

2023

Insight Annual Report

Insight 



Dear fellow stockholder,

Insight delivered solid results in 2023, demonstrating we are making good progress toward our ambition to create and lead a new category in our industry: Solutions Integrator.

Highlights include:

- Diluted earnings per share (“EPS”) were \$7.55.
- Adjusted diluted earnings per share were a record \$9.69.
- Gross profit (“GP”) increased 2% year over year, and gross margin expanded by 250 basis points to a record 18.2%.
- Cloud gross profit grew 26% year over year to \$429 million.
- Adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) margin expanded year over year.
- For the year, we generated \$620 million of cash flow from operations, compared to \$98 million in 2022.

I am proud that our Insight team delivered these results in a very challenging device market, which drove the overall decline in revenue in 2023.

We’re more committed than ever to our unrelenting focus on our clients’ needs:

- They need efficient access to technology, a streamlined experience and deep expertise they can trust.
- They need a partner who can architect, build and manage an increasingly complex technology environment.
- And they expect results and return on their investment — fast.

In short, our clients need a partner who brings solutions — a combination of hardware, software and services — that can be integrated into their environment and produce meaningful results. They need a Solutions Integrator.

Becoming the go-to Solutions Integrator for our clients is our long-term strategy, and we’ve continued our pursuit of these four strategic objectives to get us there:

- **Client first.** We put our clients first, delivering value that contributes to their success and making us the partner they can’t live without.
- **Deliver differentiation.** Our combination of innovative and scalable solutions, exceptional talent and compelling portfolio strategy gives us a differentiated advantage.
- **Champion culture.** Our teammates and our culture are our biggest assets. We champion them to deliver the best.
- These strategies, when combined with high performance and operational excellence, work in concert to drive **profitable growth**.

We’re proud of the progress our teammates delivered together in 2023. Here are a few highlights:

- We improved our **client experience** by:
 - Deploying our new digital engagement tools to dramatically improve our cloud management and eCommerce experiences, resulting in a global Net Promoter Score of 55.9 for 2023 that is steadily rising.
 - Investing in a state-of-the-art client fulfillment and integration center in Fort Worth, Texas, which opens this year.
 - Modernizing our internal technical stack, including the addition of Salesforce.
- We also enhanced our portfolio and access to talent to **deliver differentiation** with:
 - Two significant acquisitions that expanded our services capabilities in cloud and apps: Amdaris (in EMEA) and six-time Google Cloud Partner of the Year, SADA (in North America).
 - More than 130 patent applications filed with the U.S. Patent and Trademark Office and 14 patents granted so far.
 - New generative artificial intelligence (“gen AI”) offerings focused on readiness, governance, security and specific use cases, mirroring our own internal deployment of gen AI.
 - Our new global managed cloud offering, leveraging our strong teammates in India.
 - Repeat recognition in the 2023 Gartner® Magic Quadrant™ for Public Cloud information technology (“IT”) Transformation Services and Software Asset Management Managed Services.
 - Over 35 recognitions from our partners around the globe.

We continued investment in our **culture** and teammates by:

- Welcoming several leaders to our executive team, including our President of EMEA, Canadian leader, several services practice leaders, a Chief Digital Officer and our first-ever Chief Marketing Officer.
- Continuing our focus on culture, teammate well-being, diversity and inclusion, and leadership development, with recognition as:
 - No. 20 on Fortune’s World’s Best Workplaces.
 - Among IT companies, No. 14 in Forbes’ 2023 World’s Best Employers, No. 12 in Forbes’ 2023 America’s Best Employers for Diversity and No. 23 in Forbes’ 2023 Best Employers for Women.
 - A perfect score on the Human Rights Campaign Foundation’s 2023-2024 Corporate Equality Index.
 - Best Place to Work for Disability Inclusion, earning a score of 100 on the 2023 Disability Equality Index.®
 - One of Newsweek’s 2024 America’s Greatest Workplaces for Diversity and Newsweek’s 2024 America’s Greatest Workplaces for Women.
 - No. 48 on Barron’s 2024 list of the 100 Most Sustainable Companies.

These efforts resulted in **earnings growth** and expanded profitability despite the challenging demand environment. Highlights include:

- Net sales decreased 12% year to year to \$9.2 billion in 2023.
- Gross profit grew 2% year over year and gross margin expanded 250 basis points to 18.2%.
- Insight Core Services gross profit grew 8% year over year.
- Cloud gross profit grew 26% year over year.
- Earnings from operations (“EFO”) increased 1% year over year.
- Adjusted earnings from operations increased 5% year over year.
- Operating cash flow was a record \$620 million.

The opportunity for our clients to improve their businesses with technology has never been greater — and the complexity and choices for our clients have never been broader. Whether their priorities are to improve customer experience, drive employee engagement, de-risk their environments or drive profitable growth, investment in digital transformation is critical. As a Solutions Integrator, we meet these priorities, deliver results fast and earn the right to do more — becoming the partner they can’t live without.

Thank you for your trust and confidence.

Sincerely,



Joyce Mullen
President and Chief Executive Officer, Insight Enterprises, Inc.

UNLOCKING THE POWER OF PEOPLE AND TECHNOLOGY

OUR EXPERTISE

Modern Infrastructure



Cybersecurity



Data and AI



Modern Workplace



Modern Apps



Intelligent Edge



OUR SERVICES

Managed Services

Consulting Services

Hardware, Software and Lifecycle Services

GLOBAL SCALE AND TECHNICAL EXPERTISE

BROAD EXPERTISE

10,300+ including **6,400+**

total client-facing teammates

skilled, certified consulting and service delivery professionals

FINANCIAL STABILITY

\$9.2B

in revenue in **2023**

DEEP PORTFOLIO & RELATIONSHIPS

8,000+

hardware, software and cloud partners

GLOBAL REACH

Operations in **26 countries,**

serving clients around the globe

ENGAGED WORKFORCE

14,000+

Insight teammates worldwide

LONG LEGACY & KNOWLEDGE

No. 379 on the Fortune 500

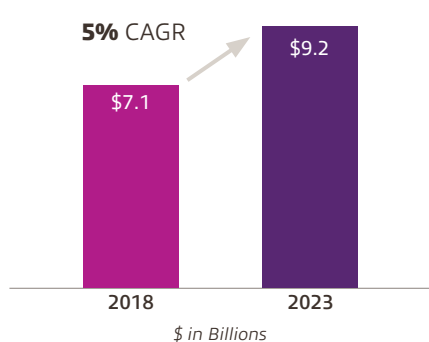
founded in **1988**

MULTI-CLOUD SOLUTIONS

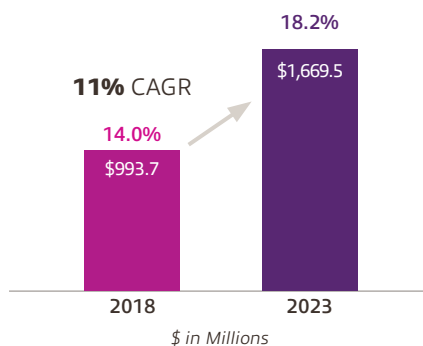


FINANCIAL PERFORMANCE SUMMARY

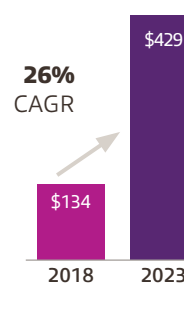
Net Sales Trend 2018-2023



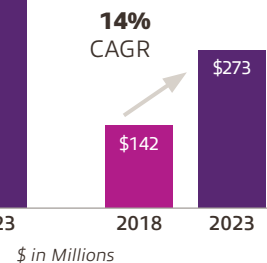
GP and Margin Trend 2018-2023



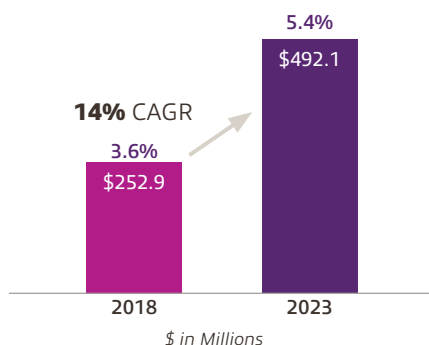
Cloud Gross Profit 2018-2023



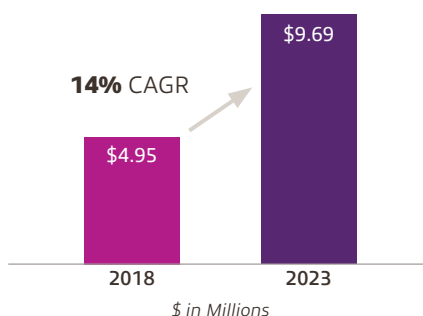
Insight Core Services Gross Profit 2018-2023



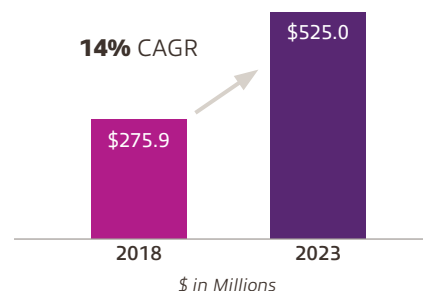
Adjusted EFO and Margin Trend 2018-2023



Adjusted Diluted EPS Trend 2018-2023



Adjusted EBITDA 2018-2023



Twelve Months Ended December 31,

U.S. Dollar in \$000s, except per-share data

	2023	2018
Adjusted Consolidated Earnings from Operations:		
GAAP consolidated EFO	\$419,795	\$233,483
Amortization of intangible assets	36,231	15,737
Other	36,101	3,706
Adjusted non-GAAP consolidated EFO	\$492,127	\$252,926

Adjusted Diluted Earnings Per Share:

	2023	2018
GAAP diluted EPS	\$7.55	\$4.55
Amortization of intangible assets	0.97	0.43
Other	0.97	0.10
Income taxes on non-GAAP adjustments	(0.48)	(0.13)
Impact of benefit from note hedge	0.68	-
Adjusted non-GAAP diluted EPS	\$9.69	\$4.95

Adjusted EBITDA:

	2023	2018
GAAP consolidated net earnings	\$281,309	\$163,677
Interest expense	48,576	22,812
Income tax expense	96,545	48,225
Depreciation and amortization of property and equipment	26,245	21,721
Amortization of intangible assets	36,231	15,737
Other	36,101	3,706
Adjusted non-GAAP EBITDA	\$525,007	\$275,878

Use of Non-GAAP Financial Measures

The non-GAAP financial measures (referred to as Adjusted EFO, Adjusted Diluted EPS and Adjusted EBITDA) exclude the items noted for each in the tables. Other consists of severance and restructuring expenses, certain executive recruitment and hiring related expenses, transformation costs, data center service outage related expenses, net of recoveries and certain acquisition and integration-related expenses, as applicable. The Company excludes these items when internally evaluating its results of operations. These non-GAAP measures are used by management to evaluate financial performance against budgeted amounts, to calculate incentive compensation, to assist in forecasting future performance and to compare the Company's results to those of the Company's competitors. The Company believes that these non-GAAP financial measures are useful to investors because they allow for greater transparency, facilitate comparisons to prior periods and the Company's competitors' results, and assist in forecasting performance for future periods. These non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures presented by other companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the fiscal year ended December 31, 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

(IRS Employer Identification No.)

2701 E. Insight Way, Chandler, Arizona 85286

(Address of principal executive offices, Zip Code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value \$0.01	NSIT	The NASDAQ Global Select Market

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

n/a
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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

Yes No

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

Yes No

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based upon the closing price of the registrant's common stock as reported on The Nasdaq Global Select Market on June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was \$4,070,368,369.

The number of shares outstanding of the registrant's common stock on February 16, 2024 was 32,590,162.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to its 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2023 have been incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

INSIGHT ENTERPRISES, INC.

ANNUAL REPORT ON FORM 10-K Year Ended December 31, 2023

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INSIGHT ENTERPRISES, INC.

FORWARD-LOOKING STATEMENTS

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 Annual Report on Form 10-K, including statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 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 certain trends for our business, including that lower sales of devices and infrastructure could continue into the second half of 2024 and that gross margin expansion could continue into future periods as we focus on selling solutions and increasing our services net sales, including cloud solution offerings; our expectation that we will continue to incur further transformation costs in 2024, which are not expected to recur in the longer term; the expected effects of seasonality on our business, including as a result of recent acquisitions; 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 and changes to partner incentive programs; 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 into 2024, 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; plans relating to share repurchases, including our expectation to repurchase shares of our common stock in 2024 under our share repurchase plan to cover the dilutive impact of stock-based awards vesting; our liquidity and the sufficiency of our capital resources, the availability of financing and our needs or plans relating thereto; our expectation that the majority of holders of our convertible senior notes (the "Notes") will not opt to convert their Notes early and that we have sufficient funds available from capacity under our senior secured revolving credit facility, as well as cash we expect to generate from operations, to fund any early conversions that may occur; 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 2024 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 this report:

INSIGHT ENTERPRISES, INC.

- 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 conflicts in Ukraine and Gaza;
- changes in the IT industry and/or rapid changes in technology;
- our ability to provide high quality services to our clients;
- our reliance on independent shipping companies;
- the risks associated with our international operations;
- supply constraints for products;
- natural disasters or other adverse occurrences, including public health issues such as pandemics or epidemics;
- 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;
- potential liability and competitive risk based on the development, adoption, and use of Generative Artificial Intelligence ("GenAI");
- legal proceedings, client audits and failure to comply with laws and regulations;
- risks of termination, delays in payment, audits and investigations related to our 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;
- potential contractual disputes with our clients and third-party suppliers;
- 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

Item 1. Business

Our Company

Today, every business is a technology business. We help our clients accelerate their digital journey to modernize their businesses 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 in multiple ways.

The Company is organized in the following three operating segments, which are primarily defined by their related geographies:

Operating Segment*	Geography	Percent of 2023 Consolidated Net Sales
North America	United States and Canada	80%
EMEA	Europe, Middle East and Africa	17%
APAC	Asia-Pacific	3%

* Additional detailed segment and geographic information can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 and in Note 19 to the Consolidated Financial Statements in Part II, Item 8 of this report.

Insight began operations in Arizona in 1988, incorporated in Delaware in 1991 and completed its initial public offering in 1995. Our corporate headquarters are located in Chandler, Arizona. From our original location in the United States, we expanded nationwide and then entered Canada in 1997 and the United Kingdom in 1998. Through a combination of acquisitions and organic growth, we continued to increase our geographic coverage and expand our technical capabilities. Our acquisitions were as follows:

Prior to 2018, we acquired Software Spectrum, Inc. (2006), Calence, LLC (2008), MINX Limited (2008), Ensynch, Inc. (2011), Inmac GmbH (2012), Micro Warehouse BV (2012), BlueMetal Architects, Inc. (2015), Ignia, Pty Ltd (2016), Datalink Corporation (2017), and Caase Group B.V. (2017).

Our acquisitions from 2018 through today included:

- 2018 – Cardinal Solutions Group, Inc. (“Cardinal”), a digital solutions provider that strengthened our digital innovation capabilities;
- 2019 – PCM, Inc. (“PCM”), a provider of multi-vendor technology offerings, including hardware, software and services which complemented our supply chain expertise, adding scale and clients in the commercial space primarily in North America;
- 2020 – vNext SAS (“vNext”), a French digital consulting services and managed services provider, increasing our capacity to deliver consulting and implementation services to support clients’ digital transformation initiatives to our clients in EMEA;
- 2022 – Hanu Software Solutions, Inc. and Hanu Software Solutions (India) Private Ltd. (collectively, “Hanu”), a global leading cloud technology services and solutions provider, which increased our capacity to provide cloud solutions to clients. Hanu also has a recruiting and development academy which expanded our technical expertise in India;

INSIGHT ENTERPRISES, INC.

- 2023 - Amdaris Group Limited ("Amdaris"), a service provider with core expertise in providing software application and development services for clients, which adds to Insight's global application and Data & AI practices. Amdaris also specializes in customized solutions for cloud, mobile, data analytics and web helping clients digitally transform faster; and
- 2023 - SADA Systems, LLC ("SADA"), a Google cloud service provider with engineering capabilities across the entire Google Cloud stack specializing in Google Cloud priority workloads. The SADA acquisition positions Insight to further benefit from the growing trend of multicloud adoption and GenAI, accelerating Insight's progress toward its strategic objective of growing cloud services and solutions.

Our Purpose and Values

Our purpose: We accelerate digital transformation by unlocking the power of people and technology. We live by our core values of hunger, heart and harmony, which guide how we act as an organization and as a team, capturing the essence of our culture, and reminding us of what we've promised to live up to every day.

Our core values are:

Hunger – We are change agents, driven to improve every day.

Heart – We are teammates. We take care of each other, our clients and our communities.

Harmony – We are a team of individuals who seek out unique perspectives and value differences and diversity.

We believe that these values strengthen the overall Insight experience for our clients, partners and teammates. We refer to our customers as "clients," our suppliers as "partners" and our employees as "teammates".

Our Market

The worldwide total addressable market for enterprise IT spend is forecasted to be \$4.7 trillion by 2027 according to Gartner, a leading IT research and advisory company. We believe our addressable market represents approximately \$730 billion in annual sales and for the year ended December 31, 2023, our net sales of \$9.2 billion represented approximately 1% of that highly diverse market. Based on our peer analysis of market data, we believe the top ten most comparable global solution providers represent less than 20% of the market. We believe that we are well positioned in this highly fragmented global market with sales locations in 19 countries and our deep experience delivering IT solutions across the globe.

Our Strategy

Our ambition is clear — we aspire to be the leading solutions integrator, setting the pace and defining a new category in our industry. Building upon the strong foundation of our traditional technology business, we bring innovative and scalable solutions — a combination of services and product — that accelerate transformation and produce meaningful outcomes for our clients.

To achieve our ambition, teammates are focused on our strategic objectives — put clients first, deliver differentiation, champion our culture, and drive profitable growth.

Put Clients first

Our primary goal is to put our clients first, becoming the partner they cannot live without, by delivering essential value for their transformation needs. We help our clients make the complex simple and look beyond the problems they are facing today to drive outcomes that energize future success. We help them modernize their business by offering solutions that maximize the value of technology and enable secure, end-to-end transformation solutions and services.

INSIGHT ENTERPRISES, INC.

Deliver differentiation

We deliver differentiation through our innovative and scalable solutions, exceptional technical talent and a compelling portfolio built on over 35 years of IT experience. Combined with thoughtful strategic acquisitions, differentiated expertise and deep partner relationships, we deliver a compelling client experience driving faster outcomes. Our simple and strong portfolio of offerings and our robust roster of technical experts and industry leaders help us deliver client value efficiently and with the accountability our clients expect.

Champion our culture

We see our strong culture as a driver for growth. We are purpose-driven and values-led and are focused on championing our teammates to deliver exceptional client experience. We are building on this foundation, developing a culture of high performance, and continuing to push forward our culture of diversity and inclusion.

Drive profitable growth

We relentlessly pursue high performance, operational excellence and profitable growth. We are transforming our sales capabilities and aligning our incentives to focus on our solutions portfolio. We will continue to streamline our account coverage to match skills with client needs and propensity to buy services. We believe the key to our success is focusing on doing a finite number of things and doing them really well. This leads to successful outcomes with our clients and will drive profitable growth for our shareholders.

Our Solutions Expertise

We are differentiated in our ability to combine the power of our technology expertise with our technical services capabilities to create solutions to deliver meaningful client outcomes at scale. We adapt quickly to new innovative technology trends such as Generative Artificial Intelligence ("GenAI"). We invest internally as well as through acquisitions to advance our technical capabilities. We have strong solutions expertise in six high growth areas of the IT market that allows us to drive digital transformation and business outcomes for our clients. The solutions areas are pivotal to our strategy of becoming the leading solutions integrator. Our most recent acquisitions of Amdaris and SADA, enhance these areas of expertise and enhance the services that are most meaningful to our clients.

We believe our six key areas of solutions expertise are critical to our clients' success and to our identity as a solutions integrator:

- Modern platforms/infrastructure
- Cybersecurity
- Data & Artificial Intelligence ("AI")
- Modern Workplace
- Modern Apps
- Intelligent Edge

Each of the six key areas of solutions expertise are described below:

Modern Platforms/Infrastructure – Architect and modernize multicloud and networking solutions.

Our modern platforms solutions expertise is about adopting and building modern platforms from cloud (multicloud and hybrid) to data center to edge. We architect and deliver modern infrastructure solutions, provide management and support spanning cloud and data center platforms, modern networks, and edge technologies, to enable our clients' businesses digital transformation. Typical outcomes for our clients include scaling their infrastructure foundation for innovation, increasing workload agility, resiliency and flexibility, improving visibility and control of

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data assets, delivering better user and customer experiences, and enabling purposeful digital transformation.

Cybersecurity – Mitigate risks and secure business assets.

Our cybersecurity solutions expertise relates to automating and connecting modern platforms securely (network, security and automation). We prioritize security in our architecture design and deployment to cloud services and IT transformation. This way, clients can integrate security across platforms, business units and operations. We also help clients manage security initiatives that are required to protect their business. Typical outcomes for our clients include improving threat detection, containment and neutralization, minimizing large scale security teams through simplified security management, implementing governance and maintaining compliance, better management and mitigation of organizational risk and effective and thorough responses to security incidents.

Data and AI – Leverage analytics and AI to transform business operations and user experiences.

Our data and AI solutions expertise pertains to innovating on top of modern platforms with strategic and secure solutions delivered through reference architectures, leveraging GenAI, and enhanced through our intellectual property. We modernize data platforms and architectures and build data analytics and AI solutions that transform our clients' business operations and user experiences. Typical outcomes for our clients include enabling scalability at high speed, preparing data estates and access to support the adoption of GenAI, increasing visibility and data-driven decision making, optimizing resources and costs via new operational efficiencies and providing opportunities to grow revenue with new offerings.

Modern Workplace – Create a productive, flexible and secure workplace.

Our modern workplace solutions expertise deals with helping clients navigate workplace changes along with employee needs for seamless work experiences. Great companies know their people are the key factor — improving attraction and retention, providing great collaborative experiences through technology, leading through change. Typical outcomes for our clients include elevating employee and user experiences, increasing return on workplace technology investments, enhancing protection for users and business data to reduce risk, boosting productivity and mobile capabilities, simplifying IT lifecycle management and enabling and securing “work anywhere” operations in the hybrid work environment.

Modern Apps – Create new product experiences and transform legacy applications to drive increased business value.

Our modern apps solutions expertise is about helping clients migrate and modernize strategically. The number of applications in use is growing exponentially — and using them to differentiate business identities, unlock new revenue streams and create great user experiences is critical. Typical outcomes for our clients include future-proofing critical business applications, increasing innovation and organizational agility, accelerating business growth and product sales, and leveraging GenAI to optimize operations, increase productivity and deliver differentiated client experiences.

Intelligent Edge – Gather and utilize data in the most efficient way to enable real-time decision-making and affect pivotal outcomes.

Our Intelligent edge solutions expertise is where all our capabilities come together. It is the combination of industry-based business outcomes, our intellectual property, our technology provider legacy, and the ability to deploy tens of thousands of devices and build secure platforms. Our capabilities and portfolio allow for large-scale intelligent edge solutions. Typical outcomes for our clients include, improving decision making and business intelligence, increasing responsiveness to customer and market demands, optimizing operational processes and gaining predictive capabilities, creating new revenue streams, driving differentiation, and scaling and expanding business operations to new areas.

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We deliver our solutions expertise to our clients through consulting, managed and life-cycle services.

Our Solutions Mix

Our solutions generally include hardware, software and services, including cloud solutions. On a consolidated basis, product (hardware and software) and services represented approximately 83% and 17%, respectively, of our consolidated net sales in 2023. This compares to 86% and 14%, respectively, of our consolidated net sales in both 2022 and 2021. On a consolidated basis, product (hardware and software) and services represented approximately 46% and 54%, respectively, of our gross profit in 2023. This compares to 51% and 49%, respectively, of our gross profit in 2022 and 2021. Additional detailed sales mix information by operating segment can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 and in Note 19 to the Consolidated Financial Statements in Part II, Item 8 of this report.

Our Competition

The IT industry is very fragmented and highly competitive. Our competition primarily includes:

- Systems integrators and digital consultants such as ePlus, Presidio, World Wide Technology, EPAM, Perficient, Accenture, Atos and Capgemini; and
- Solution providers, value-added resellers and direct marketers such as CDW, Cognizant, Zones, Connection, SHI, Softchoice, Computacenter, Bechtle, SoftwareONE and Crayon.

The competitive landscape in the industry is continually changing as various companies expand their product and services offerings. In addition, the shift to digital business such as data analytics, edge computing, hybrid infrastructure, modern workplace, cybersecurity, and other similar service offerings, has led to the emergence of new competitive players and opportunities through emerging models like AI and X as-a-service. As with other areas, we compete with solutions providers, systems integrators, value-added resellers, and hyperscale vendors. We sometimes compete directly with publishers and manufacturer partners for many of these offerings, including Microsoft, Cisco Systems, Dell, HP Inc. and Adobe Systems. They sell products and services directly to business customers, particularly large enterprise and corporate customers.

For a discussion of risks associated with the actions of our competitors, see "Risk Factors – Risks related to Our Business, Operations and Industry – The IT hardware, software and services industry is intensely competitive, and actions of our competitors, including manufacturers and publishers of products we sell, can negatively affect our business," in Part I, Item 1A of this report.

Our Partners

We partner with market leaders offering the top technology brands as well as emerging entrants in the marketplace. During 2023, we purchased and resold products and software from over 8,000 partners. Approximately 69% (based on dollar volume) of these purchases were directly from manufacturers or software publishers, with the remaining balance purchased through distributors. Purchases from Microsoft and TD Synnex accounted for approximately 27% and 12%, respectively, of our aggregate purchases in 2023. No other partner accounted for more than 10% of purchases in 2023. Our top five partners as a group for 2023 were Microsoft, TD Synnex (a distributor), Cisco Systems, Ingram Micro (a distributor), and Dell, and approximately 60% of our total purchases during 2023 came from this group of partners. Although brand names and individual products are important to our business, we believe that competitive sources of supply are available in substantially all of our product categories such that, with the exception of Microsoft, we are not dependent on any single partner for sourcing products.

