

**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, 2023

OR

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

For the transition period from _____ to _____

Commission File Number: 0-25092



INSIGHT ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

86-0766246

(I.R.S. Employer
Identification Number)

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
Common stock, par value \$0.01

Trading Symbol
NSIT

Name of each exchange on which registered
The NASDAQ Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒

No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒

No ☐

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

Large accelerated filer ☒

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 27, 2023 was 32,576,831.

INSIGHT ENTERPRISES, INC.
QUARTERLY REPORT ON FORM 10-Q
Three Months Ended September 30, 2023

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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 expectations regarding current supply constraints, including our belief that supply constraints and extended lead times for certain infrastructure, including networking products have now normalized back to near historic levels; our belief that the general slowdown in our clients' decision making will continue in the short term; our expectations regarding the device market, including the expectation for devices net sales to be down in total for 2023 when compared to 2022 in North America; 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 and our expectation that we will incur additional acquisition expenses in executing such strategy; our expectations regarding the impact of inflation, including our expectation that higher interest rates and higher interest expense will continue for the remainder of 2023, and 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 expectation that our gross margins will improve as our mix of services and solutions increase; our liquidity and the sufficiency of our capital resources, the availability of financing and our needs or plans relating thereto; our expectation that no significant holders of our convertible senior notes (the "Notes") will convert their Notes in the near term; 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 intention to use cash generated in the remainder of 2023 in excess of working capital needs to pay down our senior secured revolving credit facility and inventory financing facilities and for strategic 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, 2022 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;
 - general economic conditions, economic uncertainties and changes in geopolitical conditions, including the possibility of a recession or as a result of the ongoing war between Russia and Ukraine;
 - changes in the IT industry and/or rapid changes in technology;
 - our ability to provide high quality services to our clients;
 - 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;
-

INSIGHT ENTERPRISES, INC.

- supply constraints for products;
- the duration and severity of the coronavirus strain 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;
- natural disasters or other adverse occurrences;
- disruptions in our IT systems and voice and data networks;
- cyberattacks, outages, or third-party breaches of data privacy as well as related breaches of government 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 the Notes, which has been triggered, and 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");
- 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 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, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 244,324	\$ 163,637
Accounts receivable, net of allowance for doubtful accounts of \$14,295 and \$15,161, respectively	3,072,096	3,272,371
Inventories	184,200	265,154
Other current assets	209,628	199,506
Total current assets	3,710,248	3,900,668
Property and equipment, net of accumulated depreciation and amortization of \$222,288 and \$214,981, respectively	205,511	204,260
Goodwill	559,365	493,033
Intangible assets, net of accumulated amortization of \$163,608 and \$142,297, respectively	219,963	204,998
Other assets	383,129	309,622
	<u>\$ 5,078,216</u>	<u>\$ 5,112,581</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable—trade	\$ 1,722,189	\$ 1,785,076
Accounts payable—inventory financing facilities	269,207	301,314
Accrued expenses and other current liabilities	394,865	433,789
Current portion of long-term debt	349,058	346,228
Total current liabilities	2,735,319	2,866,407
Long-term debt	323,917	291,672
Deferred income taxes	33,441	32,844
Other liabilities	359,491	283,590
	<u>3,452,168</u>	<u>3,474,513</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 3,000 shares authorized; no shares issued	—	—
Common stock, \$0.01 par value, 100,000 shares authorized; 32,577 shares at September 30, 2023 and 34,009 shares at December 31, 2022 issued and outstanding	326	340
Additional paid-in capital	327,251	327,872
Retained earnings	1,357,804	1,368,658
Accumulated other comprehensive loss – foreign currency translation adjustments	(59,333)	(58,802)
Total stockholders' equity	1,626,048	1,638,068
	<u>\$ 5,078,216</u>	<u>\$ 5,112,581</u>

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net sales:				
Products	\$ 1,890,154	\$ 2,169,197	\$ 5,803,408	\$ 6,828,726
Services	376,132	365,157	1,136,421	1,099,855
Total net sales	2,266,286	2,534,354	6,939,829	7,928,581
Costs of goods sold:				
Products	1,697,543	1,956,679	5,219,720	6,199,783
Services	159,873	178,417	486,734	512,790
Total costs of goods sold	1,857,416	2,135,096	5,706,454	6,712,573
Gross profit:				
Products	192,611	212,518	583,688	628,943
Services	216,259	186,740	649,687	587,065
Gross profit	408,870	399,258	1,233,375	1,216,008
Operating expenses:				
Selling and administrative expenses	309,793	308,253	938,037	911,894
Severance and restructuring expenses, net	2,923	720	2,955	2,784
Acquisition and integration related expenses	4,292	6	4,449	1,646
Earnings from operations	91,862	90,279	287,934	299,684
Non-operating (income) expense:				
Interest expense, net	12,013	11,713	31,766	29,164
Other (income) expense, net	(203)	1,790	489	(741)
Earnings before income taxes	80,052	76,776	255,679	271,261
Income tax expense	19,805	19,460	64,978	68,130
Net earnings	\$ 60,247	\$ 57,316	\$ 190,701	\$ 203,131
Net earnings per share:				
Basic	\$ 1.85	\$ 1.64	\$ 5.76	\$ 5.80
Diluted	\$ 1.62	\$ 1.58	\$ 5.13	\$ 5.53
Shares used in per share calculations:				
Basic	32,574	34,952	33,127	35,003
Diluted	37,203	36,340	37,149	36,714

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,	
	2023	2022	2023	2022
Net earnings	\$ 60,247	\$ 57,316	\$ 190,701	\$ 203,131
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(12,326)	(30,577)	(531)	(49,313)
Total comprehensive income	<u>\$ 47,921</u>	<u>\$ 26,739</u>	<u>\$ 190,170</u>	<u>\$ 153,818</u>

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, 2023	32,568	\$ 326	—	\$ —	\$ 318,078	\$ (47,007)	\$1,297,558	\$ 1,568,955
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	9	—	—	—	(388)	—	—	(388)
Stock-based compensation expense	—	—	—	—	9,548	—	—	9,548
Excise tax on stock repurchases	—	—	—	—	13	—	—	13
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(12,326)	(1)	(12,327)
Net earnings	—	—	—	—	—	—	60,247	60,247
Balances at September 30, 2023	32,577	\$ 326	—	\$ —	\$ 327,251	\$ (59,333)	\$1,357,804	\$ 1,626,048
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 December 31, 2022	34,009	\$ 340	—	\$ —	\$ 327,872	\$ (58,802)	\$1,368,658	\$ 1,638,068
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	202	2	—	—	(9,394)	—	—	(9,392)
Stock-based compensation expense	—	—	—	—	26,211	—	—	26,211
Repurchase of treasury stock	—	—	(1,634)	(217,108)	—	—	—	(217,108)
Retirement of treasury stock	(1,634)	(16)	1,634	217,108	(15,537)	—	(201,555)	—
Excise tax on stock repurchases	—	—	—	—	(1,901)	—	—	(1,901)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(531)	—	(531)
Net earnings	—	—	—	—	—	—	190,701	190,701
Balances at September 30, 2023	32,577	\$ 326	—	\$ —	\$ 327,251	\$ (59,333)	\$1,357,804	\$ 1,626,048
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

