Risk Factors Comparison 2024-02-26 to 2023-02-24 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

There are many factors that could adversely affect our business, results of operations and cash flows, some of which are beyond our control. The following is a description of some important factors that may cause our business prospects, results of operations and cash flows in future periods to differ materially from those currently expected or desired. Factors not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, results of operations and cash flows. Business and Operational Risks Our business depends on our vendor partner relationships and the terms of the agreements governing those relationships. Our solutions portfolio includes products and services from OEMs, software publishers and cloud providers. We are authorized by these vendor partners to sell all or some of their products and services via direct marketing activities. Our authorization with each vendor partner is subject to specific terms and conditions regarding such things as sales channel restrictions, product return privileges, services performance commitments, price protection policies, purchase discounts and vendor partner programs and funding, including purchase rebates, sales volume rebates, purchasing incentives and cooperative advertising reimbursements. However, we do not have any long- term contracts with our vendor partners and many of these arrangements are terminable upon notice by either party. A reduction in vendor partner programs or funding or our failure to timely react to changes in vendor partner programs or funding could have an adverse effect on our business, results of operations or cash flows. In addition, a reduction in the amount or a change in the terms of credit granted to us by our vendor partners could increase our need for, and the cost of, working capital and could have an adverse effect on our business, results of operations or cash flows. From time to time, vendor partners may terminate or limit our right to sell some or all of their products or change the terms and conditions or reduce or discontinue the incentives that they offer us. For example, there is no assurance that, as our vendor partners continue to sell directly to end users and through resellers, they will not limit or curtail the availability of their products to solutions providers like us. Any such termination or limitation or the implementation of such changes could have a negative impact on our business, results of operations or cash flows. We purchase the products included in our portfolio both directly from our vendor partners and from wholesale distributors. A significant portion of our sales are derived from products manufactured by Apple, Cisco, Dell EMC, HP Inc., Lenovo and Microsoft. In addition, purchases from two wholesale distributors, Ingram Micro and TD SYNNEX, represent **over 25 %** ~~approximately one- third~~ of our total ~~US~~ purchases. The loss of, or change in business relationship with, any of these or any other wholesale distributors or key vendor partners, or the diminished availability of their products, including due to backlogs for their products, could reduce the supply and ~~increase~~ **impact** the cost of products we sell and negatively impact our competitive position. Further, the sale, spin- off or combination of any of our wholesale distributors or key vendor partners and / or certain of their business units, including any such sale to or combination with a vendor with whom we do not currently have a commercial relationship or whose products we do not sell, or our inability to develop relationships with new and emerging vendors and vendors that we have not historically represented in the marketplace, could have an adverse impact on our business, results of operations or cash flows. ~~The outbreak of the novel coronavirus (" COVID- 19 ") pandemic has adversely impacted and could continue to adversely impact our business and results of operations and could also adversely impact our cash flows, financial condition and liquidity. The global spread of COVID- 19 continues to create significant macroeconomic uncertainty, volatility and disruption. Many governments and health authorities have from time to time implemented recommendations or mandates intended to slow the further spread of the disease, such as shelter- in- place orders, resulting in the temporary closure of schools and non-essential businesses, or social distancing and other mitigation measures, resulting in modified operations of various businesses including ours, and these measures may remain in place for a significant period of time. While some of these restrictions have been lifted or eased in certain jurisdictions, the recovery process remains uncertain. We have experienced and could continue to experience disruptions, including as a result of resurgences of COVID- 19, that prevent us from meeting the demands of our customers, such as product constraints from our vendor partners and wholesale distributors and other disruptions to our supply chain, disruptions in or restrictions on the ability of our coworkers to work effectively, temporary closures of our distribution facilities, modifications in the operation of facilities that remain open and disruptions of commercial delivery services. The impact of COVID- 19 and measures implemented to slow the spread have caused and could continue to cause delay in, or limit the ability of, our customers to place orders for our products and services and make timely payments to us and could materially increase our labor, logistics and other costs. As long as the pandemic continues, our coworkers will continue to be exposed to health risks, and we could be negatively impacted in the future if a significant number of our coworkers, or coworkers who perform critical functions, become unable to work as a result of exposure to COVID- 19. In addition, the pandemic has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many countries, including the US, the UK and Canada. During the COVID- 19 pandemic and even after it has subsided, we may experience adverse impacts to our business as a result of the pandemic' s global economic impact, including any recession, economic downturn or volatility, government spending cuts, tightening of credit markets or increased unemployment that has occurred or may occur in the future, which could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices. In addition, we have experienced and may continue to experience inflationary pressures, resulting in increased product prices that we may be unable to pass on to our customers. Individually and collectively, the consequences of the COVID- 19 pandemic have adversely impacted and could continue to adversely impact our business and results of operations and could also adversely impact our cash flows, financial condition and liquidity. The extent to which the COVID- 19 pandemic impacts our business, results of operations, cash flows, financial condition and liquidity in the future will~~