During 2023, sales of Microsoft and Cisco Systems products accounted for approximately 17% and 10% of our consolidated net sales, respectively. No other manufacturer's or publisher's

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products represented 10% or more of our consolidated net sales in 2023. Sales of product from our top five manufacturers/publishers as a group (Microsoft, Cisco Systems, Dell, Lenovo, and HP Inc.) accounted for approximately 51% of our consolidated net sales during 2023.

We obtain incentives from certain product manufacturers, software publishers and distribution partners based typically upon our volume of sales or purchases of their products and services. In other cases, such incentives may be in the form of participation in our partner programs, which may require specific services or activities with our clients, discounts, marketing funds, price protection or rebates. Manufacturers and publishers may also provide mailing lists, contacts or leads to us. We believe that these incentives (or partner funding) and other marketing assistance allow us to increase our marketing reach and strengthen our relationships with leading manufacturers and publishers.

We are focused on understanding our partners' objectives and developing plans and programs to grow our mutual businesses. We have invested in our digital marketing capabilities over the past few years and plan to continue investing in such capabilities moving forward. We believe these digital marketing investments increase the effectiveness of our marketing campaigns and client interactions. We consider that we are emerging as a leader in our industry in digital marketing, striving to deliver an outstanding service experience to our clients. We implemented business intelligence tools that enable us to track performance in this area and demonstrate the return on our partners' investments with us. We measure partner satisfaction regularly and hold quarterly business reviews with our largest partners to review business results, discuss plans for the future and obtain feedback. Additionally, we host annual partner forums in North America, EMEA and APAC to articulate our plans for the upcoming year.

As we move into new service areas, we may become even more reliant on certain partner relationships. 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 this report.

Our Teammates

Successful execution of our business strategy and strategic initiatives involves attracting, developing and retaining teammates who share our core values of hunger, heart and harmony. We are shaping the future of work at Insight with a focus on (1) enhancing teammate engagement and culture, (2) attracting and developing top technical and strategic talent globally, (3) developing a high-performance culture, and (4) driving diversity programs that enhance inclusion and belonging globally.

Various ways that we attract, develop and retain qualified and motivated teammates include:

- Insight offers robust leadership training for teammate managers and aspiring leaders. Our training is centered around our Leadership Commitments where we enhance our leaders' skills in the following areas: (1) Creating clarity; (2) Inspiring people; (3) Demonstrating thought leadership; and (4) Delivering results.
- An important part of the Company's culture is its commitment to diversity and inclusion. Insight supports eleven teammate resource groups, which represent various diverse groups of teammates and boast 1,900+ active members.
- Our leaders carefully review and monitor our Teammate Pulse Survey results year over year and create action plans to increase teammate engagement.
- A charitable foundation funded by the Company, its teammates and its partners provides financial support in crisis situations to support teammates and their families.
- Insight offers teammates paid days off to either volunteer their time to charitable organizations in the communities where they live and work or to use for mental health.

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Insight continues to receive recognitions that we believe demonstrate the success of our strategy to attract, develop, and retain qualified and motivated teammates.

- Fortune #20 best places to work (2023);
- Insight was recognized as an employer of choice in Forbes Best Workplaces and World's Best Employers lists (2023);
- We maintained our achievement of earning a perfect score on the Human Rights Campaign Foundation's Corporate Equality Index; and
- Fortune World's Most Admired Companies list (2021).

As of December 31, 2023, we employed 14,437 teammates. Our teammates by operating segment were as follows:

Operating Segment	Number of Teammates
North America	10,957
EMEA	2,946
APAC	534

Certain of our teammates provide services to clients and/or provide back-office support in offshore locations such as Armenia, India, Moldova, the Philippines, and Romania. These teammates are included in the above table on the basis of the primary operating segment they provide direct services or back office support to.

Our teammates in the United States are not represented by a labor union. Our work forces in certain foreign countries, such as Germany, have worker representative committees or work councils with which we maintain strong relationships. We believe our relations with our teammates are good, and we have never experienced a labor related work stoppage.

Our teammates by job function were as follows:

Job Function	Number of Teammates
Sales	3,839
Skilled, certified consulting and service delivery professionals	6,487
Total sales and client facing teammates	10,326
Management, support services and administration	3,689
Distribution	422

For a discussion of risks associated with our dependence on certain personnel, including sales personnel, see "Risk Factors – General Risk Factors – We depend on certain key personnel," in Part I, Item 1A of this report.

Our Seasonality

We experience some seasonal trends in our net sales. For example:

- software and certain cloud sales are typically higher in our second and fourth quarters;
- business clients, particularly larger enterprise businesses in the United States, tend to spend more in our fourth quarter and less in the 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 stronger in our second quarter; and
- sales to public sector clients in the United Kingdom are often stronger in our first quarter.

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These trends create overall seasonality in our consolidated results such that sales and profitability are expected to be higher in the second and fourth quarters of the year. Historically we have experienced higher net sales in our second quarter, however, with the addition of SADA, we now anticipate our fourth quarter will be our highest quarter for net sales.

Our Backlog

The majority of our backlog historically has been and continues to be open cancelable purchase orders; however, we have not experienced significant cancellations historically. Our backlog has fluctuated significantly in the past few years, primarily due to the mix of products available and our client's responses to supply chain constraints. The supply chain constraints that existed in the previous two years have now been almost fully alleviated and our previously elevated backlog has largely normalized across all product categories. We do not believe that backlog as of any particular date is predictive of future results.

Our Intellectual Property

We do not maintain a traditional research and development group, but we recognize the importance of intellectual property and its ability to differentiate us from our competitors. As part of our business, we provide value to clients based, in part, on our technical innovations, methodologies, know-how, and other reusable proprietary assets that we protect through different forms of intellectual property protection, including trademarks, patents, copyrights, and trade secrets in the United States and select foreign jurisdictions where we believe it is appropriate to seek such legal protection. We also seek to maintain our trade secrets and confidential information by non-disclosure policies and agreements, with teammates, clients, partners, and other third parties. There can be no assurance, however, that the rights obtained can be successfully enforced against infringers in every jurisdiction. Although we believe the protection afforded by our trademarks, patents, copyrights and trade secrets has value, the rapidly changing technology in our industry and uncertainties in the legal process make our future success dependent primarily on the innovative skills, technological expertise, and management capabilities of our teammates. Our Insight brand is a valuable intangible asset that is protected using common law and registered trademark rights. We also license our intellectual property rights to third parties. We have registered our key domain names and brands in the United States and in certain relevant foreign jurisdictions, and, from time to time, filed patent applications for our qualifying technical solutions. Our intellectual property assets are important to us, and we continue to invest in their promotion and protection.

For a discussion of risks associated with our intellectual property, see "Risk Factors – We may not be able to protect our intellectual property adequately, and we may be subject to intellectual property infringement claims," in Part I, Item 1A of this report.

Our Information Technology Systems

We have committed significant resources to the IT systems that we own and use to manage our business and believe that our success is dependent upon our ability to provide prompt and efficient service to our clients based on the accuracy, quality and utilization of the information generated by our IT systems. Because these systems affect our ability to manage our sales, client service, partner relationships, distribution, inventories, accounting systems and internal networks, we have significantly improved our system security through investment in a highly skilled and tenured cybersecurity team as well as implementation of some of the most up to date tools and processes available in the market to help harden and improve our cybersecurity defenses.

We are focused on driving improvements in sales productivity through increased innovation and enhancements to our e-commerce and IT systems with the goals of improved client satisfaction and attracting new clients, while increasing overall business efficiency.

We use a common set of core IT applications to run our business, across all of our operating segments, having migrated EMEA onto the same core systems as North America and APAC in early 2022.

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For a discussion of risks associated with our IT systems, see “Risk Factors – Risks related to Our Technology, Data and Intellectual Property – Disruptions in our IT systems and voice and data networks could affect our ability to service our clients and cause us to incur additional expenses,” in Part I, Item 1A of this report.

Information about our Executive Officers

The following are our current executive officers:

Glynis A. Bryan, Chief Financial Officer, Age 65

Ms. Bryan joined Insight in December 2007 as our Chief Financial Officer. Prior to joining Insight, Ms. Bryan served as Executive Vice President and Chief Financial Officer at Swift Transportation Co., Inc., a provider of truckload transportation and logistics services, as Chief Financial Officer at APL Logistics in Oakland, California and in various finance roles at Ryder System, Inc., including Chief Financial Officer of Ryder’s largest business unit, Ryder Transportation Services. Ms. Bryan is a member of the board of directors and the audit committee of WESCO International, Inc., a leading provider of business-to-business distribution, logistics services and supply chain solutions, and of Pinnacle West Capital Corporation, a public utility holding company. In January 2018, she was appointed to the Economic Advisory Council for the Federal Reserve Bank of San Francisco.

Dee Burger, President North America, Age 54

Mr. Burger joined Insight in May 2022 as President of the North America business. Prior to joining Insight, Mr. Burger worked at Capgemini, a global leader in consulting, technology services and digital transformation, for 29 years in a diverse range of roles. His responsibilities encompassed leading integration of mergers and acquisitions, digital and cloud solutions, business applications, consulting, strategy, and transformation. Most recently, he led Capgemini's global business lines in the North America market, with prior leadership roles spanning business services and engineering, U.S. strategy and portfolio, consulting, and innovation and digital services.

Samuel C. Cowley, Senior Vice President, General Counsel and Secretary, Age 63

Mr. Cowley joined Insight in June 2016 as our Senior Vice President and General Counsel. Prior to joining Insight, Mr. Cowley served as General Counsel and Vice President, Business Development of Prestige Brands Holdings, Inc., a company that markets and distributes over-the-counter healthcare products, as Executive Vice President, Business Development and General Counsel of Matrixx Initiatives, Inc. and Executive Vice President and General Counsel of Swift Transportation Co., Inc. Prior to that, he practiced law in the business and finance groups with the law firms of Snell & Wilmer and Reid & Priest.

Rachael A. Crump, Chief Accounting Officer, Age 49

Ms. Crump joined Insight in December 2016 as Vice President of Finance, Controller – North America. She was appointed Principal Accounting Officer and Global Corporate Controller in September 2018, with her title being consolidated to Chief Accounting Officer in September 2023. Ms. Crump is a Certified Public Accountant. She began her career in public accounting in 1997 with Ernst & Young LLP. Ms. Crump has held controller positions with several public multinational companies in the software, medical services and semiconductor industries. Prior to joining Insight, Ms. Crump served as the Senior Director Controller, Global Accounting at Amkor Technology, Inc. a semiconductor product packaging and test services provider, from 2006 to 2016.

Rob Green, Chief Digital Officer, Age 56

Mr. Green was appointed Chief Digital Officer of Insight in December 2023. Mr. Green joined Insight in August 2021 as Senior Vice President, eCommerce and was appointed Senior Vice President, Digital Transformation in July 2023. Mr. Green had previously spent eight years in various roles with Amazon, an online retailer and web services provider, including as General

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Manager, Amazon Business Public Sector from December 2019 to June 2021 and General Manager, Amazon Business Marketplace from January 2016 to December 2019. Prior to joining Amazon, Mr. Green held various executive level roles within the Oracle Corporation.

Adrian Gregory, President – Insight EMEA, Age 50

Mr. Gregory joined Insight in January 2023 as EMEA President. Prior to joining the Company, he served as Chief Executive Officer for North Europe and APAC at Atos, an IT services and consulting company. Prior to being named Chief Executive Officer in February of 2022, Mr. Gregory spent 10 years in various other executive positions at Atos, including serving as Senior Executive Vice President, Global Head of Financial Services & Insurance, where he led the integration of Atos Syntel in India and served as Chief Executive Officer of Atos UK and Ireland. Prior to Atos, he held roles at Hewlett-Packard Development Company, L.P., Fujitsu ICL, and Petroleum Shipping Ltd.

James A. Morgado, Senior Vice President of Finance, Age 51

Mr. Morgado joined Insight in January 2022 as Senior Vice President of Finance. For the previous four years, he served as the Vice President of Finance for Synopsys, Inc., an enterprise software engineering company focused on electronic design automation, where he was responsible for Corporate Planning, FP&A, Treasury, Procurement and Supply Chain Finance. Prior to Synopsys, Mr. Morgado worked for Juniper Networks, Inc., Cisco Systems, Inc., The Stephenz Group, Inc., Aramark Uniform Services, and Citigate Cunningham, Inc. in various positions within Finance.

Joyce A. Mullen, President and Chief Executive Officer, Age 61

Ms. Mullen was appointed President and Chief Executive Officer and a director of Insight effective January 1, 2022. Ms. Mullen joined Insight in October 2020 as our President of the North America Region. Prior to joining Insight, Ms. Mullen spent 21 years at Dell Technologies, a technology company, in a variety of sales, service delivery, and IT solutions roles. Ms. Mullen also serves on the board of directors as well as the nominating and governance and compensation & human resources committees of The Toro Company.

Jennifer Vasin, Chief Human Resources Officer, Age 49

Ms. Vasin was appointed Chief Human Resources Officer of Insight in February 2022. Ms. Vasin joined Insight as a Director of Human Resources in April 2008 when Insight acquired Calence LLC, a professional services consulting firm where Ms. Vasin had served as a Leader of Human Resources since March 2002. Ms. Vasin was named a Vice President of Human Resources in February 2012 and Senior Vice President of Human Resources in January 2019. Prior to Calence, Ms. Vasin worked in the airline industry in a variety of roles, including human resources leadership positions.

Available Information

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), proxy statements and the reports filed pursuant to Section 16(a) of the Exchange Act are available free of charge on our web site at www.insight.com, as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. The information contained on our web site is not included as a part of, or incorporated by reference into, this Annual Report on Form 10-K.

The SEC also maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Item 1A. Risk Factors

Risks Related to Our Business, Operations and Industry

The IT hardware, software and services industry is intensely competitive, and actions of our competitors, including manufacturers and publishers of products we sell, can negatively affect our business. Competition in the industry is based on price, product availability, speed of delivery, credit availability, quality and breadth of product lines, and, increasingly, on the ability to provide services and tailor specific solutions to meet client needs. Many of our manufacturer and publisher partners are also our competitors, as many sell directly to business customers, particularly large enterprise and corporate customers. In addition to the manufacturers and publishers of products we sell, we compete with a large number and wide variety of providers and resellers of IT hardware, software and services. We believe our industry will see further consolidation as product resellers and direct marketers combine operations or acquire or merge with other resellers, service providers and direct marketers to increase efficiency, service capabilities and market share. Moreover, current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to enhance their product and service offerings. Accordingly, it is possible that new competitors or alliances among competitors may emerge and acquire significant market share.

The competitive landscape in which we operate continues to change as new technologies are developed. While innovation helps our business as it creates new offerings for us to sell, it can also disrupt our business model and create new and stronger competitors. For instance, while cloud-based solutions present an opportunity for us and make up a significant part of our business and future, cloud-based solutions and technologies developed by manufacturer and publisher partners are alternatively marketed directly to customers without utilizing solutions providers like us, and our partners could otherwise reduce the volume of hardware, software or services we sell, leading to a reduction in our sales and/or profitability. Accordingly, we are dependent on continued innovations by our current vendor partners and our ability to partner with new and emerging technology providers.

Generally, pricing competition is very aggressive in the industry, and we expect pricing pressures to continue. There can be no assurance that we will be able to negotiate prices as favorable as those negotiated by our competitors or that we will be able to offset the effects of price reductions with an increase in the number of clients, higher net sales, cost reductions or higher sales of services, which are typically at higher gross margins, or otherwise. Price reductions by our competitors that we either cannot or choose not to match could result in an erosion of our market share and/or reduced sales or, to the extent we match such reductions, could result in reduced operating margins or inventory impairment charges, any of which could have a material adverse effect on our business, financial condition and results of operations.

Some of our competitors in each of our operating segments may have greater technical, marketing and other resources than we do. In addition, some of these competitors may be able to respond more quickly to new or changing opportunities, technologies and client requirements. Many current and potential competitors also may have greater name recognition and engage in more extensive promotional activities, offer more attractive terms to their customers and adopt more aggressive pricing policies than we do. Additionally, some of our competitors have higher margins and/or lower operating cost structures, allowing them to price more aggressively. There can be no assurance that we will be able to compete effectively with current or future competitors or that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations.

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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. We acquire products for resale both directly from manufacturers and publishers and indirectly through distributors, and the loss of a significant partner relationship could cause a disruption in the availability of products to us. We typically do not have long-term contracts with our vendor partners. As such, many of these arrangements with partners are easily terminable, and there can be no assurance that manufacturers and publishers will continue to sell or will not limit or curtail the availability of their product to resellers like us. The loss of, or change in business relationship with, any of our key vendor partners could negatively impact our business.

In addition, certain manufacturers, publishers and distributors provide us with substantial incentives in the form of rebates, marketing funds and other investments, purchasing incentives, early payment discounts, referral fees and price protections (collectively, "partner funding"). Partner funding is used to offset, among other things, inventory costs, costs of goods sold, marketing costs and other operating expenses. Certain of these funds are based on our volume of sales or purchases, growth rate of net sales, increases in client usage, or purchases and marketing programs. If we do not meet the goals of these programs or if we are not in compliance with the terms of these programs, there could be a material negative effect on the amount of incentives offered or paid to us by manufacturers and publishers. We regularly experience partner funding program changes that reduce the incentives many partners make available to us and that change the requirements for earning such incentives. If we are unable to react timely to remediate and effectively respond to these changes in the partner funding programs of publishers and manufacturers, including the elimination of, or significant reductions in, partner funding for some of the activities for which we have been compensated in the past, the changes could have a material adverse effect on our business, financial condition and results of operations. This is especially true in connection with the incentive programs of our largest partners: Microsoft, Dell, Cisco Systems, HP Inc., Google and Lenovo. There can be no assurance that we will continue to receive such incentives in the future.

We may not be able to keep pace with rapidly evolving technological advances and the evolving competitive marketplace in which we sell our service offerings. Our success depends on our ability to continue to develop and implement services and solutions that anticipate and respond to rapid and continuing changes in technology and market demand to serve the needs of our clients. For example, cloud, security, and digital-related solutions are continuously evolving, and there is rapid development and technological evolution in areas such as IoT, edge-computing, computer vision, advanced machine learning and AI (including GenAI), automation, augmented reality, blockchain and as-a-service solutions. If we do not invest sufficiently in new technologies, successfully adapt to industry developments and evolving client demand at sufficient speed and scale, we may be unable to develop or maintain a competitive advantage in the market and execute on our growth strategy and initiatives, which could have a material adverse effect on our business.

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

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to collect on accounts receivable could also impact the cost or availability of financing under our accounts receivable securitization program.

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

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

Changes in the IT industry and/or rapid changes in technology may reduce demand for the IT hardware, software and services we sell or change who makes purchasing decisions for IT hardware, software and services. Our results of operations are influenced by a variety of factors, including the condition of the IT industry, shifts in demand for, or availability of, IT hardware, software, peripherals and services, and industry innovation and the introduction of new products and technologies. The IT industry is characterized by rapid technological change and the frequent introduction of new products and changing delivery channels and models, which can decrease demand for current products and services and can disrupt purchasing patterns. If we fail to react in a timely manner to such changes, we may experience lower sales and, with respect to hardware, as has occurred we may have to record write-downs of obsolete inventory. In addition, in order to satisfy client demand, protect ourselves against product shortages, obtain greater purchasing discounts and react to changes in original equipment manufacturers' terms and conditions, we may decide to carry inventory of products that may have limited or no return privileges. There can be no assurance that we will be able to avoid losses related to inventory obsolescence on these products. Additionally, if purchasing power within our clients shifts from centralized procurement functions to business units or individual end users and we are unable to react timely to any such changes, these shifts in purchasing power could have a material adverse effect on our business, financial conditions and results of operations.

The cloud and "as-a-service" models are transforming the IT market and introducing new products, services and competitors to the market. In many cases, these new distribution models allow enterprises to obtain the benefits of commercially licensed, internally operated software with less complexity and lower initial set-up, operational and licensing costs, which increases competition for us. There can be no assurance that we will be able to adapt to, or compete effectively with, current or future distribution channels or competitors or that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations.

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Failure to provide high quality services to our clients could adversely affect our reputation, brand, business, results of operations or cash flows. Our services include professional, managed, configuration and partner services as well as warranties. In addition, we deliver and manage mission critical software, systems and network solutions for our clients. We also offer certain services, such as implementation and installation services and repair services, to our clients through various third-party service providers engaged to perform these services on our behalf. If we or our third-party service providers fail to provide high quality services to our clients or such services result in an unplanned disruption of our clients' businesses, this could, among other things, result in legal claims and proceedings and liability for us. As we expand our services and solutions offerings and provide increasingly complex services and solutions, we may be exposed to additional operational, regulatory and other risks. We could also incur liability for failure to comply with the rules and regulations applicable to new services and solutions we provide to our clients. The occurrence of any of the aforementioned could adversely affect our reputation, brand, business, results of operations or cash flows.

We rely on independent shipping companies for delivery of products and are subject to price increases or service interruptions from these carriers. We generally ship hardware products to our clients by FedEx, United Parcel Service and other commercial delivery services and invoice clients for delivery charges. If we are unable to pass on to our clients current costs and future increases in the cost of commercial delivery services, our profitability could be adversely impacted. Additionally, strikes, inclement weather, natural disasters, public health issues such as pandemics or endemics, terrorist attacks or other service interruptions sustained by such shippers could adversely impact our ability to deliver products on a timely basis. Such events could have a material adverse effect on our business, financial condition and results of operations.

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

The success and profitability of international operations are subject to numerous risks and uncertainties, many of which are outside of our control, such as:

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

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

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

The interruption of the flow of products from our suppliers has and could continue to disrupt our supply chain. Our business depends on the timely supply of products in order to meet the demands of our clients. Manufacturing interruption or delays, including as a result of the financial instability or bankruptcy of manufacturer, labor and supply shortages, significant labor disputes such as strikes, natural disasters (which may increase in number or severity as a result of climate change), political or social unrest, public health issues, such as pandemics or endemics, or other adverse occurrences affecting our suppliers' facilities, could disrupt our supply chain. We have experienced and could continue to experience product constraints due to the failure of suppliers to accurately forecast demand, or to manufacture sufficient quantities of product to meet demand (including as a result of shortages of product components), among other reasons.

A natural disaster or other adverse occurrence at one of our primary facilities could damage our business. We have warehouse and distribution facilities in the United States and Canada and in the United Kingdom and Germany. If the warehouse and distribution equipment at one of our distribution centers were to be seriously damaged, or negatively impacted, by a natural disaster, act of terrorism, or public health issue or other adverse occurrence, we could utilize another distribution center or third-party distributors to ship products to our clients. However, this may not be sufficient to avoid interruptions in our service and may not enable us to meet all of the needs of our clients and would cause us to incur incremental operating costs. In addition, we operate numerous sales offices which may contain both business-critical data and confidential information of our clients. A natural disaster, act of terrorism, or public health issue or other adverse occurrence at any of our major sales offices could also negatively impact our business, results of operations or cash flows.

Risks Related to Our Technology, Data and Intellectual Property

Disruptions in our IT systems and voice and data networks could affect our ability to service our clients and cause us to incur additional expenses. We believe that our success to date has been, and future results of operations will be, dependent in large part upon our ability to provide prompt and efficient service to our clients. Our ability to provide that level of service is largely dependent on the ease of use, accuracy, quality and utilization of our IT systems, which impacts our ability to manage our sales, client service, distribution, inventories and accounting systems, and the reliability of our voice and data networks and managed services offerings. If our current technology is determined to have a shorter economic life or the value of our current system is impaired, or necessary improvements to our technology are significantly delayed, we could incur additional expense and/or charges. The continuing development of our IT systems is crucial for our success. Accordingly, some of our IT systems are subject to ongoing IT projects designed to streamline or optimize the information systems. In addition, a substantial interruption in our IT systems or in our voice and data networks, however caused, could occur and could have a material adverse effect on our business, financial condition and results of operations.

Cyberattacks, data incidents and breaches in the security (i) of our information systems and networks, (ii) of the products we sell and services we provide, and (iii) of the electronic and confidential information in our possession could materially adversely impact our financial condition, results of operations, reputation, and relationships with clients, partners, vendors, and teammates. We are dependent upon automated information technology processes. Privacy, security, and compliance concerns have continued to increase as technology has evolved to facilitate commerce and as cross-border commerce increases. As part of our normal business activities, we collect and store or have access to certain proprietary confidential, and personal information, including information about teammates and information about partners, vendors, and clients which may be entitled to protection under a number of regulatory regimes. In the course of normal and customary business practice, we may share some of this information with vendors and partners who assist us with certain aspects of our business. Moreover, the success of our operations depends upon the secure transmission of confidential and personal data over public networks, including the use of cashless payments. The protection and security of our network systems, our clients' systems, applications, and platforms to which we have access, and our own information, as well as information relating to our clients, partners, vendors, and teammates, is vitally important to us as the compromise, loss, theft, misuse, or unauthorized access to such networks or information could lead to significant reputational or competitive harm, result in litigation involving us or our business partners, expose us to regulatory proceedings, and cause us to incur substantial liability or expenses.

As with many other businesses, we, our third-party service providers and a number of our vendors have been and are continually subject to cyberattacks and the risk of data security incidents, the frequency, intensity, and sophistication of which continue to increase year over year. Due to the constant risk of these types of attacks and incidents, we expend significant resources on information technology and data security tools, measures, and processes designed to protect our networks systems, services, and the personal, confidential or proprietary information in our possession, and to ensure an effective response to any cyber-attack or data security incident. We have privacy and data security policies in place that are designed to detect, prevent, and/or mitigate cyberattacks and data security incidents. Whether or not these policies, tools, and measures are ultimately successful, the expenditures could have an adverse impact on our financial condition and results of operations, and divert management's attention from pursuing our strategic objectives. As newer technologies evolve, and the portfolio of the service providers we share confidential information with grows, we could be exposed to increased risks from cyberattacks, data security events, and data breaches, including those from human error, negligence or mismanagement or from illegal or fraudulent acts.

