Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

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: 001-35985

CDW CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**26-0273989** (I.R.S. Employer Identification No.)
200 N. Milwaukee Avenue **Vernon Hills, Illinois** (Address of principal executive offices)	**60061** (Zip Code)

(847) 465-6000
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	CDW	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of July 26, 2024, there were 133,575,556 shares of common stock, $0.01 par value, outstanding.

CDW CORPORATION AND SUBSIDIARIES
FORM 10-Q

TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars and shares in millions, except per share amounts)

	June 30, 2024	December 31, 2023
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 665.3	$ 588.7
Accounts receivable, net of allowance for credit losses of $32.6 and $28.8, respectively	4,718.8	4,567.5
Merchandise inventory	724.8	668.1
Miscellaneous receivables	545.3	470.5
Prepaid expenses and other	389.4	410.2
Total current assets	7,043.6	6,705.0
Operating lease right-of-use assets	130.9	128.8
Property and equipment, net	186.9	195.5
Goodwill	4,409.3	4,413.4
Other intangible assets, net	1,295.0	1,369.7
Other assets	573.0	472.2
Total Assets	$ 13,638.7	$ 13,284.6
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable-trade	$ 3,118.6	$ 2,881.0
Accounts payable-inventory financing	404.2	430.9
Current maturities of long-term debt	1,203.5	613.1
Contract liabilities	451.4	487.4
Accrued expenses and other current liabilities:		
Compensation	296.2	303.0
Advertising	145.1	119.9
Sales and income taxes	80.7	52.4
Other	508.4	554.3
Total current liabilities	6,208.1	5,442.0
Long-term liabilities:		
Debt	4,424.8	5,031.8
Deferred income taxes	151.7	171.4
Operating lease liabilities	161.7	164.0
Other liabilities	517.5	432.9
Total long-term liabilities	5,255.7	5,800.1
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 100.0 shares authorized; no shares issued or outstanding for both periods	—	—
Common stock, $0.01 par value, 1,000.0 shares authorized; 133.6 and 134.1 shares outstanding, respectively	1.3	1.3
Paid-in capital	3,789.9	3,691.3
Accumulated deficit	(1,481.3)	(1,525.5)
Accumulated other comprehensive loss	(135.0)	(124.6)
Total stockholders' equity	2,174.9	2,042.5
Total Liabilities and Stockholders' Equity	$ 13,638.7	$ 13,284.6

The accompanying notes are an integral part of the Consolidated Financial Statements.

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars and shares in millions, except per-share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	$ 5,423.4	$ 5,626.1	$ 10,296.1	$ 10,729.2
Cost of sales	4,240.3	4,444.6	8,049.7	8,458.3
Gross profit	1,183.1	1,181.5	2,246.4	2,270.9
Selling and administrative expenses	750.0	769.3	1,485.3	1,503.4
Operating income	433.1	412.2	761.1	767.5
Interest expense, net	(52.3)	(58.2)	(103.6)	(115.9)
Other expense, net	(1.1)	(0.6)	(1.2)	(1.9)
Income before income taxes	379.7	353.4	656.3	649.7
Income tax expense	(98.6)	(90.8)	(159.1)	(157.0)
Net income	$ 281.1	$ 262.6	$ 497.2	$ 492.7
Net income per common share:				
Basic	$ 2.10	$ 1.95	$ 3.70	$ 3.65
Diluted	$ 2.07	$ 1.92	$ 3.66	$ 3.60
Weighted-average common shares outstanding:				
Basic	134.1	134.6	134.3	135.1
Diluted	135.6	136.1	135.8	136.7

The accompanying notes are an integral part of the Consolidated Financial Statements.

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 281.1	$ 262.6	$ 497.2	$ 492.7
Other comprehensive income (loss), net of tax:				
Unrealized gain from cash flow hedge	0.1	—	1.9	—
Foreign currency translation adjustments	(1.7)	18.0	(12.3)	27.6
Other comprehensive (loss) income	(1.6)	18.0	(10.4)	27.6
Comprehensive income	$ 279.5	$ 280.6	$ 486.8	$ 520.3

The accompanying notes are an integral part of the Consolidated Financial Statements.

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)
(unaudited)

	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities:		
Net income	$ 497.2	$ 492.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	136.7	136.6
Equity-based compensation expense	48.1	45.6
Deferred income taxes	(19.9)	(24.1)
Provision for credit losses	9.8	8.4
Other	2.9	20.8
Changes in assets and liabilities:		
Accounts receivable	(161.5)	(13.0)
Merchandise inventory	(57.7)	17.0
Other assets	(203.8)	97.2
Accounts payable-trade	236.9	(39.7)
Other liabilities	101.2	(147.9)
Net cash provided by operating activities	589.9	593.6
Cash flows from investing activities:		
Capital expenditures	(60.4)	(71.3)
Acquisitions of businesses, net of cash acquired	(0.2)	(75.5)
Net cash used in investing activities	(60.6)	(146.8)
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	—	201.3
Repayments of borrowings under revolving credit facility	—	(275.7)
Repayments of long-term debt	—	(50.0)
Repayments of receivable financing liability	(19.1)	(40.5)
Net change in accounts payable-inventory financing	(26.7)	161.6
Repurchases of common stock	(254.0)	(396.1)
Proceeds from stock option exercises	35.0	20.5
Payment of incentive compensation plan withholding taxes	(30.7)	(32.8)
Dividend payments	(166.3)	(159.3)
Other	12.2	11.5
Net cash used in financing activities	(449.6)	(559.5)
Effect of exchange rate changes on cash and cash equivalents	(3.1)	1.4
Net increase (decrease) in cash and cash equivalents	76.6	(111.3)
Cash and cash equivalents—beginning of period	588.7	315.2
Cash and cash equivalents—end of period	$ 665.3	$ 203.9
Supplementary disclosure of cash flow information:		
Interest paid	$ (114.2)	$ (117.0)
Income taxes paid, net	$ (147.6)	$ (174.9)

The accompanying notes are an integral part of the Consolidated Financial Statements.

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars and shares in millions)
(unaudited)

Three Months Ended June 30, 2024

	Common Stock					
	Shares	**Amount**	**Paid-in Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**
Balance as of March 31, 2024	134.4	$ 1.3	$ 3,745.0	$ (1,474.2)	$ (133.4)	$ 2,138.7
Net income	—	—	—	281.1	—	281.1
Equity-based compensation expense	—	—	28.7	—	—	28.7
Stock option exercises	0.1	—	6.1	—	—	6.1
Coworker Stock Purchase Plan	—	—	9.5	—	—	9.5
Repurchases of common stock	(0.9)	—	—	(201.9)	—	(201.9)
Dividends paid ($0.62 per share)	—	—	0.6	(83.6)	—	(83.0)
Incentive compensation plan stock withheld for taxes	—	—	—	(0.8)	—	(0.8)
Unrealized gain from hedge accounting	—	—	—	—	0.1	0.1
Foreign currency translation and other	—	—	—	(1.9)	(1.7)	(3.6)
Balance as of June 30, 2024	133.6	$ 1.3	$ 3,789.9	$ (1,481.3)	$ (135.0)	$ 2,174.9

Three Months Ended June 30, 2023

	Common Stock					
	Shares	**Amount**	**Paid-in Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**
Balance as of March 31, 2023	135.0	$ 1.4	$ 3,557.3	$ (1,847.0)	$ (142.8)	$ 1,568.9
Net income	—	—	—	262.6	—	262.6
Equity-based compensation expense	—	—	24.8	—	—	24.8
Stock option exercises	—	—	7.7	—	—	7.7
Coworker Stock Purchase Plan	0.1	—	9.4	—	—	9.4
Repurchases of common stock	(1.1)	(0.1)	—	(196.0)	—	(196.1)
Dividends paid ($0.59 per share)	—	—	0.3	(79.7)	—	(79.4)
Incentive compensation plan stock withheld for taxes	—	—	—	(1.2)	—	(1.2)
Foreign currency translation and other	—	—	—	(1.5)	18.0	16.5
Balance as of June 30, 2023	134.0	$ 1.3	$ 3,599.5	$ (1,862.8)	$ (124.8)	$ 1,613.2

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars and shares in millions)
(unaudited)

	Six Months Ended June 30, 2024					
	Common Stock					
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of December 31, 2023	134.1	$ 1.3	$ 3,691.3	$ (1,525.5)	$ (124.6)	$ 2,042.5
Net income	—	—	—	497.2	—	497.2
Equity-based compensation expense	—	—	48.1	—	—	48.1
Stock option exercises	0.6	—	35.0	—	—	35.0
Coworker Stock Purchase Plan	—	—	14.4	—	—	14.4
Repurchases of common stock	(1.1)	—	—	(254.0)	—	(254.0)
Dividends paid ($1.24 per share)	—	—	1.1	(167.4)	—	(166.3)
Incentive compensation plan stock withheld for taxes	—	—	—	(30.7)	—	(30.7)
Unrealized gain from hedge accounting	—	—	—	—	1.9	1.9
Foreign currency translation and other	—	—	—	(0.9)	(12.3)	(13.2)
Balance as of June 30, 2024	133.6	$ 1.3	$ 3,789.9	$ (1,481.3)	$ (135.0)	$ 2,174.9

	Six Months Ended June 30, 2023					
	Common Stock					
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of December 31, 2022	135.5	$ 1.4	$ 3,518.1	$ (1,763.8)	$ (152.4)	$ 1,603.3
Net income	—	—	—	492.7	—	492.7
Equity-based compensation expense	—	—	45.6	—	—	45.6
Stock option exercises	0.5	—	20.5	—	—	20.5
Coworker Stock Purchase Plan	0.1	—	14.4	—	—	14.4
Repurchases of common stock	(2.1)	(0.1)	—	(396.0)	—	(396.1)
Dividends paid ($1.18 per share)	—	—	0.9	(160.2)	—	(159.3)
Incentive compensation plan stock withheld for taxes	—	—	—	(32.8)	—	(32.8)
Foreign currency translation and other	—	—	—	(2.7)	27.6	24.9
Balance as of June 30, 2023	134.0	$ 1.3	$ 3,599.5	$ (1,862.8)	$ (124.8)	$ 1,613.2

The accompanying notes are an integral part of the Consolidated Financial Statements.

