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CDW Corporation

Non-GAAP Reconciliations

Third Quarter 2022

Non-GAAP Operating Income Reconciliation

(Unaudited)
($ in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	% of Net sales	2021	% of Net sales	2022	% of Net sales	2021	% of Net sales
Operating income, as reported	$ 466.4	7.5 %	$ 386.4	7.3 %	$ 1,288.6	7.0 %	$ 1,079.7	7.1 %
Amortization of intangibles(1)	44.8		24.6		126.4		70.6	
Equity-based compensation	26.8		16.9		71.4		53.3	
Acquisition and integration expenses	9.7		6.1		36.3		12.5	
Other adjustments	1.3		1.1		4.7		4.8	
Non-GAAP operating income*	$ 549.0	8.8 %	$ 435.1	8.2 %	$ 1,527.4	8.3 %	$ 1,220.9	8.0 %

(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 November 2, 2022 for a discussion of non-GAAP financial measures.

Q3 2022 Non-GAAP Net Income Reconciliation

(Unaudited)
($ in millions)

	Three Months Ended September 30, 2022				Three Months Ended September 30, 2021			
	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	$ 399.0	$ (101.2)	$ 297.8	25.4 %	$ 350.4	$ (83.8)	$ 266.6	23.9 %
Amortization of intangibles[2]	44.8	(12.6)	32.2		24.6	(6.2)	18.4	
Equity-based compensation	26.8	(8.1)	18.7		16.9	(9.3)	7.6	
Acquisition and integration expenses	9.7	(2.6)	7.1		6.1	(1.5)	4.6	
Other adjustments	1.3	(0.1)	1.2		1.1	(0.3)	0.8	
Non-GAAP*	$ 481.6	$ (124.6)	$ 357.0	25.9 %	$ 399.1	$ (101.1)	$ 298.0	25.3 %

(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 November 2, 2022 for a discussion of non-GAAP financial measures.

YTD Non-GAAP Net Income Reconciliation

(Unaudited)
($ in millions)

	Nine Months Ended September 30, 2022				Nine Months Ended September 30, 2021			
	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	$ 1,106.6	$ (279.3)	$ 827.3	25.2 %	$ 1,010.5	$ (237.2)	$ 773.3	23.5 %
Amortization of intangibles[2]	126.4	(33.8)	92.6		70.6	(13.4)	57.2	
Equity-based compensation	71.4	(23.7)	47.7		53.3	(36.3)	17.0	
Gain on sale of equity method investment	—	—	—		(36.0)	8.8	(27.2)	
Acquisition and integration expenses	36.3	(9.4)	26.9		12.5	(3.1)	9.4	
Other adjustments	4.7	(1.2)	3.5		5.2	(1.4)	3.8	
Non-GAAP*	$ 1,345.4	$ (347.4)	$ 998.0	25.8 %	$ 1,116.1	$ (282.6)	$ 833.5	25.3 %

(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 November 2, 2022 for a discussion of non-GAAP financial measures.

Non-GAAP Net Income Per Share

(Unaudited)
($ and shares in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
US GAAP Net income	$ 297.8	$ 266.6	$ 827.3	$ 773.3
Weighted-average common shares outstanding - Diluted	137.1	139.4	136.9	141.4
Net income per diluted share	$ 2.17	$ 1.91	$ 6.04	$ 5.47
Non-GAAP net income*	$ 357.0	$ 298.0	$ 998.0	$ 833.5
Weighted-average common shares outstanding - Diluted	137.1	139.4	136.9	141.4
Non-GAAP net income per diluted share*	$ 2.60	$ 2.13	$ 7.29	$ 5.89

* Non-GAAP net income and Non-GAAP net income per diluted share 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 November 2, 2022 for a discussion of non-GAAP financial measures.

Non-GAAP Operating Income Reconciliation 2012-2017

(Unaudited)
($ in millions)

	2012	2013	2014	2015[1][2]	2016	2017
Operating income, as reported	$ 510.6	$ 508.6	$ 673.0	$ 742.0	$ 820.0	$ 866.5
Amortization of intangibles[3]	163.7	161.2	161.2	173.9	187.2	185.1
Equity-based compensation	22.1	8.6	16.4	31.2	39.2	43.7
IPO and secondary offering expenses	—	75.0	1.4	0.8	—	—
Acquisition and integration expenses	—	—	—	10.2	7.3	2.5
Other adjustments	—	(6.3)	(0.6)	2.8	(5.4)	9.0
Non-GAAP operating income	**$ 696.4**	**$ 747.1**	**$ 851.4**	**$ 960.9**	**$ 1,048.3**	**$ 1,106.8**
Depreciation and amortization in SG&A[4]	$ 43.2	$ 43.6	$ 43.0	$ 48.1	$ 60.3	$ 68.8

(1) 2015 and prior years have not been updated to reflect the adoption of Topic 606.