Although we take the security of our network systems and information very seriously, there can be no assurance that the security measures we employ will effectively prevent unauthorized persons from obtaining unauthorized access to our systems and information due to the evolving nature and intensity of cyberattacks and threats to data security. New and sophisticated tools and methods are constantly being developed by criminals and cyber terrorists

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to penetrate and compromise systems, including computer viruses, malware, ransomware, phishing, misrepresentation, social engineering and forgery, which make it increasingly challenging to anticipate, harder to detect, and more difficult to adequately mitigate these risks. Malicious individuals, organizations, and nation-state threat actors have and may continue to attempt to penetrate or compromise our network systems, the products we sell, or services we and our third-party contractors provide in order to access, acquire, misappropriate, disclose, alter, or otherwise compromise our teammates', clients', and partners' proprietary, confidential, technical business, and/or personal information in our possession or to which we have access, create system disruptions, cause system or operations shutdowns or perpetrate secondary attacks against our clients, partners, and teammates. Such individuals or organizations also may develop or deploy viruses, worms, ransomware or otherwise exploit security vulnerabilities of our systems or our product offerings, or attempt to fraudulently induce our employees, clients or others to disclose passwords or other sensitive information or unwittingly provide access to our systems, data, or client environments.

Any failure on the part of us, our third-party service providers or our vendors to maintain the security of our network systems and the proprietary, confidential, and personal data in our possession, including via the penetration of our network security and attempted or actual misappropriation, disclosure, alteration, or compromise of proprietary, confidential and personal information, could disrupt the security of our systems and business applications, as well as impair our ability to provide services to our clients and protect the privacy of their data. These disruptions could further result in costly investigations and remediation, business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation with potentially large costs, and also result in deterioration in our teammates', partners' and clients' confidence in us and other competitive disadvantages, and thus could have a material adverse effect on our business, financial condition and results of operations.

Some of the hardware and software products we resell could have defects, viruses, vulnerabilities, or otherwise be the subject of cyberattacks, data security events, or data breaches. We would consider the consequences of such attacks to be the responsibility of the respective manufacturers and publishers of such products, however, if such circumstances were to arise, we may be required to notify clients, regulators and individuals and thereby could be subject to litigation, regulatory inquiry, loss of business, and reputational harm.

We may not be able to protect our intellectual property adequately, and we may be subject to intellectual property infringement claims. To protect our intellectual property, we rely on copyright, trademark and trade secret laws, unpatented proprietary know-how, and patents, as well as confidentiality, invention assignment, non-solicitation and non-competition agreements. There can be no assurance that these measures will afford us sufficient protection of our intellectual property, and it is possible that third parties may copy or otherwise obtain and use our proprietary information without authorization or otherwise infringe on our intellectual property rights. The disclosure of our trade secrets could impair our competitive position and could have a material adverse effect on our business, financial condition and results of operations. In addition, our registered trademarks and trade names are subject to challenge by third parties. This may impact our ability to continue using those marks and names. Likewise, many businesses are actively investing in, developing and seeking protection for intellectual property in the areas of search, indexing, e-commerce and other Web-related technologies, as well as a variety of on-line business models and methods, all of which are in addition to traditional research and development efforts for IT products and application software, and non-practicing entities continue to invest in acquiring patent portfolios for the purpose of turning the portfolios into income-generating assets, whether through licensing campaigns or litigation. If there is a determination that we have infringed the proprietary rights of others, we could incur substantial monetary liability, be forced to stop selling infringing products or providing infringing services, be required to enter into costly royalty or licensing agreements, if available, or be prevented from using the rights, which could force us to change our business practices or hardware, software or services offerings in the future. These types of claims and challenges could have a material adverse effect on our business, financial condition and results of operations.

The development, adoption and use of GenAI may result in increased liability exposure and competitive risk. The development, adoption, and use of GenAI technologies are complex and still in their early stages, and there are technical challenges associated with achieving the desired level of accuracy, efficiency, and reliability. For example, GenAI systems that we deploy may be flawed or may be based on datasets that are biased or insufficient. In addition, any latency, disruption, or failure in our GenAI systems could result in vulnerabilities, delays or errors in our offerings and compromise the integrity, security, or privacy of the generated content and applicable infrastructure. These limitations or failures could result in reputational damage, legal liabilities, increased regulatory scrutiny, or loss of client confidence which, in turn, could result in lower than anticipated demand and have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Regulatory and Legal Matters

We are exposed to risks from legal proceedings and client audits and failure to comply with the laws and regulations applicable to our operations could adversely impact our business, results of operations or cash flows. We are party to various legal proceedings that arise in the ordinary course of our business, which include commercial, employment, tort and other litigation. Because of our significant sales to governmental entities, we also are subject to audits by federal, state, international, national, provincial and local authorities in the ordinary course of our business. We also are subject to and currently engaged in audits by various vendor partners and large clients, including government agencies, relating to purchases and sales under various contracts. In addition, we are subject to indemnification claims under various contracts. Current and future litigation, infringement claims, governmental proceedings and investigations, audits or indemnification claims that we face may result in substantial costs and expenses and significantly divert the attention of our management regardless of the outcome. Additionally, our operations are subject to numerous U.S. and foreign laws and regulations in a number of areas including areas of labor and employment, advertising, e-commerce, tax, import and export requirements, anti-corruption, data privacy requirements, including data privacy restrictions such as the GDPR or the California Consumer Privacy Act ("CCPA"), data breach notification laws, and certain data security regulations, anti-competition, and environmental, health, and safety. Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business, and the risk of noncompliance. We have implemented policies and procedures designed to help ensure compliance with applicable laws and regulations, but there can be no guarantee against teammates, contractors, or agents violating such laws and regulations or our policies and procedures.

Our public sector contracts are subject to unique risks and uncertainties, including termination rights, delays in payment, audits and investigations, any of which could have a material adverse effect on our business. Revenue from public sector contracts is derived from sales to federal, state and local governmental entities, as well as to educational institutions, through open market sales and various contractual frameworks and programs. Non-compliance with requisite procurement, billing or ordinance-specific administrative rules, procedures, and processes could subject our contracts to protest or make them voidable regardless of whether we bear any responsibility for non-compliance. This could also subject us to debarment, suspension, or disqualification from doing business with governmental entities, and could also result in civil, criminal, and administrative liability. Public sector contracts can contain one-sided provisions and certifications in favor of public sector clients, including broad indemnification obligations, uncapped liability or liquidated damages obligations, which can impose financial risks that are beyond those associated with ordinary course commercial contracts with non-public sector clients. In addition, public sector contracts may be subject to audits and investigations by government agencies. Public sector contracts are generally terminable at any time for convenience and in some instances contracting agencies are subject to non-appropriation of funding which impairs their ability to pay us for multi-year contract obligations. Any of the foregoing or any other reduction in revenue from public sector clients could have a material adverse effect on our business, financial condition, and results of operations.

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Changes in, interpretations of, or enforcement trends related to tax rules and regulations may adversely affect our effective income tax rates or operating margins and we may be required to pay additional tax assessments. We conduct business globally and file tax returns in various U.S. and foreign tax jurisdictions. Our effective income tax rate could be adversely affected by various factors, many of which are outside of our control, including:

- changes in pre-tax income in various jurisdictions in which we operate that have differing statutory tax rates;
- increases in corporate tax rates and the availability of deductions or credits in the United States and elsewhere;
- changes in tax laws, regulations, and/or interpretations of such tax laws in multiple jurisdictions, including but not limited to U.S. federal and state regulations or interpretations and enforcement trends;
- tax effects related to acquisition accounting; and
- resolutions of issues arising from tax examinations and any related interest or penalties.

The determination of our worldwide provision for income taxes and other tax liabilities requires estimation, judgment and complex calculations in situations where the ultimate tax determination may not be certain. Our determination of tax liabilities is always subject to review or examination by tax authorities in various jurisdictions. Any adverse outcome of such review or examination could have a material adverse effect on our financial condition and results of operations.

Risks Related to Our Indebtedness

We have a substantial amount of indebtedness, which could have important consequences to our business. We have a substantial amount of indebtedness. As of December 31, 2023, we had \$940.5 million of total long-term debt outstanding, as defined by U.S. generally accepted accounting principles ("GAAP"), and an additional \$231.9 million of obligations outstanding under our inventory financing agreements. At December 31, 2023, \$348.0 million of our outstanding debt relates to the Notes that are convertible at the option of the holders and as a result are classified as a current liability. We also have the ability to borrow an additional \$1.1 billion under our senior secured credit facility. Our substantial indebtedness could have important consequences, that could have a material adverse effect on our business, financial condition and results of operations, including the following:

- requiring us to dedicate a substantial portion of our cash flow from operations to debt service payments on our and our subsidiaries' debt, which reduces the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- requiring us to comply with restrictive covenants in our senior secured debt facility, which limits the manner in which we conduct our business;
- limiting our flexibility in planning for, or reacting to, changes in the industry in which we operate;
- placing us at a competitive disadvantage compared to any of our less-leveraged competitors;
- increasing our vulnerability to both general and industry-specific adverse economic conditions; and
- limiting our ability to obtain additional debt or equity financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing.

The conditional conversion feature of the Notes, which has been triggered, may adversely affect our financial condition and operating results. In the event the conditional conversion feature of the Notes continues to be triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, we would be required to settle the principal portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders of Notes do not elect to convert their Notes, we are required under applicable accounting rules to reclassify all of the outstanding principal of the Notes as a current rather than long-term liability, which has and could continue to result in a material reduction of our net current assets.

We are subject to counterparty risk with respect to the Call Spread Transactions. The option counterparties are financial institutions or affiliates of financial institutions, and we are subject to the risk that one or more of such option counterparties may default under the Call Spread Transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If any option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Call Spread Transaction. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in our common stock market price and in the volatility of the market price of our common stock. In addition, upon a default by the option counterparty, we may suffer adverse tax consequences and dilution with respect to our common stock.

Our acquisition strategy may increase our outstanding debt and interest expense and decrease the availability under our financing facilities, all of which could have a material adverse effect on our results of operations and financial condition. To fund our acquisition initiatives, we increase our total borrowings from time to time, such as with the recent acquisition of SADA. These additional borrowings have the effect of increasing our future interest expenses and require escalating amortization payments. Additionally, certain of our financing facilities have interest rates that vary based on market conditions and on utilization, which increases our exposure to interest rate fluctuations and may result in greater interest expense than we have forecasted.

Our financing facilities contain covenants that we must comply with in order to avoid an occurrence of an event of default. The covenants include, among other things, limitations on the payment of dividends and compliance with certain minimum fixed charge ratio and minimum receivables requirements, as well as meeting monthly, quarterly and annual reporting requirements. Our ability to maintain compliance with our financial covenants and to make scheduled payments on our financing facilities depends on our financial and operating performance. If we were unable to maintain compliance or to repay the borrowed amounts, the lenders under our financing facilities could declare an event of default and demand payment within a specified period of time.

General Risk Factors

Our future operating results may fluctuate significantly. Our operating results are highly dependent upon our level of gross profit as a percentage of net sales, which fluctuates due to numerous factors, including changes in prices from partners, changes in the amount and timing of partner funding, volumes of purchases, changes in client mix, management of our cash conversion cycle, the relative mix of products and services sold during the period, general competitive conditions, and strategic product and services pricing and purchasing actions. As a result of significant price competition, our high mix of hardware sales, and our higher concentration of large enterprise clients, our gross margins have been relatively low. We expect our gross margins to improve as our mix of services and solutions increase. Increased competition arising from industry consolidation and low demand for certain IT products and services may hinder our ability to maintain or improve our gross margins. These low gross margins magnify the impact of variations in revenue and operating costs on our operating results. In addition, our expense levels are based, in part, on anticipated net sales and the anticipated amount and timing

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of partner funding, and a portion of our operating expenses are relatively fixed. Therefore, we may not be able to reduce spending quickly enough to compensate for any unexpected net sales shortfall, and we may not be able to reduce our operating expenses as a percentage of revenue to mitigate any further reductions in gross margins in the future. If we cannot proportionately decrease our cost structure, our business, financial condition and results of operations could be impacted. In addition, a reduction in the amount of credit granted to us by our partners could increase our need for and cost of working capital and have a material adverse effect on our business, financial condition and results of operations.

Contractual disputes with our clients and third-party suppliers could be costly, time-consuming, and harm our business and reputation. Our business is contract intensive and we are party to contracts with our clients and suppliers in all of our regions. Our contracts can contain a variety of terms, including passthrough terms from our suppliers, data security and privacy obligations, indemnification obligations, and regulatory requirements. Contract terms may not always be standardized across our clients and suppliers and can be subject to differing interpretations, which could result in disputes from time to time. Our contracts with clients may also include indemnification provisions under which we agree to indemnify for losses incurred as a result of claims of third-party intellectual property rights infringement or other violations of intellectual property rights, damages caused by us to property or persons, or other liabilities relating to or arising from sale of our solutions or the resale of our suppliers' hardware, cloud, software, and services. Large contract damages payments could harm our business, reputation, operating results, and financial condition. Any dispute with respect to such obligations could have adverse effects on our relationships with existing or potential clients and suppliers, and harm our business, financial condition, reputation, and operating results.

We depend on certain key management personnel and our ability to attract, train and retain skilled teammates to satisfy client demand, including highly skilled technical resources with experience in key digital areas. We rely on key management and qualified engineering, marketing, and sales teammates to execute our strategy to grow profitable market share. Competition for skilled and non-skilled workers in the IT industry is intense and there are risks of sustained labor shortages in key digital areas across various regions. If we are unable to continue to attract and retain highly qualified executives, management, sales, service and technical teammates, it could have a material adverse effect on our business, financial condition and results of operations. We make significant investments, and incur significant costs, in the recruitment and development of our leadership team, sales executives, solution architects, services engineers, project managers and other IT resources. If we are not able to retain such personnel or to train them quickly enough to meet changing market conditions, we could experience a drop in the overall quality and efficiency of our teammates, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if we are unable to maintain an environment for teammates that is competitive and appealing, it could have an adverse effect on engagement and retention, and a material adverse effect on our business.

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The acquisition, integration and operation of acquired businesses may disrupt our business and create additional expenses, and we may not achieve the anticipated benefits of the acquisitions. In connection with our strategic initiatives, we regularly acquire new businesses to expand our technical capabilities, product and service offerings and client base and to realize cost savings. All acquisitions entail various risks such as difficulties in realizing the intended benefits of the acquired business, exposure to unexpected liabilities, difficulties in retaining key employees and adverse client reactions. In addition, integration of an acquired business involves numerous risks, including assimilation of operations of the acquired business and difficulties in the convergence of IT systems, the diversion of management's attention from other business concerns, risks of entering markets in which we have had no or only limited direct experience, assumption of unknown or unquantifiable liabilities, the potential loss of key clients, difficulties assimilating and retaining teammates of those businesses into our culture and organizational structure, difficulties in completing strategic initiatives already underway in the acquired company, and unfamiliarity with partners of the acquired company, each of which could have a material adverse effect on our business, results of operations and financial condition. The continued integration activities of the acquired businesses into our business are difficult and time consuming, and we may be unable to achieve expected synergies and operating efficiencies over the long term. We cannot assure that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions, in whole or in part.

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. In the future, we may sell additional shares of our common stock or equity-linked securities to raise capital. In addition, a substantial number of shares of our common stock are reserved for issuance upon the exercise of stock options, upon vesting of restricted stock units, upon conversion of the Notes and upon exercise of the warrants that were issued in connection with the Call Spread Transactions. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sale of substantial amounts of common stock or equity-linked securities, or the perception that such issuances and sales may occur, could adversely affect the market price of our common stock and impair our ability to raise capital through the sale of additional equity or equity-linked securities.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Our information security program is managed by a dedicated Chief Information Security Officer ("CISO") who is responsible, along with his team, for leading enterprise-wide cybersecurity strategy, policy, standards, architecture, and processes. Our CISO has served in that role since 2021 and has been in cybersecurity related roles for 25 years, including with two publicly traded companies. Our Board of Directors has delegated oversight of risks from cybersecurity threats through our information security program to our Audit Committee, which receives updates on an as needed basis from our CISO regarding risks from cybersecurity threats. Our CISO additionally provides periodic updates to our Board of Directors, our Chief Executive Officer and other senior management members, including at least twice per year through our overall Enterprise Risk Management Program. These updates include, among other risk management issues, updates on the Company's cybersecurity risks and threats, the status of projects to strengthen our information security systems, assessments of the information security program, and the emerging threat landscape.

Our information security program leverages components from industry frameworks and generally recognized best practices, including International Organization for Standardization 27001 and National Institute of Standards and Technology ("NIST") standards, such as the NIST Cybersecurity Framework, which emphasizes identification, protection, detection, response and recovery. Our program is regularly evaluated by internal and external experts with the results of those reviews reported to senior management and the Board of Directors. We also collaborate with

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thought leaders in cybersecurity including with key vendors, clients, business partners, industry participants, and intelligence and law enforcement communities as part of our continuing efforts to evaluate and improve the effectiveness of our information security policies and procedures. This collaboration allows us to rapidly adopt industry best practices developed through firsthand experience mitigating cyber incidents. Our program also includes processes to oversee and identify risks from cybersecurity threats associated with our use of third-party service providers.

We do not believe that risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect our overall business strategy, results of operations, or financial condition over the long term.

Item 2. *Properties*

Our principal executive office is located in Chandler, Arizona. At December 31, 2023, we owned or leased approximately 1.8 million square feet of office and warehouse space, and, while approximately 75% of the square footage is in the United States, we own or lease office and warehouse facilities in Canada and in 16 countries in EMEA and we lease office facilities in 7 countries in APAC. We believe that our facilities are suitable and adequate for our present purposes, and we anticipate that we will be able to extend our existing leases on terms satisfactory to us or, if necessary, to locate substitute facilities on acceptable terms. Information about significant sales, distribution, services and administration facilities in use as of December 31, 2023 is summarized in the following table:

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Operating Segment	Location	Primary Activities	Own or Lease
North America	Chandler, Arizona, USA	Executive Office, Sales and Administration, Network Operations Center and Client Support Center	Own
	Eden Prairie, Minnesota, USA	Sales, Services and Administration	Lease
	Hanover Park, Illinois, USA	Services, Distribution and Administration	Lease
	Lewis Center, Ohio, USA	Services, Distribution and Administration	Own
	Plano, Texas, USA	Sales and Administration	Lease
	Liberty Lake, Washington, USA	Sales and Administration	Lease
	Tampa, Florida, USA	Sales and Administration	Lease
	Conway, Arkansas, USA	Sales and Administration	Lease
	Fort Worth, Texas, USA	Services, Distribution and Administration	Lease
	Edmonton, Alberta, Canada	Sales, Distribution and Administration	Lease
	Winnipeg, Manitoba, Canada	Sales and Administration	Lease
	Montreal, Quebec, Canada	Sales and Administration	Lease
	Montreal, Quebec, Canada	Distribution	Lease
	Calgary, Alberta, Canada	Distribution	Lease
	Mississauga, Ontario, Canada	Sales and Administration	Lease
EMEA	Sheffield, United Kingdom	Sales and Administration	Lease
	Sheffield, United Kingdom	Distribution	Lease
	Uxbridge, United Kingdom	Sales and Administration	Lease
	Frankfurt, Germany	Sales and Administration	Lease
	Frankfurt, Germany	Distribution	Lease
	Vélizy, France	Sales and Administration	Lease
	Apeldoorn, Netherlands	Sales and Administration	Lease
	Chisinau, Moldova	Services	Lease
	Timisoara, Romania	Services	Lease
APAC	Sydney, Australia	Sales and Administration	Lease
	Perth, Australia	Sales and Administration	Lease
	Auckland, New Zealand	Sales and Administration	Lease
	Hong Kong	Sales and Administration	Lease
	Shanghai, China	Sales and Administration	Lease
	Manila, Philippines	Operations Center	Lease

In addition to those listed above, we have leased sales offices in various cities across North America, EMEA and APAC. For additional information on property and equipment and operating leases, see Notes 4 and 9 to the Consolidated Financial Statements in Part II, Item 8 of this report.

Item 3. *Legal Proceedings*

For a discussion of legal proceedings, see “Legal Proceedings” in Note 16 to the Consolidated Financial Statements in Part II, Item 8 of this report, which is incorporated by reference herein.

Item 4. *Mine Safety Disclosures*

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock trades under the symbol "NSIT" on The Nasdaq Global Select Market. As of February 16, 2024, we had 32,590,162 shares of common stock outstanding held by 37 stockholders of record. This figure does not include an estimate of the number of beneficial holders whose shares are held of record by brokerage firms and clearing agencies.

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 senior secured revolving credit facility contains certain covenants that 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
October 1, 2023 through October 31, 2023	—	\$ —	—	\$ 200,020,373
November 1, 2023 through November 30, 2023	—	—	—	200,020,373
December 1, 2023 through December 31, 2023	—	—	—	200,020,373
	<u>—</u>		<u>—</u>	
	<u>—</u>		<u>—</u>	

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 \$50.0 million that remained available from a 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 December 31, 2023, approximately \$200.0 million remained available for repurchases under this share repurchase plan.

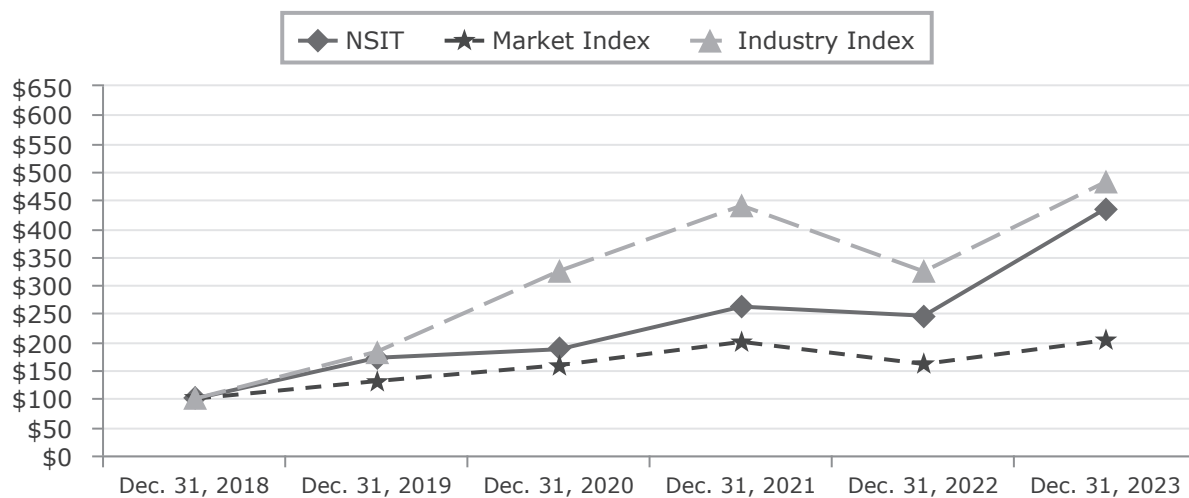
In accordance with the share repurchase plan, share repurchases may be made on the open market, subject to Rule 10b-18 or in privately negotiated transactions, through block trades, through 10b5-1 plans or otherwise, at management's discretion. The number of shares purchased, and the timing of the purchases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

See further information on our share repurchase programs in Note 15 to the Consolidated Financial Statements in Part II, Item 8 of this report.

INSIGHT ENTERPRISES, INC.

Stock Price Performance Graph

Set forth below is a graph comparing the percentage change in the cumulative total stockholder return on our common stock with the cumulative total return of the Nasdaq US Benchmark TR Index (Market Index) and the Nasdaq US Benchmark Computer Hardware TR Index (Industry Index). The graph assumes that \$100 was invested on December 31, 2018 in our common stock and in each of the two Nasdaq indices, and that, as to such indices, dividends were reinvested. We have not, since our inception, paid any cash dividends on our common stock. Historical stock price performance shown on the graph is not necessarily indicative of future price performance.



	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
Insight Enterprises, Inc. Common Stock (NSIT)	\$ 100.00	\$ 172.00	\$ 187.00	\$ 262.00	\$ 246.00	\$ 435.00
Nasdaq US Benchmark TR Index (Market Index)	100.00	131.00	159.00	200.00	161.00	203.00
Nasdaq US Benchmark Computer Hardware TR Index (Industry Index)	100.00	183.00	325.00	440.00	324.00	482.00

Item 6. [Reserved]

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with the Consolidated Financial Statements and notes thereto included in Part II, Item 8 of this report. Our actual results could differ materially from those contained in forward-looking statements due to a number of factors, including those discussed in "Risk Factors" in Part I, Item 1A and elsewhere in this report.

Overview

Today, every business is a technology business. We help our clients accelerate their digital journey to modernize their businesses 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 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 in multiple ways. 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.

Full year 2023 financial and operational highlights included the following:

- We reported record gross profit of \$1.7 billion and record gross margin of 18.2%, primarily driven by expansion in North America.
- We generated cash flows from operations of \$619.5 million.
- In December 2023, we acquired SADA to strengthen our digital transformation capabilities and accelerate the growth of our cloud services and solutions.
- In August 2023, we acquired Amdaris to support our EMEA services and solution offerings.

On a consolidated basis, for the year ended December 31, 2023:

- Net sales of \$9.2 billion decreased 12% compared to 2022.
- Gross profit of \$1.7 billion increased 2% compared to 2022.
- Consolidated gross margin expanded approximately 250 basis points to a record 18.2% of net sales in 2023. This increase reflects expansion in margin from services net sales, primarily from growth in cloud solution offerings, and an expansion in product margin.
- Earnings from operations increased to \$419.8 million in 2023, an increase of 1% compared to the prior year, which represented 4.6% of net sales.
- Our effective tax rate in 2023 was 25.6%, which compares to our effective tax rate of 25.1% in 2022.
- Net earnings and diluted net earnings per share were \$281.3 million and \$7.55, respectively, in 2023. In 2022, we reported net earnings of \$280.6 million and diluted net earnings per share of \$7.66.

The results of operations for 2023 include the following items:

- severance and restructuring expenses, net of \$6.1 million, \$4.4 million net of tax;
- acquisition and integration related expenses of \$7.4 million, \$6.0 million net of tax; and
- the repurchase of approximately 1.6 million shares of the Company's common stock for an aggregate cost of \$217.1 million.

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

The results of operations for 2022 include the following items:

- severance and restructuring expenses of \$4.2 million, \$3.2 million net of tax; and
- the repurchase of approximately 1.1 million shares of the Company's common stock for an aggregate cost of \$107.9 million.