~~depend on future developments, which are uncertain and cannot be predicted, including, but not limited to, the ultimate duration of the pandemic, future resurgences and emergences of new variants of the virus and their severity, the availability, efficacy and acceptance of vaccines and treatments, actions taken to contain the virus including reimplementation of closures, and the effectiveness of these actions, and to what extent normal economic and operating conditions can resume and be sustained. The COVID- 19 pandemic has and may continue to have the effect of heightening many of the other risks described in this " Risk Factors " section.~~ Our sales are dependent on continued innovations in **technology** ~~hardware, software and services~~ by our vendor partners and the competitiveness of their offerings, and our ability to partner with new and emerging technology providers. The technology industry is characterized by rapid innovation and the frequent introduction of new and enhanced hardware, software and services, such as cloud- based and other " as a service " solutions. We have been and will continue to be dependent on innovations in **technology** ~~hardware, software and services~~ , as well as the ~~acceptance~~ **adoption** of those innovations by customers. Also, customers may delay spending while they evaluate new technologies. A decrease in the rate of innovation, a lack of ~~acceptance~~ **adoption** of innovations by our customers or delays in technology spending by our customers, could have an adverse effect on our business, results of operations or cash flows. In addition, if we are unable to anticipate and expand our capabilities to keep pace with changes in technology and new hardware, software and services, for example by providing the appropriate training to our account managers, technology specialists and engineers to enable them to effectively sell and deliver such new offerings to customers, our business, results of operations or cash flows could be adversely affected. We also are dependent upon our vendor partners for the development and marketing of hardware, software and services to compete effectively with hardware, software and services of vendors whose products and services we do not currently offer or that we are not authorized to offer in one or more customer channels. To the extent that a vendor' s offering that is in high demand is not available to us for resale in one or more customer channels, and there is not a competitive offering from another vendor that we are authorized to sell in such customer channels, our business, results of operations or cash flows could be adversely impacted. **Issues relating to the use or capabilities of artificial intelligence, including social and ethical issues, in hardware, software and services offerings may result in reputational harm and liability and increased costs. Social and ethical issues relating to the use of new and evolving technologies such as artificial intelligence (" AI ") in our hardware, software and service offerings, as well as in our internal platforms, may result in reputational harm and liability. The hardware, software and services we offer increasingly utilize AI, and, as with many innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. If we use, enable or offer solutions that draw controversy due to their perceived or actual impact on society, we may experience brand or reputational harm, competitive harm or legal liability. Increased focus and potential government regulation in the space of AI ethics may also increase the burden and cost of research and development in this area, subjecting us to brand or reputational harm, competitive harm or legal liability. Failure to address AI ethics issues by us or others in our industry could undermine public confidence in AI and slow adoption of AI in our products and services. Additionally, the development, adoption and use for AI is still in its early stages, and ineffective or inadequate AI development or deployment practices by us or our vendor partners could result in unintended consequences. AI technologies are complex and rapidly evolving, and we face significant competition in the market and from other companies regarding such technologies.** Substantial competition could reduce our market share and significantly harm our financial performance. We compete with hardware resellers, manufacturers who sell directly to customers, large service providers and system integrators, communications service providers, cloud providers, e- commerce companies and office supply retailers, among others. We expect the competitive landscape to continue to evolve as new technologies and consumption models emerge, such as cloud- based and other " as a service " solutions, hyper- converged infrastructure and embedded software solutions. Our continued competitiveness depends upon our ability to anticipate and evolve at pace and scale with new technologies, services and solutions through strategic and timely investments in innovation, expansion of offerings and the capabilities necessary to implement them. While innovation can help our business as it creates new offerings for us to sell, it can also disrupt our business model and create new and stronger competitors. For instance, while cloud- based solutions present an opportunity for us, cloud- based solutions and technology solutions as a service could increase