UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______

Commission File Number: 0-25092

Insight

INSIGHT ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Delaware	86-0766246
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2701 E. Insight Way, Chandler, Arizona 85286
(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	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01	**NSIT**	**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	☒	Accelerated filer	☐
Non-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 28, 2022 was 34,831,155.

INSIGHT ENTERPRISES, INC.
QUARTERLY REPORT ON FORM 10-Q
Three Months Ended September 30, 2022

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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; our expectations regarding current supply constraints, including our belief that supply constraints and extended lead times for certain products could impact results into the fourth quarter of 2022 and into 2023; our belief that we may experience growth in networking and infrastructure products as we progress through the last quarter of the year; 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 the impact of partner incentives; our expectations about future benefits of our acquisitions and our plans related thereto, including potential expansion into wider regions; 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; our liquidity and 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, 2021 and in “Risk Factors” in Part II, Item 1A of this report:

- 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;
- our ability to keep pace with rapidly evolving technological advances and the evolving competitive marketplace
- 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;

- general economic conditions, economic uncertainties and changes in geopolitical conditions including the possibility of a recession or as a result of Russia’s invasion of Ukraine;
- changes in the IT industry and/or rapid changes in technology;
- supply constraints for hardware, including devices, and the potential impact on our inventory management and warehouse operations relating to the easing of these constraints;
- accounts receivable risks, including increased credit loss experience or extended payment terms with our clients;
- our reliance on independent shipping companies;
- the risks associated with our international operations;
- natural disasters or other adverse occurrences;
- disruptions in our IT systems and voice and data networks;
- cyberattacks or breaches of data privacy and security regulations;
- intellectual property infringement claims and challenges to our registered trademarks and trade names;
- legal proceedings, client audits and failure to comply with laws and regulations;
- failure to comply with the terms and conditions of our commercial and public sector contracts;
- exposure to changes in, interpretations of, or enforcement trends related to tax rules and regulations;
- our potential to draw down a substantial amount of indebtedness;
- the conditional conversion feature of our convertible senior notes (the “Notes”), which has historically been triggered, may adversely affect the Company’s financial condition and operating results;
- the Company is subject to counterparty risk with respect to certain hedge and warrant transactions entered into in connection with the issuance of the notes (the "Call Spread Transactions");
- risks associated with the discontinuation of LIBOR as a benchmark rate;
- increased debt and interest expense and the possibility of decreased availability of funds under our financing facilities;
- possible significant fluctuations in our future operating results as well as seasonality and variability in client demands;
- our dependence on certain key personnel and our ability to attract, train and retain skilled teammates;
- risks associated with the integration and operation of acquired businesses, including achievement of expected synergies and benefits; and
- 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.

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, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 136,653	$ 103,840
Accounts receivable, net of allowance for doubtful accounts of $15,221 and $16,941, respectively	3,047,739	2,936,732
Inventories	367,913	328,101
Other current assets	232,355	199,638
Total current assets	3,784,660	3,568,311
Property and equipment, net of accumulated depreciation and amortization of $213,557 and $233,786, respectively	201,269	176,263
Goodwill	493,618	428,346
Intangible assets, net of accumulated amortization of $133,623 and $110,909, respectively	211,806	214,788
Other assets	306,361	301,372
	$ 4,997,714	$ 4,689,080
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable—trade	$ 1,525,638	$ 1,779,854
Accounts payable—inventory financing facilities	331,982	311,878
Accrued expenses and other current liabilities	414,822	423,489
Current portion of long-term debt	594	36
Total current liabilities	2,273,036	2,515,257
Long-term debt	783,723	361,570
Deferred income taxes	36,723	47,073
Other liabilities	283,441	255,953
	3,376,923	3,179,853
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; 34,828 shares at September 30, 2022 and 34,897 shares at December 31, 2021 issued and outstanding	348	349
Additional paid-in capital	330,726	368,282
Retained earnings	1,366,124	1,167,690
Accumulated other comprehensive loss – foreign currency translation adjustments	(76,407)	(27,094)
Total stockholders' equity	1,620,791	1,509,227
	$ 4,997,714	$ 4,689,080

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,	
	2022	**2021**	**2022**	**2021**
Net sales:				
Products	$ 2,169,197	$ 2,124,239	$ 6,828,726	$ 5,906,437
Services	365,157	323,282	1,099,855	963,653
Total net sales	2,534,354	2,447,521	7,928,581	6,870,090
Costs of goods sold:				
Products	1,956,679	1,930,096	6,199,783	5,367,083
Services	178,417	152,880	512,790	440,305
Total costs of goods sold	2,135,096	2,082,976	6,712,573	5,807,388
Gross profit:				
Products	212,518	194,143	628,943	539,354
Services	186,740	170,402	587,065	523,348
Gross profit	399,258	364,545	1,216,008	1,062,702
Operating expenses:				
Selling and administrative expenses	308,253	278,998	911,894	827,275
Severance and restructuring expenses, net	720	2,396	2,784	(3,217)
Acquisition and integration related expenses	6	—	1,646	—
Earnings from operations	90,279	83,151	299,684	238,644
Non-operating (income) expense:				
Interest expense, net	11,713	10,332	29,164	29,884
Other expense (income), net	1,790	(1,589)	(741)	(855)
Earnings before income taxes	76,776	74,408	271,261	209,615
Income tax expense	19,460	18,925	68,130	52,403
Net earnings	$ 57,316	$ 55,483	$ 203,131	$ 157,212
Net earnings per share:				
Basic	$ 1.64	$ 1.59	$ 5.80	$ 4.49
Diluted	$ 1.58	$ 1.51	$ 5.53	$ 4.27
Shares used in per share calculations:				
Basic	34,952	34,855	35,003	35,050
Diluted	36,340	36,745	36,714	36,860

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,	
	2022	**2021**	**2022**	**2021**
Net earnings	$ 57,316	$ 55,483	$ 203,131	$ 157,212
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(30,577)	(11,676)	(49,313)	(6,228)
Total comprehensive income	$ 26,739	$ 43,807	$ 153,818	$ 150,984

See accompanying notes to consolidated financial statements.

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

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Par Value	Shares	Amount				
Balances at June 30, 2022	35,093	$ 351	—	$ —	$ 327,282	$ (45,830)	$1,331,294	$ 1,613,097
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	5	—	—	—	(127)	—	—	(127)
Stock-based compensation expense	—	—	—	—	6,090	—	—	6,090
Repurchase of treasury stock	—	—	(270)	(25,008)	—	—	—	(25,008)
Retirement of treasury stock	(270)	(3)	270	25,008	(2,519)	—	(22,486)	—
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(30,577)	—	(30,577)
Net earnings	—	—	—	—	—	—	57,316	57,316
Balances at September 30, 2022	34,828	$ 348	—	$ —	$ 330,726	$ (76,407)	$1,366,124	$ 1,620,791
Balances at June 30, 2021	34,845	$ 348	—	$ —	$ 361,412	$ (10,007)	$1,050,074	$ 1,401,827
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	40	1	—	—	(1,288)	—	—	(1,287)
Stock-based compensation expense	—	—	—	—	4,575	—	—	4,575
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(11,676)	—	(11,676)
Net earnings	—	—	—	—	—	—	55,483	55,483
Balances at September 30, 2021	34,885	$ 349	—	$ —	$ 364,699	$ (21,683)	$1,105,557	$ 1,448,922
Balances at December 31, 2021	34,897	$ 349	—	$ —	$ 368,282	$ (27,094)	$1,167,690	$ 1,509,227
Cumulative effect of accounting change	—	—	—	—	(44,731)	—	17,789	(26,942)
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	201	2	—	—	(6,830)	—	—	(6,828)
Stock-based compensation expense	—	—	—	—	16,524	—	—	16,524
Repurchase of treasury stock	—	—	(270)	(25,008)	—	—	—	(25,008)
Retirement of treasury stock	(270)	(3)	270	25,008	(2,519)	—	(22,486)	—
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(49,313)	—	(49,313)
Net earnings	—	—	—	—	—	—	203,131	203,131
Balances at September 30, 2022	34,828	$ 348	—	$ —	$ 330,726	$ (76,407)	$1,366,124	$ 1,620,791
Balances at December 31, 2020	35,103	$ 351	—	$ —	$ 364,288	$ (15,455)	$ 993,245	$ 1,342,429
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	279	3	—	—	(8,444)	—	—	(8,441)
Stock-based compensation expense	—	—	—	—	13,950	—	—	13,950
Cumulative effect of accounting change	—	—						—
Repurchase of treasury stock	—	—	(497)	(50,000)	—	—	—	(50,000)
Retirement of treasury stock	(497)	(5)	497	50,000	(5,095)	—	(44,900)	—
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(6,228)	—	(6,228)
Net earnings	—	—	—	—	—	—	157,212	157,212
Balances at September 30, 2021	34,885	$ 349	—	$ —	$ 364,699	$ (21,683)	$1,105,557	$ 1,448,922