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

CDW Corporation ("Parent"), a Fortune 500 company and member of the S&P 500 Index, is a leading multi-brand provider of information technology ("IT") solutions to small, medium and large business, government, education and healthcare customers in the United States ("US"), the United Kingdom ("UK") and Canada. The Company's broad array of offerings ranges from discrete hardware and software products to integrated IT solutions and services that include on-premise and cloud capabilities across hybrid infrastructure, digital experience and security.

Throughout this report, the terms the "Company" and "CDW" refer to Parent and its subsidiaries.

Parent has two 100% owned subsidiaries, CDW LLC and CDW Finance Corporation. CDW LLC is an Illinois limited liability company that, together with its 100% owned subsidiaries, holds all material assets and conducts all business activities and operations of the Company. CDW Finance Corporation is a Delaware corporation formed for the sole purpose of acting as co-issuer of certain debt obligations and does not hold any material assets or engage in any business activities or operations.

Basis of Presentation

The accompanying unaudited interim Consolidated Financial Statements as of June 30, 2024 and for the three and six months ended June 30, 2024 and 2023 (the "Consolidated Financial Statements") have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and the rules and regulations of the US Securities and Exchange Commission (the "SEC") for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. The presentation of the Consolidated Financial Statements requires the Company to make estimates and assumptions that affect reported amounts and related disclosures. In the opinion of management, the Consolidated Financial Statements contain all adjustments (consisting of a normal, recurring nature) necessary to present fairly the Company's financial position, results of operations, comprehensive income, cash flows and changes in stockholders' equity as of the dates and for the periods indicated. The unaudited results of operations for such interim periods reported are not necessarily indicative of results for the full year.

These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "December 31, 2023 Consolidated Financial Statements"). The significant accounting policies and estimates used in preparing these Consolidated Financial Statements were applied on a basis consistent with those reflected in the December 31, 2023 Consolidated Financial Statements.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Parent and its 100% owned subsidiaries. All intercompany transactions and accounts are eliminated in consolidation.

2. Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU enhances existing income tax disclosures primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The ASU is effective for all public entities for annual periods beginning after December 15, 2024, with early adoption permitted. Entities should apply the amendments on a prospective basis, but retrospective application is permitted. The Company is currently evaluating the impact this ASU will have on its disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses included in a segment's profit or loss measure on an annual and interim basis. The ASU is effective for all public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Entities are required to apply the amendments on a retrospective basis. The Company is currently evaluating the impact this ASU will have on its disclosures.

(dollars in millions, except per share data, unless otherwise noted)

3. Accounts Receivable and Contract Balances

Accounts Receivable

The following table details the total accounts receivable recognized and the related classification on the Consolidated Balance Sheets:

	June 30, 2024	December 31, 2023
Accounts receivable, current(1)	$ 4,718.8	$ 4,567.5
Accounts receivable, noncurrent(2)	488.7	337.5
Total accounts receivable	$ 5,207.5	$ 4,905.0

(1) Accounts receivable, current are presented within Accounts receivable, net of allowance for credit losses on the Consolidated Balance Sheets.

(2) Accounts receivable, noncurrent are presented within Other assets on the Consolidated Balance Sheets.

From time to time, the Company transfers certain accounts receivable, without recourse, to third-party financial companies as a method to reduce the Company's credit exposure and accelerate cash collections. Such transfers are recognized as a sale and the related accounts receivable is derecognized from the Consolidated Balance Sheet upon receipt of payment from the third-party financing company. During the six months ended June 30, 2024 and 2023, the Company sold approximately $213 million and $219 million of accounts receivable, respectively.

Contract Balances

Contract assets and liabilities represent the difference in the timing of revenue recognition from receipt of cash from customers. Contract assets represent revenue recognized on performance obligations satisfied or partially satisfied for which the Company has no unconditional right to consideration. Contract liabilities consist of payments received from customers, or such consideration that is contractually due, in advance of providing the product or performing services. The following table details information about the Company's contract balances recognized on the Consolidated Balance Sheets:

	June 30, 2024	December 31, 2023
Contract assets(1)	$ 94.6	$ 111.8
Contract liabilities(2)(3)	$ 484.7	$ 527.4

(1) Contract assets are presented within Prepaid expenses and other on the Consolidated Balance Sheets.

(2) Includes $33 million and $40 million of long-term contract liabilities that are presented within Other liabilities on the Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023, respectively.

(3) During the six months ended June 30, 2024 and 2023, the Company recognized revenue of $237 million and $265 million, respectively, related to its contract liabilities that were included in the beginning balance of the respective periods.

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following table represents the total transaction price for the remaining performance obligations as of June 30, 2024 related to non-cancelable contracts longer than 12 months in duration that is expected to be recognized over future periods.

	Within 1 Year	Years 1-2	Years 2-3	Thereafter
Remaining performance obligations	$ 101.2	$ 59.8	$ 31.8	$ 14.2

4. Inventory Financing Agreements

The Company has entered into agreements with financial institutions to facilitate the purchase of inventory from designated suppliers under certain terms and conditions to enhance liquidity. Under these agreements, the Company receives extended payment terms and agrees to pay the financial institutions a stated amount of confirmed invoices from its designated suppliers. The Company does not incur any interest or other incremental expenses associated with these agreements as balances are paid when they are due. Additionally, the Company has no involvement in establishing the terms or conditions of the arrangements between its suppliers and the financial institutions.

The amounts outstanding under these agreements as of June 30, 2024 and December 31, 2023 were $404 million and $431 million, respectively, and are separately presented as Accounts payable-inventory financing on the Consolidated Balance Sheets. The majority of such outstanding amounts relates to a floorplan sub-facility that is incorporated in the Company's Revolving Loan Facility, as defined within Note 6 (Debt). A portion of the Company's availability under the Revolving Loan Facility is reserved to cover the obligation to pay the financial institution. For additional information regarding the Revolving Loan Facility, see Note 6 (Debt).

5. Financial Instruments

The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company's indebtedness creates interest rate risk on its variable-rate debt. The Company may use derivative financial instruments to manage its exposure to interest rate risk. For additional information, see Note 6 (Debt).

The Company has interest rate collar agreements that provide for a contractually specified interest rate cap and an interest rate floor based on a Secured Overnight Financing Rate ("SOFR"). The Company receives payment from the counterparty if SOFR is greater than the cap or pays the counterparty if SOFR is below the floor. If SOFR is between the floor and cap, no payment is due to either party. There were no new interest rate collar agreements executed during the six months ended June 30, 2024.

As of June 30, 2024 and December 31, 2023, the interest rate collar agreements were classified within Other assets and Long-term liabilities - Other liabilities, respectively, on the Consolidated Balance Sheets for which the fair value was not material. The total notional amount of the interest rate collar agreements was $400 million as of June 30, 2024 and December 31, 2023, and these agreements mature on September 30, 2026.

The fair values of the Company's interest rate collar agreements are classified as Level 2 in the fair value hierarchy. The valuation of the interest rate collar agreements is derived using a discounted cash flow analysis on the expected cash receipts or cash disbursements that would occur if variable interest rates rise above or fall below the strike rates of the interest rate cap and interest rate floor, respectively. This analysis reflects the contractual terms of the interest rate collar agreements, including the period to maturity, and uses observable market-based inputs, including SOFR curves and implied volatilities. The Company also incorporates insignificant credit valuation adjustments to appropriately reflect the respective counterparty's nonperformance risk in the fair value measurements. The counterparty credit spreads are based on publicly available credit information obtained from a third-party credit data provider.

The interest rate collars are designated as cash flow hedges. The changes in the fair value of derivatives that qualify as cash flow hedges are recorded in Accumulated other comprehensive loss ("AOCL") and are subsequently reclassified into Interest expense, net in the period when the hedged forecasted transaction affects earnings. During the three and six months ended June 30, 2024 and 2023, the changes in fair value for the effective portion of the derivative financial instruments and the reclassification from AOCL to Interest expense, net were not material.

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

6. Debt

	Maturity Date	Interest Rate	June 30, 2024 Amount	December 31, 2023 Amount
Credit Facility				
Senior unsecured revolving loan facility	December 2026	Variable	$ —	$ —
Term Loan				
Senior unsecured term loan facility	December 2026	Variable	634.5	634.5
Unsecured Senior Notes				
Senior notes due 2024	December 2024	5.500 %	575.0	575.0
Senior notes due 2025	May 2025	4.125 %	600.0	600.0
Senior notes due 2026	December 2026	2.670 %	1,000.0	1,000.0
Senior notes due 2028	April 2028	4.250 %	600.0	600.0
Senior notes due 2028	December 2028	3.276 %	500.0	500.0
Senior notes due 2029	February 2029	3.250 %	700.0	700.0
Senior notes due 2031	December 2031	3.569 %	1,000.0	1,000.0
Total unsecured senior notes			4,975.0	4,975.0
Receivable financing liability			38.3	56.9
Other long-term obligations			4.9	6.9
Unamortized deferred financing fees			(24.4)	(28.4)
Current maturities of long-term debt			(1,203.5)	(613.1)
Total long-term debt			$ 4,424.8	$ 5,031.8

As of June 30, 2024, the Company is in compliance with the covenants under its credit agreements and indentures.

