# CDW Corporation

Webcast Conference Call

February 9, 2022

# Today's Agenda

- Fourth Quarter and Full Year 2021 Results
- Performance Drivers
- 2022 Outlook
- Q&A

# Disclaimers

Forward-Looking Statements

Statements in this presentation that are not statements of historical fact are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding capital priorities and other strategic plans of CDW. These forward-looking statements are subject to risks and uncertainties that may cause actual results or events to differ materially from those described in such statements. Although CDW believes that its plans, intentions and other expectations reflected in or suggested by such forward-looking statements are reasonable, it can give no assurance that it will achieve those plans, intentions or expectations. Reference is made to a more complete discussion of forward-looking statements and applicable risks contained under the captions "Forward-Looking Statements" and "Risk Factors" in CDW's Annual Report on Form 10-K for the year ended December 31, 2020 and Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 and subsequent filings with the SEC. CDW undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

Non-GAAP Financial Information

This presentation contains certain non-GAAP financial measures, including Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP SG&A, Non-GAAP income before income taxes, Non-GAAP net income, Non-GAAP effective tax rate, Non-GAAP net income per diluted share, Non-GAAP net income per diluted share on a constant currency basis, Net sales growth on a constant currency basis and Free cash flow. Generally, a non-GAAP financial measure is a numerical measure of a company’s performance or financial position 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. For a reconciliation of non-GAAP financial measures to the applicable most comparable US GAAP financial measures, see Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 and the reconciliations included in these slides. Non-GAAP financial measures used by CDW may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

Other

The historic combined financial information of CDW and Sirius presented herein is for illustrative purposes only and is not necessarily indicative of results that would have been achieved had the acquisition occurred at the beginning of the periods presented. The combined financial information is not intended to represent pro forma financial information under Article 11 of Regulation S-X. In addition, in arriving at the combined non-GAAP earnings per diluted share, CDW has applied its best judgment in conforming Sirius' pre-acquisition financial results to CDW's definition of Non-GAAP earnings per diluted share.

# Q4 2021 and Full Year Financial Performance

## Fourth Quarter:

- Net sales increased $581 million from Q4 2020 to $5.5 billion
  - Up 11.7% on a reported basis
  - Up 9.9% on an average daily basis ("ADS")
  - Up 9.6% on an ADS constant currency basis
- Operating income up 2.1% to $339 million
- Net income down 9.7% to $215 million
- Non-GAAP operating income up 12.9% to $425 million
- Net income per diluted share down 4.5% to $1.57
- Non-GAAP net income per diluted share up 14.0% to $2.08

## Full Year:

- Net sales increased $2,353 million from 2020 to $20.8 billion
  - Up 12.7% on a reported and ADS basis
  - Up 11.9% on an ADS constant currency basis
- Operating income up 20.3% to $1,419 million
- Net income up 25.4% to $989 million
- Non-GAAP operating income up 17.1% to $1,645 million
- Net income per diluted share up 29.2% to $7.04
- Non-GAAP net income per diluted share up 20.9% to $7.97

# Balanced Portfolio Drove Top-Line Growth

*(Unaudited)*
*($ in millions)*

| | Three Months Ended December 31, | | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | % Change | Average Daily % Change[1] | 2021 | 2020 | % Change[1] |
| Corporate | $ 2,323.5 | $ 1,717.5 | 35.3 % | 33.1 % | $ 8,179.7 | $ 6,846.0 | 19.5 % |
| Small Business | 487.4 | 366.5 | 33.0 | 30.9 | 1,870.1 | 1,397.1 | 33.9 |
| Public | | | | | | | |
| Government | 557.3 | 842.6 | (33.9) | (34.9) | 2,155.6 | 2,978.5 | (27.6) |
| Education | 949.7 | 1,026.9 | (7.5) | (9.0) | 4,108.7 | 3,458.1 | 18.8 |
| Healthcare | 520.3 | 427.0 | 21.8 | 19.9 | 1,919.3 | 1,701.1 | 12.8 |
| Total Public | 2,027.3 | 2,296.5 | (11.7) | (13.1) | 8,183.6 | 8,137.7 | 0.6 |
| Other | 698.7 | 575.7 | 21.4 | 19.5 | 2,587.4 | 2,086.7 | 24.0 |
| Total Net sales | $ 5,536.9 | $ 4,956.2 | 11.7 % | 9.9 % | $ 20,820.8 | $ 18,467.5 | 12.7 % |

(1) There were 63 and 62 selling days for the three months ended December 31, 2021 and 2020, respectively. There were 254 selling days for both the years ended December 31, 2021 and 2020.

