying notes to consolidated financial statements.

INSIGHT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net earnings	\$ 38,906	\$ 27,132	\$ 119,252	\$ 116,457
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	12,492	(8,903)	2,280	(7,278)
Total comprehensive income	<u>\$ 51,398</u>	<u>\$ 18,229</u>	<u>\$ 121,532</u>	<u>\$ 109,179</u>

See accompanying notes to consolidated financial statements.

INSIGHT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock		Treasury Stock		Additional	Accumulated	Retained	Total
	Shares	Par Value	Shares	Amount	Paid-in Capital	Other Comprehensive Loss	Earnings	Stockholders' Equity
Balances at June 30, 2019	35,781	\$ 358	—	\$ —	\$ 325,263	\$ (40,028)	\$ 793,990	\$ 1,079,583
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	11	—	—	—	(266)	—	—	(266)
Stock-based compensation expense	—	—	—	—	4,098	—	—	4,098
Equity component of convertible senior notes, net of deferred tax of \$14,819 and issuance costs of \$1,700	—	—	—	—	44,731	—	—	44,731
Issuance of warrants related to convertible senior notes	—	—	—	—	34,440	—	—	34,440
Purchase of note hedge related to convertible senior notes, net of deferred tax of \$16,047	—	—	—	—	(50,278)	—	—	(50,278)
Repurchase of treasury stock	—	—	(541)	(27,899)	—	—	—	(27,899)
Retirement of treasury stock	(541)	(5)	541	27,899	(4,919)	—	(22,975)	—
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(8,903)	—	(8,903)
Net earnings	—	—	—	—	—	—	27,132	27,132
Balances at September 30, 2019	35,251	\$ 353	—	\$ —	\$ 353,069	\$ (48,931)	\$ 798,147	\$ 1,102,638
Balances at June 30, 2020	35,070	\$ 351	—	\$ —	\$ 354,431	\$ (48,376)	\$ 900,950	\$ 1,207,356
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	20	—	—	—	(377)	—	1	(376)
Stock-based compensation expense	—	—	—	—	4,513	—	—	4,513
Foreign currency translation adjustments, net of tax	—	—	—	—	—	12,492	—	12,492
Net earnings	—	—	—	—	—	—	38,906	38,906
Balances at September 30, 2020	35,090	\$ 351	—	\$ —	\$ 358,567	\$ (35,884)	\$ 939,857	\$ 1,262,891

	Common Stock		Treasury Stock		Additional	Accumulated	Retained	Total
	Shares	Par Value	Shares	Amount	Paid-in Capital	Other Comprehensive Loss	Earnings	Stockholders' Equity
Balances at December 31, 2018	35,482	\$ 355	—	\$ —	\$ 323,622	\$ (41,653)	\$ 704,665	\$ 986,989
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	310	3	—	—	(6,422)	—	—	(6,419)
Stock-based compensation expense	—	—	—	—	11,895	—	—	11,895
Equity component of convertible senior notes, net of deferred tax of \$14,819 and issuance costs of \$1,700	—	—	—	—	44,731	—	—	44,731
Issuance of warrants related to convertible senior notes	—	—	—	—	34,440	—	—	34,440
Purchase of note hedge related to convertible senior notes, net of deferred tax of \$16,047	—	—	—	—	(50,278)	—	—	(50,278)
Repurchase of treasury stock	—	—	(541)	(27,899)	—	—	—	(27,899)
Retirement of treasury stock	(541)	(5)	541	27,899	(4,919)	—	(22,975)	—
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(7,278)	—	(7,278)
Net earnings	—	—	—	—	—	—	116,457	116,457
Balances at September 30, 2019	<u>35,251</u>	<u>\$ 353</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 353,069</u>	<u>\$ (48,931)</u>	<u>\$ 798,147</u>	<u>\$ 1,102,638</u>
Balances at December 31, 2019	35,263	\$ 353	—	\$ —	\$ 357,032	\$ (38,164)	\$ 841,097	\$ 1,160,318
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	272	2	—	—	(5,715)	—	—	(5,713)
Stock-based compensation expense	—	—	—	—	11,754	—	—	11,754
Repurchase of treasury stock	—	—	(445)	(25,000)	—	—	—	(25,000)
Retirement of treasury stock	(445)	(4)	445	25,000	(4,504)	—	(20,492)	—
Foreign currency translation adjustments, net of tax	—	—	—	—	—	2,280	—	2,280
Net earnings	—	—	—	—	—	—	119,252	119,252
Balances at September 30, 2020	<u>35,090</u>	<u>\$ 351</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 358,567</u>	<u>\$ (35,884)</u>	<u>\$ 939,857</u>	<u>\$ 1,262,891</u>

See accompanying notes to consolidated financial statements.

INSIGHT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities:		
Net earnings	\$ 119,252	\$ 116,457
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	51,375	29,096
Provision for losses on accounts receivable	8,093	2,695
Non-cash stock-based compensation	11,754	11,895
Deferred income taxes	(2,883)	2,501
Amortization of debt discount	12,091	2,322
Other adjustments	4,087	3,633
Changes in assets and liabilities:		
Decrease in accounts receivable	247,659	68,057
Decrease (increase) in inventories	28,002	(17,946)
Decrease (increase) in other assets	19,643	(99,681)
Decrease in accounts payable	(4,842)	(39,191)
(Decrease) increase in accrued expenses and other liabilities	(32,137)	88,757
Net cash provided by operating activities	462,094	168,595
Cash flows from investing activities:		
Proceeds from sale of assets held for sale	14,218	—
Purchases of property and equipment	(20,688)	(16,922)
Acquisitions, net of cash and cash equivalents acquired	(6,405)	(664,287)
Net cash used in investing activities	(12,875)	(681,209)
Cash flows from financing activities:		
Borrowings on senior revolving credit facility	—	242,936
Repayments on senior revolving credit facility	—	(242,936)
Borrowings on ABL revolving credit facility, net of initial lender fees	2,111,674	986,754
Repayments on ABL revolving credit facility	(2,682,562)	(454,544)
Borrowings on accounts receivable securitization financing facility	—	2,364,500
Repayments on accounts receivable securitization financing facility	—	(2,558,500)
Net borrowings (repayments) under inventory financing facilities	114,321	(96,472)
Proceeds from issuance of convertible senior notes	—	341,250
Proceeds from issuance of warrants	—	34,440
Purchase of note hedge related to convertible senior notes	—	(66,325)
Repurchases of common stock	(25,000)	(27,899)
Other payments	(7,520)	(8,762)
Net cash (used in) provided by financing activities	(489,087)	514,442
Foreign currency exchange effect on cash, cash equivalents and restricted cash balances	718	(3,960)
Decrease in cash, cash equivalents and restricted cash	(39,150)	(2,132)
Cash, cash equivalents and restricted cash at beginning of period	116,297	144,293
Cash, cash equivalents and restricted cash at end of period	\$ 77,147	\$ 142,161

See accompanying notes to consolidated financial statements.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Recently Issued Accounting Standards

We empower organizations of all sizes with Intelligent Technology Solutions™ and services to maximize the business value of Information Technology ("IT") in North America; Europe, the Middle East and Africa ("EMEA"); and Asia-Pacific ("APAC"). As a Fortune 500-ranked global provider of digital innovation, cloud/data center transformation, connected workforce, and supply chain optimization solutions, we help clients innovate and optimize their operations to run smarter. Our company is organized in the following three operating segments, which are primarily defined by their related geographies:

<u>Operating Segment</u>	<u>Geography</u>
North America	United States and Canada
EMEA	Europe, Middle East and Africa
APAC	Asia-Pacific

Our offerings in North America and certain countries in EMEA and APAC include hardware, software and services. Our offerings in the remainder of our EMEA and APAC segments consist of largely software and certain software-related services.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly our financial position as of September 30, 2020 and our results of operations for the three and nine months ended September 30, 2020 and 2019 and cash flows for the nine months ended September 30, 2020 and 2019. The consolidated balance sheet as of December 31, 2019 was derived from the audited consolidated balance sheet at such date. The accompanying unaudited consolidated financial statements and notes have been prepared in accordance with the rules and regulations promulgated by the SEC and consequently do not include all of the disclosures normally required by United States generally accepted accounting principles ("GAAP").

The results of operations for interim periods are not necessarily indicative of results for the full year, due in part to the seasonal nature of our business. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including the related notes thereto, in our Annual Report on Form 10-K for the year ended December 31, 2019. Our results of operations include the results of PCM, Inc. ("PCM") from its acquisition date of August 30, 2019 and vNext from its acquisition date of February 28, 2020.

The consolidated financial statements include the accounts of Insight Enterprises, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Additionally, these estimates and assumptions affect the reported amounts of net sales and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, we evaluate our estimates, including those related to sales recognition, anticipated achievement levels under partner funding programs, assumptions related to stock-based compensation valuation, allowances for doubtful accounts, valuation of inventories, litigation-related obligations, valuation allowances for deferred tax assets and impairment of long-lived assets, including purchased intangibles and goodwill, if indicators of potential impairment exist.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Recently Issued Accounting Standards

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2019-12, "Simplifying the Accounting for Income Taxes." The new standard is intended to simplify various aspects of accounting for income taxes by removing specific exceptions and amending certain requirements. The new standard is effective for interim and annual periods beginning after December 15, 2020, and early adoption is permitted. We do not expect this new standard to have a material effect on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses." The new standard is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held at each reporting date. In April 2019, the FASB issued ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments." The new standard update provides changes for how a company considers expected recoveries and contractual extensions or renewal options when estimating expected credit losses. In November 2019, the FASB issued ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses." The new standard update provides amendments to the reporting of expected recoveries. We adopted these new standards as of January 1, 2020. The adoption of these new standards did not have a material effect on our consolidated financial statements.

There have been no other material changes in or additions to the recently issued accounting standards as previously reported in Note 1 to our Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2019 that affect or may affect our current financial statements.

2. Sales Recognition

In the following table, revenue is disaggregated by our reportable operating segments, which are primarily defined by their related geographies, as well as by major product offering, by major client group and by recognition on either a gross basis as a principal in the arrangement, or on a net basis as an agent, for the three and nine months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020			
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 1,028,045	\$ 138,685	\$ 6,421	\$ 1,173,151
Software	306,925	165,301	16,191	488,417
Services	223,198	37,294	14,418	274,910
	<u>\$ 1,558,168</u>	<u>\$ 341,280</u>	<u>\$ 37,030</u>	<u>\$ 1,936,478</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 1,043,303	\$ 242,925	\$ 15,416	\$ 1,301,644
Small and Medium-Sized Businesses	312,080	13,647	16,197	341,924
Public Sector	202,785	84,708	5,417	292,910
	<u>\$ 1,558,168</u>	<u>\$ 341,280</u>	<u>\$ 37,030</u>	<u>\$ 1,936,478</u>
Revenue Recognition based on acting as				
Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 1,477,716	\$ 320,445	\$ 31,256	\$ 1,829,417
Net revenue recognition (Agent)	80,452	20,835	5,774	107,061
	<u>\$ 1,558,168</u>	<u>\$ 341,280</u>	<u>\$ 37,030</u>	<u>\$ 1,936,478</u>

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Three Months Ended September 30, 2019				
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 1,020,083	\$ 137,416	\$ 9,243	\$ 1,166,742
Software	295,730	186,839	19,569	502,138
Services	199,349	31,453	12,865	243,667
	<u>\$ 1,515,162</u>	<u>\$ 355,708</u>	<u>\$ 41,677</u>	<u>\$ 1,912,547</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 1,110,817	\$ 277,536	\$ 17,811	\$ 1,406,164
Small and Medium-Sized Businesses	239,260	18,998	17,688	275,946
Public Sector	165,085	59,174	6,178	230,437
	<u>\$ 1,515,162</u>	<u>\$ 355,708</u>	<u>\$ 41,677</u>	<u>\$ 1,912,547</u>
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 1,448,385	\$ 336,600	\$ 35,979	\$ 1,820,964
Net revenue recognition (Agent)	66,777	19,108	5,698	91,583
	<u>\$ 1,515,162</u>	<u>\$ 355,708</u>	<u>\$ 41,677</u>	<u>\$ 1,912,547</u>
Nine Months Ended September 30, 2020				
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 3,180,501	\$ 466,909	\$ 21,001	\$ 3,668,411
Software	898,290	553,164	62,952	1,514,406
Services	692,905	132,110	41,432	866,447
	<u>\$ 4,771,696</u>	<u>\$ 1,152,183</u>	<u>\$ 125,385</u>	<u>\$ 6,049,264</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 3,227,613	\$ 808,360	\$ 44,543	\$ 4,080,516
Small and Medium-Sized Businesses	1,030,540	44,567	45,413	1,120,520
Public Sector	513,543	299,256	35,429	848,228
	<u>\$ 4,771,696</u>	<u>\$ 1,152,183</u>	<u>\$ 125,385</u>	<u>\$ 6,049,264</u>
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 4,530,152	\$ 1,071,910	\$ 108,073	\$ 5,710,135
Net revenue recognition (Agent)	241,544	80,273	17,312	339,129
	<u>\$ 4,771,696</u>	<u>\$ 1,152,183</u>	<u>\$ 125,385</u>	<u>\$ 6,049,264</u>
Nine Months Ended September 30, 2019				
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 2,704,212	\$ 451,892	\$ 25,740	\$ 3,181,844
Software	907,683	560,073	80,287	1,548,043
Services	551,215	113,092	39,840	704,147
	<u>\$ 4,163,110</u>	<u>\$ 1,125,057</u>	<u>\$ 145,867</u>	<u>\$ 5,434,034</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 3,159,269	\$ 819,156	\$ 47,903	\$ 4,026,328
Small and Medium-Sized Businesses	585,258	59,318	50,536	695,112
Public Sector	418,583	246,583	47,428	712,594
	<u>\$ 4,163,110</u>	<u>\$ 1,125,057</u>	<u>\$ 145,867</u>	<u>\$ 5,434,034</u>
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 3,969,411	\$ 1,051,101	\$ 127,129	\$ 5,147,641
Net revenue recognition (Agent)	193,699	73,956	18,738	286,393
	<u>\$ 4,163,110</u>	<u>\$ 1,125,057</u>	<u>\$ 145,867</u>	<u>\$ 5,434,034</u>

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The following table provides information about receivables and contract liabilities as of September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020	December 31, 2019
Current receivables, which are included in "Accounts receivable, net"	\$ 2,267,718	\$ 2,511,383
Non-current receivables, which are included in "Other assets"	137,431	154,417
Contract liabilities, which are included in "Accrued expenses and other current liabilities" and "Other liabilities"	80,734	84,814

Changes in the contract liabilities balances during the nine months ended September 30, 2020 are as follows (in thousands):

	Increase (Decrease) Contract Liabilities
Balances at December 31, 2019	\$ 84,814
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligations satisfied	(53,454)
Cash received in advance and not recognized as revenue	49,374
Balances at September 30, 2020	\$ 80,734

The following table includes estimated net sales related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2020 that are expected to be recognized in the future (in thousands):

	Services
Remainder of 2020	\$ 54,939
2021	64,346
2022	25,076
2023 and thereafter	16,763
Total remaining performance obligations	\$ 161,124

With the exception of remaining performance obligations associated with our OneCall Support Services contracts which are included in the table above regardless of original duration, remaining performance obligations that have original expected durations of one year or less are not included in the table above. Amounts not included in the table above have an average original expected duration of nine months. Additionally, for our time and material services contracts, whereby we have the right to consideration from a client in an amount that corresponds directly with the value to the client of our performance completed to date, we recognized revenue in the amount to which we have a right to invoice as of September 30, 2020 and do not disclose information about related remaining performance obligations in the table above. Our time and material contracts have an average expected duration of 20 months.

The majority of our backlog historically has been and continues to be open cancelable purchase orders. We do not believe that backlog as of any particular date is predictive of future results, therefore we do not include performance obligations under open cancelable purchase orders, which do not qualify for revenue recognition, in the table above.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

3. Assets Held for Sale

During 2019, we completed the purchase of real estate in Chandler, Arizona that we intend to use as our global corporate headquarters. During the fourth quarter of 2019, properties in Tempe, Arizona, El Segundo and Santa Monica, California and Woodbridge, Illinois were classified as held for sale, for approximately \$68,916,000, which is included in other current assets in the accompanying consolidated balance sheet as of September 30, 2020, as we look to sell current properties in preparation for our move to Chandler. During the first quarter of 2020, we completed the sale of our property in Irvine, California for approximately \$14,218,000.

4. Net Earnings Per Share ("EPS")

Basic EPS is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding restricted stock units ("RSUs"). A reconciliation of the denominators of the basic and diluted EPS calculations follows (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator:				
Net earnings	\$ 38,906	\$ 27,132	\$ 119,252	\$ 116,457
Denominator:				
Weighted average shares used to compute basic EPS	35,077	35,512	35,123	35,631
Dilutive potential common shares due to dilutive RSUs, net of tax effect	271	356	295	396
Weighted average shares used to compute diluted EPS	35,348	35,868	35,418	36,027
Net earnings per share:				
Basic	\$ 1.11	\$ 0.76	\$ 3.40	\$ 3.27
Diluted	\$ 1.10	\$ 0.76	\$ 3.37	\$ 3.23

For the three and nine months ended September 30, 2020, 3,000 and 163,000, respectively, of our RSUs were not included in the diluted EPS calculations because their inclusion would have been anti-dilutive. These share-based awards could be dilutive in the future. There were 3,000 and 56,000 anti-dilutive RSUs for the three and nine months ended September 30, 2019, respectively.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

5. Debt, Inventory Financing Facilities, Finance Leases and Other Financing Obligations

Debt

Our long-term debt consists of the following (in thousands):

	September 30, 2020	December 31, 2019
ABL revolving credit facility	\$ —	\$ 570,706
Convertible senior notes due 2025	293,469	284,836
Finance leases and other financing obligations	2,675	3,822
Total	296,144	859,364
Less: current portion of long-term debt	(1,422)	(1,691)
Long-term debt	<u>\$ 294,722</u>	<u>\$ 857,673</u>

On August 30, 2019, we entered into a credit agreement (the "credit agreement") providing for a senior secured revolving credit facility (the "ABL facility"), which has an aggregate U.S. dollar equivalent maximum borrowing amount of \$1,200,000,000, including a maximum borrowing capacity that could be used for borrowing in certain foreign currencies of \$150,000,000. While the ABL facility has a stated maximum amount, the actual availability under the ABL facility is limited by specified percentages of eligible accounts receivable and certain eligible inventory, in each case as set forth in the credit agreement. From time to time and at our option, we may request to increase the aggregate amount available for borrowing under the ABL facility by up to an aggregate of the U.S. dollar equivalent of \$500,000,000, subject to customary conditions, including receipt of commitments from lenders. On July 31, 2020, we entered into the First Amendment to Credit Agreement (the "Amendment") to the ABL facility. The Amendment, among other things, amends the credit agreement to provide additional flexibility for certain asset sale transactions by the Company and its subsidiaries. The ABL facility is guaranteed by certain of our material subsidiaries and is secured by a lien on certain of our assets and certain of each other borrower's and each guarantor's assets. The interest rates applicable to borrowings under the ABL facility are based on the average aggregate excess availability under the ABL facility as set forth on a pricing grid in the credit agreement. The ABL facility matures on August 30, 2024. As of September 30, 2020, eligible accounts receivable and inventory were sufficient to permit access to the full \$1,200,000,000 facility amount, none of which was outstanding.