Credit Facility

The Company has a variable rate senior unsecured revolving loan facility (the "Revolving Loan Facility") from which it may draw tranches denominated in US dollars, British pounds or Euros. The interest rate is based on SOFR plus a spread adjustment and a margin based on the Company's senior unsecured rating. The Revolving Loan Facility is used by the Company for borrowings, issuances of letters of credit and floorplan financing. As of June 30, 2024, the Company could have borrowed up to an additional $1.2 billion under the Revolving Loan Facility. As of June 30, 2024, the Revolving Loan Facility had $355 million reserved for the floorplan sub-facility.

Term Loan

The senior unsecured term loan facility (the "Term Loan Facility") has a variable interest rate. The interest rate is based on SOFR plus a spread adjustment and a margin based on the Company's senior unsecured rating. No mandatory payments are required on the remaining principal amount until its maturity date on December 1, 2026.

Unsecured Senior Notes

The unsecured senior notes have a fixed interest rate, which is paid semi-annually.

Receivable Financing

The receivable financing liability relates to certain accounts receivable transferred to third-party financial institutions that did not qualify as a sale under the terms of the agreements. While the terms of such agreements are on a nonrecourse basis, the transfers of accounts receivable could not achieve certain criteria that would allow derecognition of the accounts receivable. The proceeds from these arrangements are recognized as a liability and the associated accounts receivable remains on the Consolidated Balance Sheet until the liability is settled. The Company did not execute any transfers under these agreements during the six months ended June 30, 2024.

(dollars in millions, except per share data, unless otherwise noted)

Fair Value

The fair values of the unsecured senior notes were estimated using quoted market prices for identical liabilities that are traded in over-the-counter secondary markets. The fair value of the Term Loan Facility was estimated using dealer quotes and other market observable inputs for comparable liabilities. The unsecured senior notes and Term Loan Facility were classified as Level 2 within the fair value hierarchy. The carrying value of the Revolving Loan Facility approximates fair value.

The approximate fair values and related carrying values of the Company's long-term debt, including current maturities and excluding unamortized discount and unamortized deferred financing costs, were as follows:

	June 30, 2024	December 31, 2023
Fair value	$ 5,310.7	$ 5,348.2
Carrying value	$ 5,652.7	$ 5,673.3

7. Income Taxes

Income tax expense was $99 million and $91 million for the three months ended June 30, 2024 and 2023, respectively. The effective tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 26.0% and 25.7% for the three months ended June 30, 2024 and 2023, respectively.

Income tax expense was $159 million and $157 million for the six months ended June 30, 2024 and 2023, respectively. The effective tax rate was 24.2% for both the six months ended June 30, 2024 and 2023.

The effective tax rate for both the three and six months ended June 30, 2024 and 2023 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes, partially offset by excess tax benefits on equity-based compensation.

8. Earnings Per Share

The numerator for both basic and diluted earnings per share is Net income. The denominator for basic earnings per share is the weighted-average shares outstanding during the period.

A reconciliation of basic weighted-average shares outstanding to diluted weighted-average shares outstanding is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Basic weighted-average shares outstanding	134.1	134.6	134.3	135.1
Effect of dilutive securities[(1)]	1.5	1.5	1.5	1.6
Diluted weighted-average shares outstanding[(2)]	135.6	136.1	135.8	136.7

(1) The dilutive effect of outstanding stock options, restricted stock units, performance share units and Coworker Stock Purchase Plan units is reflected in the diluted weighted-average shares outstanding using the treasury stock method.

(2) There were fewer than 0.3 million potential common shares excluded from diluted weighted-average shares outstanding for both the three and six months ended June 30, 2024 and 2023. Inclusion of these common shares in diluted weighted-average shares outstanding would have had an anti-dilutive effect.

9. Commitments and Contingencies

The Company is party to various legal proceedings that arise in the ordinary course of its business, which include commercial, intellectual property, employment, tort and other litigation matters. The Company is also subject to audit by federal, state, international, national, provincial and local authorities, and by various partners, group purchasing organizations and customers, including government agencies, relating to purchases and sales under various contracts. In addition, the Company is subject to indemnification claims under various contracts. From time to time, certain customers of the Company file voluntary petitions for reorganization or liquidation under the US bankruptcy laws or similar laws of the jurisdictions for the Company's business activities outside of the US. In such cases, certain pre-petition payments received by the Company could be considered preference items and subject to return to the bankruptcy administrator.

As of June 30, 2024, the Company does not believe that there is a reasonable possibility that any material loss exceeding the amounts already recognized for these proceedings and matters, if any, has been incurred. However, the ultimate resolutions of these proceedings and matters are inherently unpredictable. As such, the Company's Consolidated Financial Statements could be adversely affected in any particular period by the unfavorable resolution of one or more of these proceedings or matters.

The Company received a Civil Investigative Demand, issued by the Department of Justice ("DOJ") on June 11, 2024, in connection with a False Claims Act investigation. The DOJ requested information relating to bids the Company submitted for contracts funded in whole or in part by the Schools and Libraries Program (E-Rate Program). The Company is cooperating with the DOJ and, at this stage of the investigation, is unable to assess the probability of any outcome or the range of possible loss, if any.

(dollars in millions, except per share data, unless otherwise noted)

10. Segment Information

The Company's segment information reflects the way the chief operating decision maker uses internal reporting to evaluate business performance, allocate resources and manage operations.

The Company has three reportable segments: Corporate, which is primarily comprised of private sector business customers with more than 250 employees in the US, Small Business, which is primarily comprised of private sector business customers with up to 250 employees in the US, and Public, which is comprised of government agencies and education and healthcare institutions in the US. The Company has two other operating segments: CDW UK and CDW Canada, both of which do not meet the reportable segment quantitative thresholds and, accordingly, are included in an all other category ("Other").

The Company has centralized logistics and headquarters functions that provide services to the segments. The logistics function includes purchasing, distribution and fulfillment services to support the Corporate, Small Business and Public segments. As a result, costs and intercompany charges associated with the logistics function are fully allocated to all of these segments based on a percent of Net sales. The centralized headquarters function provides services in areas such as accounting, information technology, marketing, legal and coworker services. Headquarters function costs that are not allocated to the segments are included under the heading of "Headquarters" in the tables below.

Information about the Company's segments is as follows:

	Corporate	Small Business	Public	Other	Headquarters	Total
Three Months Ended June 30, 2024						
Net sales	$ 2,195.2	$ 382.9	$ 2,243.3	$ 602.0	$ —	$ 5,423.4
Operating income (loss)	197.0	45.6	209.2	24.2	(42.9)	433.1
Depreciation and amortization expense	(19.3)	(0.8)	(14.3)	(7.1)	(27.9)	(69.4)
Three Months Ended June 30, 2023						
Net sales	$ 2,245.0	$ 396.2	$ 2,295.1	$ 689.8	$ —	$ 5,626.1
Operating income (loss)	206.5	42.4	210.3	32.4	(79.4)	412.2
Depreciation and amortization expense	(19.6)	(1.1)	(14.2)	(7.5)	(23.5)	(65.9)
Six Months Ended June 30, 2024						
Net sales	$ 4,331.1	$ 763.8	$ 3,968.0	$ 1,233.2	$ —	$ 10,296.1
Operating income (loss)	375.0	92.1	335.2	49.5	(90.7)	761.1
Depreciation and amortization expense	(39.1)	(1.8)	(27.7)	(14.2)	(53.9)	(136.7)
Six Months Ended June 30, 2023						
Net sales	$ 4,448.7	$ 807.6	$ 4,107.9	$ 1,365.0	$ —	$ 10,729.2
Operating income (loss)	399.8	83.9	337.8	68.9	(122.9)	767.5
Depreciation and amortization expense	(42.4)	(2.4)	(30.4)	(15.3)	(46.1)	(136.6)

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

Geographic Areas and Revenue Mix

	Three Months Ended June 30, 2024				
	Corporate	Small Business	Public	Other	Total
Geography[(1)]					
United States	$ 2,182.7	$ 376.9	$ 2,242.0	$ 7.5	$ 4,809.1
Rest of World	12.5	6.0	1.3	594.5	614.3
Total Net sales	$ 2,195.2	$ 382.9	$ 2,243.3	$ 602.0	$ 5,423.4
Major Product and Services					
Hardware	$ 1,532.2	$ 307.3	$ 1,796.2	$ 426.2	$ 4,061.9
Software	416.2	53.5	288.7	97.2	855.6
Services	231.2	17.7	153.6	75.9	478.4
Other[(2)]	15.6	4.4	4.8	2.7	27.5
Total Net sales	$ 2,195.2	$ 382.9	$ 2,243.3	$ 602.0	$ 5,423.4
Sales by Channel					
Corporate	$ 2,195.2	$ —	$ —	$ —	$ 2,195.2
Small Business	—	382.9	—	—	382.9
Government	—	—	639.1	—	639.1
Education	—	—	1,017.4	—	1,017.4
Healthcare	—	—	586.8	—	586.8
Other	—	—	—	602.0	602.0
Total Net sales	$ 2,195.2	$ 382.9	$ 2,243.3	$ 602.0	$ 5,423.4
Timing of Revenue Recognition					
Transferred at a point in time where CDW is principal	$ 1,830.4	$ 337.2	$ 1,992.2	$ 512.0	$ 4,671.8
Transferred at a point in time where CDW is agent	193.2	34.2	134.5	30.8	392.7
Transferred over time where CDW is principal	171.6	11.5	116.6	59.2	358.9
Total Net sales	$ 2,195.2	$ 382.9	$ 2,243.3	$ 602.0	$ 5,423.4

(1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.

(2) Includes items such as delivery charges to customers.