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net earnings	\$ 190,701	\$ 203,131
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	44,698	42,204
Provision for losses on accounts receivable	3,754	4,295
Non-cash stock-based compensation	26,211	16,524
Deferred income taxes	(9,062)	(5,554)
Amortization of debt issuance costs	3,649	4,894
Other adjustments	(1,356)	933
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	201,628	(230,049)
Decrease (increase) in inventories	75,124	(51,526)
Increase in other assets	(69,869)	(14,926)
Decrease in accounts payable	(57,882)	(171,257)
Increase (decrease) in accrued expenses and other liabilities	6,146	(4,554)
Net cash provided by (used in) operating activities:	413,742	(205,885)
Cash flows from investing activities:		
Proceeds from sale of assets	15,515	1,318
Purchases of property and equipment	(29,070)	(59,270)
Acquisitions, net of cash and cash equivalents acquired	(82,875)	(68,248)
Net cash used in investing activities:	(96,430)	(126,200)
Cash flows from financing activities:		
Borrowings on ABL revolving credit facility	3,416,737	3,825,923
Repayments on ABL revolving credit facility	(3,382,444)	(3,433,629)
Net (repayments) borrowings under inventory financing facilities	(32,451)	23,017
Repurchases of common stock	(217,108)	(25,008)
Earn out payments	(10,748)	—
Other payments	(9,614)	(12,798)
Net cash (used in) provided by financing activities:	(235,628)	377,505
Foreign currency exchange effect on cash, cash equivalents and restricted cash balances	(1,074)	(12,710)
Increase in cash, cash equivalents and restricted cash	80,610	32,710
Cash, cash equivalents and restricted cash at beginning of period	165,718	105,977
Cash, cash equivalents and restricted cash at end of period	\$ 246,328	\$ 138,687

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 help our clients accelerate their digital journey to modernize their business and maximize the value of technology. We serve these clients in North America; Europe, the Middle East and Africa ("EMEA"); and Asia-Pacific ("APAC"). As a Fortune 500-ranked solutions integrator, we enable secure, end-to-end digital transformation and meet the needs of our clients through a comprehensive portfolio of solutions, far-reaching partnerships and 35 years of broad IT expertise. We amplify our solutions and services with global scale, local expertise and our e-commerce experience, enabling our clients to realize their digital ambitions at every opportunity. 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, 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, 2023 and our results of operations for the three and nine months ended September 30, 2023 and 2022 and cash flows for the nine months ended September 30, 2023 and 2022. The consolidated balance sheet as of December 31, 2022 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, 2022.

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

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

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

Recently Issued Accounting Standards

In September 2022, the Financial Accounting Standards Board ("FASB") issued ASU No. 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50)". This standard is intended to address requests from stakeholders for information about an entity's use of supplier finance programs and their effect on the entity's working capital, liquidity, and cash flows. The guidance was effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on roll-forward information requirement, which is effective for fiscal years beginning after December 15, 2023. The Company adopted this standard effective January 1, 2023, with the exception of the roll-forward information requirement. The adoption did not have a material effect on the Company's disclosures.

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, 2022 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, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Current receivables, which are included in "Accounts receivable, net"	\$ 3,072,096	\$ 3,272,371
Non-current receivables, which are included in "Other assets"	237,018	161,837
Contract liabilities, which are included in "Accrued expenses and other current liabilities" and "Other liabilities"	109,342	102,057

Changes in the contract liabilities balances during the nine months ended September 30, 2023 are as follows (in thousands):

	Increase (Decrease)
	Contract Liabilities
Balances at December 31, 2022	\$ 102,057
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligations satisfied	(56,429)
Cash received in advance and not recognized as revenue	63,714
Balances at September 30, 2023	\$ 109,342

During the nine months ended September 30, 2022, the Company recognized revenue of \$67,984,000 related to its contract liabilities.

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

The following table includes estimated net sales related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2023 that are expected to be recognized in the future (in thousands):

	Services
Remainder of 2023	\$ 34,034
2024	56,893
2025	21,173
2026 and thereafter	10,205
Total remaining performance obligations	<u>\$ 122,305</u>

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, 2023 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 23 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, 2023, we completed the sale of our properties in Montreal, Canada and Sheffield, United Kingdom for total net proceeds of approximately \$15,476,000. We recognized a net gain on sale of approximately \$6,813,000, reported in severance and restructuring expenses, net. During the nine months ended September 30, 2022, we had no assets held for sale.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. Net Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding restricted stock units ("RSUs") and certain shares underlying the Notes and the warrants relating to the Call Spread Transactions, as applicable. 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,	
	2023	2022	2023	2022
Numerator:				
Net earnings	\$ 60,247	\$ 57,316	\$ 190,701	\$ 203,131
Denominator:				
Weighted average shares used to compute basic EPS	32,574	34,952	33,127	35,003
Dilutive potential common shares due to dilutive RSUs, net of tax effect	278	201	275	243
Dilutive potential common shares due to the Notes	2,774	1,187	2,533	1,468
Dilutive potential common shares due to the Warrants	1,577	—	1,214	—
Weighted average shares used to compute diluted EPS	37,203	36,340	37,149	36,714
Net earnings per share:				
Basic	\$ 1.85	\$ 1.64	\$ 5.76	\$ 5.80
Diluted	\$ 1.62	\$ 1.58	\$ 5.13	\$ 5.53

For the three and nine months ended September 30, 2023, 65,000 and 72,000, respectively, of our RSUs were excluded from the diluted EPS calculations because their inclusion would have been anti-dilutive. 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 related to the Call Spread Transactions were excluded from the diluted EPS calculations because their inclusion would have been anti-dilutive.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. Debt, Inventory Financing Facilities, Finance Leases and Other Financing Obligations

Debt

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

	September 30, 2023	December 31, 2022
ABL revolving credit facility	\$ 323,906	\$ 291,599
Convertible senior notes due 2025	347,541	346,199
Finance leases and other financing obligations	1,528	102
Total	672,975	637,900
Less: current portion of long-term debt	(349,058)	(346,228)
Long-term debt	\$ 323,917	\$ 291,672

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, 2023, eligible accounts receivable and inventory permitted availability to \$1,547,321,000 of the full \$1,800,000,000 facility amount, of which \$323,906,000 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, 2019 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day (the "market price trigger"); (2) during the five business day period after

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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any five days 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 exceeded the market price trigger of \$88.82 in the third quarter of 2023 and as such, the Notes are convertible at the option of the holders through December 31, 2023. The Notes are convertible at the option of the holders at September 30, 2023 and, if converted, we are required to settle the principal amount of the Notes in cash. As such, the Notes balance net of unamortized debt issuance costs is classified as a current liability. If the Notes continue to exceed the market price trigger in future periods, they will remain convertible at the option of the holders, and the principal amount will continue to be classified as current.

Upon conversion, we will pay 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, 2023, 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, 2023, no such events have occurred.

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

	September 30, 2023	December 31, 2022
Liability:		
Principal	\$ 350,000	\$ 350,000
Less: debt issuance costs, net of accumulated amortization	(2,459)	(3,801)
Net carrying amount	<u>\$ 347,541</u>	<u>\$ 346,199</u>

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.

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The remaining life of the debt issuance cost accretion is approximately 1.37 years. The effective interest rate on the principal of the Notes is 0.75%.

Interest expense resulting from the Notes reported within the consolidated statement of operations for the three and nine months ended September 30, 2023 and 2022 is made up of contractual coupon interest and amortization of debt issuance costs.