(2) In August 2015, CDW UK was acquired and included in our consolidated financial statements.

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

(4) Excludes amortization expense for acquisition-related intangible assets.

Non-GAAP Operating Income Reconciliation 2018 - TTM* Q3 2022

(Unaudited)

($ in millions)

	2018	2019	2020	2021	TTM Q3 2021	TTM Q3 2022
Operating income, as reported	$ 987.3	$ 1,133.6	$ 1,179.2	$ 1,419.0	$ 1,411.9	$ 1,627.9
Amortization of intangibles(1)	182.7	178.5	158.1	94.9	94.8	150.7
Equity-based compensation	40.7	48.5	42.5	72.6	69.9	90.7
Acquisition and integration expenses	1.2	3.6	4.9	54.3	13.5	77.5
Other adjustments	4.7	4.2	19.9	4.6	7.0	5.1
Non-GAAP operating income	**$ 1,216.6**	**$ 1,368.4**	**$ 1,404.6**	**$ 1,645.4**	**$ 1,597.1**	**$ 1,951.9**
Depreciation and amortization in SG&A(2)	$ 77.0	$ 80.1	$ 90.0	$ 88.6	$ 88.6	$ 111.5

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

(2) Excludes amortization expenses for acquisition-related intangible assets.

* Trailing twelve months

Non-GAAP Net Income Reconciliation 2012 - 2017

(Unaudited)
($ in millions)

	2012	2013	2014	2015[1][2]	2016	2017
US GAAP net income	$ 119.0	$ 132.8	$ 244.9	$ 403.1	$ 425.1	$ 523.1
Amortization of intangibles[3]	163.7	161.2	161.2	173.9	187.2	185.1
Equity-based compensation	22.1	8.6	16.4	31.2	39.2	43.7
Equity-based compensation related to equity investment[4]	—	—	—	20.0	—	—
Net loss on extinguishments of long-term debt	17.2	64.0	90.7	24.3	2.1	57.4
Interest expense adjustments related to extinguishments of long-term debt[5]	(3.3)	(7.5)	(1.1)	—	—	—
IPO and secondary offering expenses	—	75.0	1.4	0.8	—	—
Gain on remeasurement of equity investment[6]	—	—	—	(98.1)	—	—
Acquisition and integration expenses	—	—	—	10.2	7.3	2.5
Other adjustments	—	(6.3)	(0.6)	2.9	(5.4)	9.0
Aggregate adjustment for income taxes[7]	(71.6)	(113.5)	(103.0)	(64.8)	(85.8)	(214.9)
Non-GAAP net income	**$ 247.1**	**$ 314.3**	**$ 409.9**	**$ 503.5**	**$ 569.7**	**$ 605.9**

(1) 2015 and prior years have not been updated to reflect the adoption of Topic 606.
(2) In August 2015, CDW UK was acquired and included in our consolidated financial results.
(3) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
(4) Represents CDW's 35% share of an expense related to certain equity awards against granted by one of the sellers to CDW UK coworkers in July 2015 prior to the acquisition.
(5) Represents the difference between interest expense previously recognized under the effective interest method and actual interest paid.
(6) Represents the gain resulting from the remeasurement of the CDW's previously held 35% equity investment to fair value upon the completion of the acquisition of CDW UK.
(7) Aggregate adjustment for income taxes consists of the following:

	2012	2013	2014	2015[1][2]	2016	2017
Total Non-GAAP adjustments	$ 199.7	$ 295.0	$ 268.0	$ 165.2	$ 230.4	$ 297.7
Weighted-average statutory rate	39.0 %	39.0 %	39.0 %	38.0 %	36.0 %	36.0 %
Income taxes	(77.9)	(115.1)	(104.5)	(62.8)	(82.9)	(107.2)
Deferred tax adjustment due to law changes	—	—	—	(4.0)	(1.5)	1.3
Excess tax benefits from equity-based compensation	—	—	—	—	(1.8)	(36.2)
Impact from Tax Cuts and Jobs Act	—	—	—	—	—	(75.5)
Non-deductible adjustments and other	6.3	1.6	1.5	2.0	0.4	2.7
Total aggregate adjustment for income taxes	$ (71.6)	$ (113.5)	$ (103.0)	$ (64.8)	$ (85.8)	$ (214.9)