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended June 30, 2023				
	Corporate	Small Business	Public	Other	Total
Geography(1)					
United States	$ 2,214.0	$ 390.7	$ 2,293.8	$ 5.4	$ 4,903.9
Rest of World	31.0	5.5	1.3	684.4	722.2
Total Net sales	$ 2,245.0	$ 396.2	$ 2,295.1	$ 689.8	$ 5,626.1
Major Product and Services					
Hardware	$ 1,596.4	$ 317.5	$ 1,884.9	$ 481.5	$ 4,280.3
Software	388.8	58.6	274.1	142.6	864.1
Services	243.4	15.5	131.4	62.9	453.2
Other(2)	16.4	4.6	4.7	2.8	28.5
Total Net sales	$ 2,245.0	$ 396.2	$ 2,295.1	$ 689.8	$ 5,626.1
Sales by Channel					
Corporate	$ 2,245.0	$ —	$ —	$ —	$ 2,245.0
Small Business	—	396.2	—	—	396.2
Government	—	—	681.2	—	681.2
Education	—	—	1,026.8	—	1,026.8
Healthcare	—	—	587.1	—	587.1
Other	—	—	—	689.8	689.8
Total Net sales	$ 2,245.0	$ 396.2	$ 2,295.1	$ 689.8	$ 5,626.1
Timing of Revenue Recognition					
Transferred at a point in time where CDW is principal	$ 1,891.3	$ 354.9	$ 2,080.7	$ 607.3	$ 4,934.2
Transferred at a point in time where CDW is agent	185.0	32.9	116.7	26.7	361.3
Transferred over time where CDW is principal	168.7	8.4	97.7	55.8	330.6
Total Net sales	$ 2,245.0	$ 396.2	$ 2,295.1	$ 689.8	$ 5,626.1

(1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.

(2) Includes items such as delivery charges to customers.

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2024				
	Corporate	Small Business	Public	Other	Total
Geography[1]					
United States	$ 4,298.6	$ 752.9	$ 3,964.8	$ 13.4	$ 9,029.7
Rest of World	32.5	10.9	3.2	1,219.8	1,266.4
Total Net sales	$ 4,331.1	$ 763.8	$ 3,968.0	$ 1,233.2	$ 10,296.1
Major Product and Services					
Hardware	$ 2,997.8	$ 607.3	$ 3,112.6	$ 890.3	$ 7,608.0
Software	853.7	113.4	565.6	197.3	1,730.0
Services	449.2	34.3	280.6	140.1	904.2
Other[2]	30.4	8.8	9.2	5.5	53.9
Total Net sales	$ 4,331.1	$ 763.8	$ 3,968.0	$ 1,233.2	$ 10,296.1
Sales by Channel					
Corporate	$ 4,331.1	$ —	$ —	$ —	$ 4,331.1
Small Business	—	763.8	—	—	763.8
Government	—	—	1,182.4	—	1,182.4
Education	—	—	1,614.2	—	1,614.2
Healthcare	—	—	1,171.4	—	1,171.4
Other	—	—	—	1,233.2	1,233.2
Total Net sales	$ 4,331.1	$ 763.8	$ 3,968.0	$ 1,233.2	$ 10,296.1
Timing of Revenue Recognition					
Transferred at a point in time where CDW is principal	$ 3,609.7	$ 668.9	$ 3,507.9	$ 1,054.1	$ 8,840.6
Transferred at a point in time where CDW is agent	388.0	73.3	242.7	62.0	766.0
Transferred over time where CDW is principal	333.4	21.6	217.4	117.1	689.5
Total Net sales	$ 4,331.1	$ 763.8	$ 3,968.0	$ 1,233.2	$ 10,296.1

(1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.

(2) Includes items such as delivery charges to customers.

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2023				
	Corporate	Small Business	Public	Other	Total
Geography(1)					
United States	$ 4,413.2	$ 800.3	$ 4,106.4	$ 13.9	$ 9,333.8
Rest of World	35.5	7.3	1.5	1,351.1	1,395.4
Total Net sales	$ 4,448.7	$ 807.6	$ 4,107.9	$ 1,365.0	$ 10,729.2
Major Product and Services					
Hardware	$ 3,115.8	$ 652.2	$ 3,247.4	$ 953.1	$ 7,968.5
Software	841.8	114.8	575.6	276.6	1,808.8
Services	458.9	31.2	275.8	129.4	895.3
Other(2)	32.2	9.4	9.1	5.9	56.6
Total Net sales	$ 4,448.7	$ 807.6	$ 4,107.9	$ 1,365.0	$ 10,729.2
Sales by Channel					
Corporate	$ 4,448.7	$ —	$ —	$ —	$ 4,448.7
Small Business	—	807.6	—	—	807.6
Government	—	—	1,232.7	—	1,232.7
Education	—	—	1,692.5	—	1,692.5
Healthcare	—	—	1,182.7	—	1,182.7
Other	—	—	—	1,365.0	1,365.0
Total Net sales	$ 4,448.7	$ 807.6	$ 4,107.9	$ 1,365.0	$ 10,729.2
Timing of Revenue Recognition					
Transferred at a point in time where CDW is principal	$ 3,752.7	$ 720.2	$ 3,689.3	$ 1,197.8	$ 9,360.0
Transferred at a point in time where CDW is agent	370.4	69.7	218.2	55.1	713.4
Transferred over time where CDW is principal	325.6	17.7	200.4	112.1	655.8
Total Net sales	$ 4,448.7	$ 807.6	$ 4,107.9	$ 1,365.0	$ 10,729.2

(1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.

(2) Includes items such as delivery charges to customers.

(dollars in millions, except per share data, unless otherwise noted)

The following tables present Net sales by major category for the three and six months ended June 30, 2024 and 2023. Categories are based upon internal classifications.

	Three Months Ended June 30,			
	2024		2023	
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales
Hardware:				
Notebooks/Mobile Devices	$ 1,438.2	26.5 %	$ 1,320.9	23.5 %
Netcomm Products	639.6	11.8	916.4	16.3
Collaboration	489.3	9.0	533.6	9.5
Data Storage and Servers	546.6	10.1	536.1	9.5
Desktops	295.5	5.4	304.8	5.4
Other Hardware	652.7	12.1	668.5	11.9
Total Hardware	4,061.9	74.9	4,280.3	76.1
Software[1]	855.6	15.8	864.1	15.4
Services[1]	478.4	8.8	453.2	8.1
Other[2]	27.5	0.5	28.5	0.4
Total Net sales	$ 5,423.4	100.0 %	$ 5,626.1	100.0 %

	Six Months Ended June 30,			
	2024		2023	
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales
Hardware:				
Notebooks/Mobile Devices	$ 2,579.5	25.1 %	$ 2,385.5	22.2 %
Netcomm Products	1,209.5	11.7	1,660.9	15.5
Collaboration	904.6	8.8	1,009.6	9.4
Data Storage and Servers	1,087.2	10.6	1,078.0	10.0
Desktops	553.9	5.4	562.7	5.2
Other Hardware	1,273.3	12.3	1,271.8	12.0
Total Hardware	7,608.0	73.9	7,968.5	74.3
Software[1]	1,730.0	16.8	1,808.8	16.9
Services[1]	904.2	8.8	895.3	8.3
Other[2]	53.9	0.5	56.6	0.5
Total Net sales	$ 10,296.1	100.0 %	$ 10,729.2	100.0 %

(1) Certain software and services revenues are recorded on a net basis as the Company is acting as an agent in the transaction. As a result, the category percentage of net revenues is not representative of the category percentage of gross profits.

(2) Includes items such as delivery charges to customers.

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

Unless otherwise indicated or the context otherwise requires, as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "we," "us," "the Company," "our," "CDW" and similar terms refer to CDW Corporation and its subsidiaries. "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the unaudited interim Consolidated Financial Statements and the related notes included elsewhere in this report and with the audited Consolidated Financial Statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. This discussion contains forward-looking statements that are subject to numerous risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements. See "Forward-Looking Statements" at the end of this discussion.

Overview

CDW Corporation ("Parent"), a Fortune 500 company and member of the S&P 500 Index, is a leading multi-brand provider of information technology ("IT") solutions to small, medium and large business, government, education and healthcare customers in the United States ("US"), the United Kingdom ("UK") and Canada. Our broad array of offerings ranges from discrete hardware and software products to integrated IT solutions and services that include on-premise and cloud capabilities across hybrid infrastructure, digital experience and security.

We have three reportable segments, Corporate, Small Business and Public. Our Corporate segment primarily serves US private sector business customers with more than 250 employees. Our Small Business segment primarily serves US private sector business customers with up to 250 employees. Our Public segment is comprised of government agencies and education and healthcare institutions in the US. We also have two other operating segments: CDW UK and CDW Canada, each of which do not meet the reportable segment quantitative thresholds and, accordingly, are included in an all other category ("Other").

We are vendor, technology and consumption model unbiased, with a solutions portfolio including more than 100,000 products and services from more than 1,000 leading and emerging brands. Our solutions are delivered in physical, virtual and cloud-based environments through approximately 11,000 customer-facing coworkers, including sellers, highly-skilled technology specialists and advanced service delivery engineers. We are a leading sales channel partner for many original equipment manufacturers, software publishers and cloud providers (collectively, our "vendor partners"), whose products we sell or include in the solutions we offer. We provide our vendor partners with a cost-effective way to reach customers and deliver a consistent brand experience through our established end-market coverage, technical expertise and extensive customer access.

We may sell all or only select products that our vendor partners offer. Each vendor partner agreement provides for specific terms and conditions, which may include one or more of the following: product return privileges, price protection policies, purchase discounts and vendor incentive programs, such as purchase or sales rebates and cooperative advertising reimbursements. We also resell software for major software publishers. Our agreements with software publishers allow the end-user customer to acquire software or licensed products and services. In addition to helping our customers determine the best software solutions for their needs, we help them manage their software agreements, including warranties and renewals. A significant portion of our advertising and marketing expenses are reimbursed through cooperative advertising programs with our vendor partners. These programs are at the discretion of our vendor partners and are typically tied to sales or other commitments to be met by us within a specified period of time.