In September 2023, an individual Note holder exercised their option to convert their Notes in the aggregate principal amount of \$16,895,000, which will be settled in January 2024. As a result, the principal amount of the Notes will be settled in cash with additional amounts due being settled in shares of our common stock.

Convertible Note Hedge and Warrant Transaction

In connection and concurrent 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 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. In the second quarter of 2023, the Company transitioned the reference rate for invoices issued in U.S. Dollars under the PNC facility from LIBOR to the Term Secured Overnight Financing Rate ("Term SOFR") benchmark provisions. If balances are not paid within stated vendor terms (typically 60 days), 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 Term SOFR, EURIBOR, or SONIA, as applicable, plus 4.50% and 0.25% on the PNC (other than the Canada facility) and EMEA facilities, respectively. 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, 2023, our combined inventory financing facilities had a total maximum capacity of \$705,000,000, of which \$269,207,000 was outstanding.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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6. Income Taxes

Our effective tax rates for the three and nine months ended September 30, 2023 were 24.7% and 25.4%, respectively. For the three months ended September 30, 2023, 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 the release of reserves for uncertain tax positions whose statute expired during the quarter. For the nine months ended September 30, 2023, 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.

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.

As of September 30, 2023 and December 31, 2022, we had approximately \$13,387,000 and \$14,814,000, respectively, of unrecognized tax benefits. Of these amounts, approximately \$1,640,000 and \$1,642,000, respectively, related to accrued interest. In the future, if recognized, the remaining liability associated with uncertain tax positions could 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 2016 through 2021. 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 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 the prior authorization. On May 18, 2023, we announced that our Board of Directors authorized the repurchase of up to \$300,000,000 of our common stock, including \$100,000,000 that remained available from the prior authorization. As of September 30, 2023, approximately \$200,020,373 remained available for repurchases under our 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 three months ended September 30, 2023, we did not repurchase any shares of our common stock. During the three 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, 2023, we repurchased 1,633,620 shares of our common stock on the open market at a total cost of \$217,108,000 (an average price of \$132.90 per share). 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).

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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, 2023, we had approximately \$27,742,939 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, 2023. Accordingly, we have not accrued any liabilities related to such performance bonds in our consolidated financial statements.

The Company has a minimum required purchase commitment of approximately \$100,467,000 pursuant to an agreement primarily related to cloud services. The total purchase commitment is required to be met or exceeded during a 5-year period, starting October 1, 2023 through September 30, 2028. If total purchases do not meet the required commitment by September 30, 2028, the shortfall must be prepaid by the Company and can be used for further purchases through September 30, 2029.

The Company has a minimum required purchase commitment of approximately \$40,000,000 pursuant to an agreement primarily related to software as a service. The total purchase commitment is required to be met during a 4-year period, starting November 30, 2022 through November 29, 2026.

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, 2023. 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

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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 assumed responsibility for various litigation matters related to PCM's acquisition of certain assets of En Pointe Technologies in 2015 (the "PCM Earnout Litigation"). The seller of En Pointe Technologies and related entities providing various post-closing support functions to PCM 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 rejected and vigorously responded to those claims and pursued various counterclaims. The PCM Earnout Litigation was being heard by multiple courts and arbitrators in several different jurisdictions including California, Delaware and Pakistan. In May 2023, the Company settled all claims related to the PCM Earnout Litigation and the parties began the process of dismissing each of the related claims and counterclaims in the various courts and jurisdictions. On July 14, 2023, the Company funded an escrow pursuant to which \$10,550,000 would be paid to the plaintiffs over a period of 36 months beginning after all of the cases have been dismissed. The full amount of the settlement payment had been previously reserved. The Company is not involved in any pending or threatened legal proceedings, including the PCM Earnout Litigation, that it believes would reasonably be expected to have a material adverse effect on its business, financial condition or results of operations.

INSIGHT ENTERPRISES, INC.
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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, 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, 2023 and 2022 (in thousands):

Three Months Ended September 30, 2023				
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 1,153,722	\$ 136,567	\$ 10,866	\$ 1,301,155
Software	409,139	163,918	15,942	588,999
Services	298,011	53,911	24,210	376,132
	<u>\$ 1,860,872</u>	<u>\$ 354,396</u>	<u>\$ 51,018</u>	<u>\$ 2,266,286</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 1,311,849	\$ 270,355	\$ 21,388	\$ 1,603,592
Commercial	342,585	4,340	18,867	365,792
Public Sector	206,438	79,701	10,763	296,902
	<u>\$ 1,860,872</u>	<u>\$ 354,396</u>	<u>\$ 51,018</u>	<u>\$ 2,266,286</u>
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 1,738,705	\$ 330,505	\$ 42,908	\$ 2,112,118
Net revenue recognition (Agent)	122,167	23,891	8,110	154,168
	<u>\$ 1,860,872</u>	<u>\$ 354,396</u>	<u>\$ 51,018</u>	<u>\$ 2,266,286</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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
	<u>\$ 2,099,837</u>	<u>\$ 379,574</u>	<u>\$ 54,943</u>	<u>\$ 2,534,354</u>
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
	<u>\$ 2,099,837</u>	<u>\$ 379,574</u>	<u>\$ 54,943</u>	<u>\$ 2,534,354</u>
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
	<u>\$ 2,099,837</u>	<u>\$ 379,574</u>	<u>\$ 54,943</u>	<u>\$ 2,534,354</u>
Nine Months Ended September 30, 2023				
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 3,474,488	\$ 431,677	\$ 34,108	\$ 3,940,273
Software	1,221,263	574,539	67,333	1,863,135
Services	896,251	166,910	73,260	1,136,421
	<u>\$ 5,592,002</u>	<u>\$ 1,173,126</u>	<u>\$ 174,701</u>	<u>\$ 6,939,829</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 3,927,258	\$ 868,937	\$ 69,639	\$ 4,865,834
Commercial	1,074,360	12,739	54,030	1,141,129
Public Sector	590,384	291,450	51,032	932,866
	<u>\$ 5,592,002</u>	<u>\$ 1,173,126</u>	<u>\$ 174,701</u>	<u>\$ 6,939,829</u>
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 5,231,815	\$ 1,083,933	\$ 147,422	\$ 6,463,170
Net revenue recognition (Agent)	360,187	89,193	27,279	476,659
	<u>\$ 5,592,002</u>	<u>\$ 1,173,126</u>	<u>\$ 174,701</u>	<u>\$ 6,939,829</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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	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
	<u>\$ 6,411,786</u>	<u>\$ 1,337,338</u>	<u>\$ 179,457</u>	<u>\$ 7,928,581</u>
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
	<u>\$ 6,411,786</u>	<u>\$ 1,337,338</u>	<u>\$ 179,457</u>	<u>\$ 7,928,581</u>
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
	<u>\$ 6,411,786</u>	<u>\$ 1,337,338</u>	<u>\$ 179,457</u>	<u>\$ 7,928,581</u>

All significant intercompany transactions are eliminated upon consolidation, and there are no differences between the accounting policies used to measure profit and loss for our segments or on a consolidated basis. Net sales are defined as net sales to external clients. None of our clients exceeded ten percent of consolidated net sales for the three and nine months ended September 30, 2023 or 2022.