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Net earnings	$ 203,131	$ 157,212
Adjustments to reconcile net earnings to net cash (used in) operating activities:		
Depreciation and amortization	42,204	42,151
Provision for losses on accounts receivable	4,295	5,781
Non-cash stock-based compensation	16,524	13,950
Deferred income taxes	(5,554)	3,374
Amortization of debt discount and issuance costs	4,894	12,615
Other adjustments	933	(4,753)
Changes in assets and liabilities:		
Increase in accounts receivable	(230,049)	(85,853)
Increase in inventories	(51,526)	(88,119)
Increase in other assets	(14,926)	(20,844)
Decrease in accounts payable	(171,257)	(119,525)
Decrease in accrued expenses and other liabilities	(4,554)	(33,777)
Net cash (used in) operating activities:	(205,885)	(117,788)
Cash flows from investing activities:		
Proceeds from sale of assets	1,318	29,221
Purchases of property and equipment	(59,270)	(28,011)
Acquisitions, net of cash and cash equivalents acquired	(68,248)	—
Net cash (used in) provided by investing activities:	(126,200)	1,210
Cash flows from financing activities:		
Borrowings on ABL revolving credit facility	3,825,923	3,167,044
Repayments on ABL revolving credit facility	(3,433,629)	(3,085,044)
Net borrowings under inventory financing facilities	23,017	76,422
Repurchases of common stock	(25,008)	(50,000)
Other payments	(12,798)	(9,330)
Net cash provided by financing activities:	377,505	99,092
Foreign currency exchange effect on cash, cash equivalents and restricted cash balances	(12,710)	(3,601)
Increase (decrease) in cash, cash equivalents and restricted cash	32,710	(21,087)
Cash, cash equivalents and restricted cash at beginning of period	105,977	130,582
Cash, cash equivalents and restricted cash at end of period	$ 138,687	$ 109,495

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 with technology, solutions and services to help our clients maximize the value of Information Technology ("IT") today and drive (digital) transformation for tomorrow in North America; Europe, the Middle East and Africa ("EMEA"); and Asia-Pacific ("APAC"). As a Fortune 500-ranked global technology provider of end-to-end secure digital transformation solutions and services, 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:

Operating Segment	Geography
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, including cloud solutions. Our offerings in the remainder of our EMEA and APAC segments are largely software and certain software-related services and cloud solutions.

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, 2022 and our results of operations for the three and nine months ended September 30, 2022 and 2021 and cash flows for the nine months ended September 30, 2022 and 2021. The consolidated balance sheet as of December 31, 2021 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, 2021.

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.

Recently Issued Accounting Standards

In August 2020, the Financial Accounting Standards Board issued ASU No. 2020-06, “Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity”. The new guidance is intended to simplify the accounting for certain convertible instruments with characteristics of both liability and equity. The guidance removed certain accounting models which separate the embedded conversion features from the host contract for convertible instruments. As a result, after the adoption of this guidance, an entity’s convertible debt instrument will be wholly accounted for as debt. The guidance also expanded disclosure requirements for convertible instruments and simplified areas of the guidance for diluted earnings-per-share calculations by requiring the use of the if-converted method. The guidance was effective for fiscal years beginning after December 15, 2021, and could have been adopted on either a fully retrospective or modified retrospective basis.

The Company adopted this standard effective January 1, 2022, using the modified retrospective approach. Therefore, financial statements for the three and nine months ended September 30, 2022 are presented under the new standard, while the comparative period is not adjusted and is reported in accordance with the Company's old method of accounting. The adoption of ASU 2020-06 significantly impacts our consolidated statements of operations and consolidated balance sheets as we no longer report accreted interest on the Notes and the full par value of the Notes is reflected as debt. The cumulative effect adjustment from prior periods that we recognized in our consolidated balance sheet as adjustments to reduce additional paid in capital and increase retained earnings were $44,731,000 and $17,789,000, respectively. Had we followed the prior method of accounting for the three months ended September 30, 2022, both reported basic and diluted net earnings per share ("EPS") would decrease by $0.06, from $1.64 and $1.58, respectively, to $1.58 and $1.52, respectively. For the nine months ended September 30, 2022, both reported basic and diluted EPS would decrease by $0.17, from $5.80 and $5.53, respectively, to $5.63 and $5.36, respectively.

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, 2021 that affect or may affect our current financial statements.

2. Receivables, Contract Liabilities and Performance Obligations

The following table provides information about receivables and contract liabilities as of September 30, 2022 and December 31, 2021 (in thousands):

	September 30, 2022	December 31, 2021
Current receivables, which are included in “Accounts receivable, net”	$ 3,047,739	$ 2,936,732
Non-current receivables, which are included in “Other assets”	154,137	147,139
Contract liabilities, which are included in “Accrued expenses and other current liabilities” and “Other liabilities”	110,906	116,067

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

Changes in the contract liabilities balances during the nine months ended September 30, 2022 are as follows (in thousands):

	Increase (Decrease) Contract Liabilities
Balances at December 31, 2021	$ 116,067
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligations satisfied	(67,984)
Cash received in advance and not recognized as revenue	62,823
Balances at September 30, 2022	$ 110,906

During the nine months ended September 30, 2021, the Company recognized revenue of $67,166,000 related to its contract liabilities.

The following table includes estimated net sales related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2022 that are expected to be recognized in the future (in thousands):

	Services
Remainder of 2022	$ 57,389
2023	79,361
2024	29,001
2025 and thereafter	18,477
Total remaining performance obligations	$ 184,228

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, 2022 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 19 months.

The majority of our backlog historically has been and continues to be open cancellable 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 cancellable purchase orders, which do not qualify for revenue recognition, in the table above.

3. Assets Held for Sale

During the nine months ended September 30, 2021, we completed the sale of our three properties in Tempe, Arizona and the sale of our property in Woodbridge, Illinois for total net proceeds of approximately $27,211,000. We used the proceeds from the sales to ready our property in Chandler, Arizona to be used as our global corporate headquarters.

4. Net Earnings Per Share

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

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

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") and certain shares underlying the Notes. 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,	
	2022	2021	2022	2021
Numerator:				
Net earnings	$ 57,316	$ 55,483	$ 203,131	$ 157,212
Denominator:				
Weighted average shares used to compute basic EPS	34,952	34,855	35,003	35,050
Dilutive potential common shares due to dilutive RSUs, net of tax effect	201	381	243	407
Dilutive potential common shares due to the Notes	1,187	1,509	1,468	1,403
Weighted average shares used to compute diluted EPS	36,340	36,745	36,714	36,860
Net earnings per share:				
Basic	$ 1.64	$ 1.59	$ 5.80	$ 4.49
Diluted	$ 1.58	$ 1.51	$ 5.53	$ 4.27

For the three and nine months ended September 30, 2022, 67,000 and 39,000, respectively, of our RSUs were excluded from the diluted EPS calculations and certain potential outstanding shares from the warrants relating to the Call Spread Transactions were excluded from the diluted EPS calculations because their inclusion would have been anti-dilutive. For the three and nine months ended September 30, 2021, 900 and 400, respectively, of our RSUs were excluded from the diluted EPS calculations and certain potential outstanding shares from the warrants related to the Call Spread Transactions were excluded from the diluted EPS calculations because their inclusion would have been anti-dilutive.

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

Debt

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

	September 30, 2022	December 31, 2021
ABL revolving credit facility	$ 437,885	$ 53,000
Convertible senior notes due 2025	345,752	308,543
Finance leases and other financing obligations	680	63
Total	784,317	361,606
Less: current portion of long-term debt	(594)	(36)
Long-term debt	$ 783,723	$ 361,570

On July 22, 2022, we entered into the Third Amendment to the Credit Agreement (as amended, the "credit agreement") to modify our senior secured revolving credit facility (the "ABL facility"), increasing the maximum borrowing amount from $1,200,000,000 to $1,800,000,000, including a maximum borrowing capacity that could be used for borrowing in certain foreign currencies of $350,000,000 and extending the maturity date. 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 $750,000,000, subject to customary conditions, including receipt of commitments from lenders. 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 ABL facility now provides for an uncommitted first-in, last-out revolving facility in an aggregate amount of up to $100,000,000. 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 now matures on July 22, 2027. As of September 30, 2022, eligible accounts receivable and inventory were sufficient to permit access to the full $1,800,000,000 facility amount, of which $437,885,000 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

In August 2019, we issued $350,000,000 aggregate principal amount of Notes that mature on February 15, 2025. 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.

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, 2020 (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 (the "market price trigger"); (2) during the five business day period after any five day consecutive trading day period (the "measurement period") in which the trading price 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.