Trends and Key Factors Affecting our Financial Performance

We believe the following key factors may have a meaningful impact on our business performance, influencing our ability to generate sales and achieve our targeted financial and operating results:

- General economic conditions are a key factor affecting our results as they can impact our customers' willingness and ability to spend on information technology. Macroeconomic uncertainty persists as a result of the current inflationary environment and corresponding heightened levels of interest rates driven by monetary policy. The uncertainty in the current economic environment resulted in, and may continue to result in, a delay, pause or reduction of investments in technology by our customers.

- Customers are evaluating the complex technology landscape in order to balance priorities and focus on solutions that lead to business optimization, cost management and security risk management, resulting in a more measured approach to their IT spending. We have orchestrated solutions by leveraging security, software and hybrid and cloud offerings to help customers achieve their objectives.

- Changes in spending policies, budget priorities, timing and funding levels, including current and future stimulus packages, are key factors influencing the purchasing levels of government, healthcare and education customers. As the duration and ongoing impact of current economic conditions remain uncertain, current and future budget priorities and funding levels for government, healthcare and education customers may be adversely affected, leading to lower IT spend.

- Technology trends drive customer purchasing behaviors in the market. Current technology trends are focused on delivering greater flexibility and efficiency, as well as designing and managing IT securely. These trends are driving customer adoption of cloud, generative artificial intelligence, software defined architectures and hybrid on-premise and off-premise combinations. The trends are further driven by the evolution of the IT consumption model to more “as a service” offerings, including software as a service and infrastructure as a service, in addition to ongoing managed and professional service arrangements. Technology trends are likely to evolve as customers prioritize spend that will produce the most important outcomes for their business.

Key Business Metrics

We monitor a number of financial and non-financial measures and ratios on a regular basis in order to track the progress of our business and make adjustments as necessary. Financial measures include both US GAAP, the accounting principles generally accepted in the United States of America, and Non-GAAP, which excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with US GAAP. We believe that the most important of these measures and ratios include Gross profit, Gross profit margin, Operating income, Operating income margin, Non-GAAP operating income, Non-GAAP operating income margin, Net income, Non-GAAP net income, Net income per diluted share, Non-GAAP net income per diluted share, Average daily sales, Net cash provided by operating activities, Adjusted free cash flow, Cash conversion cycle, and Net debt. These measures and ratios are closely monitored by management, so that actions can be taken, as necessary, in order to achieve financial objectives.

For the definitions, discussion of management’s use of Non-GAAP measures and reconciliations to the most directly comparable US GAAP measure, see “Results of Operations - Non-GAAP Financial Measure Reconciliations.”

The results of certain key business metrics for the comparative periods are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in millions, except per share amounts and percentages)	2024	2023	2024	2023
Net sales	$ 5,423.4	$ 5,626.1	$ 10,296.1	$ 10,729.2
Gross profit	$ 1,183.1	$ 1,181.5	$ 2,246.4	$ 2,270.9
Gross profit margin	*21.8 %*	*21.0 %*	*21.8 %*	*21.2 %*
Operating income	$ 433.1	$ 412.2	$ 761.1	$ 767.5
Operating income margin	*8.0 %*	*7.3 %*	*7.4 %*	*7.2 %*
Non-GAAP operating income	$ 510.3	$ 529.8	$ 913.8	$ 964.1
Non-GAAP operating income margin	*9.4 %*	*9.4 %*	*8.9 %*	*9.0 %*
Net income	$ 281.1	$ 262.6	$ 497.2	$ 492.7
Non-GAAP net income	$ 338.8	$ 349.0	$ 599.6	$ 627.7
Net income per diluted share	$ 2.07	$ 1.92	$ 3.66	$ 3.60
Non-GAAP net income per diluted share	$ 2.50	$ 2.56	$ 4.41	$ 4.59
Average daily sales[(1)]	$ 84.7	$ 87.9	$ 80.4	$ 83.8

(1) Defined as Net sales divided by the number of selling days. There were 64 selling days for both the three months ended June 30, 2024 and 2023. There were 128 selling days for both the six months ended June 30, 2024 and 2023.

(dollars in millions)	June 30, 2024	June 30, 2023
Net debt[(1)]	$ 4,963.0	$ 5,559.3
Cash conversion cycle (in days)[(2)]	17	14
Net cash provided by operating activities	$ 589.9	$ 593.6
Adjusted free cash flow[(3)]	$ 502.8	$ 683.9

(1) Defined as total debt minus Cash and cash equivalents.

(2) Defined as days of sales outstanding in Accounts receivable and certain receivables due from vendors plus days of supply in Merchandise inventory minus days of purchases outstanding in Accounts payable-trade and Accounts payable-inventory financing, based on a rolling three-month average.

(3) Defined as Net cash provided by operating activities less Capital expenditures, adjusted to include cash flows from financing activities that relate to the purchase of inventory.

Results of Operations

Results of operations, including Gross profit margin and Operating income margin, expressed as Gross profit and Operating income as a percentage of Net sales, respectively, for the three and six months ended June 30, 2024 and 2023 are below. For additional information on Net sales and Operating income by segment, see the “Segment Results of Operations.”

	Three Months Ended June 30,			Six Months Ended June 30,		
(dollars in millions, except percentages)	2024	2023	% Change	2024	2023	% Change
Net sales	$ 5,423.4	$ 5,626.1	(3.6)%	$ 10,296.1	$ 10,729.2	(4.0)%
Cost of sales	4,240.3	4,444.6	(4.6)	8,049.7	8,458.3	(4.8)
Gross profit	1,183.1	1,181.5	0.1	2,246.4	2,270.9	(1.1)
Gross profit margin	*21.8 %*	*21.0 %*		*21.8 %*	*21.2 %*	
Selling and administrative expenses	750.0	769.3	(2.5)	1,485.3	1,503.4	(1.2)
Operating income	433.1	412.2	5.1	761.1	767.5	(0.8)
Operating income margin	*8.0 %*	*7.3 %*		*7.4 %*	*7.2 %*	
Interest expense, net	(52.3)	(58.2)	(10.1)	(103.6)	(115.9)	(10.6)
Other expense, net	(1.1)	(0.6)	83.3	(1.2)	(1.9)	(36.8)
Income before income taxes	379.7	353.4	7.4	656.3	649.7	1.0
Income tax expense	(98.6)	(90.8)	8.6	(159.1)	(157.0)	1.3
Net income	$ 281.1	$ 262.6	7.0 %	$ 497.2	$ 492.7	0.9 %

Three months ended June 30, 2024 compared with the three months ended June 30, 2023

Net sales decreased $203 million, or 3.6%, with lower Net sales across all operating segments. Continued economic uncertainty and the complex technology landscape has led customers to be cautious and measured in their approach to technology spending, leading to a decline in Net sales.

Gross profit increased $2 million, or 0.1%. Gross profit margin, expressed as Gross profit as a percentage of Net sales, increased 80 basis points primarily due to a higher contribution of netted down revenue, primarily software as a service, partially offset by an increased mix into notebooks/mobile devices.

Selling and administrative expenses decreased $19 million, or 2.5%, primarily due to workplace optimization costs in the second quarter of 2023 with no similar activity in the current quarter, partially offset by increased transformation and other related costs.

Operating income increased $21 million, or 5.1%, primarily driven by a decrease in headquarters function costs associated with workplace optimization costs in the second quarter of 2023, partially offset by a decrease in Operating income by the Corporate, Other and Public operating segments.

Interest expense, net includes interest expense and interest income. Interest expense, net decreased $6 million, or 10.1%, primarily due to increased interest income earned on higher average cash balances and decreased interest expense on lower debt levels.

Income tax expense increased $8 million, or 8.6%. The effective tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 26.0% and 25.7% for the three months ended June 30, 2024 and 2023, respectively. The increase in the effective tax rate was primarily attributable to lower excess tax benefits on equity-based compensation.

Six months ended June 30, 2024 compared with the six months ended June 30, 2023

Net sales decreased $433 million, or 4.0%, with lower Net sales across all operating segments. Continued economic uncertainty and the complex technology landscape has led customers to be cautious and measured in their approach to technology spending, leading to a decline in Net sales.

Gross profit decreased $25 million, or 1.1%. Gross profit margin, expressed as Gross profit as a percentage of Net sales, increased 60 basis points primarily driven by a higher contribution of netted down revenue, primarily software as a service, partially offset by an increased mix into notebooks/mobile devices.

Selling and administrative expenses decreased $18 million, or 1.2%, primarily due to lower workplace optimization costs, partially offset by increased transformation and other related costs.

Operating income decreased $6 million, or 0.8%, primarily driven by a decrease in headquarters function costs associated with workplace optimization costs in the second quarter of 2023, partially offset by a decrease in Operating income by the Corporate, Other and Public operating segments.

Interest expense, net, decreased $12 million, or 10.6%, primarily due to increased interest income earned on higher average cash balances and decreased interest expense on lower debt levels, partially offset by a higher variable interest rate on the senior unsecured term loan.

Income tax expense increased $2 million, or 1.3%. The effective tax rate was 24.2% for both the six months ended June 30, 2024 and 2023.