Non-GAAP Net Income Reconciliation 2018 - TTM Q3 2022

(Unaudited)
($ in millions)

	2018	2019	2020	2021	TTM Q3 2021	TTM Q3 2022
US GAAP net income	$ 643.0	$ 736.8	$ 788.5	$ 988.6	$ 1,011.6	$ 1,042.6
Amortization of intangibles[1]	182.7	178.5	158.1	94.9	94.8	150.7
Equity-based compensation	40.7	48.5	42.5	72.6	69.9	90.7
Gain on sale of equity method investment	—	—	—	(36.0)	(36.0)	—
Net loss on extinguishments of long-term debt	—	22.1	27.3	6.0	0.4	5.6
Acquisition and integration expenses	1.2	3.6	4.9	54.3	13.5	77.5
Other adjustments	4.7	4.2	19.9	4.6	7.0	5.1
Aggregate adjustment for income taxes[2]	(78.0)	(91.6)	(86.8)	(66.1)	(64.0)	(88.8)
Non-GAAP net income	**$ 794.3**	**$ 902.1**	**$ 954.4**	**$ 1,118.9**	**$ 1,097.2**	**$ 1,283.4**

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

(2) Aggregate adjustment for income taxes consists of the following:

	2018	2019	2020	2021	TTM Q3 2021	TTM Q3 2022
Total Non-GAAP adjustments	$ 229.3	$ 256.9	$ 252.7	$ 196.4	$ 149.6	$ 329.6
Weighted-average statutory rate	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.7 %
Income taxes	(57.3)	(64.2)	(63.2)	(49.1)	(37.4)	(84.7)
Deferred tax adjustment due to law changes	0.5	0.3	2.7	4.8	4.3	(0.3)
Excess tax benefits from equity-based compensation	(19.1)	(24.5)	(26.3)	(24.5)	(30.7)	(6.7)
Discrete tax benefit related to CDW Canada's acquisition of Scalar	—	(3.0)	—	—	—	—
Discrete tax benefit related to CDW's acquisition of Sirius	—	—	—	3.2	—	3.2
Impact from Tax Cuts and Jobs Act	(1.9)	—	—	—	—	—
Non-deductible adjustments and other	(0.2)	(0.2)	—	(0.5)	(0.2)	(0.3)
Total aggregate adjustment for income taxes	**$ (78.0)**	**$ (91.6)**	**$ (86.8)**	**$ (66.1)**	**$ (64.0)**	**$ (88.8)**

Return on Working Capital Calculation 2012 - TTM Q3 2022

(Unaudited)
($ in millions)

	2012	2013	2014	2015[1]	2016	2017	2018	2019	2020	2021	TTM Q3 2022
Numerator											
Non-GAAP Operating Income	**$ 696.4**	**$ 747.1**	**$ 851.4**	**$ 960.9**	**$1,048.3**	**$1,106.8**	**$1,216.6**	**$1,368.4**	**$1,404.6**	**$1,645.4**	**$1,951.9**
Taxes[2]	(271.6)	(291.4)	(332.0)	(374.8)	(387.9)	(409.5)	(316.3)	(355.8)	(365.2)	(427.8)	(507.5)
Non-GAAP Operating Income After-Tax	**$ 424.8**	**$ 455.7**	**$ 519.4**	**$ 586.1**	**$ 660.4**	**$ 697.3**	**$ 900.3**	**$1,012.6**	**$1,039.4**	**$1,217.6**	**$1,444.4**
Denominator											
Trailing 5-point avg. AR[3]	$1,400.1	$1,502.0	$1,629.6	$1,909.4	$2,251.7	$2,535.5	$2,850.2	$3,233.7	$3,527.3	$3,982.9	$4,785.6
Trailing 5-point avg. Inventory	330.3	357.5	396.2	387.1	422.0	457.5	481.9	582.4	677.2	833.2	952.2
Trailing 5-point avg. AP[4]	(831.2)	(906.7)	(1,017.8)	(1,184.4)	(1,470.8)	(1,726.4)	(1,946.8)	(2,270.0)	(2,412.3)	(2,754.9)	(3,489.0)
Working Capital	**$ 899.2**	**$ 952.8**	**$1,008.0**	**$1,112.1**	**$1,202.9**	**$1,266.6**	**$1,385.3**	**$1,546.1**	**$1,792.2**	**$2,061.2**	**$2,248.8**
Return on Working Capital	**47.2 %**	**47.8 %**	**51.5 %**	**52.7 %**	**54.9 %**	**55.1 %**	**65.0 %**	**65.5 %**	**58.0 %**	**59.1 %**	**64.2 %**

(1) 2015 and prior years have not been updated to reflect the adoption of Topic 606.