The Notes did not exceed the market price trigger of $88.82 in the third quarter of 2022 and as such, the Notes are not convertible at the option of the holders through December 31, 2022. All of the Notes remain outstanding at September 30, 2022. If the Notes exceed the market price trigger in future periods, they will become convertible at the option of the holders, and the principal amount will be classified as current.

Upon conversion, we will pay or deliver cash equal to the principal amount of the Notes, plus shares of our common stock for any additional amounts due. The conversion rate will initially be 14.6376 shares of common stock per $1,000 principal amount of the 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, 2022, 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.

The Notes are subject to certain customary events of default and acceleration clauses. As of September 30, 2022, no such events have occurred.

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

	September 30, 2022	December 31, 2021
Liability:		
Principal	$ 350,000	$ 350,000
Less: debt discount and issuance costs, net of accumulated accretion	(4,248)	(41,457)
Net carrying amount	$ 345,752	$ 308,543
Equity, net of deferred tax	$ —	$ 44,731

As a result of our adoption of ASU 2020-06, effective January 1, 2022, we no longer reflect any debt discount on the Notes in our consolidated balance sheet, nor do we recognize amortization of debt discount within our consolidated statement of operations. Also in January 2022, we filed an irrevocable settlement election notice with the note holders to inform them of our election to settle the principal amount of the Notes in cash. As a result of this election, at period ends where the market price, or other conversion triggers are met, the Notes will be classified in our consolidated balance sheet as current.

The remaining life of the debt issuance cost accretion is approximately 2.37 years. The effective interest rate on the principal of the Notes is 0.750%.

Interest expense resulting from the Notes reported within the consolidated statement of operations for the three and nine months ended September 30, 2022 is made up of contractual coupon interest and amortization of debt issuance costs. Interest expense resulting from the Notes reported within the consolidated statement of operations for the three and nine months ended September 30, 2021 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 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

We have an unsecured inventory financing facility with MUFG Bank Ltd (“MUFG”) for $280,000,000. During the first quarter of 2022, we increased our maximum availability under our unsecured inventory financing facility with PNC Bank, N.A. (“PNC”) from $300,000,000 to $375,000,000, including the $25,000,000 facility in Canada (the "Canada facility"). We also increased our unsecured inventory financing facility with Wells Fargo in EMEA (the "EMEA facility") to $50,000,000. 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% on the MUFG facility, Canadian Dollar Offered Rate plus 4.50% on the Canada facility and LIBOR, EURIBOR, or SONIA, as applicable, plus 4.50% and 0.25% on the PNC (other than the Canada facility) and EMEA 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 consolidated balance sheets and within cash flows from financing activities in the accompanying consolidated statements of cash flows.

As of September 30, 2022, our combined inventory financing facilities had a total maximum capacity of $705,000,000, of which $331,982,000 was outstanding.

6. Income Taxes

Our effective tax rates for the three and nine months ended September 30, 2022 were 25.3% and 25.1%, respectively. Our effective tax rates were higher than the United States federal statutory rate of 21.0% due primarily to state income taxes and higher taxes on earnings in foreign jurisdictions, partially offset by tax benefits related to research and development activities.

Our effective tax rates for the three and nine months ended September 30, 2021 were 25.4% and 25.0%, respectively. For the three months ended September 30, 2021, our effective tax rate was higher than the United States federal statutory rate of 21.0% due primarily to state income taxes and higher taxes on earnings in foreign jurisdictions, partially offset by tax benefits related to research and development activities. For the nine months ended September 30, 2021 our effective tax rate was higher than the United States federal statutory rate of 21.0% due primarily to state income taxes and higher taxes on earnings in foreign jurisdictions, partially offset by excess tax benefits on the settlement of employee share based compensation and tax benefits related to research and development activities.

As of September 30, 2022 and December 31, 2021, we had approximately $14,520,000 and $12,664,000, respectively, of unrecognized tax benefits. Of these amounts, approximately $1,588,000 and $1,250,000, 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 to our unrecognized tax benefits over the next 12 months that would have a material effect on our effective tax rate.

We are currently under audit in various jurisdictions for tax years 2015 through 2020. 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.

7. Share Repurchase Program

On May 6, 2021, we announced that our Board of Directors had authorized the repurchase of up to $125,000,000 of our common stock. On September 19, 2022, we announced that our Board of Directors had authorized the repurchase of up to $300,000,000 of our common stock, including $50,000,000 that remained available from our prior authorization. As of September 30, 2022, approximately $300,000,000 remained available for repurchases under this share repurchase plan. 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, 2022, we repurchased 270,080 shares of our common stock on the open market at a total cost of $25,008,025 (an average price of $92.59 per share). During the nine months ended September 30, 2021, we repurchased 497,243 shares of our common stock on the open market at a total cost of $49,999,979 (an average price of $100.55 per share).

8. 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. As of September 30, 2022, we had approximately $27,743,000 of performance bonds outstanding. 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, 2022. 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, 2022. 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.

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

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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.

9. Segment Information

We operate in three reportable geographic operating segments: North America; EMEA; and APAC. Our offerings in North America and certain countries in EMEA and APAC include IT hardware, software and services, including cloud solutions. Our offerings in the remainder of our EMEA and APAC segments are largely software and certain software-related services and cloud solutions.

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, 2022 and 2021 (in thousands):

	Three Months Ended September 30, 2022			
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	$ 1,404,207	$ 151,505	$ 16,563	$ 1,572,275
Software	396,921	184,361	15,640	596,922
Services	298,709	43,708	22,740	365,157
	$ 2,099,837	$ 379,574	$ 54,943	$ 2,534,354
Major Client Groups				
Large Enterprise / Corporate	$ 1,473,014	$ 295,565	$ 25,075	$ 1,793,654
Commercial	424,600	11,898	18,048	454,546
Public Sector	202,223	72,111	11,820	286,154
	$ 2,099,837	$ 379,574	$ 54,943	$ 2,534,354
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	$ 1,990,277	$ 358,697	$ 46,763	$ 2,395,737
Net revenue recognition (Agent)	109,560	20,877	8,180	138,617
	$ 2,099,837	$ 379,574	$ 54,943	$ 2,534,354

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	Three Months Ended September 30, 2021			
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	$ 1,418,335	$ 160,645	$ 13,515	$ 1,592,495
Software	338,440	178,868	14,436	531,744
Services	263,101	41,935	18,246	323,282
	$ 2,019,876	$ 381,448	$ 46,197	$ 2,447,521
Major Client Groups				
Large Enterprise / Corporate	$ 1,447,246	$ 276,292	$ 21,947	$ 1,745,485
Commercial	384,458	13,209	17,277	414,944
Public Sector	188,172	91,947	6,973	287,092
	$ 2,019,876	$ 381,448	$ 46,197	$ 2,447,521
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	$ 1,926,059	$ 358,981	$ 39,849	$ 2,324,889
Net revenue recognition (Agent)	93,817	22,467	6,348	122,632
	$ 2,019,876	$ 381,448	$ 46,197	$ 2,447,521

	Nine Months Ended September 30, 2022			
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	$ 4,415,000	$ 517,512	$ 44,467	$ 4,976,979
Software	1,115,475	669,760	66,512	$ 1,851,747
Services	881,311	150,066	68,478	$ 1,099,855
	$ 6,411,786	$ 1,337,338	$ 179,457	$ 7,928,581
Major Client Groups				
Large Enterprise / Corporate	$ 4,509,731	$ 955,858	$ 77,934	$ 5,543,523
Commercial	1,314,733	49,631	50,159	1,414,523
Public Sector	587,322	331,849	51,364	970,535
	$ 6,411,786	$ 1,337,338	$ 179,457	$ 7,928,581
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	$ 6,087,854	$ 1,254,980	$ 152,708	$ 7,495,542
Net revenue recognition (Agent)	323,932	82,358	26,749	433,039
	$ 6,411,786	$ 1,337,338	$ 179,457	$ 7,928,581

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	Nine Months Ended September 30, 2021			
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	$ 3,696,594	$ 527,022	$ 34,848	$ 4,258,464
Software	978,987	598,277	70,709	1,647,973
Services	758,705	152,359	52,589	963,653
	$ 5,434,286	$ 1,277,658	$ 158,146	$ 6,870,090
Major Client Groups				
Large Enterprise / Corporate	$ 3,838,627	$ 883,044	$ 66,686	$ 4,788,357
Commercial	1,091,247	50,908	46,054	1,188,209
Public Sector	504,412	343,706	45,406	893,524
	$ 5,434,286	$ 1,277,658	$ 158,146	$ 6,870,090
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	$ 5,157,086	$ 1,190,283	$ 137,547	$ 6,484,916
Net revenue recognition (Agent)	277,200	87,375	20,599	385,174
	$ 5,434,286	$ 1,277,658	$ 158,146	$ 6,870,090

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, 2022 or 2021.

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.