Segment Results of Operations

Net sales by segment, in dollars and as a percentage of total Net sales, and the year-over-year dollar and percentage change in Net sales by segment are as follows:

	Three Months Ended June 30,					
	2024		2023			
(dollars in millions)	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales	Dollar Change	Percent Change[(1)]
Corporate	$ 2,195.2	40.5 %	$ 2,245.0	39.9 %	$ (49.8)	(2.2)%
Small Business	382.9	7.1	396.2	7.0	(13.3)	(3.4)
Public:						
Government	639.1	11.8	681.2	12.1	(42.1)	(6.2)
Education	1,017.4	18.8	1,026.8	18.3	(9.4)	(0.9)
Healthcare	586.8	10.8	587.1	10.4	(0.3)	(0.1)
Total Public	2,243.3	41.4	2,295.1	40.8	(51.8)	(2.3)
Other	602.0	11.0	689.8	12.3	(87.8)	(12.7)
Total Net sales	$ 5,423.4	100.0 %	$ 5,626.1	100.0 %	$ (202.7)	(3.6)%

	Six Months Ended June 30,					
	2024		2023			
(dollars in millions)	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales	Dollar Change	Percent Change[(1)]
Corporate	$ 4,331.1	42.1 %	$ 4,448.7	41.5 %	$ (117.6)	(2.6)%
Small Business	763.8	7.4	807.6	7.5	(43.8)	(5.4)
Public:						
Government	1,182.4	11.5	1,232.7	11.5	(50.3)	(4.1)
Education	1,614.2	15.7	1,692.5	15.8	(78.3)	(4.6)
Healthcare	1,171.4	11.4	1,182.7	11.0	(11.3)	(1.0)
Total Public	3,968.0	38.6	4,107.9	38.3	(139.9)	(3.4)
Other	1,233.2	11.9	1,365.0	12.7	(131.8)	(9.7)
Total Net sales	$ 10,296.1	100.0 %	$ 10,729.2	100.0 %	$ (433.1)	(4.0)%

(1) There were 64 selling days for both the three months ended June 30, 2024 and 2023. There were 128 selling days for both the six months ended June 30, 2024 and 2023. Average daily sales is defined as Net sales divided by the number of selling days.

Operating income by segment, in dollars and as a percentage of Net sales by segment, and the year-over-year percentage change are as follows:

	Three Months Ended June 30,				
	2024		2023		
(dollars in millions)	Operating Income	Percentage of Segment Net Sales	Operating Income	Percentage of Segment Net Sales	Percent Change in Operating Income
Segments:(1)					
Corporate	$ 197.0	9.0 %	$ 206.5	9.2 %	(4.6)%
Small Business	45.6	11.9	42.4	10.7	7.5
Public	209.2	9.3	210.3	9.2	(0.5)
Other(2)	24.2	4.0	32.4	4.7	(25.3)
Headquarters(3)	(42.9)	nm*	(79.4)	nm*	(46.0)
Total Operating income	$ 433.1	8.0 %	$ 412.2	7.3 %	5.1 %

	Six Months Ended June 30,				
	2024		2023		
(dollars in millions)	Operating Income	Percentage of Segment Net Sales	Operating Income	Percentage of Segment Net Sales	Percent Change in Operating Income
Segments:(1)					
Corporate	$ 375.0	8.7 %	$ 399.8	9.0 %	(6.2)%
Small Business	92.1	12.1	83.9	10.4	9.8
Public	335.2	8.4	337.8	8.2	(0.8)
Other(2)	49.5	4.0	68.9	5.0	(28.2)
Headquarters(3)	(90.7)	nm*	(122.9)	nm*	(26.2)
Total Operating income	$ 761.1	7.4 %	$ 767.5	7.2 %	(0.8)%

* nm - Not meaningful

(1) Segment operating income includes the segment's direct operating income, allocations for certain headquarters function costs, allocations for income and expenses from logistics services, certain inventory adjustments and volume rebates and cooperative advertising from vendors.

(2) Includes the financial results for our other operating segments, CDW UK and CDW Canada, which do not meet the reportable segment quantitative thresholds.

(3) Includes headquarters function costs that are not allocated to the segments.

Three months ended June 30, 2024 compared with the three months ended June 30, 2023

Corporate segment Net sales decreased $50 million, or 2.2%, primarily due to a decrease in netcomm products, partially offset by an increase in notebooks/mobile devices. As a result, Gross profit dollars also decreased although partially offset by increased netted down revenue.

Corporate segment Operating income decreased $10 million, or 4.6%, primarily due to lower Gross profit dollars and higher bad debt expense for expected credit losses, partially offset by lower integration expenses.

Small Business segment Net sales decreased $13 million, or 3.4%, primarily due to a decline across all hardware categories and software, partially offset by services. Despite this decrease in Net sales, Gross profit dollars were higher primarily due to increased netted down revenue.

Small Business segment Operating income increased $3 million, or 7.5%, primarily due to higher Gross profit dollars.

Public segment Net sales decreased $52 million, or 2.3%, with lower Net sales across various categories, primarily driven by a decrease in netcomm products across all sales channels and collaboration hardware within the Education sales channel, partially offset by an increase in notebooks/mobile devices within the Education sales channel and services within the Government sales channel. Despite this decrease in Net sales, Gross profit dollars were higher due to increased netted down revenue.

Public segment Operating income decreased $1 million, or 0.5%, primarily due to higher payroll expenses, partially offset by higher Gross profit dollars.

Net sales in Other, which is comprised of results from our UK and Canadian operations, decreased $88 million, or 12.7%, primarily due to a decrease across various hardware categories and software related to UK operations, resulting in a decrease in Gross profit dollars.

Other Operating income decreased $8 million, or 25.3%, primarily due to lower Gross profit dollars and increased transformation initiative expense related to the UK operations.

Six months ended June 30, 2024 compared with the six months ended June 30, 2023

Corporate segment Net sales decreased $118 million, or 2.6%, primarily due to a decrease in netcomm products, partially offset by an increase in notebooks/mobile devices. As a result, Gross profit dollars also decreased although partially offset by increased netted down revenue.

Corporate segment Operating income decreased $25 million, or 6.2%, primarily due to lower Gross profit dollars and higher bad debt expense for expected credit losses, partially offset by lower integration expenses.

Small Business segment Net sales decreased $44 million, or 5.4%, primarily due to a decline across all hardware categories. Despite this decrease in Net sales, Gross profit dollars were higher primarily due to increased netted down revenue.

Small Business segment Operating income increased $8 million, or 9.8%, primarily due to higher Gross profit dollars and lower bad debt expense for reduced expected credit losses.

Public segment Net sales decreased $140 million, or 3.4%, primarily due to a decrease in netcomm products across all sales channels and collaboration hardware within the Education sales channel, partially offset by increase in notebooks/mobile devices across all sales channels. Despite this decrease in Net sales, Gross profit dollars were higher due to increased netted down revenue.

Public segment Operating income decreased $3 million, or 0.8%, primarily due to higher payroll expenses, partially offset by lower bad debt expense for reduced expected credit losses, lower integration expenses and higher Gross profit dollars.

Net sales in Other, which is comprised of results from our UK and Canadian operations, decreased $132 million, or 9.7%, primarily due to a decrease in software related to the UK operations and a decrease across various hardware categories within UK and Canadian operations, resulting in lower Gross profit dollars.

Other Operating income decreased $19 million, or 28.2%, primarily due to lower Gross profit dollars, increased transformation initiative expense and less favorable bad debt expense for expected credit losses.

Non-GAAP Financial Measure Reconciliations

Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial condition that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with US GAAP. Non-GAAP measures used by management may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

Our non-GAAP performance measures include Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP net income, Non-GAAP net income per diluted share and Net sales on a constant currency basis, and our non-GAAP financial condition measures include Free cash flow and Adjusted free cash flow. These non-GAAP performance measures and non-GAAP financial condition measures are collectively referred to as "non-GAAP financial measures."

Non-GAAP operating income excludes, among other things, charges related to the amortization of acquisition-related intangible assets, equity-based compensation and the associated payroll taxes, acquisition and integration expenses, transformation initiatives and workplace optimization. Non-GAAP operating income margin is defined as Non-GAAP operating income as a percentage of Net sales. Non-GAAP net income and Non-GAAP net income per diluted share exclude, among other things, charges related to acquisition-related intangible asset amortization, equity-based compensation, acquisition and integration expenses, transformation initiatives, workplace optimization and the associated tax effects of each. Net sales on a constant currency basis is defined as Net sales excluding the impact of foreign currency translation on Net sales. Free cash flow is defined as Net cash provided by operating activities less capital expenditures. Adjusted free cash flow is defined as Free cash flow adjusted to include certain cash flows from financing activities incurred in the normal course of operations or as capital expenditures.

We believe our non-GAAP performance measures provide analysts, investors and management with useful information regarding the underlying operating performance of our business, as they remove the impact of items that management believes are not reflective of underlying operating performance. Management uses these measures to evaluate period-over-period performance as management believes they provide a more comparable measure of the underlying business. We also present non-GAAP financial condition measures as we believe they provide analysts, investors and management with more information regarding our liquidity and capital resources. Certain non-GAAP financial measures are also used to determine certain components of performance-based compensation.

We have included reconciliations of our non-GAAP financial measures to the most comparable US GAAP financial measures for the three and six months ended June 30, 2024 and 2023 below.

Non-GAAP operating income and Non-GAAP operating income margin

	Three Months Ended June 30,				
(dollars in millions)	2024	Percentage of Net Sales	2023	Percentage of Net Sales	Percent Change
Operating income, as reported	$ 433.1	8.0 %	$ 412.2	7.3 %	5.1 %
Amortization of intangibles(1)	37.8		37.3		
Equity-based compensation	28.7		24.8		
Transformation initiatives(2)	8.7		4.6		
Acquisition and integration expenses	0.9		8.7		
Workplace optimization(3)	—		42.0		
Other adjustments	1.1		0.2		
Non-GAAP operating income	$ 510.3	9.4 %	$ 529.8	9.4 %	(3.7)%

	Six Months Ended June 30,				
(dollars in millions)	2024	Percentage of Net Sales	2023	Percentage of Net Sales	Percent Change
Operating income, as reported	$ 761.1	7.4 %	$ 767.5	7.2 %	(0.8)%
Amortization of intangibles(1)	75.5		78.9		
Equity-based compensation	48.1		45.6		
Transformation initiatives(2)	14.8		9.6		
Acquisition and integration expenses	1.6		17.6		
Workplace optimization(3)	7.3		42.9		
Other adjustments	5.4		2.0		
Non-GAAP operating income	$ 913.8	8.9 %	$ 964.1	9.0 %	(5.2)%

(1) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

(2) Includes costs related to strategic transformation initiatives focused on optimizing various operations and systems.