## Highlights Combined Power of Business Model and Strategy

- Balanced portfolio of customer end-markets
- Diverse product and solutions portfolio
- Three-part strategy for growth

# Our Three-Part Growth Strategy

1. Capture share and acquire new customers

2. Enhance capabilities in high-growth solutions areas

3. Expand services capabilities

# Q4 2021 Financial Results

*(Unaudited)*
*($ in millions, except per share amounts)*

| | Three Months Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2021 | | 2020 | | % Change |
| Net sales | $ | 5,536.9 | $ | 4,956.2 | 11.7 % |
| *Average daily net sales* | *$* | *87.9* | *$* | *79.9* | *9.9 %* |
| Gross profit | $ | 975.6 | $ | 880.9 | 10.8 % |
| *% of Net sales* | | *17.6 %* | | *17.8 %* | |
| SG&A | $ | 636.3 | $ | 548.7 | 16.0 % |
| Operating income | $ | 339.3 | $ | 332.2 | 2.1 % |
| Non-GAAP SG&A* | $ | 551.1 | $ | 504.7 | 9.2 % |
| Non-GAAP operating income* | $ | 424.5 | $ | 376.2 | 12.9 % |
| *% of Net sales* | | *7.7 %* | | *7.6 %* | |
| Interest expense, net | $ | 43.4 | $ | 37.1 | 16.9 % |
| Other expense, net | $ | (8.6) | $ | (0.1) | nm** |
| Net income | $ | 215.3 | $ | 238.3 | (9.7)% |
| Diluted EPS | $ | 1.57 | $ | 1.65 | (4.5)% |
| Non-GAAP net income* | $ | 285.4 | $ | 263.7 | 8.2 % |
| Non-GAAP diluted EPS* | $ | 2.08 | $ | 1.82 | 14.0 % |

* Non-GAAP SG&A, Non-GAAP operating income, Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.



** Not meaningful

# Q4 2021 Non-GAAP SG&A and Non-GAAP Operating Income

*(Unaudited)*
*($ in millions)*

| | Three Months Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | % Change |
| SG&A, as reported | $ 636.3 | $ 548.7 | 16.0 % |
| Amortization of acquisition-related intangible assets | (24.3) | (24.2) | |
| Equity-based compensation | (19.3) | (16.6) | |
| Acquisition and integration expenses | (41.2) | (0.9) | |
| Other adjustments | (0.4) | (2.3) | |
| Non-GAAP SG&A* | $ 551.1 | $ 504.7 | 9.2 % |
| Non-GAAP operating income* | $ 424.5 | $ 376.2 | 12.9 % |
| *% of Net sales* | *7.7 %* | *7.6 %* | |

* Non-GAAP SG&A and Non-GAAP operating income are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

# Q4 2021 Non-Operating Expenses

*(Unaudited)*
*($ in millions)*

| | Three Months Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | % Change |
| Interest expense, net | $ (43.4) | $ (37.1) | 16.9 % |
| Other expense, net | $ (8.6) | $ (0.1) | nm* |
| Income tax expense | $ (72.0) | $ (56.7) | 26.9 % |

* Not meaningful

# Q4 2021 US GAAP Effective Tax Rate

*(Unaudited)*

| | Three Months Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Federal statutory rate | 21.0 % | 21.0 % |
| State taxes[1] | 2.8 | 4.0 |
| Excess benefits from equity-based compensation[2] | (1.2) | (3.0) |
| All other items impacting tax rate | 2.5 | (2.8) |
| US GAAP effective tax rate | 25.1 % | 19.2 % |

(1) Net of Federal benefit and excludes the State benefit associated with excess tax benefits.

(2) Inclusive of Federal and State taxes.