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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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, 2023			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 1,562,861	\$ 300,485	\$ 26,808	\$ 1,890,154
Services	298,011	53,911	24,210	376,132
Total net sales	1,860,872	354,396	51,018	2,266,286
Costs of goods sold:				
Products	1,401,472	272,083	23,988	1,697,543
Services	125,543	22,604	11,726	159,873
Total costs of goods sold	1,527,015	294,687	35,714	1,857,416
Gross profit	333,857	59,709	15,304	408,870
Operating expenses:				
Selling and administrative expenses	244,154	54,435	11,204	309,793
Severance and restructuring expenses	2,650	271	2	2,923
Acquisition and integration related expenses	970	3,322	—	4,292
Earnings from operations	\$ 86,083	\$ 1,681	\$ 4,098	\$ 91,862

	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

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

Nine Months Ended September 30, 2023				
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 4,695,751	\$ 1,006,216	\$ 101,441	\$ 5,803,408
Services	896,251	166,910	73,260	1,136,421
Total net sales	5,592,002	1,173,126	174,701	6,939,829
Costs of goods sold:				
Products	4,206,071	920,956	92,693	5,219,720
Services	393,788	59,526	33,420	486,734
Total costs of goods sold	4,599,859	980,482	126,113	5,706,454
Gross profit	992,143	192,644	48,588	1,233,375
Operating expenses:				
Selling and administrative expenses	745,259	159,253	33,525	938,037
Severance and restructuring expenses	1,052	1,840	63	2,955
Acquisition and integration related expenses	1,127	3,322	—	4,449
Earnings from operations	\$ 244,705	\$ 28,229	\$ 15,000	\$ 287,934

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

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

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

	September 30, 2023	December 31, 2022
North America	\$ 5,345,620	\$ 5,219,480
EMEA	894,489	939,327
APAC	151,290	153,232
Corporate assets and intercompany eliminations, net	(1,313,183)	(1,199,458)
Total assets	<u>\$ 5,078,216</u>	<u>\$ 5,112,581</u>

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,	
	2023	2022	2023	2022
Depreciation and amortization of property and equipment:				
North America	\$ 6,064	\$ 5,769	\$ 17,207	\$ 14,918
EMEA	726	531	1,925	2,006
APAC	112	149	323	465
	<u>6,902</u>	<u>6,449</u>	<u>19,455</u>	<u>17,389</u>
Amortization of intangible assets:				
North America	7,718	8,468	23,269	23,172
EMEA	822	404	1,642	1,291
APAC	108	114	332	352
	<u>8,648</u>	<u>8,986</u>	<u>25,243</u>	<u>24,815</u>
Total	<u>\$ 15,550</u>	<u>\$ 15,435</u>	<u>\$ 44,698</u>	<u>\$ 42,204</u>

10. Acquisition

Effective August 17, 2023, we acquired 100 percent of the issued and outstanding shares of Amdaris Group Limited (“Amdaris”) for a preliminary cash purchase price, net of cash and cash equivalents acquired, of approximately \$82,875,000, excluding the estimated fair value of an earn out, reported in other liabilities, with a range of payouts through 2026 of \$0 to \$54,391,000. Amdaris, an award-winning software development and digital services specialist, provides innovative software development, application support, managed services and consultancy services to the customers in the United Kingdom with service delivery centers located in several eastern European countries. Amdaris has been recognized as a Microsoft Gold Certified Partner. We believe this acquisition expands our global Modern Apps and Data & AI areas of solutions expertise as a leading solutions integrator and enhances our technological capabilities and scale to deliver an even broader range of customized services and solutions to clients in EMEA.

The preliminary fair value of net assets acquired was approximately \$34,060,000, including \$41,291,000 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 and the finalization of the fair value of the non-cash

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

working capital could lead to an adjustment of the purchase price allocation. Goodwill acquired approximated \$68,634,000, which was recorded in our EMEA operating segment.

We consolidated the results of operations for Amdaris within our EMEA operating segment beginning on August 17, 2023, the effective date of the acquisition. Our historical results would not have been materially affected by the acquisition of Amdaris 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.

In June 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 cash purchase price, net of cash and cash equivalents acquired, of approximately \$90,106,000, including \$15,307,000 attributed to an earn out agreement and including hold backs for representations and warranties of approximately \$6,358,000, the majority of which will be paid in future periods. We finalized the earn out and paid \$10,748,000 in April 2023. 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 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 fair value of net assets acquired was approximately \$20,183,000, 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 purchase price was allocated using the information available. Goodwill acquired approximated \$69,923,000 which was recorded in our North America operating segment. We finalized the purchase price allocation in relation to this acquisition in May 2023. The completion of this work did not materially alter our preliminary purchase price allocation.

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.

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

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

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

Quarterly Overview

Today, every business needs to be a technology business. We help our clients accelerate their digital journey to modernize their business and maximize the value of technology. We serve these clients in North America; Europe, the Middle East and Africa ("EMEA"); and Asia-Pacific ("APAC"). As a Fortune 500-ranked solutions integrator, we enable secure, end-to-end digital transformation and meet the needs of our clients through a comprehensive portfolio of solutions, far-reaching partnerships and 35 years of broad IT expertise. We amplify our solutions and services with global scale, local expertise and our e-commerce experience, enabling our clients to realize their digital ambitions at every opportunity. 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 consist largely of software and certain software-related services and cloud solutions.

On a consolidated basis, for the three months ended September 30, 2023:

- Net sales of \$2.3 billion decreased 11% compared to the three months ended September 30, 2022. The decrease in net sales reflects a decrease in hardware and software net sales, partially offset by an increase in services net sales. Excluding the effects of fluctuating foreign currency exchange rates, net sales decreased 11% compared to the third quarter of 2022.
 - Gross profit of \$408.9 million increased 2% compared to the three months ended September 30, 2022. Excluding the effects of fluctuating foreign currency exchange rates, gross profit also increased 2% compared to the third quarter of 2022.
 - Compared to the three months ended September 30, 2022, gross margin expanded approximately 220 basis points to 18.0% of net sales in the three months ended September 30, 2023. 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 2%, year over year, to \$91.9 million in the third quarter of 2023 compared to \$90.3 million in the third quarter of 2022. The increase was primarily due to increases in gross profit partially offset by increases in selling and administrative expenses, severance and restructuring expenses, net and acquisition and integration related expenses in the current quarter. Excluding the effects of fluctuating foreign currency exchange rates, earnings from operations increased 1% year over year.
 - Net earnings and diluted earnings per share were \$60.2 million and \$1.62, respectively, for the third quarter of 2023. This compares to net earnings of \$57.3 million and diluted earnings per share of \$1.58 for the third quarter of 2022. Diluted earnings per share increased 3% year over year, and excluding the effects of fluctuating foreign currency exchange rates, also increased 3% year over year.
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INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

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

Details about segment results of operations can be found in Note 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.

Supply Chain Constraints and Inflation Update

Supply constraints that have had an industry-wide impact since the beginning of the COVID-19 pandemic continued to ease in the three months ended September 30, 2023. We believe that the remaining supply constraints and extended lead times for certain infrastructure, including networking products have now normalized back to near historic levels. However, we have continued to see a general slowdown in our clients' decision making, which we believe will continue in the short term. In addition, inflation has resulted in higher interest rates on all of our variable rate facilities compared to the third quarter of 2022 and we expect these higher rates and higher interest expense will continue for the remainder of 2023. We are actively monitoring changes to the global macroeconomic environment, including those creating supply chain constraints and higher interest rates, and assessing the potential impacts these challenges may have on our current results, financial condition and liquidity. We are also mindful of the potential impact these conditions could have on our clients, partners and prospects for the remainder of 2023 and beyond.