(3) Includes costs related to the workforce reduction program and charges related to the reduction of our real estate lease portfolio.

Non-GAAP net income and Non-GAAP net income per diluted share

(dollars and shares in millions, except per share amounts)	Three Months Ended June 30, 2024 Income before income taxes	2024 Income tax expense[1]	2024 Net income	2023 Income before income taxes	2023 Income tax expense[1]	2023 Net income	Net Income Percent Change
US GAAP, as reported	$ 379.7	$ (98.6)	$ 281.1	$ 353.4	$ (90.8)	$ 262.6	7.0 %
Amortization of intangibles[2]	37.8	(9.8)	28.0	37.3	(9.6)	27.7	
Equity-based compensation	28.7	(7.0)	21.7	24.8	(7.1)	17.7	
Transformation initiatives[3]	8.7	(2.3)	6.4	4.6	(1.2)	3.4	
Acquisition and integration expenses	0.9	(0.2)	0.7	8.7	(2.3)	6.4	
Workplace optimization[4]	—	—	—	42.0	(10.9)	31.1	
Other adjustments	1.1	(0.2)	0.9	0.2	(0.1)	0.1	
Non-GAAP	$ 456.9	$ (118.1)	$ 338.8	$ 471.0	$ (122.0)	$ 349.0	(2.9)%
Net income per diluted share, as reported			$ 2.07			$ 1.92	
Non-GAAP net income per diluted share			$ 2.50			$ 2.56	
Shares used in computing US GAAP and Non-GAAP net income per diluted share			135.6			136.1	

(dollars and shares in millions, except per share amounts)	Six Months Ended June 30, 2024 Income before income taxes	2024 Income tax expense[1]	2024 Net income	2023 Income before income taxes	2023 Income tax expense[1]	2023 Net income	Net Income Percent Change
US GAAP, as reported	$ 656.3	$ (159.1)	$ 497.2	$ 649.7	$ (157.0)	$ 492.7	0.9 %
Amortization of intangibles[2]	75.5	(19.6)	55.9	78.9	(20.5)	58.4	
Equity-based compensation	48.1	(23.1)	25.0	45.6	(22.4)	23.2	
Transformation initiatives[3]	14.8	(3.9)	10.9	9.6	(2.5)	7.1	
Acquisition and integration expenses	1.6	(0.4)	1.2	17.6	(4.6)	13.0	
Workplace optimization[4]	7.3	(1.9)	5.4	42.9	(11.1)	31.8	
Other adjustments	5.4	(1.4)	4.0	2.0	(0.5)	1.5	
Non-GAAP	$ 809.0	$ (209.4)	$ 599.6	$ 846.3	$ (218.6)	$ 627.7	(4.5)%
Net income per diluted share, as reported			$ 3.66			$ 3.60	
Non-GAAP net income per diluted share			$ 4.41			$ 4.59	
Shares used in computing US GAAP and Non-GAAP net income per diluted share			135.8			136.7	

(1) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity-based compensation.

(2) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

(3) Includes costs related to strategic transformation initiatives focused on optimizing various operations and systems.

(4) Includes costs related to the workforce reduction program and charges related to the reduction of our real estate lease portfolio.

Net sales on a constant currency basis

(dollars in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Percent Change[1]	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Percent Change[1]
Net sales, as reported	$ 5,423.4	$ 5,626.1	(3.6)%	$ 10,296.1	$ 10,729.2	(4.0)%
Foreign currency translation[2]	—	(0.5)		—	19.2	
Net sales, on a constant currency basis	$ 5,423.4	$ 5,625.6	(3.6)%	$ 10,296.1	$ 10,748.4	(4.2)%

(1) There were 64 selling days for both the three months ended June 30, 2024 and 2023. There were 128 selling days for both the six months ended June 30, 2024 and 2023. Average daily sales is defined as Net sales divided by the number of selling days.

(2) Represents the effect of translating the prior year results of CDW UK and CDW Canada at the average exchange rates applicable in the current year.

Free cash flow and Adjusted free cash flow

(dollars in millions)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net cash provided by operating activities	$ 589.9	$ 593.6
Capital expenditures	(60.4)	(71.3)
Free cash flow	529.5	522.3
Net change in accounts payable - inventory financing	(26.7)	161.6
Adjusted free cash flow[1]	$ 502.8	$ 683.9

(1) Defined as Net cash provided by operating activities less capital expenditures, adjusted to include cash flows from financing activities that relate to the purchase of inventory.

Seasonality

While we have not historically experienced significant seasonality throughout the year, sales in our Public segment have historically been higher in the second and third quarter than in other quarters primarily due to the buying patterns of education and government customers.

Liquidity and Capital Resources

Overview

We finance our operations and capital expenditures with cash from operations and borrowings under our variable rate senior unsecured revolving loan facility (the "Revolving Loan Facility"). As of June 30, 2024, we had $1.2 billion of availability for borrowings under our Revolving Loan Facility. Our liquidity and borrowing plans are established to align with our financial and strategic planning processes and ensure we have the necessary funding to meet our operating commitments, which primarily include the purchase of inventory, payroll and general expenses. We also take into consideration our overall capital allocation strategy, which includes dividend payments, assessment of debt levels, acquisitions and share repurchases. We believe we have adequate sources of liquidity and funding available for at least the next year; however, there are a number of factors that may negatively impact our available sources of funds. The amount of cash generated from operations will be dependent upon factors such as the successful execution of our business plan, general economic conditions and working capital management.

Long-Term Debt and Financing Arrangements

As of June 30, 2024, we had total unsecured indebtedness of $5.6 billion, and we were in compliance with the covenants under our credit agreements and indentures.

We may from time to time repurchase one or more series of our outstanding unsecured senior notes, depending on market conditions, contractual commitments, our capital needs and other factors. Repurchases of our senior notes may be made by open market or privately negotiated transactions and may be pursuant to Rule 10b5-1 plans or otherwise.

For additional information regarding our debt and refinancing activities, see Note 6 (Debt) to the accompanying Consolidated Financial Statements.

Inventory Financing Agreements

We have entered into agreements with certain financial intermediaries to facilitate the purchase of inventory from various suppliers under certain terms and conditions to enhance liquidity. These amounts are classified separately as Accounts payable-inventory financing on the Consolidated Balance Sheets. We do not incur any interest expense or other incremental expenses associated with these agreements as balances are paid when they are due. For additional information, see Note 4 (Inventory Financing Agreements) to the accompanying Consolidated Financial Statements.

Share Repurchase Program

During the six months ended June 30, 2024, we repurchased 1.1 million shares of our common stock for $254 million under the previously announced share repurchase program. For additional information on our share repurchase program, see "Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds."

Dividends

A summary of 2024 dividend activity for our common stock is as follows:

Dividend Amount	Declaration Date	Record Date	Payment Date
$0.620	February 6, 2024	February 26, 2024	March 12, 2024
$0.620	April 30, 2024	May 24, 2024	June 11, 2024

On July 31, 2024, we announced that our Board of Directors declared a quarterly cash dividend on our common stock of $0.620 per share. The dividend will be paid on September 10, 2024 to all stockholders of record as of the close of business on August 26, 2024.

The payment of any future dividends will be at the discretion of our Board of Directors and will depend upon our results of operations, financial condition, business prospects, capital requirements, contractual restrictions (including in current or future agreements governing our indebtedness), restrictions imposed by applicable law, tax considerations and other factors that our Board of Directors deems relevant.

Cash Flows

Cash flows from operating, investing and financing activities are as follows:

	Six Months Ended June 30,	
(dollars in millions)	2024	2023
Net cash provided by operating activities	$ 589.9	$ 593.6
Investing Activities:		
Capital expenditures	(60.4)	(71.3)
Acquisitions of businesses, net of cash acquired	(0.2)	(75.5)
Net cash used in investing activities	(60.6)	(146.8)
Financing Activities:		
Net change in accounts payable - inventory financing	(26.7)	161.6
Other cash flows used in financing activities	(422.9)	(721.1)
Net cash used in financing activities	(449.6)	(559.5)
Effect of exchange rate changes on cash and cash equivalents	(3.1)	1.4
Net increase (decrease) in cash and cash equivalents	$ 76.6	$ (111.3)

Operating Activities

Cash flows from operating activities are as follows:

(dollars in millions)	Six Months Ended June 30, 2024	2023	Change
Net income	$ 497.2	$ 492.7	$ 4.5
Adjustments for the impact of non-cash items[1]	177.6	187.3	(9.7)
Net income adjusted for the impact of non-cash items	674.8	680.0	(5.2)
Changes in assets and liabilities:			
Accounts receivable[2]	(161.5)	(13.0)	(148.5)
Merchandise inventory[3]	(57.7)	17.0	(74.7)
Accounts payable-trade[4]	236.9	(39.7)	276.6
Other[5]	(102.6)	(50.7)	(51.9)
Net cash provided by operating activities	$ 589.9	$ 593.6	$ (3.7)

(1) Includes items such as depreciation and amortization, deferred income taxes, provision for credit losses and equity-based compensation expense.

(2) The change is primarily due to timing of collections, including multi-year transactions, partially offset by lower sales activity.

(3) The change is primarily due to strategic and customer-driven stocking positions.

(4) The change is primarily due to timing of payments, partially offset by lower sales activity.

(5) The change is primarily due to higher vendor receivables in 2024.

In order to manage our working capital and operating cash needs, we monitor our cash conversion cycle, defined as days of sales outstanding in accounts receivable plus days of supply in inventory minus days of purchases outstanding in accounts payable, based on a rolling three-month average. Components of our cash conversion cycle are as follows:

(in days)	June 30, 2024	2023
Days of sales outstanding (DSO)[1]	72	67
Days of supply in inventory (DIO)[2]	13	14
Days of purchases outstanding (DPO)[3]	(68)	(67)
Cash conversion cycle	17	14

(1) Represents the rolling three-month average of the balance of Accounts receivable, net at the end of the period, divided by average daily Net sales for the same three-month period. Also incorporates components of other miscellaneous receivables.