the amount of sales directly to customers rather than through solutions providers like us, or could reduce the amount of hardware we sell. In addition, some of our hardware and software vendor partners sell, and could intensify their efforts to sell, their products directly to our customers. Moreover, traditional OEMs have increased their services capabilities through mergers and acquisitions with service providers, which could potentially increase competition in the market to provide comprehensive technology solutions to customers. If we are unable to effectively respond to the evolving competitive landscape, or respond in a manner that is less effective than that of our competitors, our business, results of operations or cash flows could be adversely impacted. We focus on providing high quality service to gain new customers and retain existing customers. To the extent we face increased competition to gain and retain customers, we may be required to reduce prices, increase advertising expenditures or take other actions which could adversely affect our business, results of operations or cash flows. Additionally, some of our competitors may reduce their prices in an attempt to stimulate sales, which may require us to reduce prices. This would require us to sell a greater number of products to achieve the same level of Net sales and Gross profit. If such a reduction in prices occurs and we are unable to attract new customers and sell increased quantities of products, our sales growth and profitability could be adversely affected. The success of our business depends on the continuing development, maintenance and operation of our information technology systems. Our success is dependent on the accuracy, proper utilization and continuing operation, maintenance and development of our information technology systems, including our business systems, such as our sales, customer management, financial and accounting, marketing, purchasing, warehouse management, e- commerce and mobile systems, as well as our operational platforms, including voice and data networks and power systems. The quality and our utilization of the information generated by our information technology systems, and our success in implementing new systems and upgrades, **could adversely** ~~affects~~ - **affect** , among other things, our ability to: • conduct business with our customers, including delivering services and solutions to them; • provide the means to effectively manage global operations across time zones; • keep pace with changes and innovation and compete effectively; • effectuate comprehensive and reliable data collection, maintenance and governance; • manage our inventory, accounts receivable and accounts payable; • support planned growth in services and solutions and continued evolution of the business; • purchase, sell, ship and invoice our hardware and software products and provide and invoice our services efficiently and on a timely basis; and • maintain our cost- efficient operating model while scaling our business. Our information technology systems are inherently exposed to varied technological threats beyond our control. While we have taken steps to protect our information technology systems from a variety of threats, both internal and external, and from human error, there can be no guarantee that those steps will be effective. Furthermore, although we have redundant systems at a separate location to back up our primary systems, there can be no assurance that these redundant systems will operate properly if and when required. ~~Any disruption to or infiltration of our~~ **Moreover, software vulnerabilities within the third- party** information technology systems **we use are discovered and reported on nearly a daily basis. When made public or otherwise known to us, we attempt to remediate or mitigate these vulnerabilities following guidance provided by the software vendor, and / or appropriate authorities, and before the vulnerability is successfully used in a cyberattack against our systems. If and when cyberattacks target and successfully exploit these vulnerabilities, we take steps designed to contain and limit the impact on our business. Any disruption to or infiltration of our information technology systems** could significantly **harm our reputation, business and results of operations due to failure to comply with customer, partner, legal or regulatory obligations. We maintain and periodically upgrade many of our information technology systems, some of which are complex, costly and time consuming. If our information technology systems are not properly maintained or enhanced, the attention of our coworkers could be diverted and our ability to provide the level of service our customers demand could be constrained for some time. Further, new information technology systems and updates to existing information technology systems may not properly integrate with other information technology systems. Also, once implemented, the new information technology systems, updates to existing information technology systems and related technology may not provide the intended efficiencies or anticipated benefits, or could be defective or improperly installed, and could add costs, complications and disruptions to our ongoing operations. From time to time, we may acquire new companies, businesses or sites with cybersecurity and data protection systems which may not conform with our standards. It may require significant time and expense to upgrade and integrate such systems and controls, and if we are unable to do so in a timely manner, or at all, failures or breaches of such systems could** harm our reputation, business and results of operations due to failure to comply with customer, partner, legal or regulatory obligations. Breaches of data security and the failure to protect our information technology systems from cybersecurity threats could adversely impact our business. Our business involves the handling, storage and transmission of proprietary information and sensitive or confidential data, including personal information of coworkers, customers, partners and others, which we must do in compliance with applicable law. In connection with our services business, some of our coworkers have