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

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, 2022. 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, 2022.

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, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Costs of goods sold	82.0	84.2	82.2	84.7
Gross profit	18.0	15.8	17.8	15.3
Selling and administrative expenses	13.7	12.2	13.5	11.5
Severance and restructuring expenses and acquisition and integration related expenses	0.2	—	0.2	—
Earnings from operations	4.1	3.6	4.1	3.8
Non-operating expense, net	0.6	0.5	0.4	0.4
Earnings before income taxes	3.5	3.1	3.7	3.4
Income tax expense	0.8	0.8	1.0	0.8
Net earnings	2.7 %	2.3 %	2.7 %	2.6 %

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

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

requirements, which occur regularly, could impact our results of operations to the extent we are unable to shift our focus and respond to them. For a discussion of risks associated with our reliance on partners, see "Risk Factors – Risks related to Our Business, Operations and Industry – We rely 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 the requirements year over year," in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

Net Sales. Net sales of \$2.3 billion for the three months ended September 30, 2023 decreased 11%, year to year, compared to the three months ended September 30, 2022, reflecting decreases in each of our operating segments. Net sales of \$6.9 billion for the nine months ended September 30, 2023 decreased 12%, year to year, compared to the nine months ended September 30, 2022, also reflecting decreases in each of our operating segments.

Our net sales by operating segment were as follows for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,			% Change	Nine Months Ended September 30,			% Change
	2023	2022			2023	2022		
North America	\$ 1,860,872	\$ 2,099,837		(11)%	\$ 5,592,002	\$ 6,411,786		(13)%
EMEA	354,396	379,574		(7)%	1,173,126	1,337,338		(12)%
APAC	51,018	54,943		(7)%	174,701	179,457		(3)%
Consolidated	<u>\$ 2,266,286</u>	<u>\$ 2,534,354</u>		(11)%	<u>\$ 6,939,829</u>	<u>\$ 7,928,581</u>		(12)%

Our net sales by offering category for North America for the three and nine months ended September 30, 2023 and 2022 were as follows (dollars in thousands):

Sales Mix	Three Months Ended September 30,			% Change	Nine Months Ended September 30,			% Change
	2023	2022			2023	2022		
Hardware	\$ 1,153,722	\$ 1,404,207		(18)%	\$ 3,474,488	\$ 4,415,000		(21)%
Software	409,139	396,921		3 %	1,221,263	1,115,475		9 %
Services	298,011	298,709		— %	896,251	881,311		2 %
	<u>\$ 1,860,872</u>	<u>\$ 2,099,837</u>		(11)%	<u>\$ 5,592,002</u>	<u>\$ 6,411,786</u>		(13)%

Net sales in North America decreased 11%, or \$239.0 million, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022, driven by a decrease in hardware net sales. Hardware net sales decreased by 18%, year to year. This decrease was partially offset by an increase in software net sales of 3%, year over year. The net changes for the three months ended September 30, 2023 were the result of the following:

- The decrease in hardware net sales was due to lower volume of sales primarily to large enterprise and corporate clients. This decline was driven by devices. Consistent with industry trends, we continue to expect devices net sales to be down in total for 2023 when compared to 2022.
- 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.
- Services net sales were flat, reflecting an increase in cloud solutions offset by a decrease in Insight Delivered services net sales.

Net sales in North America decreased 13%, or \$819.8 million, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, driven by

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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a decrease in hardware net sales. Hardware net sales decreased by 21%, year to year. This decrease was partially offset by software and services net sales increases of 9% and 2%, respectively, year over year. The net changes for the nine months ended September 30, 2023 were the result of the following:

- The decrease in hardware net sales was primarily due to lower volume of sales to large enterprise and corporate clients due to lower demand. This decline was driven by devices.
- 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 cloud solutions partially offset by a decrease in Insight Delivered services net sales.

Our net sales by offering category for EMEA for the three and nine months ended September 30, 2023 and 2022 were as follows (dollars in thousands):

Sales Mix	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2023	2022		2023	2022	
Hardware	\$ 136,567	\$ 151,505	(10)%	\$ 431,677	\$ 517,512	(17)%
Software	163,918	184,361	(11)%	574,539	669,760	(14)%
Services	53,911	43,708	23 %	166,910	150,066	11 %
	<u>\$ 354,396</u>	<u>\$ 379,574</u>	(7)%	<u>\$ 1,173,126</u>	<u>\$ 1,337,338</u>	(12)%

Net sales in EMEA decreased 7%, or \$25.2 million, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. Excluding the effects of fluctuating foreign currency exchange rates, net sales in EMEA decreased 13%, year to year. Net sales of hardware and software decreased by 10% and 11%, respectively, year to year, partially offset by an increase in services net sales of 23%, year over year. The net changes for the three months ended September 30, 2023 were the result of the following:

- The decrease in software net sales was primarily due to continued migration of on-premise software to cloud solutions, reported net in services net sales.
- The decrease in hardware net sales was primarily due to lower volume of sales to large enterprise and corporate clients, partially offset by higher sales to public sector clients.
- The increase in services net sales was primarily due to increases in Insight Delivered services net sales, including from Amdaris, which we acquired on August 17, 2023 and in fees for cloud solutions.

Net sales in EMEA decreased 12%, or \$164.2 million, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Excluding the effects of fluctuating foreign currency exchange rates, net sales in EMEA also decreased 12%, year to year. Net sales of hardware and software decreased by 17% and 14%, respectively, year to year, partially offset by an increase in services net sales of 11%, year over year. The net changes for the nine months ended September 30, 2023 were the result of the following:

- The decrease in software net sales was primarily due to continued migration of on-premise software to cloud solutions, reported net in services net sales.
- The decrease in hardware net sales was primarily due to lower volume of sales to public sector, large enterprise and corporate clients.
- The increase in services net sales was primarily due to increases in Insight Delivered services net sales, including from Amdaris, and in fees for cloud solutions.

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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Our net sales by offering category for APAC for the three and nine months ended September 30, 2023 and 2022 were as follows (dollars in thousands):

Sales Mix	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2023	2022		2023	2022	
Hardware	\$ 10,866	\$ 16,563	(34)%	\$ 34,108	\$ 44,467	(23)%
Software	15,942	15,640	2 %	67,333	66,512	1 %
Services	24,210	22,740	6 %	73,260	68,478	7 %
	<u>\$ 51,018</u>	<u>\$ 54,943</u>	<u>(7)%</u>	<u>\$ 174,701</u>	<u>\$ 179,457</u>	<u>(3)%</u>

Net sales in APAC decreased 7%, or \$3.9 million, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. Excluding the effects of fluctuating foreign currency exchange rates, net sales in APAC decreased 4%, year to year. Net sales of hardware decreased by 34%, year to year. This decrease was partially offset by increases in software and services net sales of 2% and 6%, respectively, year over year. The net changes for the three months ended September 30, 2023 were the result of the following:

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

Net sales in APAC decreased 3%, or \$4.8 million, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Excluding the effects of fluctuating foreign currency exchange rates, net sales in APAC increased by 2%, year over year. Net sales of hardware decreased 23%, year to year. This decrease was partially offset by increases in software and services net sales of 1% and 7%, respectively, year over year. The net changes for the nine months ended September 30, 2023 were the result of the following:

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

INSIGHT ENTERPRISES, INC.
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The percentage of net sales by category for North America, EMEA and APAC were as follows for the three and nine months ended September 30, 2023 and 2022:

Sales Mix	North America Three Months Ended September 30,		EMEA Three Months Ended September 30,		APAC Three Months Ended September 30,	
	2023	2022	2023	2022	2023	2022
Hardware	62 %	67 %	39 %	40 %	21 %	30 %
Software	22 %	19 %	46 %	49 %	31 %	29 %
Services	16 %	14 %	15 %	11 %	48 %	41 %
	100 %	100 %	100 %	100 %	100 %	100 %

Sales Mix	North America Nine Months Ended September 30,		EMEA Nine Months Ended September 30,		APAC Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022
Hardware	62 %	69 %	37 %	39 %	19 %	25 %
Software	22 %	17 %	49 %	50 %	39 %	37 %
Services	16 %	14 %	14 %	11 %	42 %	38 %
	100 %	100 %	100 %	100 %	100 %	100 %

Gross Profit. Gross profit increased 2%, or \$9.6 million, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022, with gross margin expanding approximately 220 basis points to 18.0% for the three months ended September 30, 2023 compared to 15.8% for the three months ended September 30, 2022. Gross profit increased 1%, or \$17.4 million, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, with gross margin expanding approximately 250 basis points to 17.8% for the nine months ended September 30, 2023 compared to 15.3% for the nine months ended September 30, 2022.

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, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	% of Net Sales	2022	% of Net Sales	2023	% of Net Sales	2022	% of Net Sales
North America	\$ 333,857	17.9 %	\$ 332,696	15.8 %	\$ 992,143	17.7 %	\$ 983,046	15.3 %
EMEA	59,709	16.8 %	51,772	13.6 %	192,644	16.4 %	186,089	13.9 %
APAC	15,304	30.0 %	14,790	26.9 %	48,588	27.8 %	46,873	26.1 %
Consolidated	<u>\$ 408,870</u>	18.0 %	<u>\$ 399,258</u>	15.8 %	<u>\$ 1,233,375</u>	17.8 %	<u>\$ 1,216,008</u>	15.3 %

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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North America's gross profit for the three months ended September 30, 2023 was relatively flat, increasing \$1.2 million, compared to the three months ended September 30, 2022. As a percentage of net sales, gross margin expanded approximately 210 basis points to 17.9% for the third quarter of 2023. The year over year net expansion in gross margin was primarily attributable to the following:

- An increase in services margin of 213 basis points compared to the same period in the prior year.
- The increase in services margin reflects an increase in fees for cloud solutions, an increase in margin contribution from Insight Core services (consisting of Insight Delivered and managed services) and an increase in software maintenance.

North America's gross profit for the nine months ended September 30, 2023 increased 1%, or \$9.1 million, compared to the nine months ended September 30, 2022. As a percentage of net sales, gross margin expanded approximately 240 basis points to 17.7% for the nine months ended September 30, 2023. The year over year net expansion in gross margin was primarily attributable to the following:

- A net increase in product margin of 46 basis points, year over year, and an increase in services margin of 194 basis points compared to the same period in the prior year.
- The increase in services margin reflects an increase in fees for cloud solutions and an increase in margin contribution from Insight Core services.
- The increase in product margin is due in part to a shift away from lower margin devices towards higher margin infrastructure sales and also sales of software at higher margins partially due to changes in product and client mix.

EMEA's gross profit for the three months ended September 30, 2023 increased 15%, or \$7.9 million, year over year (increasing 7% when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2022. As a percentage of net sales, gross margin expanded 320 basis points, year over year. The year over year net expansion in gross margin was attributable to the following:

- A net increase in product margin of 99 basis points and an increase from services margin of 222 basis points.
- The increase in product margin is primarily the result of sales of hardware and software at higher margins than in the same period in the prior year.
- The increase in services margin is primarily the result of fees from cloud solutions and an expansion in margin on Insight Core Services, including from Amdaris.

EMEA's gross profit for the nine months ended September 30, 2023 increased 4%, or \$6.6 million, year over year (also increasing 4% when excluding the effects of fluctuating foreign currency exchange rates), compared to the nine months ended September 30, 2022. As a percentage of net sales, gross margin expanded approximately 250 basis points, year over year. The year over year net expansion in gross margin was attributable to the following:

- A net increase in product margin of 67 basis points and an increase from services margin of 184 basis points.
 - The increase in product margin is primarily the result of sales of hardware and software at higher margins than in the same period in the prior year.
 - The increase in services margin is primarily the result of fees from cloud solutions and an expansion in margin on Insight Core Services, including from Amdaris.
-

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

APAC's gross profit for the three months ended September 30, 2023 increased 3%, or \$0.5 million, year over year (increasing 6% when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2022. As a percentage of net sales, gross margin expanded approximately 310 basis points, year over year. The year over year net expansion in gross margin was primarily attributable to the following:

- An increase in services margin of 308 basis points.
- The expansion in services margin was driven by higher margins on Insight Core services and a higher percentage of cloud solutions recognized on a net basis.

APAC's gross profit for the nine months ended September 30, 2023 increased 4%, or \$1.7 million, year over year (increasing 8% when excluding the effects of fluctuating foreign currency exchange rates), compared to the nine months ended September 30, 2022. As a percentage of net sales, gross margin expanded approximately 170 basis points, year over year. The year over year net expansion in gross margin was primarily attributable to the following:

- An expansion in services margin of 175 basis points.
- The expansion in services margin was driven by higher margins on Insight Core services and a higher percentage of cloud solutions recognized on a net basis.

Operating Expenses.

Selling and Administrative Expenses. Selling and administrative expenses for the three months ended September 30, 2023 were relatively flat, increasing \$1.5 million compared to the three months ended September 30, 2022 (also flat when excluding fluctuating foreign currency exchange rates). Selling and administrative expenses increased \$26.1 million, or 3% (also increasing 3% when excluding fluctuating foreign currency exchange rates), for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022.

Selling and administrative expenses increased approximately 150 basis points as a percentage of net sales in the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The overall net increase in selling and administrative expenses reflects an increase in other expenses of \$3.0 million. The increase in other expenses was driven by costs incurred related to a third-party data center service outage partially offset by a decrease in third-party transformation costs incurred in the current quarter to support our strategic plan. On July 29, 2023, a third-party data center that hosts network environments for certain Insight managed services clients, experienced a security incident that resulted in a service outage at the data center. The incident did not impact any of Insights' information systems, credentials, or data. To support our clients that were impacted, the Company paid for certain equipment and services required to resolve the outage.

Selling and administrative expenses increased approximately 200 basis points as a percentage of net sales in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The overall net increase in selling and administrative expenses reflects an increase in personnel costs, including teammate benefits of \$19.5 million, and a \$13.3 million increase in other expenses, year over year. The increase in personnel costs reflects an increase in overall teammate headcount and the impact of merit increases in the current year period. The increase in other expenses was driven by costs incurred related to a third-party data center service outage and an increase in third-party transformation costs incurred in the current year period to support our strategic plan. These increases were partially offset by a \$5.8 million decrease in professional fees, year to year.