# Q4 2021 Non-GAAP Net Income

*(Unaudited)*

*($ in millions)*

| | Three Months Ended December 31, 2021 | | | | Three Months Ended December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Income before income taxes** | **Income tax expense[1]** | **Net income** | **Effective tax rate** | **Income before income taxes** | **Income tax expense[1]** | **Net income** | **Effective tax rate** |
| US GAAP, as reported | $ 287.3 | $ (72.0) | $ 215.3 | 25.1 % | $ 295.0 | $ (56.7) | $ 238.3 | 19.2 % |
| Amortization of intangibles[2] | 24.3 | (5.5) | 18.8 | | 24.2 | (6.0) | 18.2 | |
| Equity-based compensation | 19.3 | (6.3) | 13.0 | | 16.6 | (11.8) | 4.8 | |
| Acquisition and integration expenses | 41.2 | (7.1) | 34.1 | | 0.9 | (0.2) | 0.7 | |
| Net loss on extinguishment of long-term debt | 5.6 | (1.4) | 4.2 | | — | — | — | |
| Other adjustments | 0.4 | (0.4) | — | | 2.3 | (0.6) | 1.7 | |
| Non-GAAP* | $ 378.1 | $ (92.7) | $ 285.4 | 24.5 % | $ 339.0 | $ (75.3) | $ 263.7 | 22.2 % |

(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.

* Non-GAAP income before income taxes and Non-GAAP net income are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

# Q4 2021 Earnings Per Share

*(Unaudited)*
*($ in millions, except per share amounts)*

| | Three Months Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2021 | | 2020 | | % Change |
| Diluted EPS | $ | 1.57 | $ | 1.65 | (4.5)% |
| Non-GAAP net income* | $ | 285.4 | $ | 263.7 | 8.2 % |
| Non-GAAP diluted EPS* | $ | 2.08 | $ | 1.82 | 14.0 % |

* Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

# Full Year Financial Results

*(Unaudited)*
*($ in millions, except per share amounts)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | % Change |
| Net sales | $ 20,820.8 | $ 18,467.5 | 12.7 % |
| *Average daily net sales* | *$ 82.0* | *$ 72.7* | *12.7 %* |
| Gross profit | $ 3,568.5 | $ 3,210.1 | 11.2 % |
| *% of Net sales* | *17.1 %* | *17.4 %* | |
| SG&A | $ 2,149.5 | $ 2,030.9 | 5.8 % |
| Operating income | $ 1,419.0 | $ 1,179.2 | 20.3 % |
| Non-GAAP SG&A* | $ 1,923.1 | $ 1,805.5 | 6.5 % |
| Non-GAAP operating income* | $ 1,645.4 | $ 1,404.6 | 17.1 % |
| *% of Net sales* | 7.9 % | *7.6 %* | |
| Interest expense, net | $ 150.9 | $ 154.9 | (2.6)% |
| Other income (expense), net | $ 29.7 | $ (22.0) | nm** |
| Net income | $ 988.6 | $ 788.5 | 25.4 % |
| Diluted EPS | $ 7.04 | $ 5.45 | 29.2 % |
| Non-GAAP net income* | $ 1,118.9 | $ 954.4 | 17.2 % |
| Non-GAAP diluted EPS* | $ 7.97 | $ 6.59 | 20.9 % |

* Non-GAAP SG&A, Non-GAAP operating income, Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

** Not meaningful

# Full Year Non-GAAP SG&A and Non-GAAP Operating Income

*(Unaudited)*
*($ in millions)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | % Change |
| SG&A, as reported | $ 2,149.5 | $ 2,030.9 | 5.8 % |
| Amortization of acquisition-related intangible assets | (94.9) | (158.1) | |
| Equity-based compensation | (72.6) | (42.5) | |
| Acquisition and integration expenses | (54.3) | (4.9) | |
| Other adjustments | (4.6) | (19.9) | |
| Non-GAAP SG&A | $ 1,923.1 | $ 1,805.5 | 6.5 % |
| Non-GAAP operating income* | $ 1,645.4 | $ 1,404.6 | 17.1 % |
| *% of Net sales* | *7.9 %* | *7.6 %* | |

* Non-GAAP SG&A and Non-GAAP operating income are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