access to our customers' confidential data and other information. Additionally, third parties, such as data center colocation and hosted solution partners, provide services to us and also provide services as a component of our services delivery to customers **and to customer systems**. These third parties or others that are a part of our supply chain could also be a source of security risk in the event of a failure to protect their own products, security systems and infrastructure and we may not be able to control the manner in which these third parties respond to any security breach. We have privacy and data security policies, practices and controls in place that are designed to prevent security breaches; however, as newer technologies evolve, as more business is conducted over the internet and remotely, as we acquire more business operations **from targets with differing or inadequate cybersecurity and data protection controls** and as the portfolio of the service providers we exchange confidential information, software and / or hardware with expands, we **have been subject to breaches in security and** are **increasingly likely to be** exposed to ~~increased~~ risks from breaches in security, including those arising from human error, negligence or mismanagement or from illegal or fraudulent acts, such as cyberattacks. We, and some third parties upon which we rely, regularly experience malicious attacks and other attempts to gain ~~authorized~~ **unauthorized** access to our systems, and attacks against us by state- sponsored organizations and nation- states may increase during periods of intense diplomatic or armed conflicts ~~such as the ongoing conflict between Russia~~ **. Further, security breaches may go undetected** and ~~Ukraine~~ **persist in our environments for extended periods**. Although we have not experienced a material security breach to date, the evolving **and escalating** nature of cybersecurity threats, in light of new and sophisticated methods used by criminals and cyberterrorists, state- sponsored organizations and nation- states, including computer viruses, malware, ransomware, phishing, misrepresentation, social engineering and forgery, make it increasingly challenging to anticipate, detect and defend against these threats. We and our third **-** party partners have implemented various security controls to meet compliance and privacy requirements while defending against these evolving security threats. However, breaches in security could expose us, our supply chain, our customers or other individuals to significant disruptions and a risk of public disclosure, loss or misuse of confidential data. Security breaches could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information (including those under the European Union General Data Protection Regulation and the California Privacy Rights Act), significant remediation costs as well as the loss of **partners and** existing or potential customers and, ultimately, damage to our brand and reputation **and adversely impact our business**. While we maintain insurance coverages that are intended to address certain aspects of data security, such insurance may be insufficient to cover all losses or all types of claims that may arise, and may not continue to be available to us on economically reasonable terms or at all. Moreover, media or other reports of perceived vulnerabilities in our network security or perceived lack of security within our environment, even if inaccurate, could materially adversely impact our reputation and business. The cost and operational consequences of implementing further data protection measures could also be ~~significant~~ **material**. Such breaches, costs and consequences could adversely affect our business, results of operations or cash flows. If we or our third- party service providers fail to provide high- quality services to our customers, our reputation, brand, business, results of operations or cash flows could be adversely affected. Our services include professional services, managed services, warranties, configuration services, partner services and telecom services. Additionally, we deliver and manage mission critical software, systems and network solutions for our customers. We also offer certain services, such as implementation and installation services and repair services, to our customers through various third- party service providers engaged to perform these services on our behalf. If we or our third-party service providers fail to provide high- quality services to our customers or such services result in an unplanned disruption of our customers' businesses, this could, among other things, result in legal claims and proceedings and liability for us. Moreover, as we expand our services and solutions business and provide increasingly complex services and solutions, we may be exposed to additional operational, regulatory and other risks. We also could incur liability for failure to comply with the rules and regulations applicable to the new services and solutions we provide to our customers. If any of the foregoing were to occur, our reputation with our customers, our brand and our business, results of operations or cash flows could be adversely affected. If we lose any of our key personnel, are unable to attract and retain the talent required for our business, our labor costs significantly increase or ~~if~~ our approach to workforce management **, inclusive of outsourcing,** is ineffective, our business could be disrupted and our financial performance could suffer. Our success is heavily dependent upon our ability to attract, develop, engage and retain key personnel to manage, lead, innovate and grow our business, including our key executive, management, sales, services and technical coworkers **. Additionally, we rely on outsource partners to execute and deliver on certain functions within the organization** . Our future success will depend to a significant extent on the efforts of our leadership team, as well as the effectiveness of our succession planning and efforts to develop and promote top talent. Our future success also will depend on our ability to retain and motivate our customer- facing coworkers, who have been given critical