Throughout the "Overview" and "Results of Operations" sections of "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 these 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.

Net of tax amounts referenced above were computed using the statutory tax rate for the taxing jurisdictions in the operating segment in which the related expenses were recorded, adjusted for the effects of valuation allowances on net operating losses in certain jurisdictions.

During 2023, we generated \$619.5 million of cash from operating activities and primarily utilized cash for strategic acquisitions and to repurchase shares of our common stock. We had net borrowings of \$299.6 million under our senior secured revolving credit facility (the "ABL facility"). We ended the year with \$268.7 million of cash and cash equivalents and \$940.5 million of debt outstanding under our long-term debt facilities, including \$348.0 million related to the Notes that are classified as a current liability at December 31, 2023.

Details about segment results of operations can be found in Note 19 to the Consolidated Financial Statements in Part II, Item 8 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 year to year 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 2020 continued to ease in the second half of 2023. We believe that the remaining supply constraints and extended lead times for certain infrastructure, including networking products have now normalized back to historic levels. However, we continue to see a general slowdown in our clients' decision making, which we believe will continue in the near term. In addition, inflation resulted in higher interest rates on all of our variable rate facilities when compared to 2022 and we expect these higher rates will continue into 2024. We are actively monitoring changes to the global macroeconomic environment, including those impacting our supply chain and 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 2024 and beyond.

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

RESULTS OF OPERATIONS

The following table sets forth certain financial data as a percentage of net sales for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net sales	100.0 %	100.0 %
Costs of goods sold	81.8	84.3
Gross profit	18.2	15.7
Operating expenses:		
Selling and administrative expenses	13.5	11.7
Severance and restructuring expenses and acquisition-related expenses	0.1	—
Earnings from operations	4.6	4.0
Non-operating expense, net	0.5	0.4
Earnings before income taxes	4.1	3.6
Income tax expense	1.0	0.9
Net earnings	<u>3.1 %</u>	<u>2.7 %</u>

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 and do change significantly in the amounts made available and the related product or services sales being incentivized by the partner. Incentives from our largest partners are significant and changes in the incentive requirements, which occur regularly, could impact our results of operations to the extent we are unable to shift our focus and respond to them. 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 this report.

Our results of operations include the results of Hanu, Amdaris and SADA from their respective acquisition dates.

2023 Compared to 2022

Net Sales. Net sales decreased 12%, or \$1.3 billion, in 2023 compared to 2022. Net sales of products (hardware and software) decreased 15%, year to year, while net sales of services increased 4%, year over year, in 2023 compared to 2022. Our net sales by operating segment for 2023 and 2022 were as follows (dollars in thousands):

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
North America	\$ 7,382,354	\$ 8,484,392	(13 %)
EMEA	1,563,654	1,712,521	(9 %)
APAC	229,832	234,278	(2 %)
Consolidated	<u>\$ 9,175,840</u>	<u>\$10,431,191</u>	<u>(12 %)</u>

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

Our net sales by offering category for North America for 2023 and 2022 were as follows (dollars in thousands):

Sales Mix	North America		% Change
	2023	2022	
Hardware	\$ 4,498,466	\$ 5,738,586	(22 %)
Software	1,669,046	1,552,715	7 %
Services	1,214,842	1,193,091	2 %
	<u>\$ 7,382,354</u>	<u>\$ 8,484,392</u>	<u>(13 %)</u>

Net sales in North America decreased 13%, or \$1.1 billion, in 2023 compared to 2022. This net decrease reflects a decrease in hardware net sales, partially offset by increases in software and services net sales. Net sales of hardware decreased 22%, year to year. Net sales of software and services increased 7% and 2%, respectively, year over year. The net decrease year to year was primarily the result of the following:

- The decrease in hardware net sales was due to lower volume of sales to large enterprise and corporate clients. This decrease reflects lower sales of devices throughout the year and decreases in infrastructure sales in the latter part of 2023. We believe these decreases reflect client decisions around timing of device refreshes and investments in infrastructure in response to challenges in the broader macroeconomic environment. We expect this trend could continue into the second half of 2024.
- The increase in software net sales was primarily due to higher volume of software licensing. This increase was partially offset by the continued trend toward higher sales of cloud solution offerings that are recorded on a net sales recognition basis in the services net sales category.
- The increase in services net sales was primarily due to the continued trend toward higher sales of cloud solution offerings, including net sales attributable to SADA, which we acquired in December 2023, partially offset by decreases in Insight Delivered services net sales.

Our net sales by offering category for EMEA for 2023 and 2022, were as follows (dollars in thousands):

Sales Mix	EMEA		% Change
	2023	2022	
Hardware	\$ 546,621	\$ 654,381	(16 %)
Software	784,717	857,516	(8 %)
Services	232,316	200,624	16 %
	<u>\$ 1,563,654</u>	<u>\$ 1,712,521</u>	<u>(9 %)</u>

Net sales in EMEA decreased 9% (also decreased 9% excluding the effects of fluctuating foreign currency exchange rates), or \$148.9 million, in 2023 compared to 2022. This net decrease reflects a decrease in hardware and software net sales, partially offset by an increase in services net sales. Net sales of hardware and software were down 16% and 8%, respectively, year to year, partially offset by an increase in services net sales of 16%, year over year. The changes were primarily the result of the following:

- The decrease in hardware net sales was primarily due to lower sales to public sector, large enterprise and corporate clients.
- The decrease in software net sales was due to the continued trend toward higher sales of cloud solution offerings that are recorded on a net sales recognition basis in the services net sales category.

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

- The increase in services net sales was due to increased sales of Insight Delivered services, including from Amdaris, which we acquired in August 2023, and higher sales of cloud solution offerings.

Our net sales by offering category for APAC for 2023 and 2022, were as follows (dollars in thousands):

Sales Mix	APAC		
	2023	2022	% Change
Hardware	\$ 43,850	\$ 57,928	(24 %)
Software	88,688	86,661	2 %
Services	97,294	89,689	8 %
	<u>\$ 229,832</u>	<u>\$ 234,278</u>	<u>(2 %)</u>

Net sales in APAC decreased 2% (increased 1% excluding the effects of fluctuating foreign currency rates), or \$4.4 million, in 2023 compared to 2022. Net sales of hardware decreased 24% year to year, partially offset by increases in software and services net sales of 2% and 8%, respectively, year over year. The net changes were primarily the result of the following:

- The decrease in hardware net sales was due to lower volume of sales to large enterprise and corporate clients.
- The increase in services net sales was due to higher volume of Insight Delivered services and higher sales of cloud solution offerings that are recorded on a net sales recognition basis in the services net sales category.
- The increase in software net sales was primarily due to higher volume of sales to corporate and public sector clients, partially offset by the continued trend toward higher sales of cloud solution offerings.

Net sales by category for North America, EMEA and APAC were as follows for 2023 and 2022:

Sales Mix	North America		EMEA		APAC	
	2023	2022	2023	2022	2023	2022
Hardware	61 %	68 %	35 %	38 %	19 %	25 %
Software	23 %	18 %	50 %	50 %	39 %	37 %
Services	16 %	14 %	15 %	12 %	42 %	38 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Gross Profit. Gross profit increased 2%, or \$33.0 million, in 2023 compared to 2022, with gross margin increasing approximately 250 basis points to 18.2% of net sales. Our gross profit and gross profit as a percent of net sales by operating segment for 2023 and 2022 were as follows (dollars in thousands):

	2023	% of Net Sales	2022	% of Net Sales
North America	\$ 1,345,955	18.2 %	\$ 1,328,333	15.7 %
EMEA	259,987	16.6 %	247,269	14.4 %
APAC	63,583	27.7 %	60,965	26.0 %
Consolidated	<u>\$ 1,669,525</u>	18.2 %	<u>\$ 1,636,567</u>	15.7 %

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

North America's gross profit increased 1%, or \$17.6 million, in 2023 compared to 2022. As a percentage of net sales, gross margin expanded by approximately 250 basis points year over year. The year over year net increase in gross margin was primarily attributable to the following:

- A net increase in product margin of 41 basis points year over year. This increase was primarily due to higher margins on both hardware and software net sales compared to the prior year. The expanded margins on hardware are due in part to the decline in lower margin devices and also reflect the results of profitability and pricing initiatives started in 2022.
- An expansion in services margin year over year of 216 basis points was due to higher margins generated from increased cloud solution offerings, including margin contributed by SADA, software maintenance and on Insight Core services, (consisting of Insight Delivered and managed services).

EMEA's gross profit increased 5% (increased 4% excluding the effects of fluctuating foreign currency exchange rates), or \$12.7 million, in 2023 compared to 2022. As a percentage of net sales, gross margin expanded 220 basis points to 16.6%. The year over year net increase in gross margin was primarily attributable to the following:

- A net increase in product margin of 50 basis points year over year. This increase was primarily due to higher margins on both hardware and software net sales compared to the prior year, partially offset by a decrease in partner funding.
- An expansion in services margin year over year of 169 basis points was due to higher margins generated from increased cloud solution offerings and on Insight Core services from Amdaris.

APAC's gross profit increased 4% (increased 8% excluding the effects of fluctuating foreign currency exchange rates), or \$2.6 million, in 2023 compared to 2022. As a percentage of net sales, gross margin increased by approximately 170 basis points year over year. The expanded gross margin for APAC in 2023 compared to 2022 was due primarily to changes in sales mix to services net sales, including Insight Core services at higher margins than product net sales.

Our overall gross margins expanded in 2023 compared to 2022, as expected. We believe this trend could continue into future periods as we focus on selling solutions and increasing our services net sales, including cloud solution offerings.

Operating Expenses.

Selling and Administrative Expenses. Selling and administrative expenses increased \$19.6 million in 2023 compared to 2022. Selling and administrative expenses also increased approximately 180 basis points as a percentage of net sales in 2023 compared to 2022. The overall net increase in expenses reflects a \$7.3 million increase in personnel costs, including teammate benefits, and a \$19.8 million increase in other expenses, year over year. The increase in personnel costs reflects increases in overall teammate headcount from the acquisitions of Amdaris and SADA. The increase in other expenses is partially due to costs incurred related to a third-party data center service outage, net of recoveries of \$5.0 million and an increase of \$4.2 million in transformation costs incurred and paid to third parties in 2023 compared to 2022. 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. Transformation costs are costs we incur to transform our business to help us achieve our strategic objectives, including becoming a leading solutions integrator. We expect to continue to incur further transformation costs in 2024; however, these costs are unique in nature and are not expected to recur in the longer term. Depreciation and amortization expense also increased \$6.2 million, year over year, primarily as a result of the Amdaris and SADA acquisitions. These increases were partially offset by decreases in legal and professional fees of \$8.3 million and marketing costs of \$3.1 million.

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

Severance and Restructuring Expenses, Net. During 2023, we recorded severance expense, net of adjustments, totaling \$12.9 million. These expenses were partially offset by net gains on the sale of properties due to restructuring of \$6.8 million. During 2022, we recorded severance expense, net of adjustments, totaling \$4.2 million.

Acquisition and Integration-related Expenses. During 2023, we incurred \$7.4 million in direct third-party costs primarily related to the acquisitions of SADA and Amdaris. During 2022, we incurred \$2.0 million in direct third-party costs primarily related to the acquisition of Hanu. See Note 20 to the Consolidated Financial Statements in Part II, Item 8 of this report for further discussion of our acquisitions.

Earnings from Operations. Earnings from operations increased 1%, or \$6.1 million, year over year, in 2023 compared to 2022. Our earnings from operations and earnings from operations as a percentage of net sales by operating segment were as follows for 2023 and 2022 (dollars in thousands):

	<u>2023</u>	<u>% of Net Sales</u>	<u>2022</u>	<u>% of Net Sales</u>
North America	\$ 362,082	4.9 %	\$ 350,436	4.1 %
EMEA	38,128	2.4 %	44,264	2.6 %
APAC	19,585	8.5 %	19,000	8.1 %
Consolidated	<u>\$ 419,795</u>	4.6 %	<u>\$ 413,700</u>	4.0 %

North America’s earnings from operations increased 3%, or \$11.6 million, year over year, in 2023 compared to 2022. As a percentage of net sales, earnings from operations increased by approximately 80 basis points to 4.9%. The increase in earnings from operations was primarily driven by an increase in gross profit in excess of increases in selling and administrative expenses, severance and restructuring expenses and acquisition and integration related expenses.

EMEA’s earnings from operations decreased 14% (also decreasing 14% excluding the effects of fluctuating foreign currency exchange rates), or \$6.1 million, year to year, in 2023 compared to 2022. As a percentage of net sales, earnings from operations decreased by approximately 20 basis points to 2.4%. The decrease in earnings from operations was primarily driven by increases in selling and administrative expenses and acquisition and integration related expenses, partially offset by an increase in gross profit.

APAC’s earnings from operations increased 3% (increasing 6% excluding the effects of fluctuating foreign currency exchange rates), or \$0.6 million, year over year, in 2023 compared to 2022. As a percentage of net sales, earnings from operations increased by approximately 40 basis points to 8.5%. The increase in earnings from operations reflects an increase in gross profit, partially offset by an increase in selling and administrative expenses in 2023 compared to 2022.

Non-Operating (Income) Expense.

Interest Expense, net. Interest expense, net primarily relates to borrowings under our financing facilities and imputed interest under our inventory financing facilities and the Notes, partially offset by interest income generated from interest earned on cash and cash equivalent bank balances. Interest expense increased 4%, or \$1.6 million, in 2023 compared to 2022 primarily due to higher interest rates under our ABL facility. This was partially offset by lower average daily balances under our ABL facility, higher interest income earned in 2023 and decreased imputed interest under our inventory financing facilities. Imputed interest under our inventory financing facilities decreased \$2.2 million due to lower average daily balances in 2023 compared to 2022. For a description of our various financing facilities, see Notes 7 and 8 to our Consolidated Financial Statements in Part II, Item 8 of this report.

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

Other Expense (Income), Net. Other expense (income), net, consists primarily of foreign currency exchange gains and losses. Foreign currency exchange gains and losses result from foreign currency transactions, including foreign currency derivative contracts and intercompany balances that are not considered long-term in nature. The changes in net foreign currency exchange gains/losses are due primarily to the underlying changes in the applicable exchange rates, partially mitigated by our use of foreign exchange forward contracts to offset the effects of fluctuations in foreign currencies on certain of our non-functional currency assets and liabilities.

Income Tax Expense. Our effective tax rate for 2023 was 25.6% compared to 25.1% in 2022. The increase in the tax rate was primarily due to reduced foreign and research tax credit benefits available in 2023 as compared to 2022 and the effect of valuation allowances on certain foreign loss carryforwards. These increases were partially offset by the release of reserves related to tax years whose statute expired during the current year.

The effective tax rate in 2023 was higher than the federal statutory rate of 21.0% primarily due to state income taxes and higher taxes on earnings in foreign jurisdictions. These increases were offset partially by research tax credits. See Note 11 to the Consolidated Financial Statements in Part II, Item 8 of this report for further discussion of income tax expense.

2022 Compared to 2021

For a comparison of our results of operations for the fiscal years ended December 31, 2022 and 2021, see "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 fiscal year ended December 31, 2022 filed with the SEC on February 16, 2023.

Liquidity and Capital Resources

The following table sets forth certain consolidated cash flow information for 2023 and 2022 (in thousands):

	2023	2022
Net cash provided by operating activities	\$ 619,531	\$ 98,106
Net cash used in investing activities	(505,201)	(137,841)
Net cash (used in) provided by financing activities	(16,712)	114,007
Foreign currency exchange effect on cash, cash equivalent and restricted cash balances	7,449	(14,531)
Increase in cash, cash equivalents and restricted cash	105,067	59,741
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>\$ 270,785</u>	<u>\$ 165,718</u>

Cash and Cash Flow

- Our primary uses of cash during 2023 were to fund the strategic acquisitions of SADA and Amdaris, to repurchase shares of our common stock, to repay our inventory financing facilities and to purchase property and equipment.
- Operating activities generated \$619.5 million in cash in 2023, compared to \$98.1 million in 2022.
- We received proceeds from the sale of assets, including our properties held for sale, of \$15.5 million in 2023, compared to \$1.3 million in 2022.
- We had net repayments under our inventory financing facilities of \$70.4 million in 2023 compared to net repayments of \$8.3 million in 2022.

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

- Net borrowings under our ABL facility were \$299.6 million in 2023. Net borrowings under our ABL facility were \$244.7 million in 2022.
- Capital expenditures were \$39.3 million in 2023 compared to \$70.9 million in 2022.
- During 2023, we repurchased an aggregate of \$217.1 million of our common stock compared to an aggregate of \$107.9 million repurchased during 2022.

We anticipate that cash flows from operations, together with the funds available under our financing facilities, will be adequate to support our 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, including conversion of the Notes, and repayment of our inventory financing facilities for the next 12 months. While we expect the majority of holders of the Notes will not opt to convert their Notes early, the Notes become freely convertible at the option of the holders beginning in June 2024. We believe we have sufficient funds available from capacity under our ABL facility as well as cash we expect to generate from operations, to fund any early conversions that may occur. We currently expect to fund known cash commitments beyond the next 12 months through operating cash activities or other available financing resources.

Net cash provided by operating activities.

- Cash flow from operating activities in 2023 was \$619.5 million, a significant increase in cash generation compared to 2022. The increase in cash flow from operating activities was primarily driven by the decline in devices net sales experienced throughout 2023 when compared to 2022. We have an inverted cash cycle resulting from typically paying partners on shorter terms than we provide to our clients. This generally means in periods of declining hardware sales, and particularly of devices, we typically generate increased cash from operations.

Our consolidated cash flow operating metrics for the quarters ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Days sales outstanding in ending accounts receivable (“DSOs”) (a)	147	120
Days inventory outstanding (“DIOs”) (b)	9	12
Days purchases outstanding in ending accounts payable (“DPOs”) (c)	(127)	(92)
Cash conversion cycle (days) (d)	<u>29</u>	<u>40</u>

- (a) Calculated as the balance of accounts receivable, net at the end of the period divided by daily net sales. Daily net sales is calculated as net sales for the quarter divided by 92 days.
- (b) Calculated as average inventories divided by daily costs of goods sold. Average inventories is calculated as the sum of the balances of inventories at the beginning of the period plus inventories at the end of the period divided by two. Daily costs of goods sold is calculated as costs of goods sold for the quarter divided by 92 days.
- (c) Calculated as the sum of the balances of accounts payable – trade and accounts payable – inventory financing facilities at the end of the period 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 29 days in the quarter ended December 31, 2023, a decrease of 11 days when compared to the fourth quarter of 2022.
- The changes in our cash conversion cycle compared to the same period in the prior year resulted from the net effect of a 35 day increase in DPOs and a 3 day decrease in DIOs partially offset by a 27 day increase in DSOs.
- The changes in our cash conversion cycle year over year were primarily the result of:

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

- the impact to DPOs of the SADA and Amdaris acquisitions combined with changes in vendor mix away from discount vendors;
 - the benefit to DIOs of the easing of supply constraints; and
 - the impact to DSOs of the SADA and Amdaris acquisitions combined with an increase in other receivables including multi-year transactions.
- 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 \$1.8 billion and \$1.6 billion in the fourth quarter of 2023 and 2022, respectively. Adjusting our cash conversion cycle calculation by adding netted costs to both daily net sales and daily costs of goods sold results in a reduction to our cash conversion cycle from 29 days to 22 days in the fourth quarter of 2023 and from 40 days to 28 days in the fourth quarter of 2022, which we believe provides a more accurate reflection of our cash flow operating metrics.
 - 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 in order to take advantage of supplier discounts.
 - We intend to use cash generated in 2024, in excess of working capital needs, to pay down our ABL facility and our inventory financing facilities as well as to fund strategic acquisitions.

Net cash used in investing activities.

- We acquired SADA and Amdaris for approximately \$398.6 million and \$82.9 million, respectively, net of cash and cash equivalents acquired and excluding earn outs and hold backs in 2023.
- We received proceeds from the sale of assets, including our properties held for sale, of \$15.5 million and \$1.3 million in 2023 and 2022, respectively.
- Capital expenditures were \$39.3 million and \$70.9 million in 2023 and 2022, respectively. The majority of the capital expenditures in 2023 was used to fund technology related projects.
- We expect total capital expenditures in 2024 to be in the range of \$50.0 to \$55.0 million.

Net cash (used in) provided by financing activities.

- During 2023, we had net borrowings on our long-term debt under our ABL facility of \$299.6 million and had net repayments under our inventory financing facilities of \$70.4 million.
- During 2022, we had net borrowings on our long-term debt under our ABL facility of \$244.7 million and had net repayments under our inventory financing facilities of \$8.3 million.
- In 2023, we made earn out and acquisition related payments associated with our Hanu acquisition of \$15.6 million in the aggregate, with the earnout finalized in November 2023.
- In 2023, we also funded \$217.1 million of repurchases of our common stock, compared to \$107.9 million purchased during 2022.
- We expect to repurchase shares of our common stock in 2024 under our share repurchase plan to cover the dilutive impact of stock-based awards vesting.

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

2022 Compared to 2021

For a comparison of our cash flows for the fiscal years ended December 31, 2022 and 2021, see "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 fiscal year ended December 31, 2022 filed with the SEC on February 16, 2023.

Financing Facilities

As of December 31, 2023, our long-term debt balance includes \$591.5 million outstanding under our \$1.8 billion ABL facility. As of December 31, 2023, the current portion of our long-term debt relates to the Notes and other financing obligations.

- Our objective is to pay our debt balances down while retaining adequate cash balances to meet overall business objectives.
- Our Notes are subject to certain events of default and certain acceleration clauses. As of December 31, 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 December 31, 2023, we were in compliance with all such covenants.
 - While the ABL facility has a stated maximum amount, the actual availability under the ABL facility is limited by a minimum accounts receivable and inventory requirement. As of December 31, 2023, eligible accounts receivables and inventory were sufficient to permit access to \$1.7 billion of the full \$1.8 billion under the ABL facility.

We also have agreements with financial intermediaries to facilitate the purchase of inventory from certain suppliers under certain terms and conditions. These amounts are classified separately as accounts payable - inventory financing facilities in our consolidated balance sheets.

Notes 7 and 8 to the Consolidated Financial Statements in Part II, Item 8 of this report also include: a description of our financing facilities; amounts outstanding; amounts available and weighted average borrowings and interest rates during the year.

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

Cash Requirements From Contractual Obligations

At December 31, 2023, our contractual obligations for continuing operations primarily consist of:

- \$231.9 million under our inventory financing facilities due in 2024;
- \$102.4 million under operating leases, the majority of which are due from 2024 through 2027;
- contingent consideration (earnout payments) associated with our acquisition of SADA, up to a maximum of \$390.0 million, payable upon certain defined contingencies being met from 2024 through 2027;
- contingent consideration (earnout payments) associated with our acquisition of Amdaris, up to a maximum of \$54.4 million, payable upon certain defined contingencies being met from 2024 through 2026;
- a purchase commitment related to cloud services of \$95.8 million that must be met by September 2029;
- a purchase commitment related to software as a service of \$33.9 million that must be met by November 2026;
- \$591.5 million outstanding under our ABL facility maturing in 2027; and
- \$350.0 million principal amount due on the Notes maturing in 2025.

Undistributed Foreign Earnings

Cash and cash equivalents held by foreign subsidiaries may be subject to U.S. income taxation upon repatriation to the United States. Certain of our foreign earnings were deemed distributed as a result of the Tax Cuts and Jobs Act of 2017; however, for years subsequent to 2017, we continue to assert indefinite reinvestment of foreign earnings for certain of our foreign subsidiaries. As of December 31, 2023, we had approximately \$209.1 million in cash and cash equivalents in our foreign subsidiaries, the majority of which reside in Canada, The Netherlands, New Zealand and Australia. Certain of these cash balances will be remitted to the U.S. by paying down intercompany payables generated in the ordinary course of business or through dividend distributions.

Off-Balance Sheet Arrangements

We have entered into off-balance sheet arrangements, which include guarantees and indemnifications. These arrangements are discussed in Note 16 to the Consolidated Financial Statements in Part II, Item 8 of this report. 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 financial condition, sales or expenses, results of operations, liquidity, capital expenditures or capital resources.

Acquisitions

Our strategy includes the possible acquisition of, or investments in, other businesses to expand or complement our operations or to add certain services capabilities. The magnitude, timing and nature of any future acquisitions or investments will depend on a number of factors, including the availability of suitable candidates, the negotiation of acceptable terms, our financial capabilities and general economic and business conditions. Financing for future transactions would result in the utilization of cash, incurrence of additional debt, issuance of stock or some combination of the three. See Note 20 to the Consolidated Financial Statements in Part II, Item 8 of this report for a discussion of our acquisitions of SADA in December 2023, Amdaris in August 2023 and Hanu in June 2022.

Inflation

We have historically not been adversely affected by inflation, as technological advances and competition within the IT industry have generally caused the prices of the products we sell to decline and product life cycles tend to be short. This requires our growth in unit sales to exceed

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

the decline in prices in order to increase our net sales. We believe that most price increases could be passed on to our clients, as prices charged by us are not set by long-term contracts; however, as a result of competitive pressure, there can be no assurance that the full effect of any such price increases could be passed on to our clients.

Critical Accounting Estimates

General

Our consolidated financial statements have been prepared in accordance with GAAP. For a summary of significant accounting policies, see Note 1 to the Consolidated Financial Statements in Part II, Item 8 of this report. 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 our estimates. Members of our senior management have discussed the critical accounting estimates and related disclosures with the Audit Committee of our Board of Directors.

We consider the following to be our critical accounting estimates used in the preparation of our consolidated financial statements:

Sales Recognition

Description

For each of our product and services offerings, the determination needs to be made as to whether we are the principal or the agent in the transaction. This determination leads to how the revenue for each offering is recognized, either gross, where we are the principal in the transaction, or net, where we are the agent in the transaction. This determination is made by assessing whether or not we control the product or service prior to delivery to the client.