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

	Three Months Ended September 30, 2022			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	$ 1,801,128	$ 335,866	$ 32,203	$ 2,169,197
Services	298,709	43,708	22,740	365,157
Total net sales	2,099,837	379,574	54,943	2,534,354
Costs of goods sold:				
Products	1,618,297	309,218	29,164	1,956,679
Services	148,844	18,584	10,989	178,417
Total costs of goods sold	1,767,141	327,802	40,153	2,135,096
Gross profit	332,696	51,772	14,790	399,258
Operating expenses:				
Selling and administrative expenses	249,745	47,527	10,981	308,253
Severance and restructuring expenses	683	35	2	720
Acquisition and integration related expenses	6	—	—	6
Earnings from operations	$ 82,262	$ 4,210	$ 3,807	$ 90,279

	Three Months Ended September 30, 2021			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	$ 1,756,775	$ 339,513	$ 27,951	$ 2,124,239
Services	263,101	41,935	18,246	323,282
Total net sales	2,019,876	381,448	46,197	2,447,521
Costs of goods sold:				
Products	1,595,184	310,242	24,670	1,930,096
Services	128,710	15,759	8,411	152,880
Total costs of goods sold	1,723,894	326,001	33,081	2,082,976
Gross profit	295,982	55,447	13,116	364,545
Operating expenses:				
Selling and administrative expenses	219,714	50,062	9,222	278,998
Severance and restructuring expenses	1,999	397	—	2,396
Earnings from operations	$ 74,269	$ 4,988	$ 3,894	$ 83,151

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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	Nine Months Ended September 30, 2022			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	$ 5,530,475	$ 1,187,272	$ 110,979	$ 6,828,726
Services	881,311	150,066	68,478	1,099,855
Total net sales	6,411,786	1,337,338	179,457	7,928,581
Costs of goods sold:				
Products	4,998,871	1,099,027	101,885	6,199,783
Services	429,869	52,222	30,699	512,790
Total costs of goods sold	5,428,740	1,151,249	132,584	6,712,573
Gross profit	983,046	186,089	46,873	1,216,008
Operating expenses:				
Selling and administrative expenses	728,833	151,225	31,836	911,894
Severance and restructuring expenses	1,472	1,310	2	2,784
Acquisition and integration related expenses	1,646	—	—	1,646
Earnings from operations	$ 251,095	$ 33,554	$ 15,035	$ 299,684

	Nine Months Ended September 30, 2021			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	$ 4,675,581	$ 1,125,299	$ 105,557	$ 5,906,437
Services	758,705	152,359	52,589	963,653
Total net sales	5,434,286	1,277,658	158,146	6,870,090
Costs of goods sold:				
Products	4,237,417	1,033,976	95,690	5,367,083
Services	368,501	48,671	23,133	440,305
Total costs of goods sold	4,605,918	1,082,647	118,823	5,807,388
Gross profit	828,368	195,011	39,323	1,062,702
Operating expenses:				
Selling and administrative expenses	640,420	159,466	27,389	827,275
Severance and restructuring expenses	(4,361)	1,135	9	(3,217)
Earnings from operations	$ 192,309	$ 34,410	$ 11,925	$ 238,644

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

	September 30, 2022	December 31, 2021
North America	$ 5,129,966	$ 4,920,220
EMEA	786,551	828,456
APAC	134,509	148,737
Corporate assets and intercompany eliminations, net	(1,053,312)	(1,208,333)
Total assets	$ 4,997,714	$ 4,689,080

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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,	
	2022	2021	2022	2021
Depreciation and amortization of property and equipment:				
North America	$ 5,769	$ 4,376	$ 14,918	$ 14,047
EMEA	531	1,141	2,006	3,575
APAC	149	148	465	432
	6,449	5,665	17,389	18,054
Amortization of intangible assets:				
North America	8,468	7,372	23,172	22,229
EMEA	404	494	1,291	1,491
APAC	114	122	352	377
	8,986	7,988	24,815	24,097
Total	$ 15,435	$ 13,653	$ 42,204	$ 42,151

10. Acquisition

Effective June 1, 2022, we acquired 100 percent of the issued and outstanding shares of Hanu Software Solutions, Inc. and Hanu Software Solutions (India) Private Ltd. (collectively, “Hanu”) for a preliminary cash purchase price, net of cash and cash equivalents acquired, of approximately $68,248,000, excluding the estimated fair value of an earn out with a maximum value of $20,000,000 and hold backs for representations and warranties of approximately $8,501,000 to be paid in future periods. Hanu, a global leading cloud technology services and solutions provider, provides cloud solutions in the areas of applications and infrastructure, data and artificial intelligence, and cloud security, to hundreds of enterprise clients. Hanu is recognized as one of Microsoft’s top public cloud service partners globally. We believe this acquisition strengthens our service capabilities as a cloud solutions provider and is also a strategic investment in expanding our presence in India.

The preliminary fair value of net assets acquired was approximately $22,639,000, including $24,750,000 of identifiable intangible assets, consisting primarily of customer relationships that will be amortized using the straight line method over the estimated economic life of ten years. The preliminary purchase price was allocated using the information currently available. Further information obtained upon the finalization of the fair value assumptions for identifiable intangible assets acquired could lead to an adjustment of the purchase price allocation. Goodwill acquired approximated $72,110,000 which was recorded in our North America operating segment.

We consolidated the results of operations for Hanu within our North America operating segment beginning on June 1, 2022, the effective date of the acquisition. Our historical results would not have been materially affected by the acquisition of Hanu and, accordingly, we have not presented pro forma information as if the acquisition had been completed at the beginning of each period presented in our consolidated statement 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 needs to be a technology business. We empower organizations with technology, solutions and services to help our clients maximize the value of information technology ("IT") and drive (digital) transformation for tomorrow in North America; Europe, the Middle East and Africa ("EMEA"); and Asia-Pacific ("APAC"). As a Fortune 500-ranked global technology provider of end-to-end secure digital transformation solutions and services, 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, including cloud solutions. Our offerings in the remainder of our EMEA and APAC segments are largely software and certain software-related services and cloud solutions.

On a consolidated basis, for the three months ended September 30, 2022:

- Net sales of $2.5 billion increased 4% compared to the three months ended September 30, 2021. The increase in net sales reflects increases in software and services net sales. Excluding the effects of fluctuating foreign currency exchange rates, net sales increased 6% compared to the third quarter of 2021.
- Gross profit of $399.3 million increased 10% compared to the three months ended September 30, 2021. Excluding the effects of fluctuating foreign currency exchange rates, gross profit increased 11% compared to the third quarter of 2021.
- Compared to the three months ended September 30, 2021, gross margin expanded approximately 90 basis points to 15.8% of net sales in the three months ended September 30, 2022. This expansion primarily reflects an increase in higher margin services net sales compared to the same period in the prior year.
- Earnings from operations increased 9%, year over year, to $90.3 million in the third quarter of 2022 compared to $83.2 million in the third quarter of 2021. The increase was primarily due to increased gross profit in the current quarter, partially offset by an increase in selling and administrative expenses. Excluding the effects of fluctuating foreign currency exchange rates, earnings from operations increased 10% year over year.
- Net earnings and diluted earnings per share were $57.3 million and $1.58, respectively, for the third quarter of 2022. This compares to net earnings of $55.5 million and diluted earnings per share of $1.51 for the third quarter of 2021. Of the $0.07 year over year increase in diluted earnings per share, $0.06 was due to the change in method of accounting for the Notes beginning in January 2022. Excluding the effects of fluctuating foreign currency exchange rates, diluted earnings per share increased 6% year over year.

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 9 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.

COVID-19 and Supply Chain Constraints Update

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and reduced workforce participation. While we saw minimal negative impact of COVID-19 on our third quarter 2022 financial results, supply constraints for certain products persisted. Supply constraints around devices have eased; however, we believe supply constraints and extended lead times for other products, particularly networking and infrastructure, could impact results in the fourth quarter of 2022 and into 2023.

Since the initial outbreak, new variants of COVID-19 that are significantly more contagious than previous strains have emerged. The spread of these new strains initially caused many government authorities and businesses to reimplement prior restrictions in an effort to lessen the spread of COVID-19 and its variants; however, while many of these restrictions have been lifted, uncertainty remains as to whether additional restrictions may be initiated or again reimplemented in responses to surges in COVID-19 cases. 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 and its severity; the emergence and severity of its variants; the availability and efficacy of vaccines (particularly with respect to emerging strains of the virus) and potential hesitancy to utilize them; other protective actions taken to contain the virus or treat its impact, such as restrictions on travel and transportation; general economic factors, such as increased inflation; supply chain constraints; labor supply issues; 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 in 2022 and beyond. Accordingly, our current results and financial condition discussed herein may not be indicative of future operating results and trends.

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, 2021. 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, 2021.