The ABL facility contains customary affirmative and negative covenants and events of default. If a default occurs (subject to customary grace periods and materiality thresholds) under the credit agreement, certain actions may be taken, including, but not limited to, possible termination of commitments and required payment of all outstanding principal amounts plus accrued interest and fees payable under the credit agreement.

Convertible Senior Notes due 2025

On August 15, 2019, we issued \$300,000,000 aggregate principal amount of convertible senior notes (the "notes") that mature on February 15, 2025. On August 23, 2019, we issued an additional \$50,000,000 aggregate principal amount of the notes pursuant to the exercise in full by the initial purchasers of the notes of their option to purchase additional notes. The notes bear interest at an annual rate of 0.75% payable semiannually, in arrears, on February 15th and August 15th of each year. The notes are general unsecured obligations of Insight and are guaranteed on a senior unsecured basis by Insight Direct USA, Inc., a wholly owned subsidiary of Insight.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Holders of the notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding June 15, 2024, under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on December 31, 2019 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price of our common stock per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (3) if we call any or all of the notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. On or after June 15, 2024 until the close of business on the second scheduled trading day immediately preceding the maturity date, the holders may convert their notes at any time, regardless of the foregoing circumstances.

Upon conversion, we will pay or deliver cash, shares of our common stock or a combination of the two, at our discretion. The conversion rate will initially be 14.6376 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$68.32 per share of common stock). The conversion rate is subject to change in certain circumstances and will not be adjusted for any accrued and unpaid interest. In addition, following certain events that occur prior to the maturity date or following our issuance of a notice of redemption, the conversion rate is subject to an increase for a holder who elects to convert their notes in connection with those events or during the related redemption period in certain circumstances.

If we undergo a fundamental change, the holders may require us to repurchase for cash all or any portion of their notes at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. As of September 30, 2020, none of the criteria for a fundamental change or a conversion rate adjustment had been met.

The maximum number of shares issuable upon conversion, including the effect of a fundamental change and subject to other conversion rate adjustments, would be 6,788,208.

We may redeem for cash all or any portion of the notes, at our option, on or after August 20, 2022 if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the then outstanding principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the notes.

The notes are subject to certain customary events of default and acceleration clauses. As of September 30, 2020, no such events have occurred.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The notes consist of the following balances reported within the consolidated balance sheets (in thousands):

	September 30, 2020	December 31, 2019
Liability:		
Principal	\$ 350,000	\$ 350,000
Less: debt discount and issuance costs, net of accumulated accretion	(56,531)	(65,164)
Net carrying amount	<u>\$ 293,469</u>	<u>\$ 284,836</u>
Equity, net of deferred tax	<u>\$ 44,731</u>	<u>\$ 44,731</u>

The remaining life of the debt discount and issuance cost accretion is approximately 4.375 years. The effective interest rate on the liability component of the notes is 4.325%.

Interest expense resulting from the notes reported within the consolidated statement of operations for the three and nine months ended September 30, 2020 is made up of contractual coupon interest, amortization of debt discount and amortization of debt issuance costs.

Convertible Note Hedge and Warrant Transaction

In connection with the issuance of the notes, we entered into certain convertible note hedge and warrant transactions (the "Call Spread Transactions") with respect to the Company's common stock.

The convertible note hedge consists of an option to purchase up to 5,123,160 common stock shares at a price of \$68.32 per share. The hedge expires on February 15, 2025 and can only be concurrently executed upon the conversion of the notes. We paid approximately \$66,325,000 for the convertible note hedge transaction.

Additionally, we sold warrants to purchase 5,123,160 shares of common stock at a price of \$103.12 per share. The warrants expire on May 15, 2025 and can only be exercised at maturity. The Company received aggregate proceeds of approximately \$34,440,000 for the sale of the warrants.

The Call Spread Transactions have no effect on the terms of the notes and reduce potential dilution by effectively increasing the initial conversion price of the notes to \$103.12 per share of the Company's common stock.

Inventory Financing Facilities

During 2020, we increased our maximum availability for vendor purchases under our unsecured inventory financing facility with MUFG Bank Ltd ("MUFG") from \$200,000,000 to \$250,000,000. On July 6, 2020, we entered into a new unsecured inventory financing facility with a subsidiary of PNC Bank, N.A. ("PNC"), which replaced our previous facility with Wells Fargo Capital Finance, LLC. The aggregate availability for vendor purchases under the PNC facility is \$250,000,000. As of September 30, 2020, our combined inventory financing facilities had a total maximum capacity of \$500,000,000, of which \$367,997,000 was outstanding. The inventory financing facilities will remain in effect until they are terminated by any of the parties. If balances are not paid within stated vendor terms, they will accrue interest at prime plus 2.00% and LIBOR plus 4.50% on the MUFG and PNC facilities, respectively. The PNC facility allows for an alternative rate to be identified if LIBOR is no longer available. Amounts outstanding under these facilities are classified separately as accounts payable – inventory financing facilities in the accompanying

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

consolidated balance sheets and within cash flows from financing activities in the accompanying consolidated statements of cash flows.

Finance Lease and Other Financing Obligations

From time to time, we enter into finance leases and other financing agreements with financial intermediaries to facilitate the purchase of products from certain vendors.

The current and long-term portions of our finance leases and other financing obligations are included in the current and long-term portions of long-term debt in the table above and in our consolidated balance sheets as of September 30, 2020 and December 31, 2019. See Note 6 for additional information.

6. Leases

We lease office space, distribution centers, land, vehicles and equipment. Lease agreements with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Certain lease agreements include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The exercise of lease renewal options is at our sole discretion. Some agreements also include options to purchase the leased property. The estimated life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Certain of our lease agreements include rental payments adjusted periodically for inflation. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides information about the financial statement classification of our lease balances reported within the consolidated balance sheets as of September 30, 2020 and December 31, 2019 (in thousands):

Leases	Classification	September 30, 2020	December 31, 2019
Assets			
Operating lease assets	Other assets	\$ 81,481	\$ 74,684
Finance lease assets	Property and equipment(a)	2,326	3,297
Total lease assets		\$ 83,807	\$ 77,981
Liabilities			
Current			
Operating lease liabilities	Accrued expenses and other current liabilities	\$ 20,556	\$ 19,648
Finance lease liabilities	Current portion of long-term debt	1,422	1,691
Non-current			
Operating lease liabilities	Other liabilities	67,421	60,285
Finance lease liabilities	Long-term debt	1,253	2,131
Total lease liabilities		\$ 90,652	\$ 83,755

(a) Recorded net of accumulated amortization of \$1,833,000 and \$861,000 as of September 30, 2020 and December 31, 2019, respectively.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The following table provides information about the financial statement classification of our lease expenses reported within the consolidated statement of operations for the three and nine months ended September 30, 2020 (in thousands):

Lease cost	Classification	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Operating lease cost (a) (b)	Selling and administrative expenses	\$ 6,460	\$ 19,412
Finance lease cost		-	--
Amortization of leased assets	Selling and administrative expenses	324	972
Interest on lease liabilities	Interest expense, net	24	84
Total lease cost		\$ 6,808	\$ 20,468

(a) Includes immaterial amounts recorded to cost of goods sold.

(b) Excludes short-term and variable lease costs, which are immaterial.

Future minimum lease payments under non-cancelable leases as of September 30, 2020 are as follows (in thousands):

	Operating leases	Finance leases	Total
Remainder of 2020	\$ 6,021	\$ 564	\$ 6,585
2021	22,194	1,077	23,271
2022	19,099	645	19,744
2023	13,477	449	13,926
2024	8,430	45	8,475
After 2024	28,999	—	28,999
Total lease payments	98,220	2,780	101,000
Less: Interest	(10,243)	(105)	(10,348)
Present value of lease liabilities	\$ 87,977	\$ 2,675	\$ 90,652

Operating lease payments include \$13.4 million related to options to extend lease terms that are reasonably certain of being exercised.

The following table provides information about the remaining lease terms and discount rates applied as of September 30, 2020:

	September 30, 2020	September 30, 2019
Weighted average remaining lease term (years)		
Operating leases	6.13	6.19
Finance leases	2.45	1.69
Weighted average discount rate (%)		
Operating leases	3.43	3.65
Finance leases	3.46	4.85

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The following table provides other information related to leases for the three and nine months ended September 30, 2020 (in thousands):

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 6,360	\$ 19,444
Leased assets obtained in exchange for new operating lease liabilities	\$ 577	\$ 23,178

7. Stock-Based Compensation

We recorded the following pre-tax amounts in selling and administrative expenses for stock-based compensation, by operating segment, in the accompanying consolidated financial statements (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
North America	\$ 3,347	\$ 3,102	\$ 8,732	\$ 8,965
EMEA	\$ 1,006	860	2,588	2,544
APAC	\$ 160	136	434	386
Total Consolidated	\$ 4,513	\$ 4,098	\$ 11,754	\$ 11,895

As of September 30, 2020, total compensation cost related to nonvested RSUs not yet recognized is \$25,871,000, which is expected to be recognized over the next 1.33 years on a weighted-average basis.

The following table summarizes our RSU activity during the nine months ended September 30, 2020:

	Number	Weighted Average Grant Date Fair Value	Fair Value
Nonvested at January 1, 2020	923,400	\$ 45.58	
Granted ^(a)	322,506	57.78	
Vested, including shares withheld to cover taxes	(368,377)	42.54	\$ 15,670,905 ^(b)
Forfeited	(73,284)	51.66	
Nonvested at September 30, 2020 ^(a)	804,245	51.31	\$ 45,504,182 ^(c)

- (a) Includes 83,661 RSUs subject to remaining performance conditions. The number of RSUs subject to performance conditions are based on the Company achieving 100% of its 2020 targeted financial results. We currently estimate that these RSUs will be awarded at 90% this annual period based on achievement towards the 2020 performance targets.
- (b) The aggregate fair value of vested RSUs represents the total pre-tax fair value, based on the closing stock price on the day of vesting, which would have been received by holders of RSUs had all such holders sold their underlying shares on that date.
- (c) The aggregate fair value of the nonvested RSUs and the RSUs expected to vest represents the total pre-tax fair value, based on our closing stock price of \$56.58 as of September 30, 2020, which would have been received by holders of RSUs had all such holders sold their underlying shares on that date.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

8. Income Taxes

Our effective tax rate was 23.8% for the three and nine months ended September 30, 2020. For the three months ended September 30, 2020, our effective tax rate was higher than the United States federal statutory rate of 21.0% due primarily to state income taxes, net of federal benefit, and higher taxes on earnings in foreign jurisdictions, partially offset by the recognition of tax benefits related to research and development activities and the beneficial impact of certain income tax regulations issued during the quarter. For the nine months ended September 30, 2020, our effective tax rate was higher than the United States federal statutory rate of 21.0% due primarily to state income taxes, net of federal benefit, and higher taxes on earnings in foreign jurisdictions, partially offset by the remeasurement of acquired net operating losses under the CARES Act, and the recognition of tax benefits related to research and development activities.

Our effective tax rate for the three and nine months ended September 30, 2019 was 27.2% and 25.4%, respectively. For the three months ended September 30, 2019, our effective tax rate was higher than the United States federal statutory rate of 21.0% due primarily to state income taxes, net of federal benefit, higher taxes on earnings in foreign jurisdictions, and the effect of non-deductible acquisition-related expenses partially offset by the recognition of tax benefits related to research and development activities. For the nine months ended September 30, 2019, our effective tax rate was higher than the United States federal statutory rate of 21.0% due primarily to state income taxes, net of federal benefit, and higher taxes on earnings in foreign jurisdictions partially offset by tax benefits on the settlement of employee share-based awards and the recognition of tax benefits related to research and development activities.

As of September 30, 2020, and December 31, 2019, we had approximately \$10,659,000 and \$9,736,000, respectively, of unrecognized tax benefits. Of these amounts, approximately \$610,000 and \$442,000, respectively, related to accrued interest. In the future, if recognized, the liability associated with uncertain tax positions would affect our effective tax rate. We do not believe there will be any changes over the next 12 months that would have a material effect on our effective tax rate.

Several of our subsidiaries are currently under audit for tax years 2013 through 2018. Although the timing of the resolutions and/or closures of audits is highly uncertain, it is reasonably possible that the examination phase of these audits may be concluded within the next 12 months, which could increase or decrease the balance of our gross unrecognized tax benefits. However, based on the status of the various examinations in multiple jurisdictions, an estimate of the range of reasonably possible outcomes cannot be made at this time, but the estimated effect on our income tax expense and net earnings is not expected to be significant.

9. Share Repurchase Program

On February 26, 2020, our Board of Directors authorized the repurchase of up to \$50,000,000 of our common stock. Our share repurchases may be made on the open market, subject to Rule 10b-18 or in privately negotiated transactions, through block trades, through 10b5-1 plans or otherwise, at management's discretion. The amount of shares purchased and the timing of the purchases will be based on market conditions, working capital requirements, general business conditions and other factors. We intend to retire the repurchased shares.

During the nine months ended September 30, 2020, we repurchased 444,813 shares of our common stock on the open market at a total cost of approximately \$24,999,996 (an average price of \$56.20 per share). All shares repurchased were retired. During the comparative nine months ended September 30, 2019, we repurchased 541,117 shares of our common stock on the open market at a total cost of approximately \$27,899,000 (an average price of \$51.56 per share). All shares repurchased were retired.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

10. Commitments and Contingencies

Contractual

In the ordinary course of business, we issue performance bonds to secure our performance under certain contracts or state tax requirements. These bonds are issued on our behalf by a surety company on an unsecured basis; however, if the surety company is ever required to pay out under the bonds, we have contractually agreed to reimburse the surety company.

Management believes that payments, if any, related to these performance bonds are not probable at September 30, 2020. Accordingly, we have not accrued any liabilities related to such performance bonds in our consolidated financial statements.

Employment Contracts and Severance Plans

We have employment contracts with, and severance plans covering, certain officers and management teammates under which severance payments would become payable in the event of specified terminations without cause or terminations under certain circumstances after a change in control. In addition, vesting of outstanding nonvested RSUs would accelerate following a change in control. If severance payments under the current employment agreements or plan payments were to become payable, the severance payments would generally range from three to twenty-four months of salary.

Indemnifications

From time to time, in the ordinary course of business, we enter into contractual arrangements under which we agree to indemnify either our clients or third-party service providers from certain losses incurred relating to services performed on our behalf or for losses arising from defined events, which may include litigation or claims relating to past performance. These arrangements include, but are not limited to, the indemnification of our clients for certain claims arising out of our performance under our sales contracts, the indemnification of our landlords for certain claims arising from our use of leased facilities and the indemnification of the lenders that provide our credit facilities for certain claims arising from their extension of credit to us. Such indemnification obligations may not be subject to maximum loss clauses.

Management believes that payments, if any, related to these indemnifications are not probable at September 30, 2020. Accordingly, we have not accrued any liabilities related to such indemnifications in our consolidated financial statements.

We have entered into separate indemnification agreements with certain of our executive officers and with each of our directors. These agreements require us, among other requirements, to indemnify such officers and directors against expenses (including attorneys' fees), judgments and settlements incurred by such individual in connection with any action arising out of such individual's status or service as our executive officer or director (subject to exceptions such as where the individual failed to act in good faith or in a manner the individual reasonably believed to be in, or not opposed to, the best interests of the Company) and to advance expenses incurred by such individual with respect to which such individual may be entitled to indemnification by us. There are no pending legal proceedings that involve the indemnification of any of the Company's directors or officers.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Contingencies Related to Third-Party Review

From time to time, we are subject to potential claims and assessments from third parties. We are also subject to various governmental, client and partner audits. We continually assess whether or not such claims have merit and warrant accrual. Where appropriate, we accrue estimates of anticipated liabilities in the consolidated financial statements. Such estimates are subject to change and may affect our results of operations and our cash flows.

Legal Proceedings

From time to time, we are party to various legal proceedings incidental to the business, including preference payment claims asserted in client bankruptcy proceedings, indemnification claims, claims of alleged infringement of patents, trademarks, copyrights and other intellectual property rights, employment claims, claims of alleged non-compliance with contract provisions and claims related to alleged violations of laws and regulations. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss, or an additional loss, may have been incurred and determine if accruals are required. If accruals are not required, we further evaluate each legal proceeding to assess whether an estimate of possible loss or range of possible loss can be made. Although litigation is inherently unpredictable, we believe that we have adequate provisions for any probable and estimable losses. It is possible, nevertheless, that our consolidated financial position, results of operations or liquidity could be materially and adversely affected in any particular period by the work required pursuant to any legal proceedings or the resolution of any legal proceedings during such period. Legal expenses related to defense of any legal proceeding or the negotiations, settlements, rulings and advice of outside legal counsel in connection with any legal proceedings are expensed as incurred.

In connection with the acquisition of PCM, the Company has effectively assumed responsibility for PCM litigation matters, including various disputes related to PCM's acquisition of certain assets of En Pointe Technologies in 2015. The seller of En Pointe Technologies and related entities providing various post-closing support functions to PCM have asserted claims regarding the sufficiency of earnout payments paid by PCM under the asset purchase agreement and the unwinding of the support functions post-closing. PCM has rejected and vigorously responded to those claims and is pursuing various counterclaims. The disputes are being heard by multiple courts and arbitrators in several different jurisdictions including California, Delaware and Pakistan. The Company cannot determine with certainty the costs or outcome of these matters. However, the Company is not involved in any pending or threatened legal proceedings, including the PCM litigation matters, that it believes would reasonably be expected to have a material adverse effect on its business, financial condition or results of operations.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

11. Segment Information

We operate in three reportable geographic operating segments: North America; EMEA; and APAC with PCM being included in our North America and EMEA segments for the three and nine months ended September 30, 2020. Our offerings in North America and certain countries in EMEA and APAC include IT hardware, software and services. Our offerings in the remainder of our EMEA and APAC segments are largely software and certain software-related services.