Judgments and Uncertainties

If we take control of the product or service prior to delivery to the client, then we are the principal in the transaction. If we do not take control of the product or service prior to delivery to the client, we are the agent in the transaction. The determination of whether we take control of products or services prior to delivery to the client can be judgmental and depends upon the specific facts and circumstances for each transaction. Key assumptions used in our estimates for transactions where we have determined we are the agent are the consistency of transactions with multiple performance obligations and consistency of transactions involving security software. Based on our current methodology to recognize net sales, the amount of reported net sales is not highly sensitive to changes in these key assumptions. For example, a 5% change in one of our key assumptions would not materially affect our reported net sales.

Effect if actual results differ from assumptions

We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to recognize net sales. However, if actual results are not consistent with our estimates or assumptions, it could have a material effect on our reported net sales, timing of revenue recognition and our results of operations. We have not made any material changes in accounting methodology or key assumptions used to recognize net sales during the past three fiscal years. We have not made any material adjustments to our financial statements as a result of actual results not being consistent with our estimates in the past three fiscal years.

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

See Note 1 to the Consolidated Financial Statements in Part II, Item 8 of this report for further discussion of our accounting policies related to sales recognition and for a detailed description of our product and services offerings.

Partner Funding

Description

We receive payments and credits from partners, including consideration pursuant to volume sales incentive programs, volume purchase incentive programs and shared marketing expense programs. Partner funding received pursuant to volume sales incentive programs is recognized as it is earned as a reduction to costs of goods sold. Partner funding received pursuant to volume purchase incentive programs is allocated as a reduction to inventories based on the applicable incentives earned from each partner and is recorded in costs of goods sold as the related inventory is sold. Partner funding received pursuant to shared marketing expense programs is recorded as it is earned as a reduction of the related selling and administrative expenses in the period the program takes place if the consideration represents a reimbursement of specific, incremental, identifiable costs. Partner funding received pursuant to certain services delivered is recorded as services net sales. Consideration that exceeds the specific, incremental, identifiable costs is classified as a reduction of costs of goods sold.

Judgments and Uncertainties

We make period-end estimates about the anticipated achievement levels under the various partner programs in order to accrue amounts earned. These estimates and assumptions primarily include whether we have met key net sales targets under the various partner programs. Based on our current methodology to recognize partner funding, the amount of reported net sales and gross profit is not highly sensitive to changes in key assumptions around achievement levels. For example, a revised assessment of the achievement level for any individual partner program would not materially affect our reported net sales or gross profit.

Effect if actual results differ from assumptions

We have not made any material changes in the methodology or key assumptions used to evaluate estimates of anticipated achievement levels under individual partner programs during the past three fiscal years. We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to recognize partner funding. However, if our actual results are not consistent with our assumptions it could have a material effect on our results of operations and our cash flows. We have not made any material adjustments to our financial statements as a result of actual results for partner funding not being consistent with our estimates in the past three fiscal years.

See Note 1 to the Consolidated Financial Statements in Part II, Item 8 of this report for further discussion of our accounting policies related to partner funding.

Goodwill

Description

We perform an annual review of our goodwill in the fourth quarter of every year. We continually assess if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value and assess whether any indicators of impairment exist. Events or circumstances that could trigger an impairment review include a significant adverse change in legal factors or in the business climate, unanticipated competition, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, significant declines in our stock price for a sustained period or significant underperformance relative to expected historical or projected future cash flows or results of operations. Any adverse change in these

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

factors, among others, could have a significant effect on the recoverability of goodwill and could have a material effect on our consolidated financial statements.

Judgments and Uncertainties

We may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform a quantitative goodwill impairment test. Otherwise, the goodwill impairment test is not required. In completing a quantitative test for a potential impairment of goodwill, we compare the estimated fair value of each reporting unit in which the goodwill resides to its book value, including goodwill. Our reporting units are our operating segments.

Management must apply judgment in determining the reporting units and in estimating the fair value of our reporting units. Multiple valuation techniques can be used to assess the fair value of the reporting unit, including the market and income approaches. All of these techniques include the use of estimates and assumptions that are inherently uncertain. Changes in these estimates and assumptions could materially impact the determination of fair value or goodwill impairment, or both. These estimates and assumptions primarily include, but are not limited to, an appropriate control premium in excess of the market capitalization of the Company, future market growth, forecasted sales and costs and appropriate discount rates. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates.

Management evaluates the merits of each significant assumption, both individually and in the aggregate, used to determine the fair value of the reporting units. If the estimated fair value exceeds book value, goodwill is considered not to be impaired. If the carrying amount of the reporting unit exceeds its fair value, then an impairment charge is recognized for the amount by which the carrying value exceeds the fair value. To ensure the reasonableness of the estimated fair values of our reporting units, we perform a reconciliation of our total market capitalization to the estimated fair value of all of our reporting units. Based on qualitative assessments performed in most recent years a quantitative assessment has not been determined to be necessary for any of our reporting units. As such, the amount of reported goodwill is not sensitive to changes in key assumptions.

Effect if Actual Results Differ from Assumptions

We have not made any material changes in the methodology or key assumptions used to evaluate impairment of goodwill during the past three fiscal years. Our assessments in the past three fiscal years have been qualitative assessments and no quantitative assessments have been deemed necessary. Additionally, during the three years ended December 31, 2023, 2022 and 2021 we analyzed each of our reporting units and determined that no impairment charge was necessary.

Acquisition Accounting/Business Combinations

Description

We account for acquired businesses using the acquisition method of accounting, which requires that once control of a business is obtained, all of the assets acquired and liabilities assumed, be recorded at the date of acquisition at their respective fair values, or other basis as applicable. The excess purchase price over the estimated fair value of net assets acquired is recorded as goodwill.

We use various models to determine the value of assets acquired and liabilities assumed such as the cost method, market method, relief from royalty method, multi-period excess earnings and discounted cash flow methods. We engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets. We may adjust the preliminary purchase price

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

allocation, after the acquisition closing date and through the end of the measurement period of one year or less, as we finalize the valuation of acquired assets and liabilities.

Judgments and Uncertainties

Significant judgment is often required in estimating the fair value of assets acquired (particularly intangible assets), liabilities assumed, and contingent consideration. We make estimates and assumptions about projected future cash flows including net sales, gross margin, attrition rates, growth rates, and discount rates based on historical results, business plans, expected synergies, if any, perceived risk and marketplace data considering the perspective of marketplace participants. Based on our current methodology to estimate the fair value of assets acquired and liabilities assumed, the amount of intangible assets recognized in each business combination is not highly sensitive to changes in these key assumptions. For example, with the exception of the discount rate, a 5% change in one of our key assumptions would not materially affect our reported intangible assets balance.

Effect if Actual Results Differ from Assumptions

We have not made any material changes in the methodology or key assumptions used to evaluate the fair value of assets acquired and liabilities assumed during the past three fiscal years. While management believes the expectations and assumptions used in valuing assets acquired and liabilities assumed are reasonable, they are inherently uncertain. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions, which could then result in subsequent impairment. Any such impairment charges could have a material effect on our results of operations. We completed two business combinations in fiscal 2023 and one business combination in fiscal 2022. We have not made any material adjustments to our financial statements as a result of business combination key assumptions not being consistent with our estimates in the past three fiscal years.

See Notes 1 and 20 to the Consolidated Financial Statements in Part II, Item 8 of this report for further discussion of our accounting policies related to acquisition accounting and recent acquisitions.

Recently Issued Accounting Standards

The information contained in Note 1 to the Consolidated Financial Statements in Part II, Item 8 of this report concerning a description of recent accounting pronouncements, including our expected dates of adoption and the estimated effects on our results of operations and financial condition, is incorporated by reference herein.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information contained in Note 12 to the Consolidated Financial Statements in Part II, Item 8 of this report concerning a description of market risk management, including interest rate risk and foreign currency exchange risk, is incorporated by reference herein.

INSIGHT ENTERPRISES, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Item 8. *Financial Statements and Supplementary Data*

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Insight Enterprises, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Insight Enterprises, Inc. and subsidiaries (the Company) as of December 31, 2023 and December 31, 2022, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and December 31, 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 22, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for its convertible debt instrument in 2022 due to the adoption of the FASB's Accounting Standards Update No. 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by

communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of revenue recognition

As discussed in Note 1 to the consolidated financial statements, the Company recognizes revenue when it satisfies a performance obligation by transferring control of a product or service or by arranging for the sales of a vendor's product or service to a client. The Company measures revenue based on the consideration received in a contract with a client, and excludes any sales incentives and amounts collected on behalf of third parties. The Company offers hardware and software products, as well as services. Given the number of product and service offerings, significant judgment is exercised by the Company in recognizing revenue, including the following decisions:

- Determining the point in time when a customer takes control of hardware.
- Determining the point in time when the customer acquires or renews the right to use or copy software under license and control transfers to the customer.
- Evaluating the Company as either a principal or an agent for hardware and software products and services, and the related recognition of revenue from the customer on a gross or a net basis.
- Determining an appropriate pattern of revenue recognition for service performance obligations.

We identified the evaluation of revenue recognition as a critical audit matter because the audit effort to evaluate the Company's revenue recognition judgments, including those noted above, was extensive and required a high degree of auditor judgment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the revenue recognition process, including controls related to the timing and pattern of revenue recognition and gross versus net revenue recognition. As part of testing the Company's internal controls, we also involved information technology (IT) professionals with specialized skills and knowledge, who assisted in testing of general IT controls over significant systems and the evaluation of system interface controls and automated controls designed to determine the existence, accuracy, and completeness of revenue. We evaluated the Company's significant accounting policies related to its product and service offerings by reviewing the terms of certain vendor and customer contracts and comparing the policies to the revenue recognition standard. We selected a sample of revenue transactions and performed the following for each selection:

- Obtained evidence of a contract with the customer.
- Compared the amounts recognized and timing of revenue recognition to underlying documentation, including purchase orders, shipping documentation, and evidence of payment, if applicable.
- Evaluated the Company's application of their accounting policies to determine the timing and amount of revenue to be recognized.
- Tested the presentation of revenue as gross or net by comparing the Company's gross or net presentation to the attributes of the underlying vendor support and the Company's accounting policy.

/s/ KPMG LLP

We have served as the Company's auditor since 1990.

Phoenix, Arizona
February 22, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Insight Enterprises, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Insight Enterprises, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 22, 2024 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired SADA Systems, LLC during 2023, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, SADA Systems, LLC's internal control over financial reporting associated with approximately 15% of total assets as of December 31, 2023 and less than 1% of net sales for the year ended December 31, 2023 included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of SADA Systems, LLC.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ KPMG LLP

Phoenix, Arizona
February 22, 2024

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

	December 31,	
	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 268,730	\$ 163,637
Accounts receivable, net	3,568,290	3,272,371
Inventories	184,605	265,154
Contract assets, net	120,518	7,909
Other current assets	189,158	191,597
Total current assets	4,331,301	\$ 3,900,668
Long-term contract assets, net	132,780	—
Property and equipment, net	210,061	204,260
Goodwill	684,345	493,033
Intangible assets, net	369,687	204,998
Long-term accounts receivable	412,666	160,818
Other assets	145,510	148,804
	\$ 6,286,350	\$ 5,112,581
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable—trade	\$ 2,255,183	\$ 1,785,076
Accounts payable—inventory financing facilities	231,850	301,314
Accrued expenses and other current liabilities	538,346	433,789
Current portion of long-term debt	348,004	346,228
Total current liabilities	3,373,383	2,866,407
Long-term debt	592,517	291,672
Deferred income taxes	27,588	32,844
Long-term accounts payable	353,794	127,004
Other liabilities	203,335	156,586
	4,550,617	3,474,513
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; 32,590 and 34,009 shares issued and outstanding in 2023 and 2022, respectively	326	340
Additional paid-in capital	328,607	327,872
Retained earnings	1,448,412	1,368,658
Accumulated other comprehensive loss – foreign currency translation adjustments	(41,612)	(58,802)
Total stockholders' equity	1,735,733	1,638,068
	\$ 6,286,350	\$ 5,112,581

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,		
	2023	2022	2021
Net sales:			
Products	\$ 7,631,388	\$ 8,947,787	\$ 8,120,127
Services	1,544,452	1,483,404	1,315,986
Total net sales	9,175,840	10,431,191	9,436,113
Costs of goods sold:			
Products	6,859,178	8,111,252	7,380,908
Services	647,137	683,372	607,648
Total costs of goods sold	7,506,315	8,794,624	7,988,556
Gross profit:			
Products	772,210	836,535	739,219
Services	897,315	800,032	708,338
Gross profit	1,669,525	1,636,567	1,447,557
Operating expenses:			
Selling and administrative expenses	1,236,243	1,216,660	1,117,130
Severance and restructuring expenses, net	6,091	4,235	(1,634)
Acquisition and integration related expenses	7,396	1,972	—
Earnings from operations	419,795	413,700	332,061
Non-operating (income) expense:			
Interest expense, net	41,124	39,497	40,516
Other expense (income), net	817	(230)	(1,012)
Earnings before income taxes	377,854	374,433	292,557
Income tax expense	96,545	93,825	73,212
Net earnings	<u>\$ 281,309</u>	<u>\$ 280,608</u>	<u>\$ 219,345</u>
Net earnings per share:			
Basic	<u>\$ 8.53</u>	<u>\$ 8.04</u>	<u>\$ 6.27</u>
Diluted	<u>\$ 7.55</u>	<u>\$ 7.66</u>	<u>\$ 5.95</u>
Shares used in per share calculations:			
Basic	<u>32,991</u>	<u>34,903</u>	<u>35,011</u>
Diluted	<u>37,241</u>	<u>36,620</u>	<u>36,863</u>

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,		
	2023	2022	2021
Net earnings	\$ 281,309	\$ 280,608	\$ 219,345
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	17,190	(31,708)	(11,639)
Total comprehensive income	<u>\$ 298,499</u>	<u>\$ 248,900</u>	<u>\$ 207,706</u>

See accompanying notes to consolidated financial statements.

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

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Par Value	Shares	Amount				
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	215	2	—	—	(10,797)	—	—	(10,795)
Stock-based compensation expense	—	—	—	—	28,951	—	—	28,951
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	—	—	—	—	(1,882)	—	—	(1,882)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	17,190	—	17,190
Net earnings	—	—	—	—	—	—	281,309	281,309
Balances at December 31, 2023	32,590	\$ 326	—	\$ —	328,607	\$ (41,612)	\$ 1,448,412	\$ 1,735,733
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	220	2	—	—	(7,907)	—	—	(7,905)
Stock-based compensation expense	—	—	—	—	22,710	—	—	22,710
Repurchase of treasury stock	—	—	(1,109)	(107,922)	—	—	—	(107,922)
Retirement of treasury stock	(1,108)	(11)	1,109	107,922	(10,482)	—	(97,429)	—
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(31,708)	—	(31,708)
Net earnings	—	—	—	—	—	—	280,608	280,608
Balances at December 31, 2022	34,009	\$ 340	—	\$ —	327,872	\$ (58,802)	\$ 1,368,658	\$ 1,638,068
Balances at December 31, 2020	35,103	\$ 351	—	\$ —	364,288	\$ (15,455)	\$ 993,245	\$ 1,342,429
Issuance of common stock under employee stock plans, net of shares withheld for payroll taxes	291	3	—	—	(9,112)	—	—	(9,109)
Stock-based compensation expense	—	—	—	—	18,201	—	—	18,201
Repurchase of treasury stock	—	—	(497)	(50,000)	—	—	—	(50,000)
Retirement of treasury stock	(497)	(5)	497	50,000	(5,095)	—	(44,900)	—
Foreign currency translation adjustments, net of tax	—	—	—	—	—	(11,639)	—	(11,639)
Net earnings	—	—	—	—	—	—	219,345	219,345
Balances at December 31, 2021	34,897	\$ 349	—	\$ —	368,282	\$ (27,094)	\$ 1,167,690	\$ 1,509,227

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net earnings	\$ 281,309	\$ 280,608	\$ 219,345
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	62,476	56,614	55,421
Provision for losses on accounts receivable	6,879	6,066	7,862
Non-cash stock-based compensation	28,951	22,710	18,201
Deferred income taxes	(13,080)	(9,251)	11,858
Amortization of debt issuance costs	4,870	6,105	16,875
Other adjustments	(1,583)	2,035	(3,259)
Changes in assets and liabilities:			
Increase in accounts receivable	(11,892)	(406,370)	(289,009)
Decrease (increase) in inventories	75,729	53,711	(148,941)
Increase in contract assets	(13,840)	(3,152)	(4,757)
(Increase) decrease in long-term accounts receivable	(126,850)	(17,015)	11,750
Decrease (increase) in other assets	34,061	48,025	(25,093)
Increase in accounts payable	216,229	53,607	303,395
Increase (decrease) in long-term accounts payable	111,790	7,931	(18,454)
(Decrease) increase in accrued expenses and other liabilities	(35,518)	(3,518)	8,517
Net cash provided by operating activities:	<u>619,531</u>	<u>98,106</u>	<u>163,711</u>
Cash flows from investing activities:			
Proceeds from sale of assets	15,515	1,346	31,005
Purchases of property and equipment	(39,252)	(70,939)	(52,079)
Acquisitions, net of cash and cash equivalents acquired	(481,464)	(68,248)	—
Net cash used in investing activities:	<u>(505,201)</u>	<u>(137,841)</u>	<u>(21,074)</u>
Cash flows from financing activities:			
Borrowings on ABL revolving credit facility	4,587,596	4,678,212	3,953,496
Repayments on ABL revolving credit facility	(4,288,036)	(4,433,510)	(4,040,496)
Net repayments under inventory financing facilities	(70,408)	(8,307)	(14,355)
Repurchases of common stock	(217,108)	(107,922)	(50,000)
Earnout and acquisition related payments	(15,615)	—	—
Other payments	(13,141)	(14,466)	(10,030)
Net cash (used in) provided by financing activities:	<u>(16,712)</u>	<u>114,007</u>	<u>(161,385)</u>
Foreign currency exchange effect on cash, cash equivalents and restricted cash balances	7,449	(14,531)	(5,857)
Increase (decrease) in cash, cash equivalents and restricted cash	105,067	59,741	(24,605)
Cash, cash equivalents and restricted cash at beginning of period	<u>165,718</u>	<u>105,977</u>	<u>130,582</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 270,785</u>	<u>\$ 165,718</u>	<u>\$ 105,977</u>

See accompanying notes to consolidated financial statements.

INSIGHT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Operations and Summary of Significant Accounting Policies

Description of Business

We help our clients accelerate their digital journey to modernize their businesses 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 in multiple ways. Our company is organized in the following three operating segments, which are primarily defined by their related geographies:

<u>Operating Segment</u>	<u>Geography</u>
North America	United States ("U.S.") 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 consist largely of software and certain software-related services and cloud solutions.

Acquisitions

Effective December 1, 2023, we acquired SADA Systems, LLC ("SADA"), a provider of cloud consultancy and technical services, for a preliminary cash purchase price of approximately \$398,589,000, net of cash and cash equivalents acquired of \$24,701,000 and excluding the estimated fair value of earn outs, reported in other liabilities, with a range of payouts through 2027 of \$0 to \$390,000,000. The acquisition was funded through a combination of cash on hand and borrowings under our senior secured revolving credit facility (the "ABL facility").

Effective August 17, 2023, we acquired Amdaris Group Limited ("Amdaris"), a software development and digital services specialist, for a preliminary cash purchase price, net of cash and cash equivalents acquired, of approximately \$82,875,000, and excluding the estimated fair value of earn outs, reported in other liabilities, with a range of payouts through 2026 of \$0 to \$54,391,000.

Effective June 1, 2022, we acquired Hanu Software Solutions, Inc. and Hanu Software Solutions (India) Private Ltd. (collectively, "Hanu"), a global leading cloud technology services and solutions provider, for a cash purchase price, net of cash and cash equivalents acquired, of approximately \$68,248,000, excluding the earn out and hold backs for representations and warranties.

Our results of operations include the results of Hanu, Amdaris and SADA from their respective acquisition dates. (See Note 20 for a discussion of our acquisitions).

Principles of Consolidation and Presentation

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. Included in our accounts receivable, net balance at December 31, 2023 and 2022 is \$26,025,000 and \$11,069,000, respectively, of accounts receivable from an unconsolidated affiliate. References to "the Company," "Insight," "we," "us," "our" and other

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

similar words refer to Insight Enterprises, Inc. and its consolidated subsidiaries, unless the context suggests otherwise.

Certain amounts in the prior year's consolidated financial statements and related footnotes thereto have been reclassified to conform with the current year presentation.

Acquisition Accounting

The Company accounts for all business combinations using the acquisition method of accounting, which allocates the fair value of the purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes estimates and assumptions. Initial purchase price allocations are subject to revision within the measurement period, not to exceed one year from the date of acquisition. Acquisition-related expenses and transaction costs associated with business combinations are expensed as incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ("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 and contract assets, 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.

Cash, Cash Equivalents and Restricted Cash

We consider all highly liquid investments with maturities at the date of purchase of three months or less to be cash equivalents.

Book overdrafts represent the amount by which outstanding checks issued, but not yet presented to our banks for disbursement, exceed balances on deposit in applicable bank accounts and a legal right of offset with our positive cash balances in other financial institution accounts does not exist. Our book overdrafts, which are not directly linked to a credit facility or other bank overdraft arrangement, do not result in an actual bank financing, but rather constitute normal unpaid trade payables at the end of a reporting period. These amounts are included within our accounts payable balance in our consolidated balance sheets. The changes in these book overdrafts are included within the changes in accounts payable line item as a component of cash flows from operating activities in our consolidated statements of cash flows.

Restricted cash generally includes any cash that is restricted as to withdrawal or usage. These amounts are included with cash and cash equivalents on the consolidated statement of cash flows. All cash receipts/payments with third parties directly to/from restricted cash accounts are reported as an operating, investing or financing cash flow, based on the nature of the transaction.

Allowance for Doubtful Accounts Receivable

We establish an allowance for doubtful accounts to reflect our best estimate of probable losses inherent in our accounts receivable balance. The allowance is based on our evaluation of the aging of the receivables, historical write-offs and the current economic environment. We write off individual accounts against the reserve when we no longer believe that it is probable that we will collect the receivable because we become aware of a client's or partner's inability to meet its

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

financial obligations. Such awareness may be as a result of bankruptcy filings, or deterioration in the client's or partner's operating results or financial position.

Allowance for Contract Assets

We estimate our allowances for credit losses on contract assets using relevant available information from internal and external sources, related to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Probability of default rates are published quarterly by third-party credit agencies. Adjustments to our initial credit risk ratings may take into account various customer specific factors, including estimated loss given default, the locations in which the customer is operating and macroeconomic conditions. These adjustments result in our internal risk rating categorization as low, moderate or high, as disclosed in Note 2.

Inventories

We state inventories, principally purchased IT hardware, at the lower of weighted average cost (which approximates cost under the first-in, first-out method) or net realizable value. We evaluate inventories for excess, obsolescence or other factors that may render inventories unmarketable at normal margins. Write-downs are recorded so that inventories reflect the approximate net realizable value and take into account contractual provisions with our partners governing price protection, stock rotation and return privileges relating to obsolescence. Because of the large number of transactions and the complexity of managing the price protection and stock rotation process, estimates are made regarding write-downs of the carrying amount of inventories. Additionally, assumptions about future demand, market conditions and decisions by manufacturers/publishers to discontinue certain products or product lines can affect our decision to write down inventories.

Property and Equipment

We record property and equipment at cost. We capitalize major improvements and betterments, while maintenance, repairs and minor replacements are expensed as incurred. Depreciation or amortization is provided using the straight-line method over the following estimated economic lives of the assets:

	<u>Estimated Economic Life</u>
Leasehold improvements	Shorter of underlying lease term or asset life
Furniture and fixtures	2 – 7 years
Equipment	3 – 5 years
Software	3 – 10 years
Buildings	29 years

External direct costs of materials and services consumed in developing or obtaining internal-use computer software and payroll and payroll-related costs for teammates who are directly associated with and who devote time to internal-use computer software development projects, to the extent of the time spent directly on the project and specific to application development, are capitalized.

Reviews are regularly performed to determine whether facts and circumstances exist which indicate that the economic life is shorter than originally estimated or the carrying amount of assets may not be recoverable. When an indication exists that the carrying amount of long-lived assets may not be recoverable, we assess the recoverability of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Such impairment test is based on the lowest level for which identifiable cash flows are largely independent of the cash flows of other

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

groups of assets and liabilities. Impairment, if any, is based on the excess of the carrying amount over the estimated fair value of those assets.

Goodwill

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of net identified tangible and intangible assets acquired. Goodwill is tested for impairment at the reporting unit level on an annual basis in the fourth quarter and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. We may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform a quantitative goodwill impairment test. Otherwise, the goodwill impairment test is not required. The quantitative goodwill impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value. The Company has three reporting units, which are the same as our operating segments. Multiple valuation techniques would likely be used to assess the fair value of the reporting unit. These techniques include the use of estimates and assumptions that are inherently uncertain. Changes in these estimates and assumptions could materially affect the determination of fair value or goodwill impairment, or both.

Intangible Assets

We amortize finite lived intangible assets acquired in business combinations using the straight-line method over the estimated economic lives of the intangible assets from the date of acquisition.

We regularly perform reviews to determine if facts and circumstances exist which indicate that the economic lives of our intangible assets are shorter than originally estimated or the carrying amount of these assets may not be recoverable. When an indication exists that the carrying amount of intangible assets may not be recoverable, we assess the recoverability of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Such impairment test is based on the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. Impairment, if any, is based on the excess of the carrying amount over the estimated fair value of those assets.

Long-term Accounts Receivable and Contract Assets

We recognize long-term accounts receivable, including unbilled receivables, related to multi-year contracts when we have completed our performance obligations under the contract and where our right to receive consideration from the client is unconditional and based on the passage of time only.

We recognize long-term contract assets related to multi-year contracts when we have completed our performance obligations under the contract but do not have an unconditional right to receive consideration. When our right to consideration is contingent upon other factors, such as a client consuming future services under the contract we recognize a contract asset until our right to receive consideration becomes unconditional.

Leases

We determine if a contract or arrangement is, or contains, a lease at inception. Balances related to operating leases are included in other assets, other current liabilities, and other liabilities in our consolidated balance sheet. Balances related to financing leases are included in property and equipment, current portion of long-term debt, and long-term debt in our consolidated balance sheet. Right of use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

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

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. The operating lease ROU asset includes any prepaid lease payments and additional direct costs and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

Self-Insurance

We are self-insured in the U.S. for medical insurance up to certain annual stop-loss limits and workers' compensation claims up to certain deductible limits. We establish reserves for claims, both reported and incurred but not reported, using currently available information as well as our historical claims experience.