# Full Year Non-Operating Expenses

*(Unaudited)*
*($ in millions)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | % Change |
| Interest expense, net | $ (150.9) | $ (154.9) | (2.6)% |
| Other income (expense), net | $ 29.7 | $ (22.0) | nm* |
| Income tax expense | $ (309.2) | $ (213.8) | 44.7 % |

* Not meaningful

# Full Year US GAAP Effective Tax Rate

*(Unaudited)*

| | Year Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Federal statutory rate | 21.0 % | 21.0 % |
| State taxes[(1)] | 3.9 | 3.6 |
| Excess benefits from equity-based compensation[(2)] | (2.3) | (2.9) |
| Change in tax law[(3)] | 0.4 | 0.3 |
| All other items impacting tax rate | 0.8 | (0.7) |
| US GAAP effective tax rate | 23.8 % | 21.3 % |

(1) Net of Federal benefit and excludes the State benefit associated with excess tax benefits.
(2) Inclusive of Federal and State taxes.
(3) Includes the UK corporate tax rate changes.

# Full Year Non-GAAP Net Income

*(Unaudited)*
*($ in millions)*

| | Year Ended December 31, 2021 | | | | Year Ended December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Income before income taxes | Income tax expense[1] | Net income | Effective tax rate | Income before income taxes | Income tax expense[1] | Net income | Effective tax rate |
| US GAAP, as reported | $1,297.8 | $ (309.2) | $ 988.6 | 23.8 % | $1,002.3 | $ (213.8) | $ 788.5 | 21.3 % |
| Amortization of intangibles[2] | 94.9 | (18.9) | 76.0 | | 158.1 | (36.8) | 121.3 | |
| Equity-based compensation | 72.6 | (42.6) | 30.0 | | 42.5 | (37.0) | 5.5 | |
| Acquisition and integration expenses | 54.3 | (10.4) | 43.9 | | 4.9 | (1.2) | 3.7 | |
| Gain on sale of equity method investment | (36.0) | 8.5 | (27.5) | | — | — | — | |
| Net loss on extinguishment of long-term debt | 6.0 | (1.5) | 4.5 | | 27.3 | (6.8) | 20.5 | |
| Other adjustments | 4.6 | (1.2) | 3.4 | | 19.9 | (5.0) | 14.9 | |
| Non-GAAP* | $1,494.2 | $ (375.3) | $1,118.9 | 25.1 % | $1,255.0 | $ (300.6) | $ 954.4 | 24.0 % |

(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.

* Non-GAAP income before income taxes and Non-GAAP net income are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

# Full Year Earnings Per Share

*(Unaudited)*
*($ in millions, except per share amounts)*

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2021 | | 2020 | | % Change |
| Diluted EPS | $ | 7.04 | $ | 5.45 | 29.2 % |
| Non-GAAP net income* | $ | 1,118.9 | $ | 954.4 | 17.2 % |
| Non-GAAP diluted EPS* | $ | 7.97 | $ | 6.59 | 20.9 % |

* Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

# Debt and Revolver Availability

*(Unaudited)*
*($ in millions)*

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Cash and cash equivalents | $ 258.1 | $ 1,410.2 |
| Total debt | $ 6,858.5 | $ 3,927.2 |
| Net debt (total debt net of cash and cash equivalents) | $ 6,600.4 | $ 2,517.0 |
| Revolver availability | $ 987.3 | $ 1,059.3 |
| Cash plus revolver availability | $ 1,245.4 | $ 2,469.5 |

# Cash Conversion Cycle

*(Unaudited)*
*(Based on a rolling three-month average)*

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Days of sales outstanding | 65 | 57 |
| Days of supply in inventory | 17 | 14 |
| Days purchases outstanding | (58) | (54) |
| Cash conversion cycle | 24 | 17 |

# Free Cash Flow

*(Unaudited)*
*($ in millions)*

| | Three Months Ended December 31, | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | % Change | 2021 | 2020 | % Change |
| Net cash provided by operating activities | $ 147.9 | $ 576.0 | (74.3)% | $ 784.6 | $ 1,314.3 | (40.3)% |
| Capital expenditures[1] | (33.8) | (24.3) | | (100.0) | (158.0) | |
| Net change in accounts payable-inventory financing | 21.9 | (139.5) | | (161.8) | 93.0 | |
| Financing payments for revenue generating assets | — | (18.1) | | (46.1) | (18.1) | |
| Free cash flow | $ 136.0 | $ 394.1 | (65.5)% | $ 476.7 | $ 1,231.2 | (61.3)% |

(1) Includes expenditures for revenue generating assets.