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

Severance and Restructuring Expenses, Net. During the three months ended September 30, 2023, we recorded severance and restructuring expense, net of adjustments, of approximately \$2.9 million. Comparatively, during the three months ended September 30, 2022, we recorded severance and restructuring expense, net of adjustments, of approximately \$0.7 million. The charges in both periods primarily related to a realignment of certain roles and responsibilities.

During the nine months ended September 30, 2023, we recorded severance and restructuring expense, net of adjustments, of approximately \$3.0 million, reflecting a net gain on sale of property due to restructuring of \$6.8 million. This gain was offset by severance expense, net of adjustments, of approximately \$9.8 million. Comparatively, during the nine months ended September 30, 2022, we recorded severance and restructuring expense, net of adjustments, of approximately \$2.8 million. The charges in both periods primarily related to a realignment of certain roles and responsibilities.

Acquisition and integration related expenses. During the three months ended September 30, 2023, we recorded acquisition and integration related expenses of approximately \$4.3 million. During the three months ended September 30, 2022, we had no significant comparable activity. The expenses in the current year period related primarily to the acquisition of Amdaris in August 2023. As the Company executes its acquisition strategy, we expect to incur additional acquisition expenses.

During the nine months ended September 30, 2023, we recorded acquisition and integration related expenses of approximately \$4.4 million. During the nine months ended September 30, 2022, we recorded acquisition and integration related expenses of approximately \$1.6 million. The expenses in the current year period related primarily to the acquisition of Amdaris in August 2023. The expenses in the prior year period primarily related to the acquisition of Hanu in June 2022.

Earnings from Operations. Earnings from operations increased 2%, or \$1.6 million, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. 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, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	% of Net Sales	2022	% of Net Sales	2023	% of Net Sales	2022	% of Net Sales
North America	\$ 86,083	4.6 %	\$ 82,262	3.9 %	\$ 244,705	4.4 %	\$ 251,095	3.9 %
EMEA	1,681	0.5 %	4,210	1.1 %	28,229	2.4 %	33,554	2.5 %
APAC	4,098	8.0 %	3,807	6.9 %	15,000	8.6 %	15,035	8.4 %
Consolidated	<u>\$ 91,862</u>	4.1 %	<u>\$ 90,279</u>	3.6 %	<u>\$ 287,934</u>	4.1 %	<u>\$ 299,684</u>	3.8 %

North America's earnings from operations for the three months ended September 30, 2023 increased \$3.8 million, or 5%, compared to the three months ended September 30, 2022. As a percentage of net sales, earnings from operations increased by approximately 70 basis points to 4.6%. The increase in earnings from operations was primarily driven by the decrease in selling and administrative expenses. This was partially offset by increases in severance and restructuring expense, net and acquisition and integration related expenses when compared to the three months ended September 30, 2022.

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

North America's earnings from operations for the nine months ended September 30, 2023 decreased \$6.4 million, or 3%, compared to the nine months ended September 30, 2022. As a percentage of net sales, earnings from operations increased by approximately 50 basis points to 4.4%. The decrease in earnings from operations was primarily driven by the increase in selling and administrative expenses. This was partially offset by an increase in gross profit when compared to the nine months ended September 30, 2022.

EMEA's earnings from operations for the three months ended September 30, 2023 decreased \$2.5 million, or 60% (decreasing 65% when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2022. As a percentage of net sales, earnings from operations decreased by approximately 60 basis points to 0.5%. The decrease in earnings from operations was driven by an increase in selling and administrative expenses and acquisition and integration related expenses, partially offset by an increase in gross profit compared to the three months ended September 30, 2022.

EMEA's earnings from operations for the nine months ended September 30, 2023 decreased \$5.3 million, or 16% (also decreasing 16% when excluding the effects of fluctuating foreign currency exchange rates), compared to the nine months ended September 30, 2022. As a percentage of net sales, earnings from operations decreased by approximately 10 basis points to 2.4%. The decrease in earnings from operations was driven by an increase in selling and administrative expenses and acquisition and integration related expenses, partially offset by an increase in gross profit compared to the nine months ended September 30, 2022.

APAC's earnings from operations for the three months ended September 30, 2023 increased \$0.3 million, or 8% (increasing 9% when excluding the effects of fluctuating foreign currency exchange rates), compared to the three months ended September 30, 2022. As a percentage of net sales, earnings from operations increased by approximately 110 basis points to 8.0%. The increase in earnings from operations was driven by an increase gross profit partially offset by an increase in selling and administrative expenses compared to the three months ended September 30, 2022.

APAC's earnings from operations for the nine months ended September 30, 2023 was flat (increasing 3% when excluding the effects of fluctuating foreign currency exchange rates), compared to the nine months ended September 30, 2022. As a percentage of net sales, earnings from operations increased by approximately 20 basis points to 8.6%. Earnings from operations reflects an increase in gross profit offset by an increase in selling and administrative expenses compared to the nine months ended September 30, 2022.

Non-Operating (Income) Expense.

Interest Expense, Net. Interest expense, net primarily relates to borrowings under our financing facilities and the Notes and imputed interest under our inventory financing facilities, 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, 2023 increased 3%, or \$0.3 million, compared to the three months ended September 30, 2022. This was primarily due to higher interest rates under our ABL facility partially offset by increased interest income and decreased imputed interest under our inventory financing facilities. Interest expense, net for the nine months ended September 30, 2023 increased 9%, or \$2.6 million, compared to the nine months ended September 30, 2022. The increase in the nine months ended September 30, 2023 was due to higher interest rates under our ABL facility, partially offset by higher interest income and decreased imputed interest under our inventory financing facilities.

Imputed interest under our inventory financing facilities was \$3.2 million and \$10.7 million for the three and nine months ended September 30, 2023, respectively, compared to \$3.8 million and \$11.9 million for the three and nine months ended September 30, 2022, respectively. The decreases in imputed interest under our inventory financing facilities was a result of lower average daily balances under the facilities during the periods. For a description of our various

financing facilities, see Note 5 to our Consolidated Financial Statements in Part I, Item 1 of this report.

Income Tax Expense. Our effective tax rate of 24.7% for the three months ended September 30, 2023 was lower than our effective tax rate of 25.3% for the three months ended September 30, 2022. The decrease in the effective tax rate for the three months ended September 30, 2023 was primarily due to the release of reserves for uncertain tax positions whose statute expired during the quarter, partially offset by higher taxes on earnings in foreign jurisdictions.

Our effective tax rate of 25.4% for the nine months ended September 30, 2023 was higher than our effective tax rate of 25.1% for the nine months ended September 30, 2022. The increase in the effective tax rate for the nine months ended September 30, 2023 was primarily due to higher taxes on earnings in foreign jurisdictions, partially offset by higher excess tax benefits on the settlement of employee share-based compensation in the current year.