CDW knowledge regarding, and the opportunity to develop strong relationships with, many of our customers. In addition, as we seek to expand our offerings of value- added services and solutions, our success will even more heavily depend on attracting and retaining highly skilled technology specialists and engineers, for whom the market is extremely competitive. In order to attract, retain and motivate key personnel in a competitive marketplace, it is important to provide a competitive compensation package. If our compensation package is not viewed as being competitive, our ability to attract, retain and motivate key personnel could be adversely affected. Additionally, as minimum wage rates increase or related laws and regulations change, we have and may need to continue to increase not only the wage rates of our minimum wage coworkers, but also the wages paid to our other hourly or salaried coworkers. ~~A~~ **We could experience work stoppages, strikes or performance issues with our outsource partners, which could adversely affect our business, results of operations or cash flows. In addition, a** sustained labor shortage or increased turnover rates within our coworker base could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain coworkers, and could adversely affect our business, results of operations or cash flows. Additionally, if we fail to effectively manage our workforce, we may need to terminate or reposition coworkers within our Company to eliminate an abundance of or to reconfigure resources, which could damage our coworker relations and our ability to attract and retain key personnel. If we are unable to attract, develop, engage and retain key personnel, or if our approach to workforce management is ineffective, our relationships with our vendor partners and customers and our ability to expand our offerings of value- added services and solutions could be adversely affected. Moreover, if we are unable to continue to train our sales, services and technical personnel effectively to meet the rapidly changing technology needs of our customers, the overall quality and efficiency of such personnel could decrease. Such consequences could adversely affect our business, results of operations or cash flows. A natural disaster or other adverse occurrence at one of our primary facilities or a third- party provider location could damage our business. If the warehouse and distribution equipment or operations at one of our distribution centers were to be seriously damaged or disrupted by a natural disaster, which may increase in number or severity as a result of climate change, or other adverse occurrence, including disruption related to political or social unrest, we could utilize another distribution center or third- party distributors to ship products to our customers. However, this may not be sufficient to avoid interruptions in our service and may not enable us to meet all of the needs of our customers and would cause us to incur incremental operating costs. In addition, we operate numerous facilities which may contain both business- critical data and confidential information of our customers and third parties, such as data center colocation **, managed services sites** and hosted solution partners, and third ~~-~~parties provide services as a component of our services delivery to customers. A natural disaster or other adverse occurrence at any of our major data storage locations **, managed services sites** or third- party provider locations could negatively impact our business, results of operations or cash flows. Increases in the cost of commercial delivery services or disruptions of those services could materially adversely impact our business. We generally ship hardware products to our customers by FedEx, United Parcel Service and other commercial delivery services and invoice customers for delivery charges. If we are unable to pass on to our customers future increases in the cost of commercial delivery services (including those that may result from an increase in fuel or personnel costs or a need to use higher cost delivery channels during periods of increased demand), our profitability could be adversely affected. Additionally, strikes, inclement weather, natural disasters or other service interruptions by such shippers or periods of increased demand on delivery services, such as those we have experienced during the COVID- 19 pandemic, could materially adversely affect our ability to deliver or receive products on a timely basis. We are exposed to accounts receivable and inventory risks. We extend credit to our customers for a significant portion of our sales. We are subject to the risk that our customers may not pay for the products they have purchased ~~,~~ **or** may pay at a slower rate than we have historically experienced ~~, or may seek extended payment terms~~ . This risk is heightened during periods of global or industry- specific economic downturn or uncertainty, during periods of rising interest rates or, in the case of public sector customers, during periods of budget constraints. Significant failures of customers to timely pay all amounts due to us could adversely affect our business, results of operations or cash flows. We are also exposed to inventory risks as a result of the rapid technological changes that affect the market and pricing for the products we sell. In addition to drop- ship arrangements with many of our OEMs and wholesale distributors, we seek to minimize our inventory exposure through a variety of inventory management procedures and policies, including our rapid- turn inventory model, as well as vendor price protection and product return programs. However, if we were unable to maintain our rapid- turn inventory model, if there were unforeseen product developments that created more rapid obsolescence or if our vendor partners were to change their terms and conditions, our inventory risks could increase. We also from time to time take advantage of cost savings associated with certain opportunistic bulk inventory purchases offered by our vendor partners or we may decide to carry high inventory levels of certain products that have limited or no return privileges due to customer demand or request or to manage supply