Results of Operations

The following table sets forth certain financial data as a percentage of net sales for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Costs of goods sold	84.2	85.1	84.7	84.5
Gross profit	15.8	14.9	15.3	15.5
Selling and administrative expenses	12.2	11.4	11.5	12.1
Severance and restructuring expenses and acquisition and integration related expenses	—	0.1	—	(0.1)
Earnings from operations	3.6	3.4	3.8	3.5
Non-operating expense, net	0.5	0.4	0.4	0.4
Earnings before income taxes	3.1	3.0	3.4	3.1
Income tax expense	0.8	0.7	0.8	0.8
Net earnings	2.3 %	2.3 %	2.6 %	2.3 %

We generally experience some seasonal trends in our sales of IT hardware, software and services. Software sales are typically seasonally higher in our second and fourth quarter, particularly the 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 and related to product versus services sales are, 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 incentive requirements, which occur regularly, could impact our results of operations to the extent we are unable to shift our focus and respond to them.

Net Sales. Net sales for the three months ended September 30, 2022 increased 4%, year over year, to $2.5 billion compared to the three months ended September 30, 2021, reflecting increases in our North America and APAC segments. Net sales for the nine months ended September 30, 2022 increased 15%, year over year, to $7.9 billion compared to the nine months ended September 30, 2021, reflecting increases in each of our segments. Our net sales by operating segment were as follows for the three and nine months ended September 30, 2022 and 2021 (dollars in thousands):

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
	2022	2021	Change	2022	2021	Change
North America	$ 2,099,837	$ 2,019,876	4 %	$ 6,411,786	$ 5,434,286	18 %
EMEA	379,574	381,448	— %	1,337,338	1,277,658	5 %
APAC	54,943	46,197	19 %	179,457	158,146	13 %
Consolidated	$ 2,534,354	$ 2,447,521	4 %	$ 7,928,581	$ 6,870,090	15 %

Our net sales by offering category for North America for the three and nine months ended September 30, 2022 and 2021 were as follows (dollars in thousands):

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
Sales Mix	2022	2021	Change	2022	2021	Change
Hardware	$ 1,404,207	$ 1,418,335	(1)%	$ 4,415,000	$ 3,696,594	19 %
Software	396,921	338,440	17 %	1,115,475	978,987	14 %
Services	298,709	263,101	14 %	881,311	758,705	16 %
	$ 2,099,837	$ 2,019,876	4 %	$ 6,411,786	$ 5,434,286	18 %

Net sales in North America increased 4%, or $80.0 million, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily driven by increases in software and services net sales. Net sales of software and services increased 17% and 14%, respectively, year over year. These increases were partially offset by a decrease in hardware net sales of 1%, year to year. The net changes for the three months ended September 30, 2022 were the result of the following:

- The increase in software net sales was primarily due to higher volume of software licensing, partially offset by the continued migration of on-premise software to cloud solutions, reported net in services net sales.
- The increase in services net sales was primarily due to an increase in Insight Delivered services, an increase in fees for cloud solutions and higher sales of software maintenance.
- The nominal decrease in hardware net sales was due to lower volume of sales to large enterprise and corporate clients. This decline in hardware net sales, primarily attributable to devices, reflects previously elevated backlog starting to clear. While demand for devices has slowed we believe we may experience growth in networking and infrastructure products as we progress through the last quarter of the year.

Net sales in North America increased 18%, or $977.5 million, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by increases in hardware net sales. Net sales of hardware, software and services increased 19%, 14% and 16%, respectively, year over year. The increases for the nine months ended September 30, 2022 were the result of the following:

- The increase in hardware net sales was due to higher volume of sales to large enterprise and corporate clients, primarily of devices. While we believe that overall hardware growth could decline in the last quarter of 2022, we anticipate that we

may experience growth in networking and infrastructure products as we close out the year.
- The increase in software net sales was primarily due to higher volume of software licensing, partially offset by the continued migration of on-premise software to cloud solutions, reported net in services net sales.
- The increase in services net sales was primarily due to an increase in fees for cloud solutions, an increase in Insight Delivered services and higher sales of software maintenance.

Our net sales by offering category for EMEA for the three and nine months ended September 30, 2022 and 2021 were as follows (dollars in thousands):

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
Sales Mix	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Hardware	$ 151,505	$ 160,645	(6)%	$ 517,512	$ 527,022	(2)%
Software	184,361	178,868	3 %	669,760	598,277	12 %
Services	43,708	41,935	4 %	150,066	152,359	(2)%
	$ 379,574	$ 381,448	— %	$ 1,337,338	$ 1,277,658	5 %

Net sales in EMEA was relatively flat for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Excluding the effects of fluctuating foreign currency exchange rates, net sales in EMEA increased 16%, year over year. Net sales of software and services increased 3% and 4%, respectively, year over year, partially offset by a decrease in hardware net sales of 6%, year to year. The net changes for the three months ended September 30, 2022 were the result of the following:

- The increase in software net sales was primarily due to higher volume of sales to enterprise, corporate and public sector clients.
- The increase in services net sales was primarily due to higher volume of sales of Insight Delivered services.
- The decrease in hardware net sales was primarily due to the impacts of fluctuating exchange rates compared to the prior year period.

Net sales in EMEA increased 5%, or $59.7 million, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Excluding the effects of fluctuating foreign currency exchange rates, net sales in EMEA increased 16%, year over year. Net sales of software increased 12% year over year, partially offset by decreases in hardware and services net sales of 2% each, year to year. The net changes for the nine months ended September 30, 2022 were the result of the following:

- The increase in software net sales was primarily due to higher volume of sales to enterprise, corporate and public sector clients.
- The decrease in hardware net sales was primarily due to the impacts of fluctuating exchange rates compared to the prior year.
- The decrease in services net sales year to year was also primarily due to the impacts of fluctuating exchange rates compared to the prior year.

Our net sales by offering category for APAC for the three and nine months ended September 30, 2022 and 2021 were as follows (dollars in thousands):

Sales Mix	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change
Hardware	$ 16,563	$ 13,515	23 %	$ 44,467	$ 34,848	28 %
Software	15,640	14,436	8 %	66,512	70,709	(6 %)
Services	22,740	18,246	25 %	68,478	52,589	30 %
	$ 54,943	$ 46,197	19 %	$ 179,457	$ 158,146	13 %

Net sales in APAC increased 19%, or $8.7 million, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Excluding the effects of fluctuating foreign currency exchange rates, net sales in APAC increased 27%, year over year. Net sales of hardware, software and services increased by 23%, 8% and 25%, respectively, year over year. The increases for the three months ended September 30, 2022 were the result of the following:

- The increase in services net sales was primarily due to higher volume sales of Insight Delivered services and an increase in net sales of cloud solutions.
- The increase in hardware net sales was primarily the result of higher volume of sales to enterprise and commercial clients.
- The increase in software net sales was due to higher volume of sales to public sector and enterprise clients partially offset by continued migration of on-premise software to cloud solutions, reported net in services net sales.

Net sales in APAC increased 13%, or $21.3 million, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Excluding the effects of fluctuating foreign currency exchange rates, net sales in APAC increased 20%, year over year. Net sales of hardware and services increased by 28% and 30%, respectively, year over year. Net sales of software decreased by 6%, year to year. The net changes for the nine months ended September 30, 2022 were the result of the following:

- The increase in services net sales was primarily due to higher volume sales of Insight Delivered services and an increase in net sales of cloud solutions.
- The increase in hardware net sales was primarily the result of higher volume of sales to enterprise and commercial clients.
- The decrease in software net sales was due to continued migration of on-premise software to cloud solutions, reported net in services net sales.

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, 2022 and 2021:

	North America Three Months Ended September 30,		EMEA Three Months Ended September 30,		APAC Three Months Ended September 30,	
Sales Mix	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Hardware	67 %	70 %	40 %	42 %	30 %	29 %
Software	19 %	17 %	49 %	47 %	29 %	31 %
Services	14 %	13 %	11 %	11 %	41 %	40 %
	100 %	100 %	100 %	100 % `	100 %	100 %

	North America Nine Months Ended September 30,		EMEA Nine Months Ended September 30,		APAC Nine Months Ended September 30,	
Sales Mix	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Hardware	69 %	68 %	39 %	41 %	25 %	22 %
Software	17 %	18 %	50 %	47 %	37 %	45 %
Services	14 %	14 %	11 %	12 %	38 %	33 %
	100 %	100 %	100 %	100 %	100 %	100 %

Gross Profit. Gross profit increased 10%, or $34.7 million, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, with gross margin expanding approximately 90 basis points to 15.8% for the three months ended September 30, 2022 compared to 14.9% for the three months ended September 30, 2021. Gross profit increased 14%, or $153.3 million, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, with gross margin contracting approximately 20 basis points to 15.3% for the nine months ended September 30, 2022 compared to 15.5% for the nine months ended September 30, 2021.