The following table summarizes net sales by offering for North America, EMEA and APAC for the three and nine months ended September 30, 2020 and 2019 (in thousands):

Sales Mix	North America Three Months Ended September 30,		EMEA Three Months Ended September 30,		APAC Three Months Ended September 30,	
	2020	2019	2020	2019	2020	2019
Hardware	\$ 1,028,045	\$ 1,020,083	\$ 138,685	\$ 137,416	\$ 6,421	\$ 9,243
Software	306,925	295,730	165,301	186,839	16,191	19,569
Services	223,198	199,349	37,294	31,453	14,418	12,865
	<u>\$ 1,558,168</u>	<u>\$ 1,515,162</u>	<u>\$ 341,280</u>	<u>\$ 355,708</u>	<u>\$ 37,030</u>	<u>\$ 41,677</u>

Sales Mix	North America Nine Months Ended September 30,		EMEA Nine Months Ended September 30,		APAC Nine Months Ended September 30,	
	2020	2019	2020	2019	2020	2019
Hardware	\$ 3,180,501	\$ 2,704,212	\$ 466,909	\$ 451,892	\$ 21,001	\$ 25,740
Software	898,290	907,683	553,164	560,073	62,952	80,287
Services	692,905	551,215	132,110	113,092	41,432	39,840
	<u>\$ 4,771,696</u>	<u>\$ 4,163,110</u>	<u>\$ 1,152,183</u>	<u>\$ 1,125,057</u>	<u>\$ 125,385</u>	<u>\$ 145,867</u>

All significant intercompany transactions are eliminated upon consolidation, and there are no differences between the accounting policies used to measure profit and loss for our segments or on a consolidated basis. Net sales are defined as net sales to external clients. None of our clients exceeded ten percent of consolidated net sales for the three and nine months ended September 30, 2020 or 2019.

A portion of our operating segments' selling and administrative expenses arise from shared services and infrastructure that we have historically provided to them in order to realize economies of scale and to use resources efficiently. These expenses, collectively identified as corporate charges, include senior management expenses, internal audit, legal, tax, insurance services, treasury and other corporate infrastructure expenses. Charges are allocated to our operating segments, and the allocations have been determined on a basis that we consider to be a reasonable reflection of the utilization of services provided to or benefits received by the operating segments.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The following tables present our results of operations by reportable operating segment for the periods indicated (in thousands):

Three Months Ended September 30, 2020				
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 1,334,970	\$ 303,986	\$ 22,612	\$ 1,661,568
Services	223,198	37,294	14,418	274,910
Total net sales	<u>1,558,168</u>	<u>341,280</u>	<u>37,030</u>	<u>1,936,478</u>
Costs of goods sold:				
Products	1,202,743	277,025	20,544	1,500,312
Services	108,257	13,955	6,391	128,603
Total costs of goods sold	<u>1,311,000</u>	<u>290,980</u>	<u>26,935</u>	<u>1,628,915</u>
Gross profit	<u>247,168</u>	<u>50,300</u>	<u>10,095</u>	<u>307,563</u>
Operating expenses:				
Selling and administrative expenses	192,033	45,438	7,684	245,155
Severance and restructuring expenses	773	19	16	808
Acquisition and integration related expenses	118	—	—	118
Earnings from operations	<u>\$ 54,244</u>	<u>\$ 4,843</u>	<u>\$ 2,395</u>	<u>\$ 61,482</u>

Three Months Ended September 30, 2019				
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 1,315,813	\$ 324,255	\$ 28,812	\$ 1,668,880
Services	199,349	31,453	12,865	243,667
Total net sales	<u>1,515,162</u>	<u>355,708</u>	<u>41,677</u>	<u>1,912,547</u>
Costs of goods sold:				
Products	1,195,020	297,789	26,431	1,519,240
Services	101,498	10,028	5,586	117,112
Total costs of goods sold	<u>1,296,518</u>	<u>307,817</u>	<u>32,017</u>	<u>1,636,352</u>
Gross profit	<u>218,644</u>	<u>47,891</u>	<u>9,660</u>	<u>276,195</u>
Operating expenses:				
Selling and administrative expenses	170,993	44,568	7,654	223,215
Severance and restructuring expenses	2,449	213	—	2,662
Acquisition and integration related expenses	5,896	—	—	5,896
Earnings from operations	<u>\$ 39,306</u>	<u>\$ 3,110</u>	<u>\$ 2,006</u>	<u>\$ 44,422</u>

Nine Months Ended September 30, 2020				
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 4,078,791	\$ 1,020,073	\$ 83,953	\$ 5,182,817
Services	692,905	132,110	41,432	866,447
Total net sales	<u>4,771,696</u>	<u>1,152,183</u>	<u>125,385</u>	<u>6,049,264</u>
Costs of goods sold:				
Products	3,678,118	933,053	77,326	4,688,497
Services	344,586	41,876	17,017	403,479
Total costs of goods sold	<u>4,022,704</u>	<u>974,929</u>	<u>94,343</u>	<u>5,091,976</u>
Gross profit	<u>748,992</u>	<u>177,254</u>	<u>31,042</u>	<u>957,288</u>
Operating expenses:				
Selling and administrative expenses	590,549	143,859	22,190	756,598
Severance and restructuring expenses	7,799	2,118	45	9,962
Acquisition and integration related expenses	1,991	204	—	2,195
Earnings from operations	<u>\$ 148,653</u>	<u>\$ 31,073</u>	<u>\$ 8,807</u>	<u>\$ 188,533</u>

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

	Nine Months Ended September 30, 2019			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 3,611,895	\$ 1,011,965	\$ 106,027	\$ 4,729,887
Services	551,215	113,092	39,840	704,147
Total net sales	4,163,110	1,125,057	145,867	5,434,034
Costs of goods sold:				
Products	3,290,555	926,712	98,197	4,315,464
Services	272,245	29,021	17,188	318,454
Total costs of goods sold	3,562,800	955,733	115,385	4,633,918
Gross profit	600,310	169,324	30,482	800,116
Operating expenses:				
Selling and administrative expenses	452,441	139,365	21,961	613,767
Severance and restructuring expenses	3,260	328	124	3,712
Acquisition-related expenses	9,059	—	—	9,059
Earnings from operations	\$ 135,550	\$ 29,631	\$ 8,397	\$ 173,578

The following is a summary of our total assets by reportable operating segment (in thousands):

	September 30, 2020	December 31, 2019
North America	\$ 4,145,070	\$ 3,814,408
EMEA	627,644	699,856
APAC	110,561	123,349
Corporate assets and intercompany eliminations, net	(1,055,965)	(459,434)
Total assets	\$ 3,827,310	\$ 4,178,179

We recorded the following pre-tax amounts, by reportable operating segment, for depreciation and amortization in the accompanying consolidated financial statements (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Depreciation and amortization of property and equipment:				
North America	\$ 5,907	\$ 4,371	\$ 17,559	\$ 12,114
EMEA	1,269	1,013	3,846	2,980
APAC	143	140	415	412
	7,319	5,524	21,820	15,506
Amortization of intangible assets:				
North America	8,730	5,765	27,594	13,037
EMEA	585	67	1,625	205
APAC	118	114	336	348
	9,433	5,946	29,555	13,590
Total	\$ 16,752	\$ 11,470	\$ 51,375	\$ 29,096

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

12. Acquisitions

PCM

On August 30, 2019, we completed our acquisition of PCM, acquiring 100 percent of the issued and outstanding shares of PCM for a cash purchase price of \$745,562,000, which included cash and cash equivalents acquired of \$84,637,000 and the payment of PCM's outstanding debt. PCM is a provider of multi-vendor technology offerings, including hardware, software and services to small, mid-sized and corporate/enterprise commercial clients, state, local and federal governments and educational institutions across the United States, Canada and the United Kingdom. Based in El Segundo, California, PCM had 40 office locations globally and more than 4,000 teammates. We believe that this acquisition allows us to help existing PCM clients in positioning their businesses for future growth, transforming and securing their data platforms, creating modern and mobile experiences for their workforce and optimizing the procurement of technology. The addition of PCM complements our supply chain optimization solution offering, adding scale and clients in the mid-market and corporate space primarily in North America.

The following table summarizes the purchase price and the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Purchase price net of cash and cash equivalents acquired	\$	660,925
Fair value of net assets acquired:		
Current assets	\$	531,941
Identifiable intangible assets - see description below		191,370
Property and equipment		91,213
Other assets		32,699
Current liabilities		(369,183)
Long-term liabilities, including deferred taxes		(71,009)
Total fair value of net assets acquired		407,031
Excess purchase price over fair value of net assets acquired ("goodwill")	\$	253,894

Under the acquisition method of accounting, the total purchase price as shown in the table above was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over fair value of net assets acquired was recorded as goodwill. In the fourth quarter of 2019, an adjustment of \$56,700,000 was recorded to goodwill primarily due to a change in the customer relationships valuation based on updated information received for key inputs as well as an associated change in deferred taxes.

The fair values of current assets and liabilities are based upon their historical costs on the date of acquisition due to their short-term nature. The estimated fair values of the majority of property and equipment, excluding acquired real estate, are also based upon historical costs net of depreciation, as they approximated fair value. Certain long-term assets, including PCM's IT systems, were written down to their estimated fair value.

The estimated fair value of net assets acquired was approximately \$407,031,000, including \$191,370,000 of identified intangible assets, consisting primarily of customer relationships of \$178,900,000. The fair value of the customer relationships were determined using the multiple-period excess earnings method. The identifiable intangible assets resulting from the acquisition are amortized using the straight-line method over the following estimated useful lives: customer relationships – 10-12 years; trade names – 1 year; non-compete agreements – 2-3 years.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Goodwill of \$253,894,000, which was recorded in our North America and EMEA operating segments, represents the excess of the purchase price over the estimated fair value assigned to tangible and identifiable intangible assets acquired and liabilities assumed from PCM. The goodwill is not amortized and will be tested for impairment annually in the fourth quarter of our fiscal year. The addition of the PCM technical employees to our team and the opportunity to grow our business are the primary factors making up the goodwill recognized as part of the transaction. None of the goodwill is tax deductible. The purchase price allocation was finalized during the third quarter of 2020.

We have consolidated the results of operations for PCM since its acquisition on August 30, 2019.

The following table reports pro forma information as if the acquisition of PCM had been completed at the beginning of the earliest period presented (in thousands, except per share amounts):

		Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Net sales	As reported	\$ 1,912,547	\$ 5,434,034
	Pro forma	\$ 2,322,828	\$ 6,910,356
Net earnings	As reported	\$ 27,132	\$ 116,457
	Pro forma	\$ 24,678	\$ 115,321
Diluted earnings per share	As reported	\$ 0.76	\$ 3.23
	Pro forma	\$ 0.69	\$ 3.20

Changes in Goodwill and Intangible Assets

Other than the goodwill and intangible assets recorded in conjunction with the acquisitions of vNext and PCM, the only other change in consolidated goodwill and intangible assets as of September 30, 2020 compared to the balance as of December 31, 2019 resulted from foreign currency translation adjustments associated with the balances in our North America, EMEA and APAC operating segments.

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

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

The following discussion should be read in conjunction with the consolidated financial statements and the related notes that appear elsewhere in this Quarterly Report on Form 10-Q. We refer to our customers as "clients," our suppliers as "partners" and our employees as "teammates."

Quarterly Overview

Today, every business is a technology business. We empower organizations of all sizes with Intelligent Technology Solutions™ and services to maximize the business value of information technology ("IT") in North America; Europe, the Middle East and Africa ("EMEA"); and Asia-Pacific ("APAC"). As a Fortune 500-ranked global provider of digital innovation, cloud/data center transformation, connected workforce, and supply chain optimization solutions, we help clients innovate and optimize their operations to run smarter. Our offerings in North America and certain countries in EMEA and APAC include hardware, software and services. Our offerings in the remainder of our EMEA and APAC segments are largely software and certain software-related services.

On a consolidated basis, for the three months ended September 30, 2020:

- Net sales of \$1.9 billion increased 1% compared to the three months ended September 30, 2019, primarily due to the addition of PCM. Without the addition of PCM, net sales in the core business would have been down compared to the prior year quarter as a result of the negative impact of COVID-19. The overall increase in net sales reflects an increase in hardware and services net sales, which was partially offset by a decrease in software net sales. Excluding the effects of fluctuating foreign currency exchange rates, net sales remained flat compared to the third quarter of 2019.
- Gross profit of \$308 million increased 11% compared to the three months ended September 30, 2019. Excluding the effects of fluctuating foreign currency exchange rates, gross profit increased 12% compared to the third quarter of 2019.
- Gross margin improved approximately 150 basis points to 15.9% of net sales in the three months ended September 30, 2020. This increase reflects an increase in the mix of higher margin services net sales and an increase in margins on hardware net sales compared to the same period in the prior year.
- Earnings from operations increased 38%, year over year, to \$61.5 million in the third quarter of 2020 compared to \$44.4 million in the third quarter of 2019, primarily due to increased gross profit and reduction in acquisition and integration related expenses, incurred in connection with PCM. The increase was partially offset by increased personnel costs, including teammate benefits and variable compensation, and increased amortization of intangible assets, both related to the PCM acquisition. Excluding the effects of fluctuating foreign currency exchange rates, earnings from operations increased 42% year over year.
- Net earnings and diluted earnings per share were \$38.9 million and \$1.10, respectively, for the third quarter of 2020. This compares to net earnings of \$27.1 million and diluted earnings per share of \$0.76 for the third quarter of 2019.

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

Recent Developments – Impact of COVID-19 to our Business

In late 2019, there was an outbreak of a new strain of coronavirus ("COVID-19"), which has since spread globally. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. In an effort to protect the health and safety of our teammates, we took proactive action to adopt social distancing policies at our locations globally, including working from home where possible, limiting the number of teammates attending in-person meetings, reducing the number of people in our locations at any one time, and suspending teammate travel. Governments around the world have also enacted various measures, including orders to close all businesses not deemed "essential," isolate residents to their homes or places of residence, and practice social distancing when engaging in essential activities. These measures taken by the Company continued to be in effect for the duration of the third quarter of 2020 and remain in place to date.

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and workforce participation, and initially created significant volatility and disruption of financial markets. We continued to observe a pronounced impact of COVID-19 on our third quarter financial results when compared to internal budgets, and anticipate demand for our products and services will continue to be impacted in the fourth quarter as clients continue to evaluate the impact of COVID-19 on their businesses, their profitability and their liquidity. While we did not experience a decline in bookings in October 2020, we anticipate that the declining trend, which began in April 2020, may continue into the fourth quarter of 2020, when compared to the prior year.

In the short run, we took steps to accelerate and complete our integration with PCM and to reduce discretionary operating expenditures, such as certain teammate benefits and variable compensation and travel related expenditures. We have also utilized various partner and government incentives available to us to help offset some of these business impacts. In the third quarter of 2020, we invested in our sales force, adding key technical talent across our solution areas and additional sales coverage to our geographic footprint. We will continue to invest in this area in the fourth quarter to ensure we are positioned well to compete in the marketplace in 2021, when we expect the IT market will start to recover.

We fully paid down all of our debt under our ABL facility during the quarter and believe we have a strong balance sheet and healthy liquidity position. The Company had current capacity of up to \$1.2 billion under our ABL facility available as of September 30, 2020.

The ultimate extent of the impact of the COVID-19 pandemic on our business operations, financial performance and results of operations, including our ability to execute our business strategies and initiatives in the expected time frame, is currently unknown and will depend on future developments, which are highly uncertain, continuously evolving and cannot be predicted. This includes, but is not limited to, the duration and spread of the COVID-19 pandemic, its severity, the actions taken to contain the virus or treat its impact, such as restrictions on travel and transportation, and how quickly and to what extent normal economic and operating conditions can resume.

We will continue to actively monitor the situation and anticipate taking further actions as may be required by government authorities or that we determine are in the best interests of our teammates, clients and partners. It is not clear what the potential effects of any such alterations or modifications may have on our business, including the effects on our clients, teammates, and prospects, or on our financial results for the remainder of 2020.

Accordingly, our current results and financial condition discussed herein may not be indicative of future operating results and trends. See "Risk Factors" in Part II, Item 1A of this report for additional risks we face due to the COVID-19 pandemic.

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

Throughout the "Quarterly Overview" and "Results of Operations" sections of this "Management's Discussion and Analysis of Financial Condition and Results of Operations," we refer to changes in net sales, gross profit, selling and administrative expenses and earnings from operations on a consolidated basis and in North America, EMEA and APAC excluding the effects of fluctuating foreign currency exchange rates. In computing the changes in amounts and percentages, we compare the current period amount as translated into U.S. dollars under the applicable accounting standards to the prior period amount in local currency translated into U.S. dollars utilizing the weighted average translation rate for the current period.

Details about segment results of operations can be found in Note 11 to the Consolidated Financial Statements in Part I, Item 1 of this report.

Our discussion and analysis of financial condition and results of operations is intended to assist in the understanding of our consolidated financial statements, including the changes in certain key items in those consolidated financial statements from period to period and the primary factors that contributed to those changes, as well as how certain critical accounting estimates affect our consolidated financial statements.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP"). For a summary of significant accounting policies, see Note 1 to the Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2019. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results, however, may differ from estimates we have made. Members of our senior management have discussed the critical accounting estimates and related disclosures with the Audit Committee of our Board of Directors.

There have been no changes to the items disclosed as critical accounting estimates in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019.

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

Results of Operations

The COVID-19 pandemic has negatively impacted the global economy and has disrupted global supply chains and workforce participation. We continued to observe impacts on our third quarter financial results and believe the ultimate extent of the impact of the COVID-19 pandemic on our future business operations, financial performance and results of operations, including our ability to execute our business strategies and initiatives in the expected time frame, is currently unknown and will depend on future developments, which are highly uncertain, continuously evolving and cannot be predicted.