# 2022 Capital Allocation Priorities

| Priorities | Objectives | Actions |
|---|---|---|
| Increase Dividends Annually | Target ~25% payout of Non-GAAP net income; grow in-line with earnings | 25% increase in November 2021 to $2.00/share annually |
| Maintain Net Leverage Ratio[1] | Use FCF after dividends to pay down debt until leverage ratio within range of 2.5-3.0 times | Currently at 3.4x[2], [3]. Expect to be within target range by end of 2022 |
| Supplement Organic Growth with M&A | Lower priority on M&A until net leverage ratio is in target range | Acquired Sirius Computer Solutions, Inc. on December 1, 2021, for $2.5 billion[4] |
| Return Excess FCF after Dividends and M&A Through Share Repurchases | Lower priority on share repurchases until net leverage ratio is in target range | $1.5 billion of share repurchases in 2021 expected to more than offset 2021 and 2022 incentive plan dilution |

(1) Defined as the ratio of total debt at period-end excluding any unamortized discount and/or premium and deferred financing costs, less cash and cash equivalents, to trailing twelve-month Non-GAAP operating income plus depreciation and amortization in SG&A (excluding amortization expenses for acquisition-related intangible assets).

(2) As of December 31, 2021.

(3) The Net Leverage Ratio of 3.4 times is above the targeted range of 2.5 to 3.0 times as a result of CDW issuing $2.5 billion of senior notes on December 1, 2021, to fund the acquisition of Sirius Computer Solutions, Inc. CDW expects to be within its net leverage target range by the end of 2022.

(4) Subject to customary adjustments.

# 2022 Outlook

| | 2022 Outlook On a Combined Basis[(1),(2),(3)] |
|---|---|
| Net Sales Growth | U.S. IT growth plus ~200 to 300 bps premium in constant currency |
| Non-GAAP Operating Income Margin[(4)] | Low-8%s |
| Non-GAAP Earnings Per Diluted Share Growth | • High single-digit growth in constant currency<br>• Mid-teens in constant currency *on a Reported basis* |

(1) CDW acquired Sirius Computer Solutions, Inc. on December 1, 2021. On a combined basis, CDW's full-year 2021 Net sales would have been $22.8 billion, including $2.17 billion from Sirius, and full-year non-GAAP earnings per diluted share would have been $8.49.

(2) As of February 9, 2022.

(3) Annual targets are provided on a non-GAAP basis because certain reconciling items are dependent on future events that either cannot be controlled, such as currency impacts or interest rates, or reliably predicted because they are not part of CDW's routine activities, such as refinancing activities or acquisition and integration expenses.

(4) Non-GAAP operating income as a percentage of Net sales.

# Modeling Thoughts for 2022

- Net sales
  - 1H sales split in-line with historical norm of 48% to 49% of full-year Net sales
  - First quarter reported sequential sales growth of low single-digit on an average daily sales basis
  - Currency expected to be neutral for the full year
- Annual depreciation and amortization expenses expected to be between $280 million and $285 million, including ~$165 million of amortization expense for acquisition-related intangible assets
  - Depreciation and amortization in SG&A, excluding acquisition-related intangible assets, expected to be ~$110 million
- Annual interest expense expected to be between $225 million and $230 million
- Non-GAAP effective tax rate expected to be between 25.5% to 26.5%
- Annual Free Cash Flow within 'rule of thumb' of 3 3/4% to 4 1/4% of Net sales
- Capital expenditure 0.70% to 0.75% of Net sales
- Achieve Cash Conversion Cycle within target range of high teens to low 20s

# Questions and Answers

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WHO
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# Non-GAAP Operating Income Reconciliation