Treasury Stock

We record repurchases of our common stock as treasury stock at cost. We also record the subsequent retirement of these treasury shares at cost. The excess of the cost of the shares retired over their par value is allocated between additional paid-in capital and retained earnings. The amount recorded as a reduction of paid-in capital is based on the excess of the average original issue price of the shares over par value. The remaining amount is recorded as a reduction of retained earnings.

Sales Recognition

Revenue is measured based on the consideration specified in a contract with a client, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a product or service or by arranging for the sale of a vendor's products or service to a client.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a client, are excluded from revenue.

We record the freight we bill to our clients as product net sales and the related freight costs we pay as product costs of goods sold.

Nature of Goods and Services

We sell hardware and software products on both a stand-alone basis without any services and as solutions bundled with services.

When we provide a combination of hardware and software products with the provision of services, we separately identify our performance obligations under our contract with the client as the distinct goods (hardware and/or software products) or services that will be provided. The total transaction price for an arrangement with multiple performance obligations is allocated at contract inception to each distinct performance obligation in proportion to its stand-alone selling price. The stand-alone selling price is the price at which we would sell a promised good or service separately to a client. We estimate the price based on observable inputs, including direct labor hours and allocable costs, or use observable stand-alone prices when they are available.

Product Offerings

Hardware

We recognize hardware product revenue on a gross basis at the point in time when a client takes control of the hardware, which typically occurs when title and risk of loss have passed to the client at its destination. Our selling terms and conditions typically specify Free On Board ("F.O.B.") destination contractual terms such that control is transferred from the Company at the point in

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

time when the product is received by the client. The transaction price for hardware sales is adjusted for estimated product returns that we expect to occur under our return policy based upon historical return rates.

We leverage drop-shipment arrangements with many of our partners and suppliers to deliver products to our clients without having to physically hold the inventory at our warehouses, thereby increasing efficiency and reducing costs. We recognize revenue for drop-shipment arrangements on a gross basis as the principal in the transaction when the product is received by the client because we control the product prior to transfer to the client. In addition to other factors considered, we assume primary responsibility for fulfillment in the arrangement, we assume inventory risk if the product is returned by the client, we set the price of the product charged to the client and we work closely with our clients to determine their hardware specifications.

Bill and Hold Transactions

We offer a service to our customers whereby clients may purchase product that we procure on their behalf and, at our clients' direction, store the product in our warehouse for a designated period of time, with the intention of deploying the product to the clients' designated locations at a later date. These warehousing services are designed to help our clients with inventory management challenges associated with technology roll-outs, product that is moving to end of life, or clients needing integrated stock available for immediate deployment. The client is invoiced, title transfers to the client, and revenue is recognized upon receipt of the product at our warehouse. These product contracts are non-cancelable with customary credit terms beginning the date the product is received in our warehouse and the warranty periods begin on the date of invoice.

Software

We recognize revenue from software sales on a gross basis at the point in time when the client acquires the right to use or copy software under license and control transfers to the client. For renewals, revenue is recognized upon the commencement of the software license agreement or when the renewal term begins, as applicable.

A substantial portion of the software licenses we sell are perpetual software licenses and do not require renewal or extension after their initial purchase by the client. Such perpetual licenses are periodically subject to true-up, whereby additional perpetual licenses are sold under the client's pre-existing master agreement. Such true-ups are generally sold in arrears, and clients are invoiced for the additional licenses they had already been utilizing. Since the client already possessed copies of the licensed software prior to the true-up, software revenue related to the underlying additional licenses is recognized when we agree to the true-up with our client and the partner.

For sales transactions for certain security software products that are sold with integral third-party delivered software maintenance, we record the software license on a net basis, as the agent in the arrangement.

Services Offerings

Software Maintenance

Software maintenance agreements provide our clients with the right to obtain any software upgrades, bug fixes and help desk and other support services directly from the software publisher at no additional charge during the term of the software maintenance agreements. We act as the software publisher's agent in selling these software maintenance agreements and do not assume any performance obligation to the client under the agreements. As a result, we are the agent in these transactions and these sales are recorded on a net sales recognition basis. Under net sales recognition, the cost of the software maintenance agreement is recorded as a reduction to sales, resulting in net sales equal to the gross profit on the transaction, and there are no costs of goods sold. Because we are acting as the software publisher's agent, revenue is recognized

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

when the parties agree to the initial purchase, renewal or extension as our agency services are then complete. We report all fees earned from activities reported net within our services net sales category in our consolidated statements of operations.

Vendor Direct Support Services Contracts

Clients may purchase a vendor direct support services contract through us. Under these contracts, our clients call the manufacturer/publisher or its designated service organization directly for both the initial technical triage and any follow-up assistance. We act as the manufacturer/publisher's agent in selling these support service contracts and do not assume any performance obligation to the client under the arrangements. As a result, these sales are recorded on a net sales recognition basis similar to software maintenance agreements, as discussed above. Because we are acting as the agent, revenue is recognized when the parties agree to the purchase of the support services contract as our agency services are then complete.

Cloud / Software-as-a-Service Offerings

Cloud or software-as-a-service ("SaaS") subscription products provide our clients with access to software products hosted in the public cloud without the client taking possession of the software. We act as the agent in selling these software-as-a service subscription products. We do not take control of the software products or assume any performance obligations to the clients related to the provisioning of the offerings in the cloud. As a result, these sales are recorded on a net sales recognition basis. We report all fees earned from activities recognized net within our services net sales category in our consolidated statements of operations. Because we are acting as the agent in the transaction, revenue is recognized when the parties agree to the purchase of the cloud or SaaS offerings as our agency services are then complete. Often, these agency fees are based on end-client usage and therefore are variable throughout the term of the service contract. Where this variable consideration is uncertain, we recognize our agency revenue to the extent that a significant reversal will not occur.

Insight Delivered Services

We design, procure, deploy, implement and manage solutions that combine hardware, software and services to help businesses run smarter. Such services are provided by us or third-party sub-contract vendors as part of bundled arrangements, or are provided separately on a stand-alone basis as technical, consulting or managed services engagements. If the services are provided as part of a bundled arrangement with hardware and software, the hardware, software and services are generally distinct performance obligations. In general, we recognize revenue from services engagements as we perform the underlying services and satisfy our performance obligations.

We recognize revenue from sales of services by measuring progress toward complete satisfaction of the related service performance obligation. Billings for such services that are made in advance of the related revenue recognized are recorded as a contract liability.

Specific revenue recognition practices for certain of our services offerings are described in further detail below.

Time and Materials Services Contracts

We recognize revenue for professional services engagements that are on a time and materials basis based upon hours incurred for the performance completed to date for which we have the right to consideration, even if such amounts have not yet been invoiced as of period end.

Fixed Fee Services Contracts

We recognize revenue on fixed fee professional services contracts using a proportional performance method of revenue recognition based on the ratio of direct labor and other allocated costs incurred to total estimated direct labor and other allocated costs.

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

OneCall Support Services Contracts

When we sell certain hardware and/or software products to our clients, we also enter into service contracts with them. These contracts are support service agreements for the hardware and/or software products that were purchased from us. Under certain support services contracts, although we purchase third-party support contracts for maintenance on the specific hardware or software products we have sold, our internal support desk assists the client first by performing an initial technical triage to determine the source of the problem and whether we can direct the client on how to fix the problem. We refer to these services as "OneCall." We act as the principal in the transaction because we perform the OneCall services over the term of the support service contract and we set the price of the service charged to the client. As a result, we recognize revenue from OneCall extended service contracts on a gross sales recognition basis. We recognize the revenue ratably over the contract term of the stand ready obligation, generally one to three years.

On our consolidated balance sheet, a significant portion of our contract liabilities balance relates to OneCall support services agreements for which clients have paid or have been invoiced but for which we have not yet recognized the applicable services revenue. We also defer incremental direct costs to fulfill our service contracts that we prepay to third parties for direct support of our fulfillment of the service contract to our clients under our contract terms and amortize them into operations over the term of the contracts.

Third-party Provided Services

A majority of our third-party sub-contractor services contracts are entered into in conjunction with other services contracts under which the services are performed by Insight teammates. We have concluded that we control all services under the contract and can direct the third-party sub-contractor to provide the requested services. As such, we act as the principal in the transaction and record the services under a gross sales recognition basis, with the selling price being recorded in sales and our cost to the third-party service provider being recorded in costs of goods sold. For certain third-party service contracts in which we do not control the services prior to transferring to our clients because we are not responsible for fulfillment of the services, we have concluded that we are an agent in the transaction and record revenue on a net sales recognition basis.

Costs of Goods Sold

Costs of goods sold include product costs, direct costs incurred associated with delivering services, outbound and inbound freight costs and provisions for inventory reserves. These costs are reduced by provisions for supplier discounts and certain payments and credits received from partners, as described under "Partner Funding" below.

Selling and Administrative Expenses

Selling and administrative expenses include salaries and wages for teammates who are not directly associated with delivering services, bonuses and incentives, stock-based compensation expense, employee-related expenses, facility-related expenses, marketing and advertising expense, reduced by certain payments and credits received from partners related to shared marketing expense programs, as described under "Partner Funding" below, depreciation of property and equipment, professional fees, amortization of intangible assets, provisions for losses on accounts receivable and other operating expenses.

Partner Funding

We receive payments and credits from partners, including consideration pursuant to volume sales incentive programs, volume purchase incentive programs and shared marketing expense programs. Partner funding received pursuant to volume sales incentive programs is recognized as it is earned as a reduction to costs of goods sold. Partner funding received pursuant to volume purchase incentive programs is allocated as a reduction to inventories based on the applicable incentives earned from each partner and is recorded in cost of goods sold as the related

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

inventory is sold. Partner funding received pursuant to shared marketing expense programs is recorded as it is earned as a reduction of the related selling and administrative expenses in the period the program takes place if the consideration represents a reimbursement of specific, incremental, identifiable costs. Consideration that exceeds the specific, incremental, identifiable costs is classified as a reduction of costs of goods sold. The amount of partner funding recorded as a reduction of selling and administrative expenses in our statements of operations totaled \$122,638,000, 128,153,000 and 103,447,000 in 2023, 2022 and 2021, respectively.

Concentrations of Risk

Credit Risk

Although we are affected by the international economic climate, management does not believe material credit risk concentration existed at December 31, 2023. We monitor our clients' financial condition and do not require collateral. No single client accounted for more than 10% of our consolidated net sales in 2023.

Partner Risk

Purchases from Microsoft and TD Synnex accounted for approximately 27% and 12%, respectively, of our aggregate purchases in 2023. No other partner accounted for more than 10% of purchases in 2023. Our top five partners as a group for 2023 were Microsoft, TD Synnex (a distributor), Cisco Systems, Ingram Micro (a distributor) and Dell, and approximately 60% of our total purchases during 2023 came from this group of partners. Although brand names and individual products are important to our business, we believe that competitive sources of supply are available in substantially all of our product categories such that, with the exception of Microsoft, we are not dependent on any single partner for sourcing products.

Advertising Costs

Advertising costs are expensed as they are incurred. Advertising expense of \$81,959,000, \$88,667,000 and \$66,375,000 was recorded in 2023, 2022 and 2021, respectively. These amounts were predominantly offset by partner funding earned pursuant to shared marketing expense programs recorded as a reduction of selling and administrative expenses, as discussed in "Partner Funding" above.

Stock-Based Compensation

Stock-based compensation is measured based on the fair value of the award on the date of grant and the corresponding expense is recognized over the period during which an employee is required to provide service in exchange for the reward. Stock-based compensation expense is classified in the same line item of our consolidated statements of operations as other payroll-related expenses specific to the employee. Compensation expense related to service-based restricted stock units ("RSUs") is recognized on a straight-line basis over the requisite service period for the entire award. Compensation expense related to performance-based RSUs is recognized on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards (i.e., a graded vesting basis). Forfeitures are recognized as they occur.

Foreign Currencies

We use the U.S. dollar as our reporting currency. The functional currencies of our foreign subsidiaries are typically the local currencies. Accordingly, assets and liabilities of the subsidiaries are translated into U.S. dollars at the exchange rate in effect at the balance sheet dates. Income and expense items are translated at the average exchange rate for each month within the year. The resulting translation adjustments are recorded directly in accumulated other comprehensive income, net of tax – foreign currency translation adjustments as a separate component of stockholders' equity. Net foreign currency transaction gains/losses, including transaction gains/losses on intercompany balances that are not of a long-term investment nature and non-functional

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

currency cash balances, are reported in other expense (income), net within non-operating (income) expense in our consolidated statements of operations.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable earnings in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

We recognize net deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Interest and penalties related to unrecognized tax benefits are recognized within the income tax expense line in our consolidated statements of operations. Accrued interest and penalties are included within the related tax liability line in our consolidated balance sheets.

Contingencies

From time to time, we are subject to potential claims and assessments from third parties. We are also subject to various government agency, client and partner audits. We continually assess whether or not such claims have merit and warrant accrual. An accrual is made if it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Such estimates are subject to change and may affect our results of operations and our cash flows.

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

Net Earnings Per Share ("EPS")

Basic EPS is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during each year. 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 RSUs and certain shares underlying our outstanding convertible senior notes (the "Notes") and the warrants relating to the Call Spread Transactions (as defined in Note 8), as applicable.

A reconciliation of the denominators of the basic and diluted EPS calculations follows (in thousands, except per share data):

	Years Ended December 31,		
	2023	2022	2021
Numerator:			
Net earnings	\$ 281,309	\$ 280,608	\$ 219,345
Denominator:			
Weighted-average shares used to compute basic EPS	32,991	34,903	35,011
Dilutive potential common shares due to:			
Dilutive RSUs, net of tax effect	288	251	399
Convertible senior notes	2,619	1,466	1,453
Warrants	1,343	—	—
Weighted-average shares used to compute diluted EPS	37,241	36,620	36,863
Net earnings per share:			
Basic	\$ 8.53	\$ 8.04	\$ 6.27
Diluted	\$ 7.55	\$ 7.66	\$ 5.95

For the years ended December 31, 2023, 2022 and 2021, approximately 54,000, 39,000 and 2,000, respectively, of our RSUs were excluded from the diluted EPS calculations because their inclusion would have been anti-dilutive. These share-based awards could be dilutive in the future. For the years ended December 31, 2022, and 2021, certain potential outstanding shares from the warrants relating to the Call Spread Transactions were excluded from the diluted EPS calculations because their inclusion would have been anti-dilutive.

Recently Issued Accounting Standards

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. The amendments aim to improve interim disclosure requirements, clarify situations where an entity can reveal multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and include other disclosure requirements. The main objective of the amendments is to assist investors in understanding the entity's overall performance and evaluate potential future cash flows. The guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024 with early adoption being permitted. We adopted this standard effective January 1, 2024 and it did not have a material effect on the Company's consolidated financial statements or disclosures.

In September 2022, the FASB issued ASU No. 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50)". This standard is intended to address requests from stakeholders

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

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.

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers", which clarifies how to properly account for deferred revenue in a business combination. The amendments require an acquirer to use the guidance in ASC 606, Revenue from Contracts with Customers, rather than using fair value, when recognizing and measuring contract assets and contract liabilities related to customer contracts assumed in a business combination. The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company adopted this standard effective January 1, 2023 and the adoption did not have a material effect on the Company's consolidated financial statements or disclosures.

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

The Company adopted this standard effective January 1, 2022, using the modified retrospective approach. Therefore, financial statements for the year ended December 31, 2022 and forward are presented under the new standard, while the comparative period is not adjusted and is reported in accordance with the Company's previous method of accounting. The adoption of ASU 2020-06 significantly impacted our consolidated statements of operations and consolidated balance sheet as we no longer report accreted interest on the Notes. The cumulative effect adjustment from prior periods that we recognized in our consolidated balance sheet as adjustments to reduce additional paid in capital and increase retained earnings were \$44,731,000 and \$17,789,000, respectively. Had we followed the prior method of accounting for the year ended December 31, 2022, reported basic and diluted EPS would decrease by \$0.24 and \$0.22, respectively, from \$8.04 and \$7.66, respectively, to \$7.80 and \$7.44, respectively.

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

(2) Receivables, Contract Assets, Contract Liabilities and Performance Obligations

Contract Balances

The following table provides information about receivables and contract liabilities as of December 31, 2023 and 2022 (in thousands):

	December 31,	
	2023	2022
Current receivables, which are included in "Accounts receivable, net"	\$ 3,568,290	\$ 3,272,371
Contract assets, net	120,518	7,909
Long-term accounts receivable	412,666	160,818
Long-term contract assets	\$ 132,780	\$ —
Contract liabilities, which are included in "Accrued expenses and other current liabilities" and "Other liabilities"	\$ 107,217	\$ 102,057

Significant changes in the contract assets balances during the years ended December 31, 2023 and 2022 are as follows (in thousands):

	Contract Assets
Balances at December 31, 2021	\$ 4,757
Reclassification of beginning contract assets to receivables, as a result of rights to consideration becoming unconditional	(4,757)
Contract assets recognized, net of reclassification to receivables	7,909
Balances at December 31, 2022	\$ 7,909
Contract assets acquired through business combination	246,666
Reclassification of beginning contract assets to receivables, as a result of rights to consideration becoming unconditional	(33,638)
Contract assets recognized, net of reclassification to receivables	51,350
Balances at December 31, 2023	<u>\$ 272,287</u>

Contract assets consist of amounts the Company is entitled to for the resale of third-party consumption-based services, prior to payment becoming unconditional. In these transactions, the Company invoices clients for the gross amount of consideration it is responsible to collect,

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

including amounts ultimately passed on to the third-party service providers. As of December 31, 2023 contract assets, net of allowances, were \$253,298,000.

Gross contract assets by our internal risk ratings as of December 31, 2023 are summarized as follows (in thousands):

	Contract assets
Low risk	\$ 46,280
Moderate risk	56,850
High risk	169,157
Total contract assets	<u>\$ 272,287</u>

Significant changes in the liabilities balances during the years ended December 31, 2023 and 2022 are as follows (in thousands):

	Contract Liabilities
Balances at December 31, 2021	\$ 116,067
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligations satisfied	(77,334)
Cash received in advance and not recognized as revenue	63,324
Balances at December 31, 2022	\$ 102,057
Reclassification of the beginning contract liabilities to revenue, as the result of performance obligations satisfied	(67,351)
Cash received in advance and not recognized as revenue	72,511
Balances at December 31, 2023	<u>\$ 107,217</u>

Transaction price allocated to the remaining performance obligations

The following table includes estimated net sales related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2023 that are expected to be recognized in the future (in thousands):

	Services
2024	\$ 94,689
2025	33,174
2026	17,538
2027 and thereafter	7,543
Total remaining performance obligations	<u>\$ 152,944</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 December 31, 2023 and do not disclose

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

information about related remaining performance obligations in the table above. Our open time and material contracts at December 31, 2023, have an average expected duration of 24 months.

The majority of our product 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 as of December 31, 2023, in the table above.

Assets recognized for costs of obtaining a contract with a customer

Sales commissions are the only significant incremental costs incurred to obtain contracts with our clients. The majority of our contracts are completed within a one-year performance period, and for contracts with a specified term of one year or less, we recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that we otherwise would have recognized is one year or less. We record sales commissions on contracts with performance periods that exceed one year as an asset and amortize the asset to expense over the related contract performance period. As of December 31, 2023 and 2022, the related asset balance was \$11,892,384 and \$13,478,732, respectively. The expense is expected to be recognized over the next 57 months.

(3) Assets Held for Sale

During 2023, we completed the sale of our properties in Montreal, Canada and Sheffield, United Kingdom for the total net proceeds of approximately \$15,476,000. During 2022, we had no assets held for sale.

(4) Property and Equipment

Property and equipment consist of the following (in thousands):

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Software	156,952	161,943
Buildings	109,639	98,228
Equipment	56,051	54,110
Furniture and fixtures	40,738	40,700
Leasehold improvements	28,077	26,065
Land	38,195	38,195
	<u>429,652</u>	<u>419,241</u>
Accumulated depreciation and amortization	(219,591)	(214,981)
Property and equipment, net	<u><u>210,061</u></u>	<u><u>204,260</u></u>

Depreciation and amortization expense related to property and equipment was \$26,245,000, \$23,722,000 and \$23,376,000 in 2023, 2022 and 2021, respectively.

Included within the buildings and equipment values presented above for 2023 are assets in the process of being readied for use in the amounts of approximately \$11,200,000 and \$1,500,000, respectively. Included within the software and buildings values presented above for 2022 are assets in the process of being readied for use in the amounts of approximately \$3,532,000 and \$3,346,000, respectively. Depreciation on these assets will commence, as appropriate, when they are ready for use and placed in service.

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

(5) Goodwill

The changes in the carrying amount of goodwill for the year ended December 31, 2023 are as follows (in thousands):

	North America	EMEA	APAC	Consolidated
Goodwill	\$ 727,013	\$ 169,174	\$ 20,993	\$ 917,180
Accumulated impairment losses	(323,422)	(151,439)	(13,973)	(488,834)
Goodwill acquired during 2022	69,923	—	—	69,923
Measurement period adjustments during 2022	—	—	—	—
Foreign currency translation adjustment	(2,991)	(1,748)	(497)	(5,236)
Balance at December 31, 2022	\$ 470,523	\$ 15,987	\$ 6,523	\$ 493,033
Goodwill acquired during 2023	117,022	71,698	—	188,720
Foreign currency translation adjustment	1,338	1,163	91	2,592
Balance at December 31, 2023	\$ 588,883	\$ 88,848	\$ 6,614	\$ 684,345

On December 1, 2023, we acquired SADA, which is reported in our North America business. Under the acquisition method of accounting, the preliminary purchase price for the acquisition was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over fair value of net assets acquired of approximately \$117,022,000 was recorded as goodwill in the North America reporting unit. The primary driver for this acquisition was to strengthen our ability to benefit from the growing trend of multicloud adoption, and to accelerate our progress toward our strategic objective of growing cloud services and solutions.

On August, 17, 2023 we acquired Amdaris, which is reported in our EMEA business. Under the acquisition method of accounting, the preliminary purchase price for the acquisition was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over fair value of net assets acquired of approximately \$71,698,000 was recorded as goodwill in the EMEA reporting unit. The primary driver for this acquisition was to expand our capacity to deliver services to support clients' digital transformation initiatives in EMEA.

On June, 1, 2022 we acquired Hanu, which is reported in our North America business. Under the acquisition method of accounting, the purchase price for the acquisition was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over fair value of net assets acquired of approximately \$69,923,000 was recorded as goodwill in the North America reporting unit.

During 2023, we periodically assessed whether any indicators of impairment existed which would require us to perform an interim impairment review. As of each interim period end during the year, we concluded that a triggering event had not occurred that would more likely than not reduce the fair value of our reporting units below their carrying values. We performed our annual test of goodwill for impairment during the fourth quarter of 2023. The results of the qualitative goodwill impairment test indicated that the fair values of our North America, EMEA and APAC reporting units were in excess of their respective carrying values.

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

(6) Intangible Assets

Intangible assets consist of the following (in thousands):

	December 31,	
	2023	2022
Customer relationships	\$ 501,831	\$ 338,755
Other	43,319	8,540
	545,150	347,295
Accumulated amortization	(175,463)	(142,297)
Intangible assets, net	\$ 369,687	\$ 204,998

During 2023, we periodically assessed whether any indicators of impairment existed related to our intangible assets. As of each interim period end during the year, we concluded that a triggering event had not occurred that would more likely than not reduce the fair value of our intangible assets below their carrying values.

Amortization expense recognized in 2023, 2022 and 2021 was \$36,231,000, \$32,892,000 and \$32,045,000, respectively.

Future amortization expense for the remaining unamortized balance as of December 31, 2023 is estimated as follows (in thousands):

Years Ending December 31,	Amortization Expense
2024	\$ 59,644
2025	59,343
2026	57,804
2027	37,690
2028	36,264
Thereafter	118,942
Total amortization expense	\$ 369,687

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

(7) Accounts Payable - Inventory Financing Facilities

We have entered into agreements with financial intermediaries to facilitate the purchase of inventory from various suppliers under certain terms and conditions, as described below. The amounts outstanding under these facilities are classified separately as accounts payable - inventory financing facilities in the accompanying consolidated balance sheets.

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. As of December 31, 2023, our combined inventory financing facilities had a total maximum capacity of \$705,000,000, of which \$231,850,000 was outstanding.

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. We impute interest on the average daily balance outstanding during these stated vendor terms based on our incremental borrowing rate during the period. Imputed interest of \$13,276,000, \$15,523,000 and \$15,292,000 was recorded in 2023, 2022 and 2021, respectively.

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

(8) Debt, Finance Leases and Other Financing Obligations

Debt

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

	December 31,	
	2023	2022
ABL revolving credit facility	\$ 591,500	\$ 291,599
Convertible senior notes due 2025	347,988	346,199
Finance leases and other financing obligations	1,033	102
	940,521	637,900
Less: current portion of long-term debt	(348,004)	(346,228)
Long-term debt	\$ 592,517	\$ 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 provides for an uncommitted first-in, last-out revolving facility in an aggregate amount of up to \$100,000,000. The ABL facility matures on July 22, 2027. As of December 31, 2023, eligible accounts receivable and inventory were sufficient to permit availability to \$1,709,888,000 of the full \$1,800,000,000 facility amount, of which \$591,500,000 was outstanding.

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. Amounts outstanding under the ABL facility bear interest, payable quarterly, at a floating rate equal to SOFR, EURIBOR, AUD Rate, or SONIA, as applicable, plus a pre-determined spread of 1.25% to 1.50%. The floating interest rate applicable at December 31, 2023 was 6.69% per annum for the ABL facility. In addition, we pay a quarterly commitment fee on the unused portion of the facility of 0.25%, and our letter of credit participation fee ranges from 1.25% to 1.50%. During 2023, weighted average borrowings under our ABL facility were \$362,557,000. Interest expense associated with the ABL facility was \$30,116,000, \$21,362,000 and \$11,065,000 in 2023, 2022 and 2021, respectively, including the commitment fee and amortization of deferred financing fees.