The following table sets forth certain financial data as a percentage of net sales for the three and nine months ended September 30, 2020 and 2019:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net sales	100.0%	100.0%	100.0%	100.0%
Costs of goods sold	84.1	85.6	84.2	85.3
Gross profit	15.9	14.4	15.8	14.7
Selling and administrative expenses	12.7	11.6	12.5	11.3
Severance and restructuring expenses and acquisition and integration related expenses	0.1	0.5	0.2	0.3
Earnings from operations	3.1	2.3	3.1	3.1
Non-operating expense, net	0.5	0.4	0.5	0.3
Earnings before income taxes	2.6	1.9	2.6	2.8
Income tax expense	0.6	0.5	0.6	0.7
Net earnings	2.0%	1.4%	2.0%	2.1%

We generally experience some seasonal trends in our sales of IT hardware, software and services. Software sales are typically seasonally higher in our second quarter. Business clients, particularly larger enterprise businesses in the United States, tend to spend more in our fourth quarter and less in our first quarter. Sales to the federal government in the United States are often stronger in our third quarter, while sales in the state and local government and education markets are also stronger in our second quarter. Sales to public sector clients in the United Kingdom are often stronger in our first quarter. These trends create overall seasonality in our consolidated results such that net sales and profitability are expected to be higher in the second and fourth quarters of the year.

Our gross profit across the business is, and will continue to be, impacted by partner incentives, which can change significantly in the amounts made available and in the related product or services sales being incentivized by the partner. Incentives from our largest partners are significant and changes in the incentives, which occur regularly, could impact our results of operations to the extent we are unable to adapt our sales strategies to optimize performance under the revised programs.

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

Net Sales. Net sales for the three months ended September 30, 2020 increased 1%, year over year, to \$1.9 billion compared to the three months ended September 30, 2019. Without the addition of PCM to our core business, net sales for the third quarter of 2020 would have been down as a result of the negative impact of COVID-19. We believe this negative trend in net sales may continue into the fourth quarter of 2020, when compared to the prior year. Net sales for the nine months ended September 30, 2020 increased 11%, year over year, to \$6.0 billion compared to the nine months ended September 30, 2019. Our net sales by operating segment were as follows for the three and nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2020	2019		2020	2019	
North America	\$ 1,558,168	\$ 1,515,162	3%	\$ 4,771,696	\$ 4,163,110	15%
EMEA	341,280	355,708	(4%)	1,152,183	1,125,057	2%
APAC	37,030	41,677	(11%)	125,385	145,867	(14%)
Consolidated	<u>\$ 1,936,478</u>	<u>\$ 1,912,547</u>	1%	<u>\$ 6,049,264</u>	<u>\$ 5,434,034</u>	11%

Our net sales by offering category for North America for the three and nine months ended September 30, 2020 and 2019 were as follows (dollars in thousands):

Sales Mix	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2020	2019		2020	2019	
Hardware	\$ 1,028,045	\$ 1,020,083	1%	\$ 3,180,501	\$ 2,704,212	18%
Software	306,925	295,730	4%	898,290	907,683	(1%)
Services	223,198	199,349	12%	692,905	551,215	26%
	<u>\$ 1,558,168</u>	<u>\$ 1,515,162</u>	3%	<u>\$ 4,771,696</u>	<u>\$ 4,163,110</u>	15%

Net sales in North America increased 3%, or \$43.0 million, for the three months ended September 30, 2020 compared to the three months ended September 30, 2019, primarily driven by the addition of PCM, partially offset by the negative impact of COVID-19 on demand for hardware and certain services. Net sales of hardware, software and services increased 1%, 4% and 12%, respectively, year over year. The changes for the three months ended September 30, 2020 were the result of the following:

- The increase in hardware net sales was due to the addition of PCM, which was partially offset by lower volume of sales to large enterprise and corporate clients. The decrease in volume of sales was largely due to decreased demand associated with client responses to COVID-19.
- The increase in software net sales was primarily due to the addition of PCM, partially offset by continued migration of software to the cloud, reported net in services net sales.
- The increase in services net sales was primarily due to an increase in net sales associated with cloud solution offerings and higher sales of Insight delivered services, including the addition of PCM. These increases were partially offset by decreases in demand for certain services due to the impact of COVID-19.

Net sales in North America increased 15%, or \$608.6 million, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, primarily driven by the addition of PCM, partially offset by the negative impact of COVID-19 on demand for hardware and certain services. Net sales of hardware and services increased 18% and 26%, respectively, year over year. Net sales of software declined 1%, year to year.

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The net changes for the first nine months of 2020 were the result of the following:

- The increase in hardware net sales was due to the addition of PCM and higher volume of sales to large enterprise and corporate clients. The net increase in volume of sales was largely due to increases in the first quarter of 2020 due to increased demand for work-from-home and collaboration solutions as companies responded to shelter in place mandates, which was partially offset by decreases in volume of sales in the second and third quarters associated with client responses to COVID-19.
- The decrease in software net sales was due to a significant transaction in the prior year with no comparable activity in the current year and continued migration of software to the cloud, which was partially offset by the addition of PCM.
- The increase in services net sales was primarily due to higher sales of Insight delivered services, including the addition of PCM and an increase in net sales associated with cloud solution offerings. These increases were partially offset by decreases in demand for certain services due to the impact of COVID-19.

Our net sales by offering category for EMEA for the three and nine months ended September 30, 2020 and 2019 were as follows (dollars in thousands):

Sales Mix	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2020	2019		2020	2019	
Hardware	\$ 138,685	\$ 137,416	1%	\$ 466,909	\$ 451,892	3%
Software	165,301	186,839	(12%)	553,164	560,073	(1%)
Services	37,294	31,453	19%	132,110	113,092	17%
	<u>\$ 341,280</u>	<u>\$ 355,708</u>	(4%)	<u>\$ 1,152,183</u>	<u>\$ 1,125,057</u>	2%

Net sales in EMEA decreased 4%, or \$14.4 million, for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Excluding the effects of fluctuating foreign currency exchange rates, net sales in EMEA decreased 8%, year to year. Net sales of hardware and services increased 1% and 19%, respectively, year over year. Net sales of software declined 12% year to year. The net changes for the three months ended September 30, 2020 were the result of the following:

- The increase in hardware net sales was due primarily to higher volume sales of devices to public sector clients.
- The decrease in software net sales was due to lower volume of sales to large enterprise clients and continued migration of software to the cloud.
- The increase in services net sales was due primarily to higher sales of cloud solutions and higher volume sales of Insight delivered services.

Net sales in EMEA increased 2%, or \$27.1 million, for the first nine months of 2020 compared to the first nine months of 2019. Excluding the effects of fluctuating foreign currency exchange rates, net sales in EMEA increased 3%, year to year. Net sales of hardware and services increased 3% and 17% year over year, respectively. Net sales of software declined 1%, year to year. The net changes for the first nine months of 2020 were the result of the following:

- The increase in hardware net sales was due primarily to higher volume sales of devices to corporate and public sector clients.
- The decrease in software net sales was due to lower volume of sales to large enterprise and continued migration of software to the cloud, partially offset by higher volume of sales to corporate and public sector clients.

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- The increase in services net sales was due primarily to higher sales of cloud solutions, increased software referral fees and higher volume sales of Insight delivered services.

Our net sales by offering category for APAC for the three and nine months ended September 30, 2020 and 2019 were as follows (dollars in thousands):

Sales Mix	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2020	2019		2020	2019	
Hardware	\$ 6,421	\$ 9,243	(31%)	\$ 21,001	\$ 25,740	(18%)
Software	16,191	19,569	(17%)	62,952	80,287	(22%)
Services	14,418	12,865	12%	41,432	39,840	4%
	<u>\$ 37,030</u>	<u>\$ 41,677</u>	(11%)	<u>\$ 125,385</u>	<u>\$ 145,867</u>	(14%)

Net sales in APAC decreased 11%, or \$4.6 million, for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Excluding the effects of fluctuating foreign currency exchange rates, net sales in APAC decreased 13%, year to year. Net sales of hardware and software decreased by 31% and 17%, respectively, year to year. Net sales of services increased by 12%, year over year. The net changes for the three months ended September 30, 2020 were the result of the following:

- The decrease in hardware net sales was primarily the result of lower volume of sales due to decreased demand associated with client responses to COVID-19.
- The decrease in software net sales was primarily due to lower volume sales to large enterprise clients.
- The increase in services net sales was primarily due to higher sales of Insight delivered services.

Net sales in APAC decreased 14%, or \$20.5 million, for the first nine months of 2020 compared to the first nine months of 2019. Excluding the effects of fluctuating foreign currency exchange rates, net sales in APAC decreased 11%, year to year. Net sales of hardware and software decreased by 18% and 22%, respectively, year to year. Services net sales increased 4% year over year. The net changes for the first nine months of 2020 were the result of the following:

- The decrease in hardware net sales was primarily the result of lower volume of sales due to decreased demand associated with client responses to COVID-19.
- The decrease in software net sales was primarily due to the loss of a significant public sector client and lower volume sales to large enterprise clients.
- The increase in services net sales was primarily due to higher sales of Insight delivered services.

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The percentage of net sales by category for North America, EMEA and APAC were as follows for the three and nine months ended September 30, 2020 and 2019:

	North America Three Months Ended September 30,		EMEA Three Months Ended September 30,		APAC Three Months Ended September 30,	
	2020	2019	2020	2019	2020	2019
Sales Mix						
Hardware	66%	67%	41%	39%	17%	22%
Software	20%	20%	48%	52%	44%	47%
Services	14%	13%	11%	9%	39%	31%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
-	-	-	-	-	-	-
	North America Nine Months Ended September 30,		EMEA Nine Months Ended September 30,		APAC Nine Months Ended September 30,	
	2020	2019	2020	2019	2020	2019
Sales Mix						
Hardware	67%	65%	41%	40%	17%	18%
Software	19%	22%	48%	50%	50%	55%
Services	14%	13%	11%	10%	33%	27%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Gross Profit. Gross profit increased 11%, or \$31.4 million, for the three months ended September 30, 2020, compared to the three months ended September 30, 2019, with gross margin increasing approximately 150 basis points to 15.9% for the three months ended September 30, 2020 compared to 14.4% for the three months ended September 30, 2019. Gross profit increased 20%, or \$157.2 million, in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, with gross margin increasing approximately 110 basis points to 15.8% for the first nine months of 2020 compared to 14.7% for the first nine months of 2019.

Our gross profit and gross profit as a percentage of net sales by operating segment were as follows for the three and nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020	% of Net Sales	2019	% of Net Sales	2020	% of Net Sales	2019	% of Net Sales
North America	\$ 247,168	15.9%	\$ 218,644	14.4%	\$ 748,992	15.7%	\$ 600,310	14.4%
EMEA	50,300	14.7%	47,891	13.5%	177,254	15.4%	169,324	15.1%
APAC	10,095	27.3%	9,660	23.2%	31,042	24.8%	30,482	20.9%
Consolidated	<u>\$ 307,563</u>	15.9%	<u>\$ 276,195</u>	14.4%	<u>\$ 957,288</u>	15.8%	<u>\$ 800,116</u>	14.7%

North America's gross profit for the three months ended September 30, 2020 increased \$28.5 million, or 13%, compared to the three months ended September 30, 2019. As a percentage of net sales, gross margin increased approximately 150 basis points to 15.9% for the third quarter of 2020. The year over year improvement in gross margin was primarily attributable to the following:

- An increase in product margin, which includes partner funding and freight, of 51 basis points and an increase in margin from services net sales of 92 basis points compared to the same period in the prior year.
- The increase in product margin is primarily the result of higher volume of hardware sales from the addition of PCM and sales of hardware for the core North America business at higher margins than in the same period in the prior year.
- The increase in margin from services net sales during the current quarter reflects an expansion in margin from cloud solutions and other services that are recorded net.

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North America's gross profit for the nine months ended September 30, 2020 increased \$148.7 million, or 25%, compared to the nine months ended September 30, 2019. As a percentage of net sales, gross margin increased approximately 130 basis points to 15.7% for the first nine months of 2020. The year over year improvement in gross margin was primarily attributable to the following:

- A net increase in product margin, which includes partner funding and freight, of 68 basis points and an increase in margin from services net sales, which contributed 60 basis points of the margin expansion.
- The increase in product margin is primarily the result of higher volume of hardware sales from the addition of PCM and sales of hardware for the core North America business at higher margins than in the same period in the prior year. This increase was partially offset by a contraction in margin on software net sales.
- The increase in margin from services net sales during the first nine months of 2020 resulted from a higher volume of Insight delivered services at higher margins and a higher volume of cloud solutions that are recorded net.

EMEA's gross profit for the three months ended September 30, 2020 increased \$2.4 million, or 5%, year over year (remaining flat when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2019. As a percentage of net sales, gross margin increased approximately 120 basis points, year over year. The year over year net improvement in gross margin was primarily attributable to an increase in higher margin services net sales, which contributed 82 basis points of the margin expansion, together with a net increase in product margin, which includes partner funding and freight, of 46 basis points.

EMEA's gross profit for the nine months ended September 30, 2020 increased \$7.9 million, or 5% (also 5% excluding the effects of fluctuating foreign currency exchange rates), compared to the first nine months of 2019. As a percentage of net sales, gross margin increased approximately 30 basis points, year over year. The year over year improvement in gross margin was primarily attributable to a net increase in services margin of 35 basis points.

APAC's gross profit for the three months ended September 30, 2020 increased \$435,000, or 5%, compared to the three months ended September 30, 2019 (increasing 2% when excluding fluctuating foreign currency exchange rates). As a percentage of net sales, gross margin increased approximately 410 basis points, year over year. The increase in gross margin in the third quarter of 2020 compared to the third quarter of 2019 was due to an increase in gross margin on services net sales, including cloud solutions and Insight delivered services, of 421 basis points.

APAC's gross profit for the first nine months of 2020 increased \$560,000, or 2%, compared to the first half of 2019 (increasing 5% excluding fluctuating foreign currency exchange rates). As a percentage of net sales, gross margin increased approximately 390 basis points, year over year. The increase in gross margin in the first nine months of 2020 compared to the first nine months of 2019 was due to an increase in gross margin on services net sales, including cloud solutions and Insight delivered services, of 394 basis points.

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Operating Expenses.

Selling and Administrative Expenses. Selling and administrative expenses increased \$21.9 million, or 10%, for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Selling and administrative expenses increased \$142.8 million, or 23%, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. Our selling and administrative expenses by major expense type for the three and nine months ended September 30, 2020 and 2019 were as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Personnel costs, including teammate benefits	\$ 190,451	\$ 174,598	\$ 576,910	\$ 483,015
Depreciation and amortization	15,506	10,479	49,422	28,105
Facility expenses	9,378	7,860	29,769	21,042
Legal and professional fees	7,832	4,583	19,665	12,417
Travel and entertainment	1,449	7,379	9,957	20,225
Marketing	1,835	2,507	7,917	7,786
Other	18,704	15,809	62,958	41,177
Total	<u>\$ 245,155</u>	<u>\$ 223,215</u>	<u>\$ 756,598</u>	<u>\$ 613,767</u>

Selling and administrative expenses increased approximately 100 basis points as a percentage of net sales in the third quarter of 2020 compared to the third quarter of 2019. The overall net increase in selling and administrative expenses reflects a \$15.9 million net increase in personnel costs, including teammate benefits expenses primarily due to increased headcount, reflecting the acquisition of PCM in August 2019. There was also an increase in depreciation and amortization, legal and professional fees, other and facility expenses of \$5.0 million, \$3.2 million, \$2.9 million and \$1.5 million, respectively, primarily as a result of PCM. These increased costs were partially offset by decreases in travel and entertainment costs of \$5.9 million reflecting cost control measures taken in response to COVID-19.

Selling and administrative expenses increased approximately 120 basis points as a percentage of net sales in the first nine months of 2020 compared to the first nine months of 2019. The overall net increase in selling and administrative expenses reflects a \$93.9 million increase in personnel costs, including teammate benefits expenses primarily due to increased headcount, including the acquisition of PCM. There was also an increase in other expenses, depreciation and amortization, facility expenses and legal and professional fees of \$21.8 million, \$21.3 million, \$8.7 million and \$7.2 million, respectively, primarily as a result of PCM. These increased costs were partially offset by decreases in travel and entertainment costs of \$10.3 million reflecting cost control measures taken in response to COVID-19.

Severance and Restructuring Expenses. During the three months ended September 30, 2020, we recorded severance expense, net of adjustments, of approximately \$808,000. During the nine months ended September 30, 2020, we recorded severance expense, net of adjustments, of approximately \$10.0 million. The charges in all three operating segments primarily related to a realignment of certain roles and responsibilities and for North America and EMEA, the acquisition of PCM. Current period charges were partially offset by adjustments for changes in estimates of previous accruals as cash payments were made. Comparatively, during the three months ended September 30, 2019, we recorded severance expense, net of adjustments, of approximately \$2.7 million. For the nine months ended September 30, 2019, we recorded severance expense, net of adjustments, of approximately \$3.7 million.

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Earnings from Operations. Earnings from operations increased 38%, or \$17.1 million, for the three months ended September 30, 2020, compared to the three months ended September 30, 2019. Earnings from operations increased 9%, or \$15.0 million, for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019. Our earnings from operations and earnings from operations as a percentage of net sales by operating segment were as follows for the three and nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020	% of Net Sales	2019	% of Net Sales	2020	% of Net Sales	2019	% of Net Sales
North America	\$ 54,244	3.5%	\$ 39,306	2.6%	\$ 148,653	3.1%	\$ 135,550	3.3%
EMEA	4,843	1.4%	3,110	0.9%	31,073	2.7%	29,631	2.6%
APAC	2,395	6.5%	2,006	4.8%	8,807	7.0%	8,397	5.8%
Consolidated	<u>\$ 61,482</u>	3.2%	<u>\$ 44,422</u>	2.3%	<u>\$ 188,533</u>	3.1%	<u>\$ 173,578</u>	3.2%

North America's earnings from operations for the three months ended September 30, 2020 increased \$14.9 million, or 38%, compared to the three months ended September 30, 2019. As a percentage of net sales, earnings from operations increased by approximately 90 basis points to 3.5%. The increase in earnings from operations was primarily driven by an increase in gross profit and decrease in acquisition and integration related expenses, partially offset by increases in selling and administrative expenses when compared to the three months ended September 30, 2019.

North America's earnings from operations for the nine months ended September 30, 2020 increased \$13.1 million, or 10%, compared to the nine months ended September 30, 2019. As a percentage of net sales, earnings from operations decreased by approximately 20 basis points to 3.1%. The increase in earnings from operations was primarily driven by an increase in gross profit in excess of increases in selling and administrative expenses and severance and restructuring expenses when compared to the nine months ended September 30, 2019.

EMEA's earnings from operations for the three months ended September 30, 2020 increased \$1.7 million, or 56%, compared to the three months ended September 30, 2019. As a percentage of net sales, earnings from operations increased by approximately 50 basis points to 1.4%. The increase in earnings from operations was primarily driven by an increase in gross profit, partially offset by the increase in selling and administrative expenses compared to the three months ended September 30, 2019.