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, 2022 and 2021 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	**% of Net Sales**	**2021**	**% of Net Sales**	**2022**	**% of Net Sales**	**2021**	**% of Net Sales**
North America	$ 332,696	15.8 %	$ 295,982	14.7 %	$ 983,046	15.3 %	$ 828,368	15.2 %
EMEA	51,772	13.6 %	55,447	14.5 %	186,089	13.9 %	195,011	15.3 %
APAC	14,790	26.9 %	13,116	28.4 %	46,873	26.1 %	39,323	24.9 %
Consolidated	$ 399,258	15.8 %	$ 364,545	14.9 %	$ 1,216,008	15.3 %	$ 1,062,702	15.5 %

North America's gross profit for the three months ended September 30, 2022 increased 12%, or $36.7 million, compared to the three months ended September 30, 2021. As a percentage of net sales, gross margin expanded approximately 110 basis points to 15.8% for the third quarter of 2022. The year over year net increase in gross margin was primarily attributable to the following:

- There was an increase in margin from product net sales of 71 basis points, year over year and an increase in margin from services net sales of 48 basis points compared to the same period in the prior year.
- The increase in product margin is primarily the result of changes in sales of hardware and software at higher margins partially due to changes in product and client mix.
- The increase in margin from services net sales during the current quarter reflects an increase in net sales of cloud solutions and an increase in margin contribution from Insight Core services (consisting of Insight Delivered and managed services).

North America's gross profit for the nine months ended September 30, 2022 increased 19%, or $154.7 million, compared to the nine months ended September 30, 2021. As a percentage of net sales, gross margin expanded approximately 10 basis points to 15.3% for the nine months ended September 30, 2022. The year over year net increase in gross margin was primarily attributable to the following:

- There was a net increase in margin from product net sales of 24 basis points, year over year. This increase was partially offset by a contraction in margin contributed by services net sales of 13 basis points compared to the same period in the prior year.
- The increase in product margin is primarily the result of changes in sales of hardware and software at higher margins partially due to changes in product and client mix.
- The decrease in margin from services net sales primarily reflects a contraction in margin contribution from warranty net sales.

EMEA's gross profit for the three months ended September 30, 2022 decreased 7%, or $3.7 million, year to year (increasing 9% when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2021. As a percentage of net sales, gross margin contracted 90 basis points, year to year. The year to year net decline in gross margin was attributable to the following:

- There was a decrease in product margin of 65 basis points and a decrease in margin from services net sales of 24 basis points.
- The decrease in product margin is primarily the result of sales of hardware at lower margins than in the same period in the prior year.
- The decrease in services margin is primarily the result of lower fees from cloud solutions, partially offset by an increase in net sales of software maintenance.

EMEA's gross profit for the nine months ended September 30, 2022 decreased 5%, or $8.9 million, year to year (increasing 6% when excluding the effects of fluctuating foreign currency exchange rates), compared to the nine months ended September 30, 2021. As a percentage of net sales, gross margin contracted approximately 140 basis points, year to year. The year to year net decline in gross margin was primarily attributable to the following:

- There was a decrease in margin on services net sales of 80 basis points and a decrease in product margin of 55 basis points.
- The decrease in services margin is primarily the result of lower fees from cloud solutions and other services recognized on a net basis.
- The decrease in product margin is primarily the result of sales of hardware at lower margins and a decrease in partner funding compared to the same period in the prior year.

APAC's gross profit for the three months ended September 30, 2022 increased 13%, or $1.7 million, year over year (increasing 21% when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2021. As a percentage of net sales, gross margin contracted 150 basis points, year to year. The year to year net decline in gross margin was primarily attributable to the following:

- There was a decrease in gross margin on product net sales of 157 basis points partially offset by an expansion in gross margin on services net sales of 10 basis points.
- The decline in margin on product net sales was due to higher volume of hardware and software net sales at lower margins.
- The expanded margin in services net sales was driven by higher volume of cloud solutions recognized on a net basis and an increase in partner funding.

APAC's gross profit for the nine months ended September 30, 2022 increased 19%, or $7.6 million, year over year (increasing 26% when excluding the effects of fluctuating foreign currency exchange rates), compared to the nine months ended September 30, 2021. As a percentage of net sales, gross margin expanded 120 basis points, year over year. The year over year increase in gross margin was primarily attributable to the following:

- There was an increase in gross margin on services net sales of 243 basis points. This expansion was partially offset by a decrease in gross margin on product net sales of 117 basis points.
- The expanded margin in services net sales was driven by higher margins on Insight core services (consisting of Insight Delivered and managed services), higher volume of cloud solutions recognized on a net basis and an increase in partner funding.
- The decline in margin on product net sales was due to changes in product mix to lower margin products.

Operating Expenses.

Selling and Administrative Expenses. Selling and administrative expenses increased $29.3 million, or 10% (increasing 12% when excluding fluctuating foreign currency exchange rates), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Selling and administrative expenses increased $84.6 million, or 10% (increasing 13% when excluding fluctuating foreign currency exchange rates), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021.

Selling and administrative expenses increased approximately 80 basis points as a percentage of net sales in the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The overall net increase in selling and administrative expenses reflects a $16.7 million increase in personnel costs, including teammate benefits expenses primarily related to increases in overall teammate headcount and increases in variable compensation in the current year. There was also an increase in other expenses of $12.1 million, year over year, primarily related to third party transformation costs incurred in the current quarter to support our strategic plan.

Selling and administrative expenses decreased approximately 50 basis points as a percentage of net sales in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The overall net increase in selling and administrative expenses reflects a $58.7 million increase in personnel costs, including teammate benefits expenses primarily related to increases in overall teammate headcount and increases in variable compensation in the current year. There were also increases in other expenses of $18.1 million and travel and entertainment costs of $5.8 million, year over year, respectively. The increase in other expenses was primarily related to third party transformation costs incurred in the current year period to support our strategic plan. The increases in travel and entertainment costs were primarily due to returns to normal spend levels following cost control measures taken in response to COVID-19 in the prior year.

Severance and Restructuring Expenses, Net. During the three months ended September 30, 2022, we recorded severance and restructuring expense, net of adjustments, of approximately $0.7 million. Comparatively, during the three months ended September 30, 2021, we recorded severance and restructuring expense, net of adjustments, of approximately $2.4 million. The charges primarily related to a realignment of certain roles and responsibilities.

During the nine months ended September 30, 2022, we recorded severance and restructuring expense, net of adjustments, of approximately $2.8 million. Comparatively, during the nine months ended September 30, 2021, we recorded severance and restructuring expense, net of adjustments, of approximately $4.8 million. The charges primarily related to a realignment of certain roles and responsibilities. Prior period severance charges were offset by gains on sale of properties of $8.0 million.

Earnings from Operations. Earnings from operations increased 9%, or $7.1 million, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Earnings from operations increased 26%, or $61.0 million, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. 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, 2022 and 2021 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	% of Net Sales	2021	% of Net Sales	2022	% of Net Sales	2021	% of Net Sales
North America	$ 82,262	3.9 %	$ 74,269	3.7 %	$ 251,095	3.9 %	$ 192,309	3.5 %
EMEA	4,210	1.1 %	4,988	1.3 %	33,554	2.5 %	34,410	2.7 %
APAC	3,807	6.9 %	3,894	8.4 %	15,035	8.4 %	11,925	7.5 %
Consolidated	$ 90,279	3.6 %	$ 83,151	3.4 %	$ 299,684	3.8 %	$ 238,644	3.5 %

North America's earnings from operations for the three months ended September 30, 2022 increased $8.0 million, or 11%, compared to the three months ended September 30, 2021. As a percentage of net sales, earnings from operations increased by approximately 20 basis points to 3.9%. The increase in earnings from operations was primarily driven by an increase in gross profit, partially offset by a net increase in selling and administrative expenses when compared to the three months ended September 30, 2021.

North America's earnings from operations for the nine months ended September 30, 2022 increased $58.8 million, or 31%, compared to the nine months ended September 30, 2021. As a percentage of net sales, earnings from operations increased by approximately 40 basis points to 3.9%. The increase in earnings from operations was primarily driven by an increase in gross profit, partially offset by a net increase in selling and administrative expenses and the gain on sale of properties in the nine months ended September 30, 2021 with no comparative in the current year.

EMEA's earnings from operations for the three months ended September 30, 2022 decreased $0.8 million, or 16% (decreasing 2% when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2021. As a percentage of net sales, earnings from operations decreased by approximately 20 basis points to 1.1%. The decrease in earnings from operations was driven by the decrease in gross profit, partially offset by a decrease in selling and administrative expenses compared to the three months ended September 30, 2021.