chain interruptions. If we purchase inventory in anticipation of customer demand that does not materialize, or if customers reduce, delay or decommit from orders, and if we were unable to return the inventory to a vendor partner, we would be exposed to an increased risk of inventory obsolescence. ~~Achieving the anticipated benefits of the Sirius acquisition remains subject to a number of uncertainties. On December 1, 2021, the Company completed its acquisition of Sirius (the " Sirius Acquisition "). Risks and uncertainties associated with the integration of Sirius include, among other things, our ability to retain key personnel and maintain relationships with customers, suppliers and other third parties. Moreover, achieving the anticipated benefits of the Sirius Acquisition is subject to a number of uncertainties, including that the anticipated benefits may not be fully realized or may take longer to realize than expected, that the Sirius Acquisition may not be accretive to the extent anticipated, and that the Company' s acquisition and integration of Sirius may involve unanticipated liabilities and costs. Failure to achieve the anticipated benefits of the Sirius Acquisition in the expected timeframe or at all could materially adversely affect our business, results of operations, cash flows and common stock price.~~ We could be exposed to additional risks if we continue to make strategic investments or acquisitions or enter into alliances. We may continue to pursue transactions, including strategic investments, acquisitions or alliances, in an effort to extend or complement our existing business. These types of transactions involve numerous business risks, including finding suitable transaction partners and negotiating terms that are acceptable to us, the diversion of management' s attention from other business ~~concerns~~ **priorities** , extending our product or service offerings into areas in which we have limited experience, entering into new geographic markets **, an acquisition target' s differing or inadequate cybersecurity and data protection controls** , the potential loss of key coworkers or business relationships and successfully integrating acquired businesses. There can be no assurance that the intended benefits of our investments, acquisitions and alliances will be realized, or that those benefits will offset these numerous risks or other unforeseen factors, any of which could adversely affect our business, results of operations or cash flows. In addition, our financial results could be adversely affected by financial adjustments required by generally accepted accounting principles in the United States of America (" US GAAP ") in connection with these types of transactions ~~, including the Sirius Acquisition,~~ where significant goodwill or intangible assets are recorded. To the extent the value of goodwill or identifiable intangible assets becomes impaired, we may be required to incur material charges relating to the impairment of those assets. Our future operating results may fluctuate significantly, which may result in volatility in the market price of our stock and could impact our ability to operate our business effectively. We may experience significant variations in our future quarterly results of operations. These fluctuations may cause the market price of our common stock to be volatile and may result from many factors, including the ~~condition~~ **state** of the technology industry in general, shifts in demand and pricing for hardware, software and services, the introduction of new products or upgrades. Further, if our customers' businesses are adversely affected by global or regional economic conditions such as cost inflation or rising interest rates, they may delay or reduce purchases from us, which could adversely affect our results of operations. Our operating results are also highly dependent on Gross profit ~~as a percentage of Net sales~~ . Our Gross profit ~~percentage~~ fluctuates due to numerous factors, some of which may be outside of our control, including general macroeconomic conditions including inflation; pricing pressures; changes in product costs from our vendor partners; the availability of price protection, purchase discounts and incentive programs from our vendor partners; changes in product, order size and customer mix; the risk of some items in our inventory becoming obsolete; increases in product and delivery costs that we cannot pass on to customers; and general market and competitive conditions. In addition, our cost structure is based, in part, on anticipated sales and gross margins. Therefore, we may not be able to adjust our cost structure quickly enough to compensate for any unexpected sales or gross margin shortfall, and any such inability could have an adverse effect on our business, results of operations or cash flows. Fluctuations in foreign currency have an effect on our reported results of operations. Our exposure to fluctuations in foreign currency rates results primarily from the translation exposure associated with the preparation of our Consolidated Financial Statements. While our Consolidated Financial Statements are reported in US dollars, the financial statements of our subsidiaries outside the US are prepared using the local currency as the functional currency and translated into US dollars. As a result, fluctuations in the exchange rate of the US dollar relative to the local currencies of our international subsidiaries, particularly the British pound and the Canadian dollar, could cause material fluctuations in our reported results of operations. We also have foreign currency exposure to the extent sales and purchases are not denominated in a subsidiary' s functional currency, which could have an adverse effect on our business, results of operations or cash flows. Macroeconomic and Industry Risks Global and regional economic and political conditions may have an adverse impact on our business **. Political events, trade and other international disputes, war, terrorism, natural disasters, public health issues, including pandemics such as COVID- 19, industrial accidents and other business interruptions can harm or disrupt international commerce and the global economy, and could have