EMEA's earnings from operations for the nine months ended September 30, 2020 increased \$1.4 million, or 5%, compared to the nine months ended September 30, 2019. As a percentage of net sales, earnings from operations increased by approximately 10 basis points to 2.7%. The increase in earnings from operations was primarily driven by an increase in gross profit, partially offset by the increase in selling and administrative expenses compared to the nine months ended September 30, 2019.

APAC's earnings from operations for the three months ended September 30, 2020 increased \$389,000, or 19%, compared to the three months ended September 30, 2019. As a percentage of net sales, earnings from operations increased by approximately 170 basis points to 6.5%. The increase in earnings from operations was primarily driven by an increase in gross profit when compared to the three months ended September 30, 2019.

APAC's earnings from operations for the nine months ended September 30, 2020 increased \$410,000, or 5%, compared to the nine months ended September 30, 2019. As a percentage of net sales, earnings from operations increased by approximately 120 basis points to 7.0%. The increase in earnings from operations reflects an increase in gross profit and reduction in severance and

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restructuring expenses, partially offset by an increase in selling and administrative expenses when compared to the nine months ended September 30, 2019.

Non-Operating (Income) Expense.

Interest Expense, Net. Interest expense, net primarily relates to borrowings under our financing facilities and imputed interest under our inventory financing facilities and our convertible senior notes, partially offset by interest income generated from interest earned on cash and cash equivalent bank balances. Interest expense, net for the three months ended September 30, 2020 increased 18%, or \$1.4 million, compared to the three months ended September 30, 2019. Interest expense, net for the nine months ended September 30, 2020 increased 88%, or \$14.6 million, compared to the nine months ended September 30, 2019. The increase was due primarily to higher average daily balances under our ABL facility in comparison to our facilities in the prior year and imputed interest under our convertible senior notes. The higher average daily balances under our ABL facility are largely the result of the PCM acquisition. Imputed interest under our convertible senior notes, which were issued in August 2019, was \$2.6 million and \$7.6 million for the three and nine months ended September 30, 2020, respectively. Imputed interest under our convertible senior notes was \$1.2 million for both the three and nine months ended September 30, 2019. Imputed interest under our inventory financing facilities was \$3.2 million and \$8.8 million for the three and nine months ended September 30, 2020, respectively, compared to \$2.7 million and \$8.6 million for the three and nine months ended September 30, 2019, respectively. The increases were a result of expanded use of the facilities, including the addition of PCM, in part as a result of extended payment terms during the 2020 periods. For a description of our various financing facilities, see Note 5 to our Consolidated Financial Statements in Part I, Item 1 of this report.

Income Tax Expense. Our effective tax rate of 23.8% for the three months ended September 30, 2020 was lower than our effective tax rate of 27.2% for the three months ended September 30, 2019. The decrease in our effective tax rate for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 was due to the rate impact of acquisition-related costs which did not recur in 2020 and the beneficial impact of certain income tax regulations issued during the current quarter. Our effective tax rate of 23.8% for the nine months ended September 30, 2020 was lower than our effective tax rate of 25.4% for the nine months ended September 30, 2019. The decrease in our effective tax rate for the first nine months of 2020 compared to the first nine months of 2019 was due primarily to the remeasurement of acquired net operating losses to be carried back to higher tax rate years under the CARES Act and the rate impact of acquisition-related costs which did not recur in 2020.

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Liquidity and Capital Resources

The following table sets forth certain consolidated cash flow information for the nine months ended September 30, 2020 and 2019 (in thousands):

	Nine Months Ended September 30,	
	2020	2019
Net cash provided by operating activities	\$ 462,094	\$ 168,595
Net cash used in investing activities	(12,875)	(681,209)
Net cash (used in) provided by financing activities	(489,087)	514,442
Foreign currency exchange effect on cash, cash equivalent and restricted cash balances	718	(3,960)
Decrease in cash, cash equivalents and restricted cash	(39,150)	(2,132)
Cash, cash equivalents and restricted cash at beginning of period	116,297	144,293
Cash, cash equivalents and restricted cash at end of period	<u>\$ 77,147</u>	<u>\$ 142,161</u>

Cash and Cash Flow

- Our primary uses of cash during the nine months ended September 30, 2020 were to pay down our debt balances and to fund our working capital requirements.
- Operating activities provided \$462.1 million in cash during the nine months ended September 30, 2020, compared to \$168.6 million during the nine months ended September 30, 2019 partially driven by a non-recurring item in the third quarter of 2020. In the fourth quarter of 2020, we expect that this non-recurring item will reverse, and we will use cash from operating activities for the quarter. Our cash cycle is inverted which allows us to generate more cash flows from operating activities in sequential periods of declining sales, particularly of our hardware offerings.
- We had net borrowings under our inventory financing facilities of \$114.3 million during the nine months ended September 30, 2020, compared to net repayments of \$96.5 million during the nine months ended September 30, 2019.
- Net repayments under our ABL facility during the nine months ended September 30, 2020 were \$570.9 million. Net borrowings under our ABL facility and our prior senior revolving credit facility and ABS facility combined during the nine months ended September 30, 2019 were \$338.2 million.
- Capital expenditures were \$20.7 million and \$16.9 million for the nine months ended September 30, 2020 and 2019, respectively.
- We acquired vNext in February 2020 for \$6.4 million and received proceeds from the sale of a property held for sale of \$14.2 million in the nine months ended September 30, 2020.
- During the nine months ended September 30, 2020, we repurchased an aggregate of \$25.0 million of our common stock, pursuant to a repurchase program approved in February 2020. During the nine months ended September 30, 2019, we repurchased an aggregate of \$27.9 million of our common stock

We expect that cash flows from operations, together with the funds available under our financing facilities, will be adequate to support our presently anticipated cash and working capital requirements for operations over the next 12 months. We believe that we have a strong balance sheet and healthy liquidity position. The Company had capacity of up to \$1.2 billion under our ABL facility as of September 30, 2020. For the remainder of 2020, we plan to be prudent in our use of cash, deferring discretionary capital investments and using available cash to fund business operations and pay down our inventory financing facilities.

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Net cash provided by operating activities

- Cash flow from operating activities in the first nine months of 2020 was \$462.1 million compared to \$168.6 million in the first nine months of 2019.
- The increase in cash flow from operating activities was partially driven by a non-recurring item in the third quarter of 2020. A payment of \$107.0 million that was due to be paid to a partner in the third quarter of 2020 was deferred in response to COVID-19 and will be paid in the fourth quarter of 2020. Our cash cycle is inverted which allows us to generate more cash flows from operating activities in sequential periods of declining sales, particularly of our hardware offerings.
- The significant decreases in both other assets and accrued expenses and other liabilities for the three months ended September 30, 2020 resulted from a single significant transaction in 2019 with no comparable activity in the current year.

Our consolidated cash flow operating metrics were as follows:

	Three Months Ended September 30,	
	2020	2019
Days sales outstanding in ending accounts receivable ("DSOs") (a)	108	111
Days inventory outstanding ("DIOs") (b)	10	11
Days purchases outstanding in ending accounts payable ("DPOs") (c)	(93)	(80)
Cash conversion cycle (days) (d)	25	42

- (a) Calculated as the balance of current accounts receivable, net at the end of the quarter divided by daily net sales. Daily net sales is calculated as net sales for the quarter divided by 92 days.
- (b) Calculated as average inventories divided by daily costs of goods sold. Average inventories is calculated as the sum of the balances of inventories at the beginning of the quarter plus inventories at the end of the quarter divided by two. Daily costs of goods sold is calculated as costs of goods sold for the quarter divided by 92 days.
- (c) Calculated as the sum of the balances of accounts payable – trade and accounts payable – inventory financing facilities at the end of the quarter divided by daily costs of goods sold. Daily costs of goods sold is calculated as costs of goods sold for the quarter divided by 92 days.
- (d) Calculated as DSOs plus DIOs, less DPOs.

- Our cash conversion cycle was 25 days in the third quarter of 2020, down 17 days from the third quarter of 2019.
- The net changes were a result of a 3 day decrease in DSOs, a 1 day decrease in DIOs and a 13 day increase in DPOs. Excluding the impacts of software netting, the decrease in DSOs was due to better collections experience on our accounts receivable. Excluding the impacts of software netting, the increase in DPOs was primarily due to the extension of terms (certain of which are temporary) on our inventory financing facilities and timing of transactions during the respective quarters, including deferral of payments to certain partners in response to COVID-19.
- We expect that cash flow from operations will be used, at least partially, to fund working capital as we typically pay our partners on average terms that are shorter than the average terms we grant to our clients to take advantage of supplier discounts.
- We intend to use cash generated in the remainder of 2020 in excess of working capital needs, given current market conditions, to pay down our inventory financing facilities.

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Net cash used in investing activities

- Capital expenditures were \$20.7 million and \$16.9 million for the nine months ended September 30, 2020 and 2019, respectively.
- We acquired vNext in February 2020 for \$6.4 million and received proceeds from the sale of a property held for sale of \$14.2 million in the first nine months of 2020.
- We expect capital expenditures for the full year 2020 to be in a range of up to \$25.0 million, of which approximately \$1.0 million will be used to ready our global corporate headquarters, and the remaining amount will be used primarily for technology-related upgrade projects.
- We have decided to defer the buildout of our new global corporate headquarters until early 2021.

Net cash (used in) provided by financing activities

- During the nine months ended September 30, 2020, we had net repayments under our ABL facility that decreased our outstanding long-term debt balance by \$570.9 million.
- During the nine months ended September 30, 2019, we had net combined borrowings under our ABL facility, our prior senior revolving credit facility and our ABS facility that increased our outstanding long-term debt balance by \$338.2 million.
- We had net borrowings under our inventory financing facilities of \$114.3 million during the nine months ended September 30, 2020 compared to net repayments of \$96.5 million during the nine months ended September 30, 2019.
- During the nine months ended September 30, 2020, we repurchased an aggregate of \$25.0 million of our common stock, pursuant to a repurchase program approved in February 2020. In comparison, during the nine months ended September 30, 2019, we repurchased an aggregate of \$27.9 million of our common stock.

Financing Facilities

Our debt balance as of September 30, 2020 was \$296.1 million, including our finance lease obligations for certain IT equipment and other financing obligations.

- Our objective is to pay our debt balances down while retaining adequate cash balances to meet overall business objectives.
- Our convertible senior notes are subject to certain events of default and certain acceleration clauses. As of September 30, 2020, no such events have occurred.
- Our ABL facility contains various covenants customary for transactions of this type, including complying with a minimum receivable and inventory requirement and meeting monthly, quarterly and annual reporting requirements. The credit agreement contains customary affirmative and negative covenants and events of default. At September 30, 2020, we were in compliance with all such covenants.

We also have agreements with 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 facilities in our consolidated balance sheets.
- Our inventory financing facilities have an aggregate availability for vendor purchases of \$500.0 million, of which \$368.0 million was outstanding at September 30, 2020.

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

Undistributed Foreign Earnings

Cash and cash equivalents held by foreign subsidiaries are generally subject to U.S. income taxation upon repatriation to the United States. As of September 30, 2020, we had approximately \$56.7 million in cash and cash equivalents in certain of our foreign subsidiaries, primarily residing in Australia, Canada and the Netherlands. Certain of these cash balances will be remitted to the United States by paying down intercompany payables generated in the ordinary course of business or through actual dividend distributions.

Off-Balance Sheet Arrangements

We have entered into off-balance sheet arrangements, which include indemnifications. The indemnifications are discussed in Note 10 to the Consolidated Financial Statements in Part I, Item 1 of this report and such discussion is incorporated by reference herein. We believe that none of our off-balance sheet arrangements have, or are reasonably likely to have, a material current or future effect on our business, financial condition or results of operations.

Recently Issued Accounting Standards

The information contained in Note 1 to the Consolidated Financial Statements in Part I, Item 1 of this report concerning a description of recently issued accounting standards which affect or may affect our financial statements, including our expected dates of adoption and the estimated effects on our results of operations and financial condition, is incorporated by reference herein.

Contractual Obligations

There have been no material changes in our reported contractual obligations, as described under "Contractual Obligations" in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Except as described below, there have been no material changes in our reported market risks, as described in "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2019.

Although our convertible senior notes are based on a fixed rate, changes in interest rates could impact the fair market value of such notes. As of September 30, 2020, the fair market value of our convertible senior notes was \$399 million. For additional information about our convertible senior notes, see Note 5 to our Consolidated Financial Statements in Part I, Item 1 of this report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, as of the end of the period covered by this report, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) and determined that as of September 30, 2020 our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Change in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) in the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations of Internal Control Over Financial Reporting

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Part II – OTHER INFORMATION**Item 1. Legal Proceedings.**

For a discussion of legal proceedings, see “– Legal Proceedings” in Note 10 to the Consolidated Financial Statements in Part I, Item 1 of this report, which section is incorporated by reference herein.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, “Risk Factors”, in our Annual Report on Form 10-K for the year ended December 31, 2019 (the “Annual Report”) and the risks relating to the impact of the COVID-19 pandemic described below. The risks described in our Annual Report and below are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or operating results.

The recent novel coronavirus (“COVID-19”) global pandemic has adversely affected, and is expected to continue to adversely affect, our business, results of operations and financial condition. The widespread outbreak of any other illnesses or communicable diseases could also adversely affect our business, results of operations and financial condition.

We could be negatively impacted by the widespread outbreak of an illness, any other communicable disease or any other public health crisis that results in economic and trade disruptions, including the disruption of global supply chains. To date, the COVID-19 pandemic has adversely affected, and is expected to continue to adversely affect, our business, results of operations and financial condition.

In late 2019, there was an outbreak of a new strain of coronavirus, COVID-19, which has since spread globally. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. In an effort to protect the health and safety of our teammates, we took proactive action to adopt social distancing policies at our locations globally, including working from home where possible, limiting the number of teammates attending in-person meetings, reducing the number of people in our locations at any one time, and suspending teammate travel.

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and workforce participation, and initially created significant volatility and disruption of financial markets. As a result of the COVID-19 pandemic and the related responses from government authorities, our business operations, financial performance and results of operations have been, and continue to be, adversely impacted. For example, we observed a pronounced impact of COVID-19 on our third quarter financial results when compared to internal budgets, and anticipate demand for our products and services will continue to be impacted in the fourth quarter as clients continue to evaluate the impact of COVID-19 on their businesses, their profitability and liquidity. While we did not experience a decline in booking trends year over year in October 2020 we anticipate that the declining trend, which began in April 2020, may continue into the fourth quarter of 2020. In the short run we took steps to accelerate and complete our integration with PCM and to reduce discretionary operating expenditures, such as certain teammate benefits and variable compensation, and travel related expenditures. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Quarterly Overview – Recent Developments – Impact of COVID-19 to our Business” for additional information.

INSIGHT ENTERPRISES, INC.

Additionally, our business operations, financial performance and results of operations have been and could be further adversely impacted in a number of ways, which may include, but is not limited to, the following:

- disruptions to our operations, including any closures of our offices and facilities; restrictions on our operations and sales, marketing and distribution efforts; and interruptions to our other important business activities;
- further reduced demand for our products and services due to disruptions to the businesses and operations of our clients;
- interruptions, availability or delays in global shipping to transport our products;
- a slowdown or stoppage in the supply chain for our products;
- limitations on employee resources and availability, including due to sickness, government restrictions, the desire of employees to avoid contact with large groups of people or mass transit disruptions;
- the ability of our clients to pay for our products, services and solutions;
- the willingness of clients in the travel, hospitality, retail and other industries significantly impacted by the pandemic to continue with current and expected projects;
- a fluctuation in foreign currency exchange rates or interest rates could result from market uncertainties;
- an increase in the cost or the difficulty to obtain debt or equity financing could affect our financial condition or our ability to fund operations or future investment opportunities;
- changes to the carrying value of our goodwill and intangible assets; and
- an increase in regulatory restrictions or continued market volatility could hinder our ability to execute strategic business activities, including acquisitions, as well as negatively impact our stock price.

The spread of COVID-19 has caused us to modify our business practices (including teammate travel, teammate work locations, and cancellation of physical participation in most meetings, events and conferences), and we anticipate taking further actions as may be required by government authorities or that we determine are in the best interests of our clients, partners and teammates. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, and our ability to perform critical functions could be harmed. Further, should any key teammates become ill from COVID-19 and unable to work, the attention of the management team could be diverted.

The potential effects of the COVID-19 pandemic may also impact our other risk factors discussed in Part I, Item 1A, "Risk Factors", in our Annual Report. The ultimate extent of the impact of the COVID-19 pandemic on our business operations, financial performance and results of operation, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, which are highly uncertain, continuously evolving and cannot be predicted. This includes, but is not limited to, the duration and spread of the COVID-19 pandemic, its severity, the actions taken to contain the virus or treat its impact, such as restrictions on travel and transportation, and how quickly and to what extent normal economic and operating conditions can resume.

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

There were no unregistered sales of equity securities during the three months ended September 30, 2020.

We have never paid a cash dividend on our common stock, and we currently do not intend to pay any cash dividends in the foreseeable future. Our ABL facility contains certain covenants that, if not met, restrict the payment of cash dividends.

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Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2020 through July 31, 2020	—	\$ —	—	\$ 25,000,004
August 1, 2020 through August 31, 2020	—	—	—	25,000,004
September 1, 2020 through September 30, 2020	—	—	—	25,000,004
Total	—	\$ —	—	

On February 26, 2020, we announced that our Board of Directors had authorized the repurchase of up to \$50 million of our common stock. There is no stated expiration date for this share repurchase plan. As of September 30, 2020, \$25 million remained available for repurchases under this share repurchase plan.

In accordance with the share repurchase plans, share repurchases may be made on the open market, subject to Rule 10b-18 or in privately negotiated transactions, through block trades, through 10b5-1 plans or otherwise, at management's discretion. The amount of shares purchased and the timing of the purchases will be based on market conditions, working capital requirements, general business conditions and other factors. We intend to retire the repurchased shares.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

INSIGHT ENTERPRISES, INC.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/F
		Form	File No.	Exhibit Number	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Insight Enterprises, Inc.	10-K	000-25092	3.1	February 17, 2006	
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Insight Enterprises, Inc.	8-K	000-25092	3.1	May 21, 2015	
3.3	Amended and Restated Bylaws of Insight Enterprises, Inc.	8-K	000-25092	3.2	May 21, 2015	
4.1	Specimen Common Stock Certificate (P)	S-1	33-86142	4.1	January 20, 1995	
10.1	Executive Employment Agreement between Insight Enterprises, Inc. and Joyce Mullen dated as of September 15, 2020					
10.2	First Amendment to Credit Agreement, dated as of July 31, 2020, by and among Insight Enterprises, Inc., the subsidiaries of Insight Enterprises, Inc. party thereto as borrowers and grantors, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto.	10-Q	000-25092	10.2	August 6, 2020	
31.1	Certification of Chief Executive Officer Pursuant to Securities Exchange Act Rule 13a-14					
31.2	Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rule 13a-14					
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					
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 (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					
(P)	Paper exhibit.					