*(Unaudited)*

*($ in millions)*

| | Three Months Ended December 31, | | | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | **2021** | **% of Net sales** | **2020** | **% of Net sales** | **2021** | **% of Net sales** | **2020** | **% of Net sales** |
| Operating income, as reported | 339.3 | 6.1 % | $ 332.2 | 6.7 % | 1,419.0 | 6.8 % | $1,179.2 | 6.4 % |
| Amortization of intangibles[(1)] | 24.3 | | 24.2 | | 94.9 | | 158.1 | |
| Equity-based compensation | 19.3 | | 16.6 | | 72.6 | | 42.5 | |
| Acquisition and integration expense | 41.2 | | 0.9 | | 54.3 | | 4.9 | |
| Other adjustments | 0.4 | | 2.3 | | 4.6 | | 19.9 | |
| Non-GAAP operating income* | 424.5 | 7.7 % | 376.2 | 7.6 % | 1,645.4 | 7.9 % | 1,404.6 | 7.6 % |

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

* Non-GAAP operating income is a non-GAAP financial measure. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

# Net Sales Growth on a Constant Currency Basis

*(Unaudited)*
*($ in millions)*

| | Three Months Ended December 31, | | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|---|
| | **2021** | **2020** | **% Change** | **Average Daily % Change[1]** | **2021** | **2020** | **% Change[1]** |
| Net sales, as reported | $ 5,536.9 | $ 4,956.2 | 11.7 % | 9.9 % | $20,820.8 | $18,467.5 | 12.7 % |
| Foreign currency translation[2] | — | 13.7 | | | — | 146.2 | |
| Net sales, on a constant currency basis* | $ 5,536.9 | $ 4,969.9 | 11.4 % | 9.6 % | $20,820.8 | $18,613.7 | 11.9 % |

(1) There were 63 and 62 selling days for the three months ended December 31, 2021 and 2020, respectively. There were 254 selling days for both the years ended December 31, 2021 and 2020.

(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.

* Net sales growth on a constant currency basis is a non-GAAP financial measure. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.

# Non-GAAP Net Income Per Diluted Share, on a Constant Currency Basis

*(Unaudited)*
*($ in millions, except per share amounts)*

| | Three Months Ended December 31, | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | % Change | 2021 | 2020 | % Change |
| Net income, as reported | $ 215.3 | $ 238.3 | (9.7)% | $ 988.6 | $ 788.5 | 25.4 % |
| Amortization of intangibles | 24.3 | 24.2 | | 94.9 | 158.1 | |
| Equity-based compensation | 19.3 | 16.6 | | 72.6 | 42.5 | |
| Acquisition and integration expense | 41.2 | 0.9 | | 54.3 | 4.9 | |
| Gain on sale of equity method investment | — | — | | (36.0) | — | |
| Net loss on extinguishment of long-term debt | 5.6 | — | | 6.0 | 27.3 | |
| Other adjustments | 0.4 | 2.3 | | 4.6 | 19.9 | |
| Aggregate adjustment for income taxes | (20.7) | (18.6) | | (66.1) | (86.8) | |
| Non-GAAP net income(1)* | $ 285.4 | $ 263.7 | 8.2 % | $ 1,118.9 | $ 954.4 | 17.2 % |
| Foreign currency translation(2) | — | 0.4 | | — | 5.4 | |
| Non-GAAP net income, on a constant currency basis* | $ 285.4 | $ 264.1 | 8.1 % | $ 1,118.9 | $ 959.8 | 16.6 % |
| Shares used in computing Non-GAAP net income per diluted share and Non-GAAP net income per diluted share, on a constant currency basis | 137.7 | 145.1 | | 140.5 | 144.8 | |
| Non-GAAP net income per diluted share* | $ 2.08 | $ 1.82 | 14.0 % | $ 7.97 | $ 6.59 | 20.9 % |
| Non-GAAP net income per diluted share, on a constant currency basis* | $ 2.08 | $ 1.82 | 13.9 % | $ 7.97 | $ 6.63 | 20.3 % |

(1) See Slide 12 for details on the adjustments to Non-GAAP net income for the fourth quarter. See Slide 18 for details on the adjustments to Non-GAAP net income for the full year.

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

* Non-GAAP net income, Non-GAAP net income per diluted share, Non-GAAP net income on a constant currency basis and Non-GAAP net income per diluted share on a constant currency basis are non-GAAP financial measures. See Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 9, 2022 for a discussion of non-GAAP financial measures.