(2) Represents the rolling three-month average of the balance of Merchandise inventory at the end of the period divided by average daily Cost of sales for the same three-month period.

(3) Represents the rolling three-month average of the combined balance of Accounts payable-trade, excluding cash overdrafts, and Accounts payable-inventory financing at the end of the period divided by average daily Cost of sales for the same three-month period.

The cash conversion cycle increased to 17 days at June 30, 2024, compared to 14 days at June 30, 2023. The overall increase was primarily driven by an increase in DSO due to timing of collections, including multi-year transactions. In addition, netted down revenue has an unfavorable impact to DSO and a favorable impact to DPO as the corresponding receivables and payables reflect the gross amounts due from customers and due to vendors while the corresponding sales and cost of sales are reflected on a net basis within Net sales.

Investing Activities

Net cash used in investing activities decreased $86 million for the six months ended June 30, 2024 compared to June 30, 2023. This decrease was primarily due to cash flows for acquisitions in 2023.

Financing Activities

Net cash used in financing activities decreased $110 million for the six months ended June 30, 2024 compared to June 30, 2023. This decrease was primarily driven by lower share repurchases and lower repayments on debt, partially offset by decreased activity associated with inventory financing arrangements. For additional information regarding the inventory financing agreements and debt activities, see Note 4 (Inventory Financing Agreements) and Note 6 (Debt) to the accompanying Consolidated Financial Statements.

Issuers and Guarantors of Debt Securities

Each series of our outstanding unsecured senior notes (the “Notes”) are issued by CDW LLC and CDW Finance Corporation (the “Issuers”) and are guaranteed by Parent and certain of CDW LLC’s direct and indirect, 100% owned, domestic subsidiaries (the “Guarantor Subsidiaries” and, together with Parent, the “Guarantors”). All guarantees by Parent and the Guarantor Subsidiaries are joint and several, and full and unconditional; provided that guarantees by the Guarantor Subsidiaries are subject to certain customary release provisions contained in the indentures governing the Notes.

The Notes and the related guarantees are the Issuers’ and the Guarantors’ senior unsecured obligations and are:

- structurally subordinated to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries; and
- rank equal in right of payment with all of the Issuers’ and the Guarantors’ existing and future unsecured senior debt.

The following tables set forth Balance Sheet information as of June 30, 2024 and December 31, 2023, and Statement of Operations information for the six months ended June 30, 2024 and for the year ended December 31, 2023. The financial information includes the accounts of the Issuers and the accounts of the Guarantors (the “Obligor Group”). The financial information of the Obligor Group is presented on a combined basis and the intercompany balances and transactions between the Obligor Group have been eliminated.

Balance Sheet Information

(dollars in millions)	June 30, 2024	December 31, 2023
Current assets	$ 6,106.4	$ 5,770.0
Goodwill	3,940.7	3,939.7
Other assets	1,996.4	1,978.4
Total Non-current assets	5,937.1	5,918.1
Current liabilities	5,742.2	4,975.4
Long-term debt	4,424.7	5,031.4
Other liabilities	754.7	697.7
Total Long-term liabilities	$ 5,179.4	$ 5,729.1

Statement of Operations Information

(dollars in millions)	Six Months Ended June 30, 2024	Year Ended December 31, 2023
Net sales	$ 9,043.8	$ 18,759.4
Gross profit	1,998.8	4,106.4
Operating income	712.4	1,507.3
Net income	428.9	945.6

Commitments and Contingencies

The information set forth in Note 9 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements is incorporated herein by reference.

Critical Accounting Policies and Estimates

Our critical accounting policies have not changed from those reported in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Accounting Pronouncements

The information set forth in Note 2 (Recent Accounting Pronouncements) to the accompanying Consolidated Financial Statements is incorporated herein by reference.

Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the federal securities laws. All statements other than statements of historical fact are forward-looking statements. These statements relate to analyses and other information, which are based on forecasts of future results or events and estimates of amounts not yet determinable. These statements also relate to our future prospects, growth, developments and business strategies. We claim the protection of The Private Securities Litigation Reform Act of 1995 for all forward-looking statements in this report.

These forward-looking statements are identified by the use of terms and phrases such as "anticipate," "assume," "believe," "estimate," "expect," "goal," "intend," "plan," "potential," "predict," "project," "target" and similar terms and phrases or future or conditional verbs such as "could," "may," "should," "will," and "would." However, these words are not the exclusive means of identifying such statements. Although we believe that our plans, intentions and other expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that we will achieve those plans, intentions or expectations. All forward-looking statements are subject to risks and uncertainties that may cause actual results or events to differ materially from those that we expected.

Important factors that could cause actual results or events to differ materially from our expectations, or cautionary statements, are disclosed under the section entitled "Trends and Key Factors Affecting our Financial Performance" above, the section entitled "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2023 and from time to time in our subsequent Quarterly Reports on Form 10-Q and our other US Securities and Exchange Commission ("SEC") filings and public communications. These factors include, among others, inflationary pressures; level of interest rates; CDW's relationships with vendor partners and terms of their agreements; continued innovations in technology by CDW's vendor partners; the use or capabilities of artificial intelligence; substantial competition that could reduce CDW's market share; the continuing development, maintenance and operation of CDW's information technology systems; potential breaches of data security and failure to protect our information technology systems from cybersecurity threats; potential failures to provide high-quality services to CDW's customers; potential losses of any key personnel, significant increases in labor costs or ineffective workforce management; potential adverse occurrences at one of CDW's primary facilities or third-party data centers, including as a result of climate change; increases in the cost of commercial delivery services or disruptions of those services; CDW's exposure to accounts receivable and inventory risks; future acquisitions or alliances; fluctuations in CDW's operating results; fluctuations in foreign currency; global and regional economic and political conditions, including the impact of pandemics such as COVID-19 and armed conflicts; potential interruptions of the flow of products from suppliers; decreases in spending on technology products and services, including impacts of adverse change in government spending policies; potential failures to comply with Public segment contracts or applicable laws and regulations; current and future legal proceedings, investigations and audits, including intellectual property infringement claims; changes in laws, including regulations or interpretations thereof, or the potential failure to meet stakeholder expectations on environmental sustainability and corporate responsibility matters; CDW's level of indebtedness; restrictions imposed by agreements relating to CDW's indebtedness on its operations and liquidity; failure to maintain the ratings assigned to CDW's debt securities by rating agencies; changes in, or the discontinuation of, CDW's share repurchase program or dividend payments; and other risk factors or uncertainties identified from time to time in CDW's filings with the SEC. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by those cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not reflect all of the factors that could cause actual results or events to differ from our expectations. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See "Quantitative and Qualitative Disclosures of Market Risks" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. As of June 30, 2024, there have been no material changes in this information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) or

Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, and that information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely discussions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in Note 9 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements included in “Part I, Item 1. Financial Statements” of this report is incorporated herein by reference.

Item 1A. Risk Factors

See “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

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

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

Information relating to the Company’s purchases of its common stock during the three months ended June 30, 2024 is as follows:

Period	Total Number of Shares Purchased (in millions)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (in millions)	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs(1) (in millions)
April 1 through April 30, 2024	—	$ —	—	$ 1,033.5
May 1 through May 31, 2024	0.7	224.30	0.7	888.2
June 1 through June 30, 2024	0.2	224.82	0.2	833.5
Total	0.9		0.9	

(1) The amounts presented in this column are the remaining total authorized value to be spent after each month’s repurchases.

On February 7, 2024, we announced that our Board of Directors authorized a $750 million increase to our share repurchase program (which was incremental to the amount remaining under the $750 million authorization announced on February 8, 2023) under which we may repurchase shares of our common stock from time to time in privately negotiated transactions, open market purchases or other transactions as permitted by securities laws and other legal requirements. The timing and amounts of any purchases will be based on market conditions and other factors including but not limited to share price, regulatory requirements and capital availability. The program does not require the purchase of any minimum dollar amount or number of shares, and the program may be modified, suspended or discontinued at any time.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit	Description
31.1*	Certification of Chief Executive Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350.
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith
** These items are furnished and not filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CDW CORPORATION

Date:	July 31, 2024	By:	/s/ Albert J. Miralles
			Albert J. Miralles
			Senior Vice President and Chief Financial Officer
			(Duly authorized officer and principal financial officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) or 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Christine A. Leahy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CDW Corporation;
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.

/s/ Christine A. Leahy

Christine A. Leahy
Chair, President and Chief Executive Officer
CDW Corporation
July 31, 2024

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) or 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Albert J. Miralles, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CDW Corporation;

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.

/s/ Albert J. Miralles

Albert J. Miralles
Senior Vice President and Chief Financial Officer
CDW Corporation
July 31, 2024

Exhibit 32.1

**CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63
OF TITLE 18 OF THE UNITED STATES CODE**

I, Christine A. Leahy, the chief executive officer of CDW Corporation ("CDW"), certify that (i) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (the "10-Q") of CDW fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the 10-Q fairly presents, in all material respects, the financial condition and results of operations of CDW.

/s/ Christine A. Leahy

Christine A. Leahy
Chair, President and Chief Executive Officer
CDW Corporation
July 31, 2024

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63
OF TITLE 18 OF THE UNITED STATES CODE

I, Albert J. Miralles, the chief financial officer of CDW Corporation ("CDW"), certify that (i) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (the "10-Q") of CDW fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the 10-Q fairly presents, in all material respects, the financial condition and results of operations of CDW.

/s/ Albert J. Miralles

Albert J. Miralles
Senior Vice President and Chief Financial Officer
CDW Corporation
July 31, 2024