INSIGHT ENTERPRISES, INC.

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.

Date: November 3, 2020

INSIGHT ENTERPRISES, INC.

By: /s/ Kenneth T. Lamneck

Kenneth T. Lamneck
President and Chief Executive Officer
(Duly Authorized Officer)

By: /s/ Glynis A. Bryan

Glynis A. Bryan
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Rachael A. Bertrandt Crump

Rachael A. Bertrandt Crump
Global Corporate Controller
(Principal Accounting Officer)

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this “Agreement”) is entered into as of September 15, 2020 by and between Joyce Mullen (“Executive”), an individual, and Insight Enterprises, Inc., (the “Company”) (together, the “Parties”).

WHEREAS, the Company desires to employ Executive on a full-time basis and the Executive desires to be so employed, subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Executive agree as follows:

1. **Position and Title.** The Company will employ Executive as its President, North America Region, reporting to the Company’s Chief Executive Officer, and Executive accepts employment to serve in such capacity, all upon the terms and conditions set forth in this Agreement.

2. **Employment Commencement Date.** Executive will commence her employment as President, North America Region under the terms of this Agreement effective October 26, 2020 (the “Commencement Date”).

3. **Duties and Responsibilities.** Executive shall have such duties and responsibilities as are consistent with Executive’s position as President, North America Region, as determined by the Chief Executive Officer of the Company. Executive shall perform her duties faithfully and to the best of her ability and shall devote the whole of her professional time, attention and energies to the performance of her work responsibilities. Executive shall not serve on the Boards of Directors of any other public, private or non-profit company or entity without the consent of the Chief Executive Officer.

4. **Location.** The location of Executive’s principal place of employment shall be in the Company’s principal executive offices in Tempe, Arizona; provided, however, that Executive shall travel and perform occasional services outside of this area as reasonably required for the proper performance of Executive’s duties under this Agreement.

5. **Term.** Subject to the provisions for earlier termination set forth in Section 7, the term of Executive’s employment hereunder shall commence on the Commencement Date and continue for the period of one (1) year following the Commencement Date (the “Initial Term”). The Initial Term will automatically renew for additional, successive one (1)-year periods (each a “Renewal Term”) unless either party provides written notice of such party’s intent not to continue this Agreement no less than sixty (60) days prior to the expiration of the Initial Term or any Renewal Term, as the case may be (the Initial Term and any Renewal Terms shall be referred to herein as the “Term”). If this notice of non-renewal is given, the Agreement shall immediately cease to renew and shall terminate naturally at the end of the then current Renewal Term; provided, however, that the Company’s decision to provide notice of non-renewal shall be treated as a termination without Cause pursuant to Section 8(c) herein.

6. **Compensation.**

(a) **Base Salary.** During the Term, the Company shall pay to Executive an annualized base salary, payable in accordance with the Company's payroll practices in effect from time to time, at the rate of \$600,000 per year (the "Base Salary").

(b) **Incentive Compensation.** Executive shall be eligible to participate in the Company's Annual Cash Incentive Plan (the "Incentive Plan"). However, the decision to provide any Incentive Plan and terms of any Incentive Plan shall be in the sole and absolute discretion of the Insight Board of Directors Compensation Committee ("Compensation Committee"). For Executive's Incentive Plan for 2021, the bonus target will be \$600,000 at 100% attainment of objectives. For 2020, Executive shall be guaranteed a bonus of \$150,000. Incentive compensation for each year will be paid no later than March 15 of the following year. The Company, with approval from the Compensation Committee, reserves the right to change the terms and conditions of the Incentive Plan.

(c) **Equity Participation.** For 2021, the Company expects Executive will participate in stock incentive plans at a total value of \$1,000,000, which will consist of 40% service-based restricted stock unit ("RSU") grants and 60% performance-based RSU grants, although the design and awards under any such future plan are at the discretion of the Compensation Committee. The service-based RSUs vest in equal annual installments over four years from the date of grant. The performance-based RSUs vest in equal annual installments over three years from the date of grant, with the final number of shares granted based on attainment against the Company's annual performance metric, which, for example, was defined for 2020 as Return on Invested Capital, or ROIC. The performance-based RSUs were granted on a grid from 0 – 200%, dependent on the final performance. The RSU grants will be subject to the terms and conditions of the Insight Enterprises, Inc. 2020 Omnibus Plan, as amended (the "Equity Plan"), and the applicable agreements evidencing the grant.

(d) **One-Time Equity Grant.** Executive will receive a one-time grant of RSUs having an aggregate value equal to \$3,000,000, based on the Company's closing stock price on the grant date. The one-time RSU grant will be subject to the terms and conditions of the Equity Plan and the applicable agreement evidencing the grant. The grant date will be the tenth day of the month following the month of Executive's Commencement Date. The RSUs granted pursuant to this Section 6(d) will vest on a service basis in equal installments over a period of three (3) years on the first three anniversaries of the grant date, provided that Executive remains employed by the Company on each anniversary.

(e) **Employee Benefits.** During the Term, Executive shall be eligible to participate in all health benefits, insurance programs, retirement plans and other employee benefit plans and programs generally available to other executive employees of the Company.

(f) **Business Expenses.** During the Term, Executive shall be entitled to reimbursement for reasonable business expenses incurred in the performance of her duties hereunder and in accordance with the Company's expense reimbursement policies as they exist from time to time or as otherwise approved by the Chief Executive Officer.

(g) **Vacation.** Executive shall be entitled participate in the Company's Flexible Vacation Program in accordance with the Company's policies and procedures applicable to other executive employees of the Company.

(h) **Relocation Benefits.** Insight will provide Executive with a one-time relocation payment of \$500,000 intended to cover relocation expenses, including but not limited to any Arizona temporary housing expenses, the expenses related to the physical relocation of household goods, any realtor commissions or closing costs on real estate transactions, and any travel to/from Austin prior to relocating to Arizona. The payment will be made in two installments: \$250,000 on December 31, 2020, and \$250,000 on June 30, 2021. If Executive terminates her employment with the Company pursuant to Section 7(d) prior to completing one year of service, Executive will be required to repay the full amount received by Executive pursuant to this Section 6(h).

7. **Termination of Employment.** Prior to the expiration of the Term, Executive's employment under this Agreement shall terminate:

(a) Immediately upon the death of Executive;

(b) After ten (10) days' written notice by the Company to Executive on account of Executive's Disability. "Disability" means that Executive with or without any accommodation required by law is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company. The effective date of Executive's Disability is the last day of the third month for which Executive receives the income replacement benefits;

(c) After ten (10) days' written notice by the Company to Executive stating that Executive's employment is being terminated without "Cause" (as defined below).

(d) After ten (10) days' written notice by the Executive to the Company stating that Executive is resigning from her employment with the Company for any reason other than "Good Reason" (as defined herein).

(e) Immediately upon written notice by the Company to Executive for Cause. For purposes of this Agreement, "Cause" shall be defined as:

- (i) the misappropriation (or attempted misappropriation) of any of the Company's funds or property;
- (ii) the conviction of, or the entering of a guilty plea or a plea of no contest with respect to a felony;
- (iii) repeated willful and significant neglect of duties;
- (iv) acts of material dishonesty or disloyalty toward the Company;
- (v) repeated material violation of any material written policy with respect to the Company's business or operations;

- (vi) repeated significant deficiencies with respect to performance objectives assigned by the Chief Executive Officer of the Company;
- (vii) Executive's material breach of this Agreement (after notice and an opportunity to cure); or
- (viii) Executive's failure to comply with the Company's written policies or rules, as they may be in effect from time to time during the Term, if such failure causes reputational or financial harm to the Company.
- (f) As provided in this Section 7(f), upon written notice by Executive to the Company stating that Executive is resigning from her employment with the Company for "Good Reason." For purposes of this Agreement, "Good Reason" shall be defined as:
- (i) a material diminution in Executive's authority, duties or responsibilities without her consent;
- (ii) a material reduction in Executive's Base Salary, other than as part of a Company salary reduction program that includes senior executives of the Company;
- (iii) any material act or acts of dishonesty by the Company directed toward or affecting Executive;
- (iv) any illegal act or instruction directly affecting Executive by Company, which is not withdrawn after the Company is notified of the illegality by Executive; or
- (v) the Company's material breach of this Agreement;

provided, however, that Executive must resign within 180 days of the initial occurrence of any of the foregoing circumstances and must provide written notice to the Chief Executive Officer of the facts and circumstances she alleges constitute Good Reason within ninety (90) days of the first occurrence of such fact or circumstance or Executive shall be deemed to have waived Executive's right to terminate for Good Reason with respect to any such facts or circumstances; provided, further, that none of the actions set forth in (i)-(v) above shall constitute Good Reason if the action is cured or otherwise remedied by the Company within thirty (30) business days after receiving written notice from the Executive.

8. **Compensation in the Event of Termination.**

(a) **Cause or Resignation.** If Executive's employment terminates under Paragraph 7(d) or (e), Executive shall receive (i) payment of any earned but unpaid Base Salary earned up to and including the date of termination and (ii) reimbursement of any unreimbursed business expenses (together, the "Accrued Obligations").

(b) **Death or Disability.** If Executive's employment terminates under Paragraph 7(a) or (b), Executive, or Executive's estate, if applicable, shall receive the Accrued Obligations and any vested benefits Executive, or Executive's estate, may be entitled to receive under any Company disability or insurance plan or other applicable employee benefit plan. Executive or Executive's estate, as the case may be, also shall be entitled to receive the following:

(i) A single lump sum payment equal to ninety (90) days of Executive's Base Salary as in effect on the date of Executive's death or Disability;

(ii) With respect to any Incentive Plan with annual objectives, a single lump sum cash payment in an amount equal to a prorated portion (based on the number of calendar days that have elapsed during the year) of the payment to which Executive would be entitled under the Incentive Plan (had Executive's death or Disability not occurred) for the calendar year in which Executive died or became Disabled.

The payment to which Executive or Executive's estate is entitled pursuant to paragraph (i) will be paid within thirty (30) days of Executive's death or the effective date of Executive's Disability, as the case may be. The payments to which Executive is entitled pursuant to paragraph (ii) shall be made within the time period described in the applicable Incentive Plan. In no event will the payments due pursuant to paragraphs (i) or (ii) be made later than March 15 of the year following the year in which Executive dies or the effective date of Executive's Disability occurs.

(c) **Without Cause or by Executive for Good Reason.** If Executive's employment terminates prior to the expiration of the Term under Paragraph 7(c) or (f), Executive shall receive the Accrued Obligations. Executive also shall be entitled to receive the following:

(i) severance pay in an amount equal to 100% of Executive's Base Salary in effect on the date Executive's employment is terminated (the "Severance Payment");

(ii) 100% of the annual compensation paid to Executive in the preceding year under the Incentive Plan in which Executive participates as of the date Executive's employment is terminated; plus, with respect to the Incentive Plan, a prorated portion (based on the number of calendar days that have elapsed during the year) of the payment to which Executive would be entitled under the Incentive Plan (had Executive's employment not been terminated) for the calendar year in which Executive's employment is terminated; and

(iii) continue to receive life, disability, accident and group health and dental insurance benefits, at substantially the levels Executive was receiving immediately prior to Executive's termination of employment, for a period of time expiring upon the earlier of: (1) the end of the period of twelve (12) months following Executive's Separation from Service, or (2) the day on which Executive becomes eligible to receive any substantially similar benefits under any plan or program of any other employer or source without being required to pay any premium with respect thereto. Company will satisfy the obligation to provide the health and dental insurance benefits pursuant to this Section 8(c)(iii) by either paying for or reimbursing Executive for the actual cost of COBRA coverage (and Executive shall cooperate with Company in all respects in securing and maintaining such benefits, including exercising all appropriate COBRA elections and complying with all terms and conditions of such coverage in a manner to minimize the cost). Similarly, Company will reimburse Executive for the cost of comparable coverage for all other insurance benefits that are not subject to the COBRA continuation rules. It will be Executive's responsibility to procure such benefits and Company will promptly reimburse Executive for the premiums for such benefits in the specified amount upon Executive's submission of an invoice or other acceptable proof of payment. Company's obligation under this paragraph will cease with respect to a particular type of coverage when and if Executive becomes eligible to receive substantially similar coverage with a successor employer.

Subject to Section 15 herein, the Severance Payment will be paid in equal installments over a period of twelve (12) months in accordance with the Company's regular paydays and commencing on the Company's first regular payday that falls at least sixty (60) days following Executive's termination of employment; provided that (i) Executive has timely executed (and not revoked) a general release and waiver of all claims in a form acceptable to the Company ("General Release") and (ii) any period of revocation applicable to such General Release has passed; provided, further, that the General Release shall be made available to Executive no later than five (5) days following the date of Executive's termination of employment under Sections 7(c) or (f) herein. As shall be further described in the General Release, Executive shall have either twenty-one (21) or forty-five (45) days following receipt of the General Release to consider its execution and seven (7) days following the execution of the General Release to revoke it. If Executive fails to execute the General Release in a timely manner, or revokes the General Release, the benefits provided pursuant to this Section 8(c) (other than the Accrued Obligations) will not be due.

9. **Change in Control of Company.**

(a) **Eligibility to Receive Benefits.** If a Change in Control (as defined in Section 9(c)) occurs, Executive shall be entitled to the benefits provided in Section 9(b) if, prior to the expiration of twenty-four (24) months after the Change in Control (i) Executive terminates employment with the Company for Good Reason in accordance with the requirements of Section 7(f) or (ii) the Company terminates Executive's employment without Cause pursuant to Section 7(c).

(b) **Receipt of Benefits.** If Executive is entitled to receive benefits pursuant to Section 9(a) hereof:

(i) Executive shall receive (1) the Accrued Obligations; (2) severance pay in an amount equal to: (a) 200% of the Executive's highest annualized Base Salary in effect on any date during the Initial Term or any Renewal Term, plus (b) 200% of the annual compensation paid to Executive in the preceding year under the Incentive Plan in which Executive participates as of the date Executive's employment is terminated; plus (c) with respect to the Incentive Plan, a prorated portion (based on the number of calendar days that have elapsed during the year) of the payment to which Executive would be entitled under the Incentive Plan (had Executive's employment not been terminated) for the calendar year in which Executive's employment is terminated;

(ii) Executive shall be entitled to continue to receive life, disability, accident and group health and dental insurance benefits, at substantially the levels Executive was receiving immediately prior to Executive's termination of employment, for a period of time expiring upon the earlier of: (1) the end of the period of twenty-four (24) months following Executive's Separation from Service, or (2) the day on which Executive becomes eligible to receive any substantially similar benefits under any plan or program of any other employer or source without being required to pay any premium with respect thereto. Company will satisfy the obligation to provide the health and dental insurance benefits pursuant to this Section 9(b)(ii) by either paying for or reimbursing Executive for the actual cost of COBRA coverage (and Executive shall cooperate with Company in all respects in securing and maintaining such benefits, including exercising all appropriate COBRA elections and complying with all terms and conditions of such coverage in a manner to minimize the cost). Similarly, Company will reimburse Executive for the cost of comparable coverage for all other insurance benefits that are not subject to the COBRA

continuation rules. It will be Executive's responsibility to procure such benefits and Company will promptly reimburse Executive for the premiums for such benefits in the specified amount upon Executive's submission of an invoice or other acceptable proof of payment. Company's obligation under this paragraph will cease with respect to a particular type of coverage when and if Executive becomes eligible to receive substantially similar coverage with a successor employer;

(iii) Executive shall be vested in any and all equity-based plans and agreements of Company in which Executive had an interest, vested or contingent. If applicable law prohibits such vesting, then Company shall pay to Executive in a single lump sum cash payment in an amount equal to the value of benefits and rights that would have, but for such prohibition, been vested in Executive; and

(iv) Subject to Section 15 herein, the benefits provided pursuant to this Section 9(b) (other than the Accrued Obligations) will be paid in a single lump sum on the Company's first regular payday that falls at least sixty (60) days following Executive's termination of employment; provided that (1) Executive has timely executed (and not revoked) a general release and waiver of all claims in a form acceptable to the Company ("General Release") and (2) any period of revocation applicable to such General Release has passed; provided, further, that the General Release shall be made available to Executive no later than five (5) days following the date of Executive's termination of employment under Sections 7(c) or (f) herein. As shall be further described in the General Release, Executive shall have either twenty-one (21) or forty-five (45) days following receipt of the General Release to consider its execution and seven (7) days following the execution of the General Release to revoke it. If Executive fails to execute the General Release in a timely manner, or revokes the General Release, the benefits provided by this Section 9(b) (other than the Accrued Obligations) will not be due. The Incentive Plan payments to which Executive is entitled for the year or quarter of the Executive's termination shall be made within the time period described in the applicable Incentive Plan, provided Executive has timely executed and not revoked a General Release as described above. In no event will the Incentive Plan payments be made later than March 15 of the year following the year in which Executive's employment is terminated.

(c) **Change in Control Defined.** For purposes of this Agreement, "Change in Control" shall have the meaning set forth in the Equity Plan.

(d) **Cap on Payments.**

(i) **General Rules.** The Internal Revenue Code (the "Code") imposes significant tax consequences on Executive and Company if the total payments made to Executive due, or deemed due, to a "change in control" (as such term is defined in Section 280G(b)(2)(A)(i) of the Code and the regulations adopted thereunder) exceed prescribed limits. For example, if Executive's "Base Period Income" is \$100,000 and Executive's "Total Payments" exceed 299% of such Base Period Income (the "Cap"), Executive will be subject to an excise tax under Section 4999 of the Code of 20% of all amounts paid to Executive in excess of \$100,000. In other words, if Executive's Cap is \$299,999, Executive will not be subject to an excise tax if Executive receives exactly \$299,999. If Executive receives \$300,000, Executive will be subject to an excise tax of \$40,000 (20% of \$200,000).

(ii) **Reduction of Payments.** Subject to the exception described in Section 9(d)
(iii), in order to avoid the excise tax imposed by Section 4999 of the Code, one or

more of the payments or benefits to which Executive is entitled that is not subject to Section 409A of the Code shall be reduced until the Total Payments equal the Cap. For purposes of this limitation:

(1) No portion of the Total Payments shall be taken into account which, in the opinion of the Consultant retained pursuant to Section 9(d)(iv), does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code;

(2) A payment shall be reduced only to the extent necessary so that the Total Payments constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code or are otherwise not subject to disallowance as deductions, in the opinion of the Consultant; and

(3) The value of any non-cash benefit or any deferred payment of benefit included in the Total Payments shall be determined in accordance with Section 280G of the Code and the regulations issued thereunder.