a material adverse effect on the Company and its customers, suppliers, contract manufacturers, logistics providers, distributors, cellular network carriers and other channel partners** . Weak or unstable economic conditions generally, inflation and actions taken by central banks to counter inflation, sustained uncertainty about global political conditions (such as that caused by UK' s exit from the European Union in 2020, referred to as " Brexit "), periods of intense diplomatic or armed conflict ~~(such as the ongoing conflict between Russia and Ukraine and responsive sanctions against Russia)~~ , government spending cuts and the impact of new government policies (including the introduction of new or increased taxes, the imposition of minimum taxes or new or increased limitations on deductions, credits or other tax benefits), or a tightening of credit markets, including as a result of ~~the COVID- 19 pandemic or~~ rising interest rates **or bank**

failures , could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on our business,results of operations or cash flows. ~~Our financial performance could be adversely affected by decreases~~ **Decreases** in spending on technology products and services by our public and private sector customers due to,among other things,customer spending decisions and government spending policies **may have an adverse impact on our business** .Our sales are impacted by customer spending decisions on technology,including refresh decisions,customer initiatives that drive technology spending and customer budget priorities.Our sales to our public sector customers,and our other customers that do business with our public sector customers in particular,are impacted by government spending policies,budget priorities and revenue levels.An adverse change in government spending policies (such as budget cuts or limitations ~~or temporary shutdowns of government operations~~),shifts in budget priorities ~~or~~ **,** reductions in revenue levels ~~,~~ **or significant government shutdowns** could cause our impacted public sector customers or our other customers that do business with impacted public sector customers to reduce or delay their purchases or to terminate or not renew their contracts with us,which could adversely affect our business,results of operations or cash flows.Additionally,such adverse change in government spending policies,shifts in budget priorities or reductions in revenue levels could impact cash collections from contracts with our impacted public sector customers or other customers that do business with impacted public sector customers,which **could adversely affect** our business, results of operations or cash flows. The interruption of the flow of products from suppliers could disrupt our supply chain. Our business depends on the timely supply of products in order to meet the demands of our customers. Manufacturing interruptions or delays, including as a result of the financial instability or bankruptcy of manufacturers, significant labor disputes such as strikes, natural disasters (which may increase in number or severity as a result of climate change), political or social unrest, armed conflict, pandemics (such as the COVID- 19 pandemic) or other public health crises, or other adverse occurrences affecting any of our suppliers' facilities, could disrupt our supply chain. We have experienced and could continue to experience product constraints due to the failure of suppliers to accurately forecast customer demand, or to manufacture sufficient quantities of product to meet customer demand (including as a result of shortages of product components), among other reasons. Additionally, the relocation of key distributors utilized in our purchasing model could increase our need for, and the cost of, working capital and have an adverse effect on our business, results of operations or cash flows. Moreover, supply chain disruptions have caused and could continue to cause us to experience more volatility in our level of inventory and delays in completion of orders and installations for our customers and could further exacerbate current inflationary pressures. In the event that supply chain pressures ease, we may experience changes in average selling prices and our gross margins on certain products as customers become more price sensitive. Our supply chain is also exposed to risks related to international operations. While we purchase our products primarily in the markets we serve (for example, products for US customers are sourced in the US), our vendor partners manufacture or purchase a significant portion of the products we sell outside of the US, primarily in Asia. Political, social or economic instability in Asia, or in other regions in which our vendor partners purchase or manufacture the products we sell, could cause disruptions in trade, including exports to the US. Other events related to international operations that could cause disruptions to our supply chain include: • the imposition of additional trade law provisions or regulations, including the adoption or expansion of trade restrictions; • the imposition of additional duties, tariffs and other charges on imports and exports, including any resulting retaliatory tariffs or charges and any reductions in the production of products subject to such tariffs and charges; • foreign currency fluctuations; and • restrictions on the transfer of funds. We cannot predict whether the countries in which the products we sell, or any components of those products, are purchased or manufactured will be subject to new or additional trade restrictions or sanctions imposed by the US or foreign governments, including the likelihood, type or effect of any such restrictions. Periods of intense diplomatic or armed conflict, ~~such as the ongoing conflict in Ukraine,~~ may result in new and rapidly evolving trade restrictions and sanctions. Trade restrictions, including new or increased tariffs or quotas, embargoes, sanctions, safeguards and customs restrictions against the products we sell, could increase the cost or reduce the supply of product available to us and adversely affect our business, results of operations or cash flows. In addition, our exports are subject to regulations, some