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.

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

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 any five 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 fourth quarter of 2023 and as such, the Notes are convertible at the option of the holders through March 31, 2024. The Notes are convertible at the option of the holders at December 31, 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 December 31, 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.

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

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

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

The Notes are subject to certain customary events of default and acceleration clauses. As of December 31, 2023, no such events have occurred.

The Notes consist of the following balances reported within the consolidated balance sheet as of December 31, 2023 and 2022 (in thousands):

	December 31,	
	2023	2022
Liability:		
Principal	\$ 350,000	\$ 350,000
Less: debt issuance costs, net of accumulated amortization	(2,012)	(3,801)
Net carrying amount	\$ 347,988	\$ 346,199

The following table summarizes the interest expense components resulting from the Notes reported within the consolidated statement of operations for the years ended December 31, 2023 and 2022 (in thousands):

	December 31,		
	2023	2022	2021
Contractual coupon interest	\$ 2,625	\$ 2,625	\$ 2,625
Amortization of debt discount	\$ —	\$ —	\$ 10,702
Amortization of debt issuance costs	\$ 1,789	\$ 1,789	\$ 1,422

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

The remaining life of the debt issuance cost accretion is approximately 1.12 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 years ended December 31, 2023, 2022 and 2021 is made up of contractual coupon interest and amortization of debt issuance costs.

Convertible Note Hedge and Warrant Transaction

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

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

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

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

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.

Finance Leases and Other Financing Obligations

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

The current and long-term portions of our other financing obligations are included in the current and long-term portions of long-term debt in the table above and in our consolidated balance sheets as of December 31, 2023 and 2022.

(9) Leases

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

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

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

The following table provides information about the financial statement classification of our lease balances reported within the consolidated balance sheets as of December 31, 2023 and December 31, 2022 (in thousands):

Leases	Classification	December 31,	
		2023	2022
Assets			
Operating lease assets	Other assets	\$ 84,956	\$ 76,160
Finance lease assets	Property and equipment ^(a)	—	59
Total lease assets		\$ 84,956	\$ 76,219
Liabilities			
Current			
Operating lease liabilities	Accrued expenses and other current liabilities	\$ 20,582	\$ 19,213
Finance lease liabilities	Current portion of long-term debt	—	28
Non-current			
Operating lease liabilities	Other liabilities	71,033	63,324
Total lease liabilities		\$ 91,615	\$ 82,565

(a) Recorded net of accumulated amortization of \$48,000 as of December 31, 2022.

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

The following table provides information about the financial statement classification of our lease expenses reported within the consolidated statement of operations for the years ended December 31, 2023 and 2022 (in thousands):

Lease cost	Classification	December 31,	
		2023	2022
Operating lease cost ^(a)	Selling and administrative expenses	\$ 24,054	\$ 23,986
Finance lease cost			
Amortization of leased assets	Selling and administrative expenses	16	29
Interest on lease liabilities	Interest expense, net	—	2
Total lease cost		\$ 24,070	\$ 24,017

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

Future minimum lease payments under non-cancelable leases as of December 31, 2023 are as follows (in thousands):

	Operating leases
2024	\$ 23,811
2025	20,084
2026	17,113
2027	13,818
2028	10,161
After 2028	17,386
Total lease payments	102,373
Less: Interest	(10,758)
Present value of lease liabilities	\$ 91,615

The following table provides information about the remaining lease terms and discount rates applied as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
Weighted average remaining lease term (years):		
Operating leases	5.46	5.67
Finance leases	—	0.75
Weighted average discount rate (%):		
Operating leases	4.21	3.49
Finance leases	—	1.49

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

The following table provides other information related to leases for the years ended December 31, 2023 and 2022 (in thousands):

	December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 24,088	\$ 23,674
Leased assets obtained in exchange for new operating lease liabilities ^(a)	28,675	22,725

(a) Includes operating lease assets acquired as part of the Amdaris and SADA acquisitions of \$2,881,000 and \$2,032,000, respectively.

(10) Stock-Based Compensation

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

	Years Ended December 31,		
	2023	2022	2021
North America	\$ 22,069	\$ 17,822	\$ 13,699
EMEA	5,557	3,960	3,844
APAC	1,325	928	658
Total Consolidated	<u>\$ 28,951</u>	<u>\$ 22,710</u>	<u>\$ 18,201</u>

Company Plan

On April 3, 2020, our Board of Directors adopted and approved the new Insight Enterprises, Inc. 2020 Omnibus Plan (the "Plan"), subject to stockholder approval. The Plan was approved by our stockholders at our 2020 annual meeting on May 20, 2020 and, unless sooner terminated, will remain in place until May 20, 2030. The Plan allows the Company to grant options, stock appreciation rights, stock awards, restricted stock, stock units (which may also be referred to as "restricted stock units" or "RSUs"), performance shares, performance units, cash-based awards and other awards payable in cash or shares of common stock to eligible non-employee directors, employees and consultants. Consultants and independent contractors are eligible if they provide bona fide services that are not related to capital raising or promoting or maintaining a market for the Company's stock.

We grant service-based RSUs and performance-based RSUs to officers and certain employees under the Plan. RSUs generally vest over a two to four year vesting period, while performance-based RSUs are also subject to the achievement of pre-established annual financial and/or strategic performance goals.

Beginning in February 2022, we also granted performance-based RSUs based on a relative total shareholder return ("rTSR") metric to officers and certain employees under the Plan. The number of rTSR performance-based RSUs expected to be received at vesting will range from 0% to 200% of target, based on the Company's total shareholder return as compared to a group of peer companies over a three-year performance period. The Monte Carlo Simulation model is used to determine the fair value at grant date.

In 2023, we granted performance-based RSUs to our officers and certain employees (the "Ambition" grant). The number of RSUs granted was based on an INA Adjusted EFO margin financial metric, some of which also have an Absolute TSR ("aTSR") multiplier applied to the number of shares granted. These performance-based RSUs will be received at vesting, and their amount will range from 0% to 100% of the target, with a multiplier of up to 300% applied to

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

certain grants. The performance period for these grants is from January 1, 2023, to December 31, 2024. Additionally, the performance-based RSUs based on the aTSR multiplier will vest 50% on the two-year anniversary of the grant, and the remaining 50% will vest on the three-year anniversary of the grant date.

The Company previously adopted the Amended Insight Enterprises, Inc. 2007 Omnibus Plan (the "Prior Plan"). The Prior Plan was approved by our stockholders on May 18, 2011 at our 2011 annual meeting. The Prior Plan shall remain in effect until all awards granted under the Prior Plan have been exercised, forfeited or cancelled or have otherwise expired or terminated. Any shares that remain outstanding or otherwise become available under the terms of the Prior Plan following the date the Plan is approved by the Company's stockholders shall become available for issuance under the Plan. No further awards will be made under the Prior Plan.

The Plan is administered by the Compensation Committee of Insight's Board of Directors, and, except as provided below, the Compensation Committee has the exclusive authority to administer the Plan, including the power to determine eligibility, the types of awards to be granted, the price and the timing of awards. Under the Plan, the Compensation Committee may delegate some of its authority to our Chief Executive Officer to grant awards to individuals other than individuals who are subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended. As of December 31, 2023, there are 1,975,445 shares of common stock available for grant under the Plan out of the 2,200,747 shares of common stock that were reserved and made available for grant under the Plan.

Accounting for Restricted Stock Units

We issue RSUs as incentives to certain officers and teammates and as compensation to members of our Board of Directors. We recognize compensation expense associated with the issuance of such RSUs over the vesting period for each respective RSU. The total compensation expense associated with RSUs represents the value based upon the number of RSUs awarded multiplied by the closing price of our common stock on the date of grant. The number of RSUs to be awarded under our service-based RSUs is fixed at the grant date. The number of RSUs ultimately awarded under our performance-based RSUs varies based on whether the Company achieves certain financial results. We record compensation expense each period based on our estimate of the most probable number of RSUs that will be issued under the grants of performance-based RSUs. Recipients of RSUs do not have voting or dividend rights until the vesting conditions are satisfied and shares are released.

As of December 31, 2023, total compensation cost related to nonvested RSUs not yet recognized is \$47,000,000, which is expected to be recognized over the next 0.94 years on a weighted-average basis.

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

The following table summarizes our RSU activity during 2023:

	<u>Number</u>	<u>Weighted Average Grant Date Fair Value</u>	<u>Fair Value</u>
Nonvested at the beginning of year	643,660	\$ 86.53	
Service-based RSUs granted	183,781	\$ 132.49	
Performance-based RSUs granted	34,080	\$ 130.62	
Performance-based RSUs (rTSR) granted	33,506	\$ 206.08	
Performance-based RSUs - Ambition granted	110,561	\$ 169.75	
Vested, including shares withheld to cover taxes	(294,686)	\$ 78.05	<u>\$ 39,239,334</u> (a)
Forfeited	<u>(57,000)</u>	\$ 114.11	
Nonvested at the end of year	<u>653,902</u>	\$ 123.23	<u>\$115,864,895</u> (b)

- (a) The aggregate fair value of vested RSUs represents the total pre-tax fair value, based on the closing stock price on the day of vesting, which would have been received by holders of RSUs had all such holders sold their underlying shares on that date. The aggregate intrinsic value for RSUs which vested during 2022 and 2021 was \$29,805,641 and \$34,558,405, respectively.
- (b) The aggregate fair value of the nonvested RSUs and the RSUs expected to vest represents the total pre-tax fair value, based on our closing stock price of \$177.19 as of December 29, 2023, which would have been received by holders of RSUs had all such holders sold their underlying shares on that date.

During each of the years in the three-year period ended December 31, 2023, the RSUs that vested for teammates in the United States were net-share settled such that we withheld shares with value equivalent up to the teammates' maximum statutory United States tax obligation for the applicable income and other employment taxes and remitted the equivalent cash amount to the appropriate taxing authorities. The total shares withheld during 2023, 2022 and 2021 of 79,636, 79,611 and 105,434, respectively, were based on the value of the RSUs on their vesting dates as determined by our closing stock price on such dates. For 2023, 2022 and 2021, total payments for our teammates' tax obligations to the taxing authorities were \$10,659,000, \$7,905,000 and \$9,109,000, respectively, and are reflected as a financing activity within the accompanying consolidated statements of cash flows. These net-share settlements had the effect of repurchases of our common stock as they reduced the number of shares that would have otherwise been issued as a result of the vesting and did not represent an expense to us.

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

(11) Income Taxes

The following table presents the U.S. and foreign components of earnings before income taxes and the related income tax expense (in thousands):

	Years Ended December 31,		
	2023	2022	2021
<u>Earnings before income taxes:</u>			
United States	\$ 263,421	\$ 274,415	\$ 200,657
Foreign	114,433	100,018	91,900
	<u>\$ 377,854</u>	<u>\$ 374,433</u>	<u>\$ 292,557</u>
<u>Income tax expense:</u>			
Current:			
U.S. Federal	\$ 62,575	\$ 61,245	\$ 29,478
U.S. State and local	16,764	15,788	7,391
Foreign	30,286	26,043	24,485
	<u>109,625</u>	<u>103,076</u>	<u>61,354</u>
Deferred:			
U.S. Federal	(10,923)	(7,267)	11,104
U.S. State and local	(3,324)	(1,153)	3,239
Foreign	1,167	(831)	(2,485)
	<u>(13,080)</u>	<u>(9,251)</u>	<u>11,858</u>
	<u>\$ 96,545</u>	<u>\$ 93,825</u>	<u>\$ 73,212</u>

The following schedule reconciles the differences between the U.S. federal income taxes at the U.S. statutory rate and our income tax expense (dollars in thousands):

	2023		2022		2021	
Statutory federal income tax rate	\$ 79,349	21.0 %	\$ 78,631	21.0 %	\$ 61,437	21.0 %
State income tax expense, net of federal income tax benefit	12,113	3.2	13,962	3.7	10,666	3.6
Audits and adjustments, net	(925)	(0.2)	2,273	0.6	2,131	0.7
Change in valuation allowances	1,616	0.4	(2,551)	(0.7)	1,317	0.5
Foreign income taxed at different rates	6,133	1.6	5,660	1.5	4,308	1.5
Research and other credits	(3,036)	(0.8)	(3,870)	(1.0)	(4,352)	(1.5)
Other, net	1,295	0.4	(280)	—	(2,295)	(0.8)
Effective tax rate	<u>\$ 96,545</u>	<u>25.6 %</u>	<u>\$ 93,825</u>	<u>25.1 %</u>	<u>\$ 73,212</u>	<u>25.0 %</u>

As of December 31, 2023, we have accumulated undistributed earnings generated by our foreign subsidiaries, most of which have been taxed in the U.S. as a result of the Tax Cuts and Jobs Act of 2017. For foreign subsidiary earnings not yet taxed under these provisions, we continue to assert permanent reinvestment of earnings earned in foreign jurisdictions which impose a withholding tax on dividends and, accordingly, have not accrued any additional income or withholding taxes on the potential repatriation of these earnings. At the present time, given the

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

various complexities involved in repatriating earnings, it is not practicable to estimate the amount of tax that may be payable if these earnings were not reinvested indefinitely.

The significant components of deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2023	2022
Deferred tax assets:		
Capitalized research expenses	\$ 33,569	\$ 17,682
Loss carryforwards	\$ 25,690	\$ 24,571
Foreign tax credits	9,976	10,681
Other	31,246	37,315
Gross deferred tax assets	100,481	90,249
Valuation allowances	(33,385)	(32,546)
Total deferred tax assets	67,096	57,703
Deferred tax liabilities:		
Goodwill and other intangibles	(58,512)	(56,275)
Property and equipment	(31,194)	(26,905)
Other	(1,916)	(1,744)
Total deferred tax liabilities	(91,622)	(84,924)
Net deferred tax liabilities	\$ (24,526)	\$ (27,221)

The net non-current deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2023	2022
Net non-current deferred tax assets, which are included in "Other assets"	\$ 3,062	\$ 5,623
Net non-current deferred tax liabilities	(27,588)	(32,844)
Net deferred tax liabilities	\$ (24,526)	\$ (27,221)

As of December 31, 2023, we have U.S. state and foreign net operating loss carryforwards ("NOLs") that will expire between 2024 and 2042, while the majority have no expiration date. Due to the uncertainty around future utilization, we have recorded a valuation allowance against the majority of these NOLs.

We have provided valuation allowances for certain of our deferred tax assets where we believe it is more likely than not that the related tax benefits will not be realized. At December 31, 2023 and 2022, our valuation allowances totaled \$33,385,000 and \$32,546,000, respectively, relating primarily to foreign tax credits and NOLs. This increase was primarily the result of foreign NOLs generated during the year for which there is an uncertainty as to future utilization.

As of December 31, 2023 and 2022, we had approximately \$13,947,000 and \$14,814,000, respectively, of unrecognized tax benefits. Of these amounts, approximately \$1,767,000 and \$1,642,000, respectively, related to accrued interest. The changes in the unrecognized tax benefits balance during the year reflect additions for tax positions taken in prior and current periods, net of reductions related to audit settlements and statute expirations.

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

We are currently under audit in various jurisdictions for tax years 2017 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 significantly 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.

In the U.S., federal income tax returns for years subsequent to 2019 remain open to examination. For state and foreign jurisdictions, the statute of limitations generally varies between three and ten years. However, to the extent allowable by law, the tax authorities may have a right to examine and make adjustment to prior periods when amended returns have been filed, or when net operating losses or tax credits were generated and carried forward for subsequent utilization.

(12) Market Risk Management

Interest Rate Risk

We have interest rate exposure arising from our financing facilities, which have variable interest rates. These variable interest rates are affected by changes in short-term interest rates. We currently do not hedge our interest rate exposure.

We do not believe that the effect of reasonably possible near-term changes in interest rates will be material to our financial position, results of operations and cash flows. Our financing facilities expose our net earnings to changes in short-term interest rates since interest rates on the underlying obligations are variable. We had \$591,500,000 outstanding under our ABL facility and \$347,988,000 outstanding under the Notes at December 31, 2023. The interest rate attributable to the borrowings under our ABL facility and the Notes was 6.69% and 0.75%, respectively, per annum at December 31, 2023. The change in annual pre-tax earnings from operations resulting from a hypothetical 10% increase or decrease in the applicable interest rate would have been immaterial.

Although the Notes are based on a fixed rate, changes in interest rates could impact the fair market value of such notes. As of December 31, 2023, the fair market value of the Notes was \$906,108,000.

Foreign Currency Exchange Risk

We have foreign currency exchange risk related to the translation of our foreign subsidiaries' operating results, assets and liabilities (see Note 1 for a description of our Foreign Currencies policy). We also maintain cash accounts denominated in currencies other than the functional currency, which expose us to fluctuations in foreign exchange rates. Remeasurement of these cash balances results in gains/losses that are also reported in other expense (income), net within non-operating (income) expense. We monitor our foreign currency exposure and selectively enter into forward exchange contracts to mitigate risk associated with certain non-functional currency monetary assets and liabilities related to foreign denominated payables, receivables and cash balances. Transaction gains and losses resulting from non-functional currency assets and liabilities are offset by gains and losses on forward contracts in non-operating (income) expense, net in our consolidated statements of operations. The counterparties associated with our foreign exchange forward contracts are large creditworthy commercial banks. The derivatives transacted with these institutions are short in duration and, therefore, we do not consider counterparty concentration and non-performance to be material risks. The Company does not have a significant concentration of credit risk with any single counterparty.

(13) Fair Value Measurements

Fair value measurements are determined based on the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

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

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

As of December 31, 2023, we have no non-financial assets or liabilities that are measured and recorded at fair value on a recurring basis, and our other financial assets or liabilities generally consist of cash and cash equivalents, accounts receivable, contract assets, accounts payable, accrued expenses and other current liabilities and long-term debt. The estimated fair values of our cash and cash equivalents approximate their carrying values and are determined based on quoted prices in active markets for identical assets. The estimated fair values of our long-term debt balances, excluding the Notes, approximate their carrying values based on their variable interest rate terms that are based on current market interest rates for similar debt instruments. The fair market value of the Notes as of December 31, 2023 is disclosed in Note 12. The fair values of the other financial assets and liabilities are based on the values that would be received or paid in an orderly transaction between market participants and approximate their carrying values due to their nature and short duration.

(14) Benefit Plans

We adopted a defined contribution benefit plan (the "Defined Contribution Plan") for our U.S. teammates which complies with section 401(k) of the Internal Revenue Code. The Company provides a discretionary match to all participants who make 401(k) contributions pursuant to the Defined Contribution Plan. The discretionary match provided to participants is equivalent to 50% of a participant's pre-tax contributions up to a maximum of 6% of eligible compensation per pay period. Additionally, we offer several defined contribution benefit plans to our teammates outside of the United States. These plans and their related terms vary by country. Total consolidated contribution expense under these plans was \$28,341,000, \$27,827,000 and \$25,270,000 for 2023, 2022 and 2021, respectively.

(15) Share Repurchase Programs

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 December 31, 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 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.

The following table summarizes the shares of our common stock that we repurchased on the open market under these repurchase programs during the years ended December 31, 2023, 2023 and 2022, respectively, in thousands, except per share amounts:

Year	Total Number of Shares Purchased	Average Price Paid per Share	Approximate Dollar Value of Shares Purchased
2023	1,634	\$ 132.90	\$ 217,000
2022	1,109	97.35	108,000
2021	497	100.55	50,000
	<u>3,240</u>		<u>\$ 375,000</u>

All shares repurchased were retired.

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

(16) 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 December 31, 2023, we had approximately \$28,113,693 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 December 31, 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. At December 31, 2023 we had a remaining purchase commitment of \$95,814,000. 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. At December 31, 2023 we had a remaining purchase commitment of \$33,863,000.

The Company has recorded a contingent liability of approximately \$21,289,000, payable to a partner to settle various contractual commitments to resell a minimum amount of cloud services to clients.

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 December 31, 2023. Accordingly, we have not accrued any liabilities related to such indemnifications in our consolidated financial statements.

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

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

Contingencies Related to Third-Party Review

From time to time, we are subject to potential claims and assessments from third parties. We are also subject to various governmental, client and partner audits. We continually assess whether or not such claims have merit and warrant accrual. Where appropriate, we accrue estimates of anticipated liabilities in our 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 related to services provided, interruptions, or outages, 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.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(17) Supplemental Financial Information

Additions and deductions related to the allowance for doubtful accounts receivable for 2023, 2022 and 2021 were as follows (in thousands):

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
Allowance for doubtful accounts receivable:				
Year ended December 31, 2023	\$ 15,161	\$ 6,879	\$ (9,417)	\$ 12,623
Year ended December 31, 2022	<u>\$ 16,941</u>	<u>\$ 6,066</u>	<u>\$ (7,846)</u>	<u>\$ 15,161</u>
Year ended December 31, 2021	<u>\$ 15,106</u>	<u>\$ 7,862</u>	<u>\$ (6,027)</u>	<u>\$ 16,941</u>

(18) Cash Flows

Cash payments for interest on indebtedness and cash payments for taxes on income were as follows (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	<u>\$ 28,292</u>	<u>\$ 16,295</u>	<u>\$ 8,852</u>
Cash paid during the year for income taxes, net of refunds	<u>\$ 104,495</u>	<u>\$ 91,485</u>	<u>\$ 75,986</u>

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

(19) Segment and Geographic 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 consist largely of software and certain software-related services and cloud solutions.

Disaggregation of Revenue

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 years ended December 31, 2023, 2022 and 2021 (in thousands):

	Year Ended December 31, 2023			
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 4,498,466	\$ 546,621	\$ 43,850	\$ 5,088,937
Software	1,669,046	784,717	88,688	2,542,451
Services	1,214,842	232,316	97,294	1,544,452
	<u>\$ 7,382,354</u>	<u>\$ 1,563,654</u>	<u>\$ 229,832</u>	<u>\$ 9,175,840</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 5,210,365	\$ 1,176,415	\$ 94,982	\$ 6,481,762
Commercial	1,418,680	22,103	70,879	1,511,662
Public Sector	753,309	365,136	63,971	1,182,416
	<u>\$ 7,382,354</u>	<u>\$ 1,563,654</u>	<u>\$ 229,832</u>	<u>\$ 9,175,840</u>
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 6,869,025	\$ 1,447,082	\$ 194,769	\$ 8,510,876
Net revenue recognition (Agent)	513,329	116,572	35,063	664,964
	<u>\$ 7,382,354</u>	<u>\$ 1,563,654</u>	<u>\$ 229,832</u>	<u>\$ 9,175,840</u>

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

	Year Ended December 31, 2022			
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 5,738,586	\$ 654,381	\$ 57,928	\$ 6,450,895
Software	1,552,715	857,516	86,661	2,496,892
Services	1,193,091	200,624	89,689	1,483,404
	<u>\$ 8,484,392</u>	<u>\$ 1,712,521</u>	<u>\$ 234,278</u>	<u>\$10,431,191</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 5,990,203	\$ 1,249,286	\$ 102,476	\$ 7,341,965
Commercial	1,710,340	61,873	68,491	1,840,704
Public Sector	783,849	401,362	63,311	1,248,522
	<u>\$ 8,484,392</u>	<u>\$ 1,712,521</u>	<u>\$ 234,278</u>	<u>\$10,431,191</u>
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 8,035,218	\$ 1,603,600	\$ 199,788	\$ 9,838,606
Net revenue recognition (Agent)	449,174	108,921	34,490	592,585
	<u>\$ 8,484,392</u>	<u>\$ 1,712,521</u>	<u>\$ 234,278</u>	<u>\$10,431,191</u>

	Year Ended December 31, 2021			
	North America	EMEA	APAC	Consolidated
Major Offerings				
Hardware	\$ 5,163,225	\$ 676,815	\$ 49,470	\$ 5,889,510
Software	1,315,412	825,361	89,844	2,230,617
Services	1,041,686	201,875	72,425	1,315,986
	<u>\$ 7,520,323</u>	<u>\$ 1,704,051</u>	<u>\$ 211,739</u>	<u>\$ 9,436,113</u>
Major Client Groups				
Large Enterprise / Corporate	\$ 5,356,915	\$ 1,219,601	\$ 93,796	\$ 6,670,312
Commercial	1,495,311	65,728	61,627	1,622,666
Public Sector	668,097	418,722	56,316	1,143,135
	<u>\$ 7,520,323</u>	<u>\$ 1,704,051</u>	<u>\$ 211,739</u>	<u>\$ 9,436,113</u>
Revenue Recognition based on acting as Principal or Agent in the Transaction				
Gross revenue recognition (Principal)	\$ 7,138,852	\$ 1,591,156	\$ 184,418	\$ 8,914,426
Net revenue recognition (Agent)	381,471	112,895	27,321	521,687
	<u>\$ 7,520,323</u>	<u>\$ 1,704,051</u>	<u>\$ 211,739</u>	<u>\$ 9,436,113</u>

The method for determining what information regarding operating segments, products and services, geographic areas of operation and major clients to report is based upon the "management approach," or the way that management organizes the operating segments within a company, for which separate financial information is evaluated regularly by the Chief Operating

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

Decision Maker (“CODM”) in deciding how to allocate resources. Our CODM is our Chief Executive Officer.

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 in 2023, 2022 or 2021.