(4) If after the reductions called for by the preceding provisions of this Section 9(d)(ii), the Total Payments continue to exceed the Cap, the payments or benefits to which, Executive is entitled and which are subject to Section 409A shall be reduced proportionally until the Total Payments equal the Cap.

(iii) **Exception.** The payment limitation called for by Section 9(d)(ii) shall not apply if Executive’s “Uncapped Benefit” exceeds Executive’s “Capped Benefit” by more than 25%. The Consultant selected pursuant to Section 9(d)(iv) will calculate Executive’s Uncapped Benefit and Executive’s Capped Benefit. For this purpose, the “Uncapped Benefit” is equal to the Total Payments to which Executive is entitled prior to the application of Section 9(d)(ii). Executive’s “Capped Benefit” is the amount to which Executive will be entitled after application of the limitations of Section 9(d)(ii).

(iv) **Consultant.** Company will retain a “Consultant” to advise Company with respect to the applicability of any Section 4999 excise tax with respect to Executive’s Total Payments. The Consultant shall be a law firm, a certified public accounting firm, and/or a firm nationally recognized as providing executive compensation consulting services. All determinations concerning Executive’s Capped Benefit and Executive’s Uncapped Benefit (as well as any assumptions to be used in making such determinations) shall be made by the Consultant selected pursuant to this Section 9(d)(iv). The Consultant shall provide Executive and Company with a written explanation of its conclusions. All fees and expenses of the Consultant shall be borne by Company. The Consultant’s determination shall be binding on Executive and Company.

(v) **Special Definitions.** For purposes of this Section 9(d), the following specialized terms will have the following meanings:

(1) **“Base Period Income.”** “Base Period Income” is an amount equal to Executive’s “annualized includable compensation” for the “base period” as defined in Sections 280G(d)(1) and (2) of the Code and the regulations adopted thereunder. Generally, Executive’s “annualized includable compensation” is the average of Executive’s annual taxable income from Company for the “base period,” which is the five (5) calendar years prior to the year in which the change in control occurs.

(2) **“Cap” or “280G Cap.”** “Cap” or “280G Cap” shall mean an amount equal to 2.99 times Executive’s Base Period Income. This is the maximum amount which Executive may receive without becoming subject to the excise tax imposed by Section 4999 of the Code or which Company may pay without loss of deduction under Section 280G of the Code.

(3) **“Total Payments.”** The “Total Payments” include any “payments in the nature of compensation” (as defined in Section 280G of the Code and the regulations adopted thereunder), made pursuant to this Agreement or otherwise, to or for Executive’s benefit, the receipt of which is contingent or deemed contingent on a change in control and to which Section 280G of the Code applies.

(vi) **Effect of Repeal.** In the event that the provisions of Sections 280G and 4999 of the Code are repealed without succession, Section 9(d) shall be of no further force or effect.

(vii) **Employment by Successor.** For purposes of this Agreement, employment by a successor of Company or a successor of any subsidiary of Company that has assumed this Agreement shall be considered to be employment by Company or one of its subsidiaries. As a result, if Executive is employed by such a successor following a Change in Control, Executive will not be entitled to receive the benefits provided by Section 9 unless Executive’s employment with the successor is subsequently terminated without Cause or for Good Reason within twenty-four (24) months following the Change in Control.

10. **Confidentiality, Intellectual Property, Non-Solicitation, and Non-Competition Agreement.** As a condition of employment, Executive also must sign the Confidentiality, Intellectual Property, Non-Solicitation and Non-Competition Agreement, which is attached as Exhibit A to this Agreement.

11. **Applicable Law.** This Agreement and any disputes or claims arising hereunder shall be construed in accordance with, governed by and enforced under the laws of the State of Arizona without regard for any rules of conflicts of law.

12. **Company Policies.**

(a) **General Company Policies.** Except where inconsistent with the terms of this Agreement, Executive agrees that she will be subject to, and comply with, the employment policies and procedures established by the Company from time to time.

(b) **Company Stock Ownership Guidelines.** Executive agrees that she will be subject to the Company’s stock ownership guidelines.

(c) **Clawback.** To the extent required by law or Company policy, the Company may require Executive to repay to the Company any bonus or other incentive-based or equity-based compensation paid to Executive.

13. **Section 16 of the Securities Exchange Act.** If, at the time Executive’s employment is terminated for any reason, Executive is a person designated to file pursuant to Section 16 of the Securities Exchange Act of 1934 (the “1934 Act”), Executive will provide to the

Company a written representation in a form acceptable to the Company that all reportable pre-termination securities transactions relating to Executive have been reported.

14. **Withholding.** The Company may effect withholdings from the payments due to Executive under this Agreement for the payment of taxes and other lawful withholdings or required employee contributions, in accordance with applicable law.

15. **Section 409A.**

(a) It is the intention of the Company and Executive that this Agreement not result in unfavorable tax consequences to Executive under Section 409A of the Code ("Section 409A"). To the extent applicable, it is intended that the Agreement comply with the provisions of Section 409A, but the Company does not warrant or guarantee that the Agreement is either excepted from the requirements of Section 409A or that the Agreement complies with Section 409A. The Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Agreement to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). The Company and Executive agree to work together in good faith in an effort to comply with Section 409A including, if necessary, amending this Agreement based on further guidance issued by the Internal Revenue Service from time to time, provided that the Company shall not be required to assume any increased economic burden. Executive remains solely responsible for any adverse tax consequences imposed upon her by Section 409A.

(b) Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Executive shall not be considered to have terminated employment with the Company for purposes of the Agreement and no payments shall be due to her under the Agreement which are payable upon her termination of employment until she would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

(c) To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Agreement during the six-month period immediately following Executive's termination of employment shall instead be paid within thirty (30) days following the first business day after the date that is six months following her termination of employment (or upon her death, if earlier). If it is determined that all or a portion of the payments due pursuant to this Agreement are subject to Section 409A of the Code, and if the General Release consideration period and revocation period spans two calendar years, the payments provided pursuant to this Agreement that are subject to Section 409A shall not begin until the second calendar year. Executive may not elect the taxable year of the distribution. In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Executive pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A.

16. **Dispute Resolution.** The Parties agree that any controversy, dispute or claim arising out of or relating to the Agreement or breach thereof, including without limitation Executive's employment with or separation of employment from Company, and all claims, to the extent allowable by law, that Company or any of its representatives engaged in conduct prohibited on any basis under any federal, state, or local statute, including federal or state discrimination

statutes or public policy, shall be resolved by final, binding and conclusive arbitration in Maricopa County, Arizona, with a sole arbitrator to be mutually agreed upon by the Parties. The Parties shall bear equally the cost of the arbitrator. The arbitration shall occur within thirty (30) days of selection of the arbitrator and shall be administered by the American Arbitration Association under its Employment Arbitration Rules and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Any arbitration award may, in the discretion of the arbitrator, include reasonable attorneys' fees and costs of the prevailing party. "Attorneys' fees and costs" mean all reasonable pre-award expenses, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone costs, witness fees and attorneys' fees. Any award of attorney's fees and costs to which Executive may be entitled shall be paid by Company, on or before December 31 of the calendar year following the year of the conclusion of the arbitration. Either party may apply to the arbitrator to seek injunctive relief until the arbitration award is rendered or the matter is otherwise resolved. Either party also may, without waiving any remedy under the Agreement, seek from any court having jurisdiction any interim or provisional relief, including a temporary restraining order, an injunction both preliminary and final, and any other appropriate equitable relief, that is necessary to protect the rights or property of that party, pending the retention of the arbitrator.

17. **No Conflict.** Executive hereby represents and warrants that she is under no conflicting duty or contractual or other legal obligation that would prevent her from executing this Agreement or performing the duties of President, North America Region.

18. **No Waivers.** The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver of any such provision, nor prevent such party thereafter from enforcing such provision or any other provision of this Agreement. Rights granted the parties hereto herein are cumulative and the election of one shall not constitute a waiver of such party's right to assert all other legal remedies available under the circumstances.

19. **Notices.** All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered personally or by local courier, (ii) upon confirmation of receipt when such notice or other communication is sent by facsimile, or (iii) one day after timely delivery to an overnight delivery courier. The addresses for such notices shall be as follows:

TO THE COMPANY:

Insight Enterprises, Inc.
Attn: Chief Executive Officer
6820 South Harl Avenue
Tempe, Arizona 85283

TO EXECUTIVE:

At the most recent address on file in the records of the Company.

20. **Severability.** The provisions of this Agreement are severable and if any provision of this Agreement shall be held to be invalid or otherwise unenforceable, in whole or in part, the remainder of the provisions, or enforceable parts thereof, shall not be affected thereby unless as a result of such severing the remaining provisions or enforceable parts do not substantially reflect the intention of the parties in entering into this Agreement.

21. **Successors and Assigns.** This is an agreement for personal services and may not be assigned by Executive. The rights and obligations of the parties under this Agreement shall inure to the benefit of and be binding upon their successors, heirs and assigns, including the survivor upon any merger, consolidation or combination of the Company with any other entity.

22. **Entire Agreement and Amendments.** This Agreement sets forth the entire agreement of the parties hereto and supersedes all prior agreements, negotiations, understandings and covenants (except as otherwise provided herein) with respect to the subject matter hereof, including any offer letter provided to Executive. This Agreement may be amended, modified or canceled only by mutual agreement of the parties and only in writing.

23. **Counterparts.** This Agreement may be executed in two (2) counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INSIGHT ENTERPRISES, INC.

JOYCE MULLEN

/s/ Kenneth Lamneck

/s/ Joyce Mullen

By: Kenneth Lamneck
Its: President and CEO



EXHIBIT A

CONFIDENTIALITY, INTELLECTUAL PROPERTY, NON-SOLICITATION, AND NON-COMPETITION AGREEMENT

This Confidentiality, Intellectual Property, Non-Solicitation, and Non-Competition Agreement ("Agreement") is entered into by and between Insight Enterprises, Inc., a Delaware corporation ("Insight") and Joyce Mullen ("Employee"). In exchange for the mutual promises and consideration described herein, the Parties agree as follows.

1. Consideration.

As a condition of, and in consideration of, the Employment Agreement between Insight and Employee, and in consideration for Employee's promises in this Agreement, including restrictive covenants after Employee's employment ends, Insight will provide to Employee the following: the consideration outlined in the Employment Agreement, the opportunity to participate in future merit increases in compensation; continued participation in Insight's compensation and benefit programs; the eligibility of Employee for future pay raises; access to confidential information and client relationships that will enhance Employee's employment opportunities with Insight, its parent, subsidiary, and affiliated companies ("Insight Company or Companies"); specialized training in information technology and sales programs; access to an Insight Company's trade secrets, confidentiality and/or proprietary information, and/or confidential third-party information; and other good and valid consideration that Insight provides and will provide to Employee.

2. Confidentiality.

A. Protection of Trade Secrets.

For the purpose of this Agreement, a "Trade Secret" means any and all information that (i) derives actual or potential economic value from not being generally known to persons who can obtain economic value from its disclosure or use, (ii) is the subject of reasonable efforts by an Insight Company to maintain its secrecy, and (iii) is not generally known or available to the public or the industry. Without limiting the foregoing, examples of Trade Secrets include, but are not limited to:

- The identity of each client of an Insight Company that has not been publically disclosed by an Insight Company;
- The identity, phone number, email address, and other similar contact information of key contact persons at each client of an Insight Company;
- Lists of Insight Company or Companies' clients and the key information regarding any such clients such as purchasing needs and habits, the technology products and services clients use or favor, client contract information and negotiated terms;
- Lists of key distributors, suppliers, vendors, and partners of an Insight Company and the key information regarding such business relationships, such as key contact person(s) and contact information, special programs, and negotiated prices, terms and contracts, that is not otherwise disclosed;
- Pricing, costs, discounts, margins, and profits for the products and services less than three years old of an Insight Company;
- The products and services preferences and the nature and amount of products and services purchased from an Insight Company by each client of an Insight Company;

- All information of any kind related to the client's business obtained by an employee of an Insight Company from a client in the course of any private conversation or communication that has not been publicly disclosed by the client;
- Software developed by an Insight Company;
- Strategic business initiatives, potential significant corporate events, or unique know-how of an Insight Company;
- Sales, business and marketing plans and forecasts less than three years old of an Insight Company;
- Sales data and results of an Insight Company before being reported and disclosed publically;
- Business affairs, processes, and projects of an Insight Company that have not been publicly disclosed;
- Technical designs, drawings, schematics, and matters created or developed by an Insight Company or contracted vendor or partner;
- Non-public planned product and services offerings less than three years old of an Insight Company;
- Non-public financial and accounting information and reports less than three years old of an Insight Company; and
- Special pricing programs that are less than three years old but available to an Insight Company, and other similar pricing information for goods and services sold by an Insight Company.

Both during and after employment with Insight, Employee agrees to protect and preserve the confidentiality of all Trade Secrets of an Insight Company, and agrees that Employee will not, directly or indirectly:

i. Disclose, publish or make available any Trade Secret of an Insight Company, other than to:

a. An employee, officer, or director of an Insight Company who, in the reasonable exercise of Employee's judgment, needs to know such Trade Secret in order to perform his or her duties on behalf of an Insight Company;

b. A vendor, supplier, or strategic partner of an Insight Company, except that such disclosure is permissible only after Employee (a) receives approval from Employee's immediate supervisor for each such disclosure, (b) ensures that each such vendor, supplier, or strategic partner is bound by a non-disclosure agreement with an Insight Company; and (c) ensures that there is no master agreement between an Insight Company and the affected client that would prohibit the sharing of that particular information with a vendor, supplier, or strategic partner.

ii. Sell, transfer, or otherwise exploit or permit the sale, transfer, use or exploitation of any Trade Secret of an Insight Company for any purpose other than those for which it was provided.

The foregoing obligations shall cease when the particular Trade Secret of an Insight Company becomes generally known or available to the public or the industry other than by a disclosure in violation of an Employee's agreement with Insight or when the particular Trade Secrets of an Insight Company are required to be disclosed pursuant to a subpoena or court order, provided that Employee provides immediate written notice of such planned disclosure to the Chief Executive Officer of Insight Enterprises, Inc. to allow Insight or an Insight Company to contest disclosure and thereafter does not disclose until the Insight Company's objection to disclosure, if any, is ruled upon and otherwise takes reasonable and lawful actions to avoid and/or minimize the extent of such disclosure.



Employee agrees that upon termination of Employee's employment or at any time upon request by Insight, Employee shall promptly return to Insight all tangible (i.e., written, recorded, encoded) forms of Trade Secrets of an Insight Company in Employee's possession, custody or control, including but not limited to the originals and all copies of such information regardless of the media in which it is stored.

B. Protection of Confidential and Proprietary Information.

For purposes of this Agreement, "Confidential and Proprietary Information" means information that is a valuable, special and unique asset of an Insight Company. Confidential and Proprietary Information may include Trade Secrets, but it is not necessarily limited to Trade Secrets. Without limiting the foregoing, examples of information that are Confidential and Proprietary Information include, but are not limited to:

- Trade Secrets;
- Pricing, costs, discounts, margins, and profits for the products and services of an Insight Company that are less than five years old ;
- Sales, business and marketing plans and forecasts of an Insight Company that are less than five years old;
- Non-public planned product and services offerings of an Insight Company that are less than five years old;
- Non-public financial and accounting information and reports of an Insight Company that are less than five years old;
- Special pricing programs of an Insight Company that are less than five years old and available to an Insight Company, and other similar pricing information for goods and services sold by an Insight Company;
- Policy and systems manuals of an Insight Company, other than employee handbooks and similar materials, that are less than five years old;
- Computer printouts, software, databases and other similar data or information related to an Insight Company that contain Insight confidential information;
- Non-public benefits and compensation plans and strategies for supervisory employees that are less than three years old of an Insight Company;
- Employee recruiting plans and strategies less than three years old of an Insight Company;
- Legal files of or related to an Insight Company;
- Non-public funding, credit, investment, and lending policies, arrangements, or sources of an Insight Company;
- Advertising and promotional ideas and strategies less than three years old of an Insight Company;
- Market surveys and/or analyses of an Insight Company that are less than three years old; and
- Other compilations of confidential information and records belonging to or related to an Insight Company.

The term, "software," as used in this Agreement, includes software in various stages of development or any product thereof and includes without limitation the literal elements of a program – source code, object code, or otherwise – its audiovisual components – menus, screens, structure, and organizations – any human or machine-readable form of the program, and any writing or medium in which the program or the information therein is sorted, written or described, including without limitation diagrams, flow charts, designs, drawings, specifications, models, data and customer information.

In addition to the Confidential and Proprietary Information of Insight and the Insight Companies, Employee understands and agrees that, in the performance of Employee's duties for Insight, Employee will have access to, or become familiar with, trade secrets and confidential and proprietary



information of or concerning current and prospective clients, business partners, vendors, distributors, and suppliers of an Insight Company including, but not limited to, product and services information, sales figures, marketing strategies, plans, financial information and other confidential information concerning those entities or businesses, whether protected by a nondisclosure agreement or not (collectively, "Third-Party Information").

Both during and after employment with Insight, Employee agrees to protect and preserve the confidentiality of all Confidential and Proprietary Information of an Insight Company and Third-Party Information, and agrees that Employee will not, directly or indirectly:

i. Disclose, publish or make available any Confidential and Proprietary Information of an Insight Company and Third-Party Information, other than to:

a. An employee, officer, or director of an Insight Company who, in the reasonable exercise of Employee's judgment, needs to know such Confidential and Proprietary Information of an Insight Company and Third-Party Information to perform his or her duties;

b. A vendor, supplier, or strategic partner of an Insight Company, except that such disclosure is permissible only after Employee: (a) receives approval from Employee's immediate supervisor for each such disclosure; (b) ensures that each such vendor, supplier, or strategic partner is bound by a non-disclosure agreement with an Insight Company; and (c) ensures that there is no agreement between an Insight Company and the affected client that would prohibit the sharing of that particular information with a vendor, supplier, or strategic partner.

ii. Sell, transfer, or otherwise exploit or permit the sale, transfer, use or exploitation of any Confidential and Proprietary Information of an Insight Company and Third-Party Information for any purpose other than those for which it was provided.