(2) For 2018 and beyond, the normalized effective tax rate is 26%. The prior rate for 2016 through 2017 was 37%, and for all prior periods before was 39%.

(3) Includes Accounts receivable and Miscellaneous receivables.

(4) Includes Accounts payable-trade, Accounts payable-inventory financing and cash overdrafts.

Net Sales Growth on a Constant Currency Basis

(Unaudited)
($ in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	**2021**	**% Change[1]**	**2022**	**2021**	**% Change**
Net sales, as reported	$ 6,215.5	$ 5,300.0	17.3 %	$ 18,310.4	$ 15,283.9	19.8 %
Foreign currency translation[2]	—	(63.8)		—	(125.7)	
Net sales, on a constant currency basis*	$ 6,215.5	$ 5,236.2	18.7 %	$ 18,310.4	$ 15,158.2	20.8 %

(1) There were 64 selling days for both the three months ended September 30, 2022 and 2021. There were 191 selling days for both the nine months ended September 30, 2022 and 2021.

(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 period.

* 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 November 2, 2022 for a discussion of non-GAAP financial measures.

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

(Unaudited)
($ and shares in millions, except per share amounts)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	% Change	2022	2021	% Change
US GAAP Net income	$ 297.8	$ 266.6	11.7 %	$ 827.3	$ 773.3	7.0 %
Gain on sale of equity method investment	—	—		—	(36.0)	
Amortization of intangibles	44.8	24.6		126.4	70.6	
Equity-based compensation	26.8	16.9		71.4	53.3	
Acquisition and integration expenses	9.7	6.1		36.3	12.5	
Other adjustments	1.3	1.1		4.7	5.2	
Aggregate adjustment for income taxes	(23.4)	(17.3)		(68.1)	(45.4)	
Non-GAAP net income[(1)] *	$ 357.0	$ 298.0	19.8 %	$ 998.0	$ 833.5	19.7 %
Foreign currency translation[(2)]	—	(2.1)		—	(5.2)	
Non-GAAP net income, on a constant currency basis*	$ 357.0	$ 295.9	20.6 %	$ 998.0	$ 828.3	20.5 %
Shares used in computing Non-GAAP net income per diluted share and Non-GAAP net income per diluted share, on a constant currency basis	137.1	139.4		136.9	141.4	
Non-GAAP net income per diluted share*	$ 2.60	$ 2.13	22.0 %	$ 7.29	$ 5.89	23.7 %
Non-GAAP net income per diluted share, on a constant currency basis*	$ 2.60	$ 2.12	22.7 %	$ 7.29	$ 5.86	24.5 %
Number of selling days	64	64		191	191	

(1) See Slide 12 in the Webcast Slides for details on the adjustments to Non-GAAP net income for the third quarter. See Slide 18 in the Webcast Slides 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 November 2, 2022 for a discussion of non-GAAP financial measures.

Non-GAAP Operating Income Margin Reconciliation - TTM Q3 2022

(Unaudited)

($ in millions)

	2012	2013	2014	2015[1]	2016	2017	2018	2019	2020	2021	TTM Q3 2021	TTM Q3 2022
Net Sales	$10,128.2	$10,768.6	$12,074.5	$12,988.7	$13,672.7	$14,832.9	$16,240.5	$18,032.4	$18,467.5	$20,820.8	$20,240.1	$23,847.3
Non-GAAP Operating Income	$ 696.4	$ 747.1	$ 851.4	$ 960.9	$ 1,048.3	$ 1,106.8	$ 1,216.6	$ 1,368.4	$ 1,404.6	$ 1,645.4	$ 1,597.1	$ 1,951.9
Non-GAAP Operating Income Margin	6.9%	6.9%	7.1%	7.4%	7.7%	7.5%	7.5%	7.6%	7.6%	7.9%	7.9%	8.2%

(1) 2015 and prior years have not been updated to reflect the adoption of Topic 606.