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

The tables below present information about our reportable operating segments (in thousands):

	Year Ended December 31, 2023			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 6,167,512	\$ 1,331,338	\$ 132,538	\$ 7,631,388
Services	1,214,842	232,316	97,294	1,544,452
Total net sales	<u>7,382,354</u>	<u>1,563,654</u>	<u>229,832</u>	<u>9,175,840</u>
Costs of goods sold:				
Products	5,520,701	1,217,585	120,892	6,859,178
Services	515,698	86,082	45,357	647,137
Total costs of goods sold	<u>6,036,399</u>	<u>1,303,667</u>	<u>166,249</u>	<u>7,506,315</u>
Gross profit	1,345,955	259,987	63,583	1,669,525
Operating expenses:				
Selling and administrative expenses	976,172	216,246	43,825	1,236,243
Severance and restructuring expenses	3,793	2,125	173	6,091
Acquisition and integration related expenses	3,908	3,488	—	7,396
Earnings from operations	<u>\$ 362,082</u>	<u>\$ 38,128</u>	<u>\$ 19,585</u>	<u>\$ 419,795</u>

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

	Year Ended December 31, 2022			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 7,291,301	\$ 1,511,897	\$ 144,589	\$ 8,947,787
Services	1,193,091	200,624	89,689	1,483,404
Total net sales	<u>8,484,392</u>	<u>1,712,521</u>	<u>234,278</u>	<u>10,431,191</u>
Costs of goods sold:				
Products	6,583,090	1,395,869	132,293	8,111,252
Services	572,969	69,383	41,020	683,372
Total costs of goods sold	<u>7,156,059</u>	<u>1,465,252</u>	<u>173,313</u>	<u>8,794,624</u>
Gross profit	1,328,333	247,269	60,965	1,636,567
Operating expenses:				
Selling and administrative expenses	973,798	200,988	41,874	1,216,660
Severance and restructuring expenses	2,384	1,760	91	4,235
Acquisition and integration related expenses	1,715	257	—	1,972
Earnings from operations	<u>\$ 350,436</u>	<u>\$ 44,264</u>	<u>\$ 19,000</u>	<u>\$ 413,700</u>

	Year Ended December 31, 2021			
	North America	EMEA	APAC	Consolidated
Net sales:				
Products	\$ 6,478,637	\$ 1,502,176	\$ 139,314	\$ 8,120,127
Services	1,041,686	201,875	72,425	1,315,986
Total net sales	<u>7,520,323</u>	<u>1,704,051</u>	<u>211,739</u>	<u>9,436,113</u>
Costs of goods sold:				
Products	5,874,551	1,380,221	126,136	7,380,908
Services	510,322	64,968	32,358	607,648
Total costs of goods sold	<u>6,384,873</u>	<u>1,445,189</u>	<u>158,494</u>	<u>7,988,556</u>
Gross profit	1,135,450	258,862	53,245	1,447,557
Operating expenses:				
Selling and administrative expenses	869,766	210,616	36,748	1,117,130
Severance and restructuring expenses	(3,129)	1,328	167	(1,634)
Earnings from operations	<u>\$ 268,813</u>	<u>\$ 46,918</u>	<u>\$ 16,330</u>	<u>\$ 332,061</u>

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

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

	December 31,	
	2023	2022
North America	\$ 6,521,591	\$ 5,219,480
EMEA	1,058,734	939,327
APAC	171,820	153,232
Corporate assets and intercompany eliminations, net	(1,465,795)	(1,199,458)
Total assets	<u>\$ 6,286,350</u>	<u>\$ 5,112,581</u>

The following is a summary of our geographic net sales and long-lived assets, consisting of property and equipment, net (in thousands):

	United States	United Kingdom	Other Foreign	Total
<u>2023</u>				
Net sales	\$ 6,923,030	\$ 709,078	\$ 1,543,732	\$ 9,175,840
Total long-lived assets	\$ 187,625	\$ 4,748	\$ 17,688	\$ 210,061
<u>2022</u>				
Net sales	\$ 7,973,814	\$ 838,943	\$ 1,618,434	\$10,431,191
Total long-lived assets	\$ 182,482	\$ 4,601	\$ 17,177	\$ 204,260
<u>2021</u>				
Net sales	\$ 7,046,742	\$ 826,800	\$ 1,562,571	\$ 9,436,113
Total long-lived assets	\$ 144,777	\$ 9,282	\$ 22,204	\$ 176,263

Net sales by geographic area are presented by attributing net sales to external customers based on the domicile of the selling location.

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

	Years Ended December 31,		
	2023	2022	2021
Depreciation and amortization of property and equipment:			
North America	\$ 22,964	\$ 20,587	\$ 18,532
EMEA	2,838	2,538	4,256
APAC	443	597	588
	<u>26,245</u>	<u>23,722</u>	<u>23,376</u>
Amortization of intangible assets:			
North America	32,514	30,735	29,576
EMEA	3,277	1,696	1,971
APAC	440	461	498
	<u>36,231</u>	<u>32,892</u>	<u>32,045</u>
Total	<u>\$ 62,476</u>	<u>\$ 56,614</u>	<u>\$ 55,421</u>

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

(20) Acquisitions

SADA

Effective December 1, 2023, we acquired 100 percent of the issued and outstanding shares of SADA Systems, LLC (successor to SADA Systems, Inc. via conversion) ("SADA") for a preliminary cash purchase price of \$398,589,000, excluding cash and cash equivalents acquired of \$24,701,000. SADA is a leading cloud consultancy and technical services provider and six-time Google Cloud Partner of the Year, including cloud licensing and professional services to small, mid-sized and corporate/enterprise commercial clients, state and federal governments and educational institutions across North America, Europe and Asia. Based in Los Angeles, California, SADA has three office locations in North America, India and Armenia with more than 800 teammates. We believe that this acquisition advances our strategy and further strengthens our unique position as a leading Solutions Integrator offering market-leading multicloud solutions at scale. SADA's partnership with Google Cloud will enhance our ability to serve clients who operate across multiple clouds and accelerate adoption of widely sought-after technologies like Generative Artificial Intelligence. SADA is being reported as a part of our North America operating segment.

The total purchase price of \$425,327,000, which is net of cash and cash equivalents acquired of \$24,701,000, is comprised of the initial purchase price of \$423,290,000 paid in cash upon the SADA acquisition, contractual adjustments to the purchase price of \$450,000 and a seller retention fund of \$5,000,000 payable post-closing. The purchase price also includes the estimated fair value of earn out payments of approximately \$21,288,000, which provides an incentive opportunity for the sellers of up to \$390,000,000, based on the SADA business achieving EBITDA and revenue growth performance through 2026. A portion of the purchase price was used to settle SADA's stock-based compensation liabilities of \$67,600,000 and pay SADA's transaction costs of approximately \$16,841,000 at acquisition in accordance with purchase agreement.

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

Total purchase price, net of cash and cash equivalents acquired	\$	425,327
Fair value of net assets acquired:		
Current assets	\$	348,727
Identifiable intangible assets - see description below		158,100
Property and equipment		2,266
Other assets		260,185
Current liabilities		(335,548)
Long-term liabilities, including long-term accounts payable		(125,425)
Total fair value of net assets acquired		<u>308,305</u>
Excess purchase price over fair value of net assets acquired ("goodwill")	\$	<u>117,022</u>

Under the acquisition method of accounting, the total purchase price as shown in the table above was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over fair value of net assets acquired was recorded as goodwill.

The estimated fair values of the majority of the current assets and liabilities are based upon their historical costs on the date of acquisition due to their short-term nature, with the exception of contract assets. The estimated fair value of the property and equipment are also based upon historical costs as they approximate fair value. The contract assets are an exception to the fair value model and are evaluated under relevant revenue recognition guidance including an allowance for credit losses using the current expected credit loss ("CECL") model.

The preliminary estimated fair value of net assets acquired was approximately \$308,305,000, including \$158,100,000 of identifiable intangible assets, consisting primarily of

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

customer relationships of \$124,700,000 and non-compete agreements of \$26,200,000. The fair values were determined using the multiple-period excess earnings method and the lost income method, respectively.

The identifiable intangibles resulting from the acquisition are amortized using the straight-line method over the following estimated useful lives:

Intangible Assets	<u>Estimated Economic Life</u>
Customer relationships	10 Years
Trade name	3 Years
Non-compete agreements	3-5 Years

Acquisition-related expenses recognized through December 31, 2023 was \$3,572,000.

Goodwill of \$117,022,000, which was recorded in our North America operating segment, represents the excess of the purchase price over the estimated fair value assigned to tangible and identifiable intangible assets acquired and liabilities assumed from SADA. The goodwill is not amortized and will be tested for impairment annually in the fourth quarter of our fiscal year. The addition of the SADA technical employees to our team and the opportunity to grow our business are the primary factors making up the goodwill recognized as part of the transaction.

The intangible assets and goodwill are tax deductible as the transaction is a deemed asset acquisition for U.S. federal income tax purposes after the Seller Parties undertook an internal restructuring pursuant to Section 368(a)(1)(F).

The purchase price allocation is preliminary and was allocated using information currently available. Further information related to accounts receivable, contract assets, accounts payable, intangible assets, goodwill and various accrued expense balance assessments may lead to an adjustment of the purchase price allocation.

We have consolidated the results of operations for SADA since its acquisition on December 1, 2023. Consolidated net sales and net earnings for the year ended December 31, 2023 include \$33,451,000 and \$14,502,000, respectively, from SADA. Due to seasonality in SADA's business, with the majority of net sales and net earnings historically being generated in the second half of the year, these results should not be considered indicative of future results.

The following table reports unaudited pro forma information as if the acquisition of SADA had been completed at the beginning of 2022 (in thousands, except per share amounts):

		Year Ended December 31,	
		<u>2023</u>	<u>2022</u>
Net sales	As reported	\$ 9,175,840	\$ 10,431,191
	Pro forma	\$ 9,367,386	\$ 10,682,565
Net earnings	As reported	\$ 281,309	\$ 280,608
	Pro forma	\$ 330,757	\$ 308,243
Diluted earnings per share	As reported	\$ 7.55	\$ 7.66
	Pro forma	\$ 8.88	\$ 8.42

The pro forma results primarily include the adjustments to reflect the additional amortization of acquired intangible assets and interest expense on the additional borrowing under the ABL revolving credit facility, removal of acquisition-related costs, and the consequential tax effects of the pro forma adjustments and SADA tax status change.

SADA's stock-based compensation plans were fully vested and settled upon acquisition based on a preexisting change-in-control provision within the plan terms. Due to

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

changes in the estimated fair value of awards, SADA recognized a stock-based compensation gain of \$100,206,000 and \$32,051,000 in its historical statements of operation for the years ended December 31, 2023 and 2022, respectively. These gains are reflected in the unaudited pro forma earnings above. As these plans were not replaced post-acquisition, there will be no future impact of SADA's stock-based compensation plans on the Company.

This unaudited pro forma financial information is for informational purposes only. It is neither indicative of the results of operations that would have been achieved had the acquisition been consummated at the beginning of 2022, nor is it necessarily indicative of future results.

Amdaris

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 working capital could lead to an adjustment of the purchase price allocation. Goodwill acquired approximated \$71,698,000, 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.

Hanu

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 and \$3,973,000 in November 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.

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

We consolidated the results of operations for Hanu within our North America operating segment beginning on June 1, 2022, the effective date of the acquisition. Our historical results would not have been materially affected by the acquisition of Hanu and, accordingly, we have not presented pro forma information as if the acquisition had been completed at the beginning of each period presented in our consolidated statement of operations.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures**(a) Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, our management used the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2023, based on the criteria established in COSO's Internal Control – Integrated Framework (2013). We completed the acquisition of SADA on December 1, 2023. As permitted under SEC guidance, management's assessment as of December 31, 2023 did not include an assessment of the effectiveness of internal control over financial reporting of SADA, which constituted approximately 15% of the Company's total assets as of December 31, 2023 and less than 1% of the Company's consolidated net sales for the year ended December 31, 2023.

KPMG LLP, the independent registered public accounting firm that audited the Consolidated Financial Statements in Part II, Item 8 of this report, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2023.

(b) Changes in Internal Control Over Financial Reporting

Except as described below, there was no change in our internal control over financial reporting during the quarter ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

As noted above, on December 1, 2023 we completed the acquisition of SADA. We are currently integrating SADA into our control environment. In executing this integration, we are analyzing, evaluating, and where necessary, making changes in controls and procedures related to the SADA business, which is expected to be completed in the year ended December 31, 2024.

(c) Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our Chief Executive Officer and Chief Financial Officer, as of the end of the period covered by this report, evaluated the effectiveness of our disclosure controls and procedures and determined that as of December 31, 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.

(d) Inherent Limitations of Disclosure Controls and 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.

Item 9B. *Other Information*

Rule 10b5-1 Trading Plans

During the three months ended December 31, 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).

Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections*

Not applicable.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The names of the executive officers of Insight and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I, Item 1 of this report under the caption "Information about our Executive Officers."

Other information required by this item can be found in our definitive Proxy Statement relating to our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2023 (our "Proxy Statement") and is incorporated herein by reference.

Item 11. *Executive Compensation*

The information required by this item can be found in our Proxy Statement and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item can be found in our Proxy Statement and is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this item can be found in our Proxy Statement and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

Our independent registered public accounting firm is KPMG LLP, Phoenix, AZ, PCAOB Firm ID: 185.

The information required by this item can be found in our Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Schedules

The Consolidated Financial Statements of Insight Enterprises, Inc. and subsidiaries and the related Reports of Independent Registered Public Accounting Firm are filed herein as set forth under Part II, Item 8 of this report.

Financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included in the Consolidated Financial Statements or notes thereto.

(b) Exhibits

The exhibits list is incorporated herein by reference as the list of exhibits required as part of this report.

Item 16. Form 10-K Summary

None.

INSIGHT ENTERPRISES, INC.
EXHIBITS TO FORM 10-K
YEAR ENDED DECEMBER 31, 2023
Commission File No. 000-25092

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit Number	Filing Date	
2.1 ⁽¹⁾⁽²⁾	Equity Purchase Agreement, dated as of October 25, 2023, by and among Insight Enterprises, Inc., SADA Systems, Inc., Verse Holdco, Inc., and the stockholders of Verse Holdco, Inc.	8-K	000-25092	2.1	December 1, 2023	
3.1	Amended and Restated Certificate of Incorporation of Insight Enterprises, Inc.	10-K	000-25092	3.1	February 17, 2006	
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Insight Enterprises, Inc.	8-K	000-25092	3.1	May 21, 2015	
3.3	Amended and Restated Bylaws of Insight Enterprises, Inc.	8-K	000-25092	3.2	May 21, 2015	
4.1 (P)	Specimen Common Stock Certificate	S-1	33-86142	4.1	January 20, 1995	
4.2	Indenture (including Form of Note) with respect to Insight Enterprises, Inc.'s 0.750% Convertible Senior Notes due 2025, dated August 15, 2019, by and among Insight Enterprises, Inc., Insight Direct USA, Inc. and U.S. Bank National Association, as trustee	8-K	000-25092	4.1	August 15, 2019	
4.3	Description of Company's securities	10-K	000-25092	4.3	February 21, 2020	
10.1 ⁽³⁾	Form of Indemnification Agreement	10-K	000-25092	10.1	July 26, 2007	
10.2 ⁽⁴⁾	Amended Insight Enterprises, Inc. 2007	Proxy Statement	000-25092	Annex A	April 4, 2011	
10.3 ⁽⁴⁾	First Amendment to the Amended Insight Enterprises, Inc. 2007 Omnibus Plan	Proxy Statement	000-25092	Annex A	April 5, 2016	
10.4 ⁽⁴⁾	Insight Enterprises, Inc. 2020 Omnibus Plan	S-8	333-238543	99.1	May 20, 2020	
10.5 ⁽⁴⁾	Restricted Stock Unit Agreement Template for Service-Based Awards	10-K	000-25092	10.5	February 18, 2022	
10.6 ⁽⁴⁾	Restricted Stock Unit Agreement Template for Performance-Based (ROIC) Awards	10-K	000-25092	10.6	February 18, 2022	

INSIGHT ENTERPRISES, INC.
EXHIBITS TO FORM 10-K (continued)
YEAR ENDED DECEMBER 31, 2023
Commission File No. 000-25092

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit Number	Filing Date	
10.7 ⁽⁴⁾	Restricted Stock Unit Agreement Template for Performance-Based (Relative Total Shareholder Return Performance Goal) Awards	10-K	000-25092	10.7	February 18, 2022	
10.8 ⁽⁴⁾	Insight Enterprises, Inc. Executive Management Separation Plan effective as of August 29, 2019	10-Q	000-25092	10.1	May 6, 2021	
10.9 ⁽⁴⁾	First Amendment to the Insight Enterprises, Inc. Executive Management Separation Plan effective as of February 1, 2020	10-K	000-25092	10.5	February 21, 2020	
10.10 ⁽⁴⁾	Amended and Restated Employment Agreement between Insight Enterprises, Inc. and Glynis A. Bryan dated as of January 1, 2009	8-K	000-25092	10.3	January 7, 2009	
10.11 ⁽⁴⁾	Employment Agreement between Insight Enterprises, Inc. and Rachael A. Bertrandt, dated as of September 30, 2018	10-Q	000-25092	10.1	November 7, 2018	
10.12 ⁽⁴⁾	Executive Employment Agreement between Insight Enterprises, Inc. and Samuel C. Cowley,	10-K	000-25092	10.12	February 2, 2017	
10.13 ⁽⁴⁾	Employment Agreement between Insight Enterprises, Inc. and Adrian Gregory, dated as of October 05, 2022	10-Q	000- 25092	10.2	May 2, 2023	
10.14 ⁽⁴⁾	Employment Agreement between Insight Enterprises, Inc. and Joyce Mullen effective October 14, 2021	8-K	000-25092	10.1	October 18, 2021	
10.15 ⁽⁴⁾	Executive Employment Agreement between Insight Enterprises, Inc. and James A. Morgado dated as of January 17, 2022	10-K	000-25092	10.15	February 18, 2022	
10.16 ⁽⁴⁾	Executive Employment Agreement between Insight Enterprises, Inc. and Daniel Burger dated as of March 15, 2022	10-Q	000-25092	10.1	May 5, 2022	

INSIGHT ENTERPRISES, INC.
EXHIBITS TO FORM 10-K (continued)
YEAR ENDED DECEMBER 31, 2023
Commission File No. 000-25092

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit Number	Filing Date	
10.17 ⁽⁴⁾	Executive Employment Agreement between Insight Enterprises, Inc. and Jennifer M. Vasin dated as of July 19, 2022	10-Q	000-25092	10.1	August 4, 2022	
10.18 ⁽⁴⁾	Executive Employment Agreement Between Insight Enterprises, Inc. and Rob Green dated as of December 19, 2023					X
10.19	Form of Bond Hedge Confirmation.	8-K	000-25092	10.1	August 15, 2019	
10.20	Form of Warrant Confirmation	8-K	000-25092	10.2	August 15, 2019	
10.21 ⁽⁵⁾	Credit Agreement, dated as of August 30, 2019, by and among Insight Enterprises, Inc., the subsidiaries of Insight Enterprises, Inc. party thereto as borrowers and guarantors, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto	8-K	000-25092	10.1	August 30, 2019	
10.22	First Amendment to Credit Agreement, dated as of July 31, 2020, by and among Insight Enterprises, Inc., the subsidiaries of Insight Enterprises, Inc. party thereto as borrowers and grantors, JPMorgan, N.A., as administrative agent, and the lenders party thereto	10-Q	000-25092	10.2	August 6, 2020	
10.23	Second Amendment to Credit Agreement, dated as of December 31, 2021, by and among Insight Enterprises, Inc., the subsidiaries of Insight Enterprises, Inc. party thereto as borrowers and grantors, JPMorgan, N.A., as administrative agent, and the lenders party thereto	10-K	000-25092	10.22	February 16, 2023	

INSIGHT ENTERPRISES, INC.
EXHIBITS TO FORM 10-K (continued)
YEAR ENDED DECEMBER 31, 2023
Commission File No. 000-25092

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit Number	Filing Date	
10.24	Third Amendment to Credit Agreement, dated as of July 22, 2022, by and among Insight Enterprises, Inc., the subsidiaries of Insight Enterprises, Inc. party thereto as borrowers and grantors, JPMorgan, N.A., as administrative agent, and the lenders party thereto	8-K	000-25092	10.1	July. 26, 2022	
10.25 ⁽⁴⁾	Insight Enterprises, Inc. 2023 Employee Stock Purchase Plan	S-8	333-272062	99.1	May. 19, 2023	
21	Subsidiaries of Insight Enterprises, Inc.					X
23.1	Consent of KPMG LLP					X
24.1	Power of Attorney for Timothy A. Crown dated January 26, 2024					X
24.2	Power of Attorney for Richard E. Allen dated February 2, 2024					X
24.3	Power of Attorney for Bruce W. Armstrong dated					X
24.4	Power of Attorney for Alexander L. Baum dated					X
24.5	Power of Attorney for Linda M. Breard dated					X
24.6	Power of Attorney for Catherine Courage dated					X
24.7	Power of Attorney for Anthony A. Ibargüen					X
24.8	Power of Attorney for Kathleen S. Pushor dated					X
24.9	Power of Attorney for Girish Rishi dated January 28, 2024					X
31.1	Certification of Chief Executive Officer Pursuant to Securities and					X
31.2	Certification of Chief Financial Officer Pursuant to Securities and					X
32.1	Certification of Chief Executive Office and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To					X

INSIGHT ENTERPRISES, INC.
EXHIBITS TO FORM 10-K (continued)
YEAR ENDED DECEMBER 31, 2023
Commission File No. 000-25092

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed/ Furnished Herewith
		Form	File No.	Exhibit Number	
97.1	Insight Enterprises, Inc. Clawback Policy				X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are				X
101.SCH	Inline XBRL Taxonomy Extension Schema				X
101.CAL	Inline XBRL Taxonomy Extension Calculation				X
101.DEF	Inline XBRL Taxonomy Extension Definition				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase				X
101.PRE	Inline XBRL Taxonomy Extension Presentation				X
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information				X

- (1) Certain schedules and exhibits (or similar attachments) have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish copies of any such schedules and exhibits (or similar attachments) to the SEC upon request.
- (2) Portions of this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K promulgated under the Securities Act because the information is (i) not material and (ii) the type that Insight treats as private or confidential. Insight agrees to furnish an unredacted copy of this exhibit to the SEC upon request.
- (3) We have entered into a separate indemnification agreement with each of the following directors and executive officers that differ only in names and dates: Richard E. Allen, Bruce W. Armstrong, Alexander L. Baum, Linda M. Breard, Glynis A. Bryan, Dee Burger, Catherine Courage, Samuel C. Cowley, Timothy A. Crown, Rachael A. Crump, Adrian Gregory, Rob Green, Anthony A. Ibarguen, James A. Morgado, Joyce A. Mullen, Kathleen S. Pushor, Girish Rishi, and Jennifer M. Vasin. Pursuant to the instructions accompanying Item 601 of Regulation S-K, the Registrant is filing the form of such indemnification agreement.
- (4) Management contract or compensatory plan or arrangement.
- (5) Certain schedules and exhibits (or similar attachments) have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The Company agrees to furnish copies of any such schedules and exhibits (or similar attachments) to the SEC upon request.
- (P) Paper exhibit.

INSIGHT ENTERPRISES, INC.**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

INSIGHT ENTERPRISES, INC.

By /s/ Joyce A. Mullen

Joyce A. Mullen

President and Chief Executive Officer

Dated: February 22, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Joyce A. Mullen</u> Joyce A. Mullen	President, Chief Executive Officer and Director (principal executive officer)	February 22, 2024
<u>/s/ Glynis A. Bryan</u> Glynis A. Bryan	Chief Financial Officer (principal financial officer)	February 22, 2024
<u>/s/ Rachael A. Crump</u> Rachael A. Crump	Chief Accounting Officer (principal accounting officer)	February 22, 2024
<u>/s/ Timothy A. Crown*</u> Timothy A. Crown	Chairman of the Board	February 22, 2024
<u>/s/ Richard E. Allen*</u> Richard E. Allen	Director	February 22, 2024
<u>/s/ Bruce W. Armstrong*</u> Bruce W. Armstrong	Director	February 22, 2024
<u>/s/ Alexander L. Baum*</u> Alexander L. Baum	Director	February 22, 2024
<u>/s/ Linda M. Breard*</u> Linda M. Breard	Director	February 22, 2024
<u>/s/ Catherine Courage*</u> Catherine Courage	Director	February 22, 2024
<u>/s/ Anthony A. Ibargüen*</u> Anthony A. Ibargüen	Director	February 22, 2024
<u>/s/ Kathleen S. Pushor*</u> Kathleen S. Pushor	Director	February 22, 2024
<u>/s/ Girish Rishi*</u> Girish Rishi	Director	February 22, 2024

*** By: /s/ Samuel C. Cowley**
Samuel C. Cowley, Attorney in Fact

INSIGHT ENTERPRISES, INC.
CERTIFICATION

I, Joyce A. Mullen, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 22, 2024

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

INSIGHT ENTERPRISES, INC.**CERTIFICATION**

I, Glynis A. Bryan, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 22, 2024

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

INSIGHT ENTERPRISES, INC.

**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 Annual Report on Form 10-K of Insight Enterprises, Inc. (the "Company") for the year ended December 31, 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
February 22, 2024

By: /s/ Glynis A. Bryan
Glynis A. Bryan
Chief Financial Officer
February 22, 2024

BOARD OF DIRECTORS



Timothy A. Crown
Chairman of the Board
Investor / Entrepreneur



Joyce A. Mullen
President and Chief
Executive Officer,
Insight Enterprises, Inc.



Richard E. Allen
Investor



Bruce Armstrong
Operating Partner,
Khosla Ventures



Linda M. Breard
Investor



Catherine Courage
Vice President of
Experience for
Consumer Products,
Google, Inc.



Anthony A. Ibarguen
Chief Executive Officer,
Quench USA, Inc.



Kathleen S. Pushor
Independent
Consultant



Girish Rishi
Chief Executive Officer,
Cognite LLC



Alex Baum
Partner,
ValueAct Capital



INSIGHT'S LEADERSHIP



Joyce A. Mullen
President and Chief
Executive Officer



Dee Burger
President, Insight
North America



Glynis Bryan
Chief Financial
Officer



Samuel C. Cowley
Senior Vice President,
General Counsel
and Secretary



Rachael A. Crump
Chief Accounting
Officer



Rob Green
Chief Digital Officer



Adrian Gregory
President,
Insight EMEA



James A. Morgado
Senior Vice President,
Finance



Mike Morgan
Senior Vice President
and Managing
Director, Insight APAC



Jen Vasin
Chief Human
Resources Officer

James A. Morgado
Investor Relations
480.333.3251
james.morgado@insight.com

Scott Walters
Media Relations
480.889.9798
scott.walters@insight.com

Transfer Agent
EQ Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120
800.468.9716
www.shareowneronline.com

Auditors
KPMG LLP
Phoenix, AZ

Common Stock Listing
The company's common stock is listed on the Nasdaq
Global Select Market under the trading symbol **NSIT**.



Insight global headquarters
2701 E Insight Way
Chandler, AZ 85286
800.467.4448