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

Liquidity and Capital Resources

The following table sets forth certain consolidated cash flow information for the nine months ended September 30, 2023 and 2022 (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Net cash provided by (used in) operating activities	\$ 413,742	\$ (205,885)
Net cash used in investing activities	(96,430)	(126,200)
Net cash (used in) provided by financing activities	(235,628)	377,505
Foreign currency exchange effect on cash, cash equivalent and restricted cash balances	(1,074)	(12,710)
Increase in cash, cash equivalents and restricted cash	80,610	32,710
Cash, cash equivalents and restricted cash at beginning of period	165,718	105,977
Cash, cash equivalents and restricted cash at end of period	<u>\$ 246,328</u>	<u>\$ 138,687</u>

Cash and Cash Flow

- Our primary uses of cash during the nine months ended September 30, 2023 were to fund repurchases of our common stock and the acquisition of Amdaris.
- Operating activities provided \$413.7 million in cash during the nine months ended September 30, 2023, compared to cash used in operating activities of \$205.9 million during the nine months ended September 30, 2022.
- Capital expenditures were \$29.1 million and \$59.3 million for the nine months ended September 30, 2023 and 2022, respectively.
- During the nine months ended September 30, 2023, we repurchased \$217.1 million of our common stock compared to \$25.0 million of repurchases during the nine months ended September 30, 2022.
- Net borrowings under our ABL facility during the nine months ended September 30, 2023 were \$34.3 million compared to net borrowings of \$392.3 million during the nine months ended September 30, 2022.
- We had net repayments under our inventory financing facilities of \$32.5 million during the nine months ended September 30, 2023 compared to net borrowings of \$23.0 million during the nine months ended September 30, 2022.

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 and beyond. 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 for the next 12 months. We currently expect to fund known cash commitments beyond the next 12 months through operating cash activities or other available financing resources.

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

Net cash provided by (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 generate more cash in our operations in periods of sequential decline in sales and particularly in hardware net sales.
- Cash flow provided by operating activities in the first nine months of 2023 was \$413.7 million compared to cash used in operating activities of \$205.9 million in the first nine months of 2022.
- The increase in cash flow from operating activities was primarily driven by the decline in hardware net sales in the current year period and changes in partner mix.

Our consolidated cash flow operating metrics were as follows:

	Three Months Ended September 30,	
	2023	2022
Days sales outstanding in ending accounts receivable ("DSOs") ^(a)	125	111
Days inventory outstanding ("DIOs") ^(b)	9	15
Days purchases outstanding in ending accounts payable ("DPOs") ^(c)	(99)	(80)
Cash conversion cycle (days) ^(d)	35	46

(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 35 days in the third quarter of 2023, down 11 days from the third quarter of 2022.
- The net changes were a result of a 19 day increase in DPOs and a 6 day decrease in DIOs, partially offset by a 14 day increase in DSOs. The increase in DPOs is primarily due to the impacts of netting on certain transaction streams (agent net revenue) that flow through accounts payable on a gross basis while flowing through our income statement on a net basis. The increase is also due to changes in partner mix, partially offset by a decrease in the use of our inventory financing facilities. 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 decrease in DIOs is due to a return to normalized inventory levels.
- Our cash conversion cycle is impacted by netted costs that we apply to our services net sales to appropriately record net sales that we earn as an agent. These netted costs, while excluded from both net sales and cost of goods sold, are processed and applied to accounts receivable and accounts payable in each reporting period. As a result, our DSO and DPO calculated on the basis of unadjusted net sales and unadjusted cost of goods sold are inherently inflated. Netted costs were \$1.7 billion and \$1.6 billion in the third quarter of 2023 and 2022, respectively. Adjusting our

INSIGHT ENTERPRISES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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cash conversion cycle calculation by adding netted costs to both daily net sales and daily cost of goods sold results in a reduction to our cash conversion cycle from 35 days down to 25 days in the third quarter of 2023 and from 46 days down to 31 days in the third quarter of 2022.

- 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 2023 in excess of working capital needs to pay down our ABL facility and inventory financing facilities and for strategic acquisitions.

Net cash used in investing activities

- We acquired Amdaris for approximately \$82.9 million, net of cash and cash equivalents acquired and excluding earn outs and hold backs in the nine months ended September 30, 2023.
- 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 \$29.1 million and \$59.3 million for the nine months ended September 30, 2023 and 2022, respectively. The majority of the capital expenditures in the first nine months of 2022 were used for our global corporate headquarters with no comparable activity in the first nine months of 2023.
- We received proceeds from the sale of assets, including our properties held for sale, of \$15.5 million in the nine months ended September 30, 2023.
- We expect capital expenditures for the full year 2023 to be in a range of \$40.0 to \$45.0 million.

Net cash (used in) provided by financing activities

- During the nine months ended September 30, 2023, we had net borrowings under our ABL facility that increased our outstanding long-term debt balance by \$34.3 million.
- 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.
- We had net repayments under our inventory financing facilities of \$32.5 million during the nine months ended September 30, 2023 compared to net borrowings of \$23.0 million during the nine months ended September 30, 2022.
- During the nine months ended September 30, 2023, we repurchased \$217.1 million of our common stock.
- During the nine months ended September 30, 2022, we repurchased \$25.0 million of our common stock.
- We paid \$10.7 million, the majority of the earnout associated with the Hanu acquisition, in the nine months ended September 30, 2023.

Financing Facilities

Our debt balance as of September 30, 2023 was \$673.0 million, 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.
-

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

- The Notes are subject to certain events of default and certain acceleration clauses. As of September 30, 2023, 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, 2023, 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 \$269.2 million was outstanding at September 30, 2023.

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, 2023, we had approximately \$206.0 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

Other than as described in Note 8 to the Consolidated Financial Statements in Part I, Item 1 of this report, 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, 2022.

INSIGHT ENTERPRISES, INC.

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, 2022.

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, 2023, the fair market value of our Notes was \$753.1 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 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, 2023 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 three months ended September 30, 2023 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.

INSIGHT ENTERPRISES, INC.**Part II – OTHER INFORMATION****Item 1. Legal Proceedings.**

There are no material pending legal proceedings to which we are a party or of which any of our property is the subject. From time to time, we are party to various routine legal proceedings incidental to the business, see “– Legal Proceedings” in Note 8 to the Consolidated Financial Statements in Part I, Item 1 of this report.

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, 2022, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K 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.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

There were no unregistered sales of equity securities during the three months ended September 30, 2023.

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, 2023 through July 31 2023	—	\$ —	—	\$ 200,020,373
August 1, 2023 through August 31, 2023	—	—	—	200,020,373
September 1, 2023 through September 30, 2023	—	—	—	200,020,373
Total	—	—	—	—

On September 19, 2022, we announced that our Board of Directors had authorized the repurchase of up to \$300.0 million of our common stock, including the \$50.0 million that remained available from the prior authorization. On May 18, 2023, we announced that our Board of Directors authorized the repurchase of up to \$300.0 million of our common stock, including \$100.0 million that remained available from the prior authorization. As of September 30, 2023, approximately \$200.0 million 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.

INSIGHT ENTERPRISES, INC.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2023, none of our directors or executive officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (each as defined in Item 408(a) of Regulation S-K).

INSIGHT ENTERPRISES, INC.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit Number	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Insight Enterprises, Inc.	10-K	000-25092	3.1	February 17, 2006	
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Insight Enterprises, Inc.	8-K	000-25092	3.1	May 21, 2015	
3.3	Amended and Restated Bylaws of Insight Enterprises, Inc.	8-K	000-25092	3.2	May 21, 2015	
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					
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

* Furnished herewith.

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 2, 2023

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
Chief Accounting Officer
(Principal Accounting Officer)

INSIGHT ENTERPRISES, INC.

Exhibit 31.1

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 2, 2023

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 2, 2023

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, 2023 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 2, 2023

By: /s/ Glynis A. Bryan

Glynis A. Bryan
Chief Financial Officer
November 2, 2023