EMEA's earnings from operations for the nine months ended September 30, 2022 decreased $0.9 million, or 2% (increasing 8% when excluding the effects of fluctuating foreign currency exchange rates), compared to the nine months ended September 30, 2021. As a percentage of net sales, earnings from operations decreased by approximately 20 basis points to 2.5%. The decrease in earnings from operations was driven by the decrease in gross profit partially offset by a decrease in selling and administrative expenses compared to the nine months ended September 30, 2021.

APAC's earnings from operations for the three months ended September 30, 2022 decreased $0.1 million, or 2% (increasing 5% when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2021. As a percentage of net sales, earnings from operations decreased by approximately 150 basis points to 6.9%. The decrease in earnings from operations was driven by an increase in selling and administrative expenses, partially offset by the increase in gross profit compared to the three months ended September 30, 2021.

APAC's earnings from operations for the nine months ended September 30, 2022 increased $3.1 million, or 26% (increasing 33% when excluding the effects of fluctuating foreign currency exchange rates), compared to the nine months ended September 30, 2021. As a percentage of net sales, earnings from operations increased by approximately 90 basis points to 8.4%. The increase in earnings from operations was driven by the increase in gross profit, partially offset by an increase in selling and administrative expenses compared to the nine months ended September 30, 2021.

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 the 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, 2022 increased 13%, or $1.4 million, compared to the three months ended September 30, 2021. The increase was due primarily to higher interest rates and higher average daily balances under our ABL facility, partially offset by having no imputed interest under the Notes. Interest expense, net for the nine months ended September 30, 2022 decreased 2%, or $0.7 million, compared to the nine months ended September 30, 2021. The decrease was due to no imputed interest being recognized under the Notes in the current year period, partially offset by higher average daily balances and higher interest rates under our ABL facility, as well as increased imputed interest under our inventory financing facilities.

There was no imputed interest under the Notes for the three and nine months ended September 30, 2022, following our adoption of ASU 2020-06 effective January 1, 2022, compared to $2.7 million and $8.0 million recorded for the three and nine months ended September 30, 2021. Imputed interest under our inventory financing facilities was $3.8 million and $11.9 million for the three and nine months ended September 30, 2022 compared to $3.9 million and $10.7 million for the three and nine months ended September 30, 2021. The increase in imputed interest under our inventory financing facilities in the nine months ended September 30, 2022, was a result of higher average daily balances under the facilities during the period. For a description of our various financing facilities, see Note 5 to our Consolidated Financial Statements in Part I, Item 1 of this report.

Other Expense (Income), Net. Other expense (income), net changed $3.4 million, from other income, net of $1.6 million in the three months ended September 30, 2021, compared to other expense, net of $1.8 million in the three months ended September 30, 2022. The change primarily related to foreign currency exchange losses resulting from foreign currency transactions, including foreign currency derivative contracts and intercompany balances that are not considered long-term in nature. This change in net foreign currency exchange losses was due primarily to the underlying changes in the applicable exchange rates, particularly in the Euro and British Pound Sterling, partially mitigated by our use of foreign exchange forward contracts. See Note 12 to our Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021 for additional information.

Income Tax Expense. Our effective tax rate of 25.3% for the three months ended September 30, 2022 was marginally lower than our effective tax rate of 25.4% for the three months ended September 30, 2021. Our effective tax rate of 25.1% for the nine months ended September 30, 2022 was marginally higher than our effective tax rate of 25.0% for the nine months ended September 30, 2021.

Liquidity and Capital Resources

The following table sets forth certain consolidated cash flow information for the nine months ended September 30, 2022 and 2021 (in thousands):

	Nine Months Ended September 30,	
	2022	**2021**
Net cash (used in) operating activities	$ (205,885)	$ (117,788)
Net cash (used in) provided by investing activities	(126,200)	1,210
Net cash provided by financing activities	377,505	99,092
Foreign currency exchange effect on cash, cash equivalent and restricted cash balances	(12,710)	(3,601)
Increase (decrease) in cash, cash equivalents and restricted cash	32,710	(21,087)
Cash, cash equivalents and restricted cash at beginning of period	105,977	130,582
Cash, cash equivalents and restricted cash at end of period	$ 138,687	$ 109,495

Cash and Cash Flow

- Our primary uses of cash during the nine months ended September 30, 2022 were to fund our working capital requirements and for strategic acquisitions.
- Operating activities used $205.9 million in cash during the nine months ended September 30, 2022, compared to cash used in operating activities of $117.8 million during the nine months ended September 30, 2021.
- We acquired Hanu for approximately $68.2 million, net of cash and cash equivalents acquired and excluding earn outs and hold backs, in the nine months ended September 30, 2022.
- We received proceeds from the sale of assets, including our properties held for sale, of $1.3 million in the nine months ended September 30, 2022, compared to $29.2 million in the nine months ended September 30, 2021.
- Capital expenditures were $59.3 million and $28.0 million for the nine months ended September 30, 2022 and 2021, respectively.
- During the nine months ended September 30, 2022 we repurchased $25.0 million of our common stock compared to repurchases of $50.0 million during the nine months ended September 30, 2021.
- Net borrowings under our ABL facility during the nine months ended September 30, 2022 were $392.3 million compared to net borrowings of $82.0 million during the nine months ended September 30, 2021.

- We had net borrowings under our inventory financing facilities of $23.0 million during the nine months ended September 30, 2022 compared to net borrowings of $76.4 million during the nine months ended September 30, 2021.

We anticipate that cash flows from operations, together with the funds available under our financing facilities, will be adequate to support our expected cash and working capital requirements for operations as well as other strategic investments over the next 12 months. We expect existing cash and cash flows from operations to continue to be sufficient to fund our operating cash activities and cash commitments for investing and financing activities, such as capital expenditures, strategic acquisitions, repurchases of our common stock, debt repayments and repayment of our inventory financing facilities. We currently expect to fund known cash commitments beyond the next twelve months through operating cash activities or other available financing resources.

Net cash used in operating activities

- Our cash conversion cycle is inverted, meaning on average we pay our partners on terms shorter than we receive payments from our clients. This means we use more cash in our operations in periods of sequential growth and particularly in hardware net sales.
- Cash flow used in operating activities in the first nine months of 2022 was $205.9 million compared to cash used in operating activities of $117.8 million in the first nine months of 2021.
- The decrease in cash flow from operating activities was primarily driven by growth in hardware net sales in the current year period and changes in partner mix, including increased volumes with distributors with early payment terms.

Our consolidated cash flow operating metrics were as follows:

	Three Months Ended September 30,	
	2022	**2021**
Days sales outstanding in ending accounts receivable ("DSOs") (a)	111	104
Days inventory outstanding ("DIOs") (b)	15	11
Days purchases outstanding in ending accounts payable ("DPOs") (c)	(80)	(78)
Cash conversion cycle (days) (d)	46	37

(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 the balance of inventories 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.
(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 46 days in the third quarter of 2022, up 9 days from the third quarter of 2021.
- The net changes were a result of a 7 day increase in DSOs and a 4 day increase in DIOs partially offset by a 2 day increase in DPOs. The increase in DSOs is primarily due to the impacts of netting on certain revenue streams (agent net revenue) that

flow through accounts receivable on a gross basis while flowing through our income statement on a net basis. The increase in DIOs is due to continued strategic investments in inventory. The increase in DPOs is primarily due to changes in partner mix, partially offset by a decrease in the balances on our inventory financing facilities.

- 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 2022 in excess of working capital needs to pay down our ABL facility and inventory financing facilities.

Net cash (used in) provided by investing activities

- We acquired Hanu for approximately $68.2 million, net of cash and cash equivalents acquired and excluding earn outs and hold backs in the nine months ended September 30, 2022.
- Capital expenditures were $59.3 million and $28.0 million for the nine months ended September 30, 2022 and 2021, respectively. The majority of the capital expenditures in the first nine months of 2022 were used for our global corporate headquarters and to fund technology related projects.
- We received proceeds from the sale of assets, including our properties held for sale, of $1.3 million in the nine months ended September 30, 2022, compared to $29.2 million in the nine months ended September 30, 2021.
- We expect capital expenditures for the full year 2022 to be in a range of $65.0 to $70.0 million.

Net cash provided by financing activities

- During the nine months ended September 30, 2022, we had net borrowings under our ABL facility that increased our outstanding long-term debt balance by $392.3 million.
- During the nine months ended September 30, 2021, we had net borrowings under our ABL facility that increased our outstanding long-term debt balance by $82.0 million.
- We had net borrowings under our inventory financing facilities of $23.0 million during the nine months ended September 30, 2022 compared to net borrowings of $76.4 million during the nine months ended September 30, 2021.
- During the nine months ended September 30, 2022 we repurchased $25.0 million of our common stock.
- During the nine months ended September 30, 2021, we repurchased $50.0 million of our common stock.

Financing Facilities

Our debt balance as of September 30, 2022 was $0.8 billion, including our finance lease obligations for certain IT equipment and other financing obligations.