The foregoing obligations shall cease when the particular Confidential and Proprietary Information of an Insight Company becomes generally known or available to the public or the industry other than by a disclosure in violation of an employee's agreement with Insight, or when the particular Confidential and Proprietary Information of an Insight Company or Third-Party Information is required to be disclosed pursuant to a subpoena or court order, provided that Employee provides immediate written notice of such planned disclosure to the Chief Executive Officer of Insight Enterprises, Inc. to allow Insight or an Insight Company to contest disclosure and thereafter does not disclose until the Insight Company's objection to disclosure, if any, is ruled upon and otherwise takes reasonable and lawful actions to avoid and/or minimize the extent of such disclosure.

Employee agrees that upon termination of Employee's employment or at any time upon request by an Insight Company, Employee shall promptly return to Insight all Confidential and Proprietary Information of an Insight Company or Insight Companies and Third-Party Information including, but not limited to, the originals and all copies of such information regardless of how it is stored and that is in the possession, custody, or control of Employee.

C. Provisions Applicable to Both Trade Secrets and Confidential and Proprietary Information.

Employee recognizes that the Trade Secrets of an Insight Company and various items of Confidential and Proprietary Information of an Insight Company are special and unique assets of the Insight Company or Companies and need to be protected from improper disclosure and unauthorized use in order to prevent damage to an Insight Company or Companies. The obligation of non-disclosure and non-use of information shall continue to exist so long as such information remains a Trade Secret or Confidential and

Proprietary Information, except as otherwise limited above. Further, to the extent that any Trade Secret or Confidential and Proprietary Information is held by a court of competent jurisdiction not to be a trade secret within the meaning of applicable law, the prohibitions against disclosing or using Trade Secrets and Confidential and Proprietary Information in this Paragraph 2 shall expire five years after Employee's termination from employment with Insight, or if the period of five years is determined by a court to be unreasonably broad, then three years following Employee's termination from employment with Insight.

3. Return of Property.

"Insight Company Property" includes, but is not limited to: Trade Secrets; Confidential and Proprietary Information; information or things that would meet the definition of one of the above-listed examples of Trade Secrets or Confidential and Proprietary Information but for the time period (e.g., the item is older than three or five years); Third Party Information; credit and charge cards; all files; keys; records; computers; personal data assistants; smart phones (iPhones, Androids, Blackberries, etc.); tablet devices (iPad, Surface, etc.); peripherals; hard, thumb, or jump drives, computer programs, disks, and files; documents; drawings; models; specifications; lists, including client lists; equipment; data; manuals; supplies; promotional materials; plans; blueprints; site maps; and other similar items relating to, constituting, or containing information relating to the business of an Insight Company including any copies and electronic copies, whether prepared by Employee or otherwise coming into Employee's possession. Upon termination of Employee's employment, or at any time upon request by an Insight Company, Employee agrees to return immediately to Insight all Insight Company Property that is in the possession, custody, or control of Employee and in as good condition as when received by Employee (normal wear and tear excepted) and any copies of the same regardless of how it is stored (including electronic copies). In the event that Employee discovers or becomes aware of Insight Company Property that is in the possession, custody or control of Employee after termination of Employee's employment, Employee agrees to immediately return such property and any copies to Insight without retaining any copies.

4. Intellectual Property.

a. Inventions Retained. Employee represents that all matters that Employee has created or otherwise developed prior to employment with Insight, which Employee wishes to exclude as obligations to Insight under this Agreement, are listed below. If no items are listed below, Employee represents that there are no such matters to be excluded.

b. Assignment of Creations. Employee hereby agrees to hold in trust for the sole right and benefit of Insight Companies and assigns to Insight and the Insight Companies all right, title and interest in and to any and all Creations, as defined below, that Employee creates or otherwise develops, alone or in conjunction with others. Employee further agrees to assign to any third party, including the United States government, all his or her right, title and interest in and to any and all Creations whenever such assignment is required by a contract between an Insight Company and such third party. "Creation" means any invention, discovery, idea, concept, design, process, work of authorship, client list, development or improvement (whether or not subject to copyright or patent protection and whether or not reduced to practice by Employee), patent, copyright, or trademark: (i) relating to any past, present, or reasonably anticipated business of Insight or its parent, subsidiary, or related companies, and which is or was created or otherwise developed during Employee's employment with an Insight Company, (ii) which is or was created or otherwise developed while performing work for an Insight Company, or (iii) which is or was created or otherwise developed at any time using equipment, supplies, facilities, information or proprietary rights or other property of an Insight Company.

c. Publicity. Employee hereby consents to any and all uses and displays, by Insight and its parents, subsidiaries, affiliates and its and/or their agents, employees, representatives, and licensees, of the Employee's name, voice, likeness, image, appearance in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes and all other printed and electronic forms and media throughout the world created in connection with Employee's employment with Insight ("Images"), at any time during or after the period of Employee's employment by Insight. Employee acknowledges that Insight has an unconditional, non-exclusive, royalty-free, right to use, reproduce, edit, market, store, distribute, communicate, transmit, and promote these Images (collectively, "Permitted Uses"), or any portion thereof, in connection with Insight or any of its products or services.

d. Maintenance of Records. Employee agrees to keep and maintain adequate and current written records of all Creations made by him or her, in the form of notes, sketches, drawings and other notations which may be specified by Insight, which records shall be available to and remain the sole property of an Insight Company or Companies at all times.

e. Disclosure of Creations and Filings. Employee agrees to promptly disclose to Insight in writing all Creations created or otherwise developed by him or her alone or in conjunction with others, as well as any and all patent applications or copyright registrations filed by him or her during and within one (1) year after termination of employment with an Insight Company. Employee further agrees to disclose to Insight promptly any idea that he or she does not believe to be a Creation, but which is conceived, developed, or reduced to practice by Employee (alone or with others) while he or she is employed by an Insight Company or during the one-year period following termination of employment. Employee will disclose the idea, along with all information and records pertaining to the idea, and an Insight Company or Companies will examine the disclosure in confidence to determine if in fact it is a Creation subject to this Agreement.

f. Post-Termination Period. Employee agrees that any invention, discovery, idea, writing, concept, design, process, work of authorship, client list, patent, copyright or trademark or similar item or improvement shall be presumed to be a Creation if it is conceived, developed, used, sold, exploited or reduced to practice by him or her or with his or her aid within one (1) year after termination of employment with an Insight Company. Employee can rebut this presumption if he or she proves that invention, discovery, idea, writing, concept, design, process, work of authorship, client list, patent, copyright, trademark or similar item or improvement is not a Creation covered by this Agreement.

g. Assistance. During and after termination of employment by an Insight Company, Employee agrees that he or she will give Insight and Insight Companies all assistance it or they reasonably require (at Insight's expense) to file for, maintain, protect and enforce an Insight Company or Companies' patents, copyrights, trademarks, trade secrets and other rights in Creations, in any and all countries. To that end, Employee will sign documents and do other acts that any Insight Company may determine necessary or desirable including, without limitation, giving evidence and testimony in support of the Insight Companies' rights hereunder.

h. Intellectual Property Rights in Works of Authorship. Employee acknowledges and agrees that any intellectual property rights in Creations that are works of authorship belong to Insight or the Insight Companies and are "works made for hire" within the definition of section 101 of the United States Copyright Acts of 1976, Title 17, United States Code. Insight, the Insight Companies or any of their direct or indirect licensees shall not be obligated to (i) distribute any works made for hire; or (ii) designate Employee as author of any design, software, firmware, related documentation, or any other work of authorship when distributed publicly or otherwise.



i. Third Parties' Rights. Employee agrees not to use or disclose to an Insight Company, or induce or cause any of them to use any intellectual property belonging to a third party (i.e., other than Employee or an Insight Company) without the prior written consent of the third party. Employee agrees to indemnify, defend, and hold harmless Insight Company and Companies, against any claims or losses caused by Employee's use or disclosure of a third party's intellectual property.

j. Use of Other Matters. Employee agrees that if Employee uses her own invention, discovery, idea, concept, design, process, work of authorship, client list, development, improvement (whether subject to copyright or patent protection and whether or not reduced to practice by Employee), patent, copyright, or trademark, in the performance of Employee's job with Insight, by doing so Employee automatically confers to Insight and the Insight Companies an unrestricted and irrevocable license to use freely all such matter(s) for its own benefit.

5. Non-Competition During Employment.

a. Definitions.

"Competing Business." "Competing Business" shall mean any information technology reseller, provider or seller of information technology services, or any entity that is engaged in or is preparing to engage in any business which involves the sale, lease, or provision of information technology products or services that are available from Insight or an Insight Company and that are marketed and sold to companies, businesses, non-profit organizations, governmental entities, and educational institutions or school districts.

"Restricted Territory." Employee and Insight understand and agree that the business of Insight Companies is not geographically restricted and is often unrelated to the physical location of Insight Companies' facilities or the physical location of any Competing Business, due to extensive use of the Internet, telephones, electronic mail, facsimile transmissions and other means of electronic information, service delivery, and product distribution. Accordingly, Insight and the Insight Companies have a protectable business interest in, and the parties intend the "Restricted Territory" to encompass, each and every location in which Employee could engage in Competing Business in the states in the United States in which an Insight Company has customers, employees, suppliers, distributors, business partners, or operations, including, but not limited to, the states in which clients are located and in which Employee provided services, sold goods or services, or otherwise performed work during the 12-month period preceding the termination of Employee's employment at Insight. If, but only if, this Restricted Territory is held by a court to be invalid on the grounds that it is unreasonably broad, then the Restricted Territory shall include the state or states in which Employee worked for Insight, as well as Arizona, Illinois, Texas, and Florida.

b. Non-Competition.

Employee recognizes that the Insight Companies have legitimate and protectable business interests in protecting their investments in, and their relationships with, their employees, clients, and potential clients. To protect these business interests, Employee agrees that, while Employee is employed by an Insight Company, Employee agrees that, other than for the Insight Companies, Employee will not, either directly or indirectly, either as a principal, agent, officer, director, proprietor, employee, consultant, independent contractor, employer, investor, lender, partner or shareholder (other than as an owner of 2% or less of the stock of a public corporation) or in any other capacity, become employed or otherwise engage in any manner in a Competing Business in a same or similar capacity as Employee's position(s) during his or her employment with an Insight Company or Companies.

6. Non-Competition After Employment.

Employee recognizes that the Insight Companies have legitimate and protectable business interests in protecting their investments in, and their relationships with, their employees, clients, and potential clients. To protect these business interests, Employee agrees as the President, North America Region that for a period of fifteen months following the termination of Employee's employment with Insight, or, if the period of fifteen months is determined by a court to be unreasonably broad, then for a period of twelve months following the termination of Employee's employment with Insight, Employee will not, without prior written consent of Insight, engage in Competing Business in the Restricted Territory.

7. Non-Solicitation Covenants.

Employee recognizes that the Insight Companies have legitimate and protectable business interests in protecting their investments in, and their relationships with, their employees, clients, and potential clients. To protect these interests, Employee agrees:

a. Non-Solicitation of Insight Customers

If Employee is a Senior Vice President, for a period of eighteen months following the termination of Employee's employment with Insight, Employee will not directly or indirectly encourage, induce, or solicit business from any client of an Insight Company with whom Employee had contact, for whose account Employee worked, or about whom Employee has knowledge of Trade Secrets, Confidential and Proprietary Information or Third-Party Information by reason of Employee's employment with an Insight Company within the last twelve months of his or her employment with Insight, with the purpose, effect or potential of: (i) selling (or assisting another person's selling) or providing such client products or services that are the same, similar, or related to products or services provided by an Insight Company; or (ii) in any way reducing the amount of business such client transacts with an Insight Company: (i) with whom or with which Employee communicated for the purpose of offering or attempting to sell the individual or entity products or services through an Insight Company within the last six months of Employee's employment or (ii) about whom Employee learned Trade Secrets, Confidential and Proprietary Information and/or Third-Party Information within the last six months of Employee's employment. During Employee's employment with an Insight Company, Employee shall not engage in the activities described in this Section 7(a), on behalf of any individual or entity other than the Insight Companies.

b. Non-Solicitation of Insight Employees

During Employee's employment with Insight and for a period of twelve months following the termination of Employee's employment with an Insight Company, Employee will not directly or indirectly encourage, induce, or otherwise solicit, directly or indirectly, any employee of an Insight Company with whom the Employee worked to terminate his or her employment or otherwise interfere with the business relationship of an Insight Company with its employees.

8. Enforcement of Covenants.

Employee agrees that the breach by Employee of this Agreement could not reasonably or adequately be fully compensated in damages in an action at law, and that Insight shall therefore be entitled, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security, to injunctive relief which may include, but shall not be limited to, restraining Employee from rendering any service or making any disclosure that would breach this Agreement. However, no remedy conferred by any of the specific provisions of this Agreement (including this paragraph) is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing

in law or in equity, by statute or otherwise. The election of any one or more remedies by Insight shall not constitute a waiver of the right to pursue other available remedies.

In the event that it is necessary for such injunctive relief to address a breach of this Agreement, and an Insight Company is successful in obtaining the same, the duration of the restrictive covenant shall be tolled and computed from the date such relief is granted, reduced by the time period between termination of Employee's employment, for any reason by either party, and the date of the first breach of the Agreement by Employee.

Employee also agrees that the restrictive covenants contained in Sections 2, 6 and 7 are justified by legitimate business interests, including goodwill, trade secrets, valuable confidential business information, substantial relationships with prospective or existing clients and extraordinary and specialized training, and that the covenants contained in Sections 2, 6 and 7 are reasonably necessary to protect these legitimate business interests. To the extent that any of restrictive covenants contained herein conflict with any of Employee's obligations contained in any separate agreements that Employee signed with an Insight Company regarding the treatment of confidential or proprietary information of the Company or one of its subsidiaries or affiliated companies or containing any restrictive covenants, including, but not limited to, any covenants not to solicit clients, customers, or employees, or not to compete, you acknowledge and agree that the Company may resolve any such conflicts by electing to enforce any restrictive covenants to the fullest extent allowed under applicable law. If any of the restrictive covenants contained herein are deemed by a court of competent jurisdiction to be unenforceable under applicable law, then the restrictive covenants previously agreed to by you and the Company shall remain enforceable with respect to each such obligation.

Employee further acknowledges that: (i) in the event Employee's employment terminates for any reason, Employee will be able to earn a livelihood without violating the foregoing restrictions in Sections 2, 6, and 7, and (ii) Employee's ability to earn a livelihood without violating such restrictions is a material condition to Employer's entry into this Agreement and willingness to employ Employee.

9. Termination.

Employee further understands and agrees that the restrictions in Section(s) 2, 6, and 7 of this Agreement shall apply upon termination of employment regardless of the reason or cause, if any, and whether with or without prior notice, and those restrictions apply regardless of whether Employee or Insight terminated employment.

10. Effect of Change in Position; Third-Party Beneficiary.

If Employee is promoted or otherwise changes his or her position, salary, commissions, bonuses and/or benefits during Employee's employment or Employee becomes an employee of another Insight Company, this Agreement shall remain in effect, including the post-employment restrictive covenants set forth herein, unless a new agreement is entered or this Agreement is modified by the parties. Employee and Insight understand and agree that the Insight Companies are expressly intended to be third-party beneficiaries of this Agreement with full rights to enforce the obligations, rights, undertakings, and commitments under this Agreement.

11. Notification of Existence of Agreement.

Employee agrees that in the event that Employee is offered employment with a Competing Business at any time during the existence of this Agreement, or such other period in which post-employment obligations of this Agreement apply, Employee shall immediately advise the Competing Business of the existence of this Agreement and shall immediately provide the Competing Business with a copy of this

Agreement. Notwithstanding the foregoing, Insight may, if in its sole discretion it determines that it is appropriate to do so, notify the Competing Business regarding the existence of this Agreement and provide the Competing Business with a copy of this Agreement.

12. Entire Agreement.

This Agreement contains the entire agreement of the parties concerning the subject matter hereof and there are no other promises or conditions concerning the subject matter hereof in any other agreement whether oral or written. This Agreement supersedes any prior written or oral agreements between the parties concerning the subject matter hereof.

13. Amendment.

This Agreement may be amended only if the amendment is made in writing and is signed by both parties.

14. Severability.

If any specific provisions of this Agreement are held by a court of competent jurisdiction to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid or enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

15. Attorneys' Fees.

In any action seeking, in whole or in part, enforcement of the Agreement, challenging the enforceability of a restrictive covenant under this Agreement, or for a breach or threatened breach of this Agreement, the prevailing party will be entitled to recover its attorneys' fees and costs.

16. Waiver of Rights.

If, on one or more occasions, either party fails to insist that the other party perform any of the terms of this Agreement, such failure shall not be construed as a waiver by such party of any past, present, or future right granted under this Agreement, and the obligations of both parties under this Agreement shall continue in full force and effect. Further, no failure on the part of an Insight Company to seek to enforce a similar agreement with other Insight or Insight Company employees shall constitute a waiver of its rights under this Agreement.

17. Applicable Law.

This Agreement shall be governed by the laws of the State of Arizona without regard to its conflict of law principles.

18. Successors and Assigns – Binding Effect.

This Agreement shall not be assignable by Employee. The rights and obligations of the parties under this Agreement shall be binding upon and shall inure to the benefit of the Insight Companies, and their successors and assigns. This Agreement may be enforced by Insight's assignee or successor.



19. Voluntary Agreement – Counterparts.

Employee represents and warrants that Employee has read and understands this Agreement in its entirety, that Employee understands that Employee may, if Employee desires, obtain advice from legal counsel of Employee's choice in order to advise him or her on any and all provisions of this Agreement, and that Employee has freely and voluntarily entered into this Agreement.

EMPLOYEE:

/s/ Joyce Mullen
Lamneck
Employee Signature

Joyce Mullen
Officer
Print Name

September,
2020
2020
Date

INSIGHT:

By: /s/ Kenneth

Title: Chief Executive

Date: September,

CERTIFICATION

I, Kenneth T. Lamneck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Insight Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 3, 2020**

By: /s/ Kenneth T. Lamneck
Kenneth T. Lamneck
Chief Executive Officer

CERTIFICATION

I, Glynis A. Bryan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Insight Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 3, 2020**

By: /s/ Glynis A. Bryan
Glynis A. Bryan
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Insight Enterprises, Inc. (the "Company") for the quarter ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Kenneth T. Lamneck, Chief Executive Officer of the Company, and Glynis A. Bryan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Kenneth T. Lamneck

**Kenneth T. Lamneck
Chief Executive Officer
November 3, 2020**

By: /s/ Glynis A. Bryan

**Glynis A. Bryan
Chief Financial Officer
November 3, 2020**