- We expanded the maximum borrowing capacity under our ABL facility in July 2022 from $1.2 billion to $1.8 billion.
- Our objective is to pay our debt balances down while retaining adequate cash balances to meet overall business objectives.
- The Notes are subject to certain events of default and certain acceleration clauses. As of September 30, 2022, 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, 2022, 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 $705.0 million, of which $332.0 million was outstanding at September 30, 2022.

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, 2022, we had approximately $103.1 million in cash and cash equivalents in certain of our foreign subsidiaries, primarily residing in 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 8 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 "Cash Requirements From 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, 2021.

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, 2021.

Although our Notes are based on a fixed rate, changes in interest rates could impact the fair market value of such Notes. As of September 30, 2022, the fair market value of our Notes was $447 million. For additional information about our 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, 2022 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, as appropriate, 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 8 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, 2021 (the "Annual Report") and the risk factors described below, which could materially affect our business, financial condition or future results. 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.

Risks Related to Our Business, Operations and Industry

General economic and political conditions, including unfavorable conditions in a particular region, business or industry sector, may lead our clients to delay or forgo investments in IT hardware, software and services. Weak economic conditions generally or any broad-based reduction in IT spending, including as a result of the COVID-19 pandemic, would adversely affect our business, operating results and financial condition. A prolonged slowdown in the global economy, including the possibility of recession or financial market instability or similar crisis, or in a particular region or business or industry sector, or the tightening of credit markets, could cause our clients to have difficulty accessing capital and credit sources, delay contractual payments, or delay or forgo decisions to upgrade or add to their existing IT environments, license new software or purchase products or services (particularly with respect to discretionary spending for hardware, software and services). Such events could have a material adverse effect on our business, financial condition and results of operations. Economic or industry downturns could result in longer payment cycles, increased collection costs and defaults in excess of our expectations. A significant deterioration in our ability to collect on accounts receivable could also impact the cost or availability of financing under our accounts receivable securitization program.

Our sales to public sector clients are also impacted by government spending policies, government shutdowns, budget priorities and revenue levels. An adverse change in government spending policies (including budget cuts at the federal, state and local level), budget priorities or revenue levels could cause our public sector clients to reduce their purchases or to terminate or not renew their contracts with us. These possible actions or the adoption of new or modified procurement regulations or practices could have a material adverse effect on our business, financial position and results of operations.

Worldwide economic conditions and market volatility as a result of political leadership in certain countries and other disruptions to global and regional economies and markets, including continuing increases in inflation and interest rates, the possibility of recession, or financial market instability, may impact future business activities. External factors, such as potential terrorist attacks, acts of war, geopolitical and social turmoil or epidemics and other similar outbreaks in many parts of the world, could prevent or hinder our ability to do business, increase our costs and negatively affect our stock price. More generally, these geopolitical, social and economic conditions could result in increased volatility in the United States and worldwide in financial markets and in the economy, as well as other adverse impacts. For example, on February 24, 2022, Russian forces launched significant military actions against Ukraine, and sustained conflict and disruption in the region remains ongoing. Potential impacts related to the conflict include further market disruptions, including significant volatility in commodity prices, credit and capital markets, supply chain and logistics disruptions, adverse global economic conditions resulting from escalating geopolitical tensions, volatility and fluctuations in foreign currency exchange rates and interest rates, inflationary pressures on raw materials and heightened cybersecurity threats, all of which could adversely impact our business, particularly our European operations.

Political developments, economic instability or natural disasters impacting international trade, including continued uncertainty surrounding the Referendum on the United Kingdom’s Membership in the European Union (“EU”) (referred to as “Brexit”) and, political tensions, trade disputes and increased tariffs, particularly between the United States and China, may also negatively impact markets and cause weaker macroeconomic conditions or drive sentiment that weakens demand for our products and services. Potential adverse consequences of Brexit such as global market uncertainty and increased regulatory complexities could have a negative impact on our business, financial condition and results of operations.

There are risks associated with our international operations that are different than the risks associated with our operations in the United States, and our exposure to the risks of a global market could hinder our ability to maintain and expand international operations. Outside of the United States, we have operation centers in Australia, Canada, France, Germany, India, the Philippines and the United Kingdom, as well as sales offices throughout EMEA and APAC. In the regions in which we do not currently have a physical presence, we serve our clients through strategic relationships. In implementing our international strategy, we may face barriers to entry and competition from local companies and other companies that already have established global businesses, as well as the risks generally associated with conducting business internationally. The success and profitability of international operations are subject to numerous risks and uncertainties, many of which are outside of our control, such as:

- political or economic instability, including the possibility of recession or financial market instability, or acts of war, such as the Russian invasion of Ukraine and its regional and global ramifications discussed above;
- changes in governmental regulation or taxation (foreign and domestic);
- currency exchange fluctuations;
- changes in import/export laws, regulations, customs, duties and tariffs (foreign and domestic);
- trade restrictions (foreign and domestic);
- difficulties of conducting business, managing operations, and costs of staffing in certain foreign countries;
- work stoppages or other changes in labor conditions;
- taxes and other restrictions on repatriating foreign profits back to the United States;
- extended payment terms;
- seasonal reductions in business activity in some parts of the world; and
- natural disasters, terrorism, civil unrest, public health concerns (including health epidemics or outbreaks of communicable diseases such as the COVID-19 pandemic) and other geopolitical uncertainties.

In addition, changes in policies and/or laws of the United States or foreign governments, including data privacy restrictions such as the General Data Protection Regulation (“GDPR”) resulting in, among other changes, higher taxation, tariffs or similar protectionist laws, currency conversion limitations, limitations on business operations, or the nationalization of private enterprises could reduce the anticipated benefits of international operations and could have a material adverse effect on our business, financial condition and results of operations.

We have currency exposure arising from both sales and purchases denominated in foreign currencies, including intercompany transactions outside the United States, and we currently conduct only limited hedging activities. International operations also expose us to currency fluctuations as we translate the financial statements of our foreign operations to the U.S. dollar, which has been very strong in foreign currency exchange rates and which has adversely impacted our results of operations and cash flows from our operations in EMEA. In addition, some currencies may be subject to limitations on conversion into other currencies, which can limit the ability to otherwise react to rapid foreign currency devaluations. We cannot predict with precision the effect of future exchange-rate fluctuations, and significant rate fluctuations could have a material adverse effect on our business, financial condition and results of operations.

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, 2022.

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.

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, 2022 through July 31, 2022	—	$ —	—	$ 75,032,025
August 1, 2022 through August 31, 2022	270,080	92.59	270,080	50,024,000
September 1, 2022 through September 30, 2022	—	—	—	300,000,000
Total	270,080		270,080	

On May 6, 2021, we announced that our Board of Directors had authorized the repurchase of up to $125,000,000 of our common stock. On September 19, 2022, we announced that our Board of Directors had authorized the repurchase of up to $300,000,000 of our common stock, including the $50,000,000 that remained available from the prior authorization. As of September 30, 2022, approximately $300,000,000 remained available for repurchases under this share repurchase plan.

In accordance with the share repurchase plan, 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 number 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.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	File No.	Exhibit Number	Filing Date	Filed/Furnished Herewith
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	Employment Agreement between Insight Enterprises, Inc. and Jennifer M. Vasin dated as of July 19, 2022	10-Q	000-25092	10.1	August 4, 2022	
10.2	Third Amendment to Credit Agreement, dated as of July 22, 2022, by and among Insight Enterprises, Inc., the subsidiaries of Insight Enterprises, Inc. party thereto as borrowers and guarantors, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto	8-K	000-25092	10.1	July 26, 2022	
31.1	Certification of Chief Executive Officer Pursuant to Securities Exchange Act Rule 13a-14					X
31.2	Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rule 13a-14					X
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					X
101.INS	Inline 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					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					X

(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, 2022**	**INSIGHT ENTERPRISES, INC.**
		By: /s/ Joyce A. Mullen **Joyce A. Mullen** **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. Crump **Rachael A. Crump** **Global Corporate Controller** **(Principal Accounting Officer)**

Exhibit 31.1

INSIGHT ENTERPRISES, INC.

CERTIFICATION

I, Joyce A. Mullen, 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, 2022**

By: **/s/ Joyce A. Mullen**
Joyce A. Mullen
Chief Executive Officer

INSIGHT ENTERPRISES, INC.

Exhibit 31.2

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, 2022**

By: **/s/ Glynis A. Bryan**

Glynis A. Bryan
Chief Financial Officer

INSIGHT ENTERPRISES, INC.

Exhibit 32.1

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, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Joyce A. Mullen, 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/ Joyce A. Mullen
Joyce A. Mullen
Chief Executive Officer
November 3, 2022

By: /s/ Glynis A. Bryan
Glynis A. Bryan
Chief Financial Officer
November 3, 2022