of which may be inconsistent, and noncompliance with these requirements could have a negative effect on our business, results of operations or...... sector customers, which could adversely affect our business, results of operations or cash flows. Legal and Regulatory Risks The failure to comply with our public sector contracts or applicable laws and regulations could result in, among other things, termination, fines or other liabilities, and changes in procurement regulations could adversely impact our business, results of operations or cash flows. Revenues from our public sector customers are derived from sales to governmental entities, educational institutions and healthcare customers through various contracts and open market sales of products and services. Sales to public sector customers are highly regulated and present risks and challenges not present in private commercial agreements. Noncompliance with contract provisions, government procurement regulations or other applicable laws or regulations (including the False Claims Act, the Medicare and Medicaid Anti- Kickback Statute or similar laws of the jurisdictions for our business activities outside of the US) or security clearance and confidentiality requirements could result in civil, criminal and administrative liability, including substantial monetary fines or damages, termination of government contracts or other public sector customer contracts, and suspension, debarment or ineligibility from doing business with governmental entities or other customers in the public sector. In addition, contracts in the public sector are generally terminable at any time for convenience of the contracting agency or group purchasing organization (" GPO ") or upon default and public sector contracts may be subject to periodic funding approval, rejections or delays, which could adversely impact public sector demand for our products and services. Furthermore, our inability to enter into or retain contracts with GPOs may threaten our ability to sell to customers in those GPOs and compete effectively. The effect of any of these possible actions or failures could adversely affect our business, results of operations or cash flows. In addition, the adoption of new or modified procurement regulations and other requirements may increase our compliance costs and reduce our gross margins, which could have a negative effect on our business, results of operations or cash flows. We are exposed to risks from legal proceedings and audits, including intellectual property infringement claims, which may result in substantial costs and expenses or interruption of our normal business operations. We are party to various legal proceedings that arise in the ordinary course of our business, which include commercial, employment, tort and other litigation. We are also subject to intellectual property infringement claims against us in the ordinary course of our business, either because of the products and services we sell or the business systems and processes we use to sell such products and services, in the form of cease- and- desist letters, licensing inquiries, lawsuits and other communications and demands. In our industry, such intellectual property claims have become more frequent as the complexity of technological products and the intensity of competition in our industry have increased. Increasingly, many of these assertions are brought by non- practicing entities whose principal business model is to secure patent licensing revenue, but we may also be subject to demands from inventors, competitors or other patent holders who may seek licensing revenue, lost profits and / or an injunction preventing us from engaging in certain activities, including selling certain products or services. In addition, we are subject to proceedings, investigations and audits by federal, state, international, national, provincial and local authorities, including as a result of our significant sales to governmental entities. For example, a subsidiary of the Company received a Civil Investigative Demand dated September 20, 2021 from the US Department of Justice (" DOJ ") in connection with a False Claims Act investigation. The DOJ has requested information related to teaming agreements with OEMs. We also are subject to audits by various partners, group purchasing organizations and customers, including government agencies, relating to purchases and sales under various contracts. In addition, we are subject to indemnification claims under various contracts. Current and future litigation, infringement claims, governmental proceedings and investigations, audits or indemnification claims that we face may result in substantial costs and expenses and significantly divert the attention of our management regardless of the outcome. In addition, these matters could lead to increased costs or interruptions of our normal business operations. Litigation, infringement claims, governmental proceedings and investigations, audits or indemnification claims involve uncertainties and the eventual outcome of any such matter could adversely affect our business, results of operations or cash flows. Failure to comply with complex and evolving laws and regulations applicable to our operations or failure to meet stakeholder expectations on environmental sustainability and corporate responsibility matters could adversely affect our business, results of operations or cash flows. Our global operations span a variety of legal regimes, subjecting us to numerous complex, diverse, evolving and at times potentially inconsistent laws and regulations in a number of areas, including labor and employment, advertising, e- commerce, tax, trade, import and export controls, economic and trade sanctions, anti- corruption, data privacy and security requirements, competition, climate, environmental and health and safety. The evaluation of and compliance with these laws, regulations and similar requirements may be onerous and expensive, and may have other adverse impacts on our business, results of operations or cash flows, the risk of which will be heightened as we expand the products and services we offer, expand into new markets and channels and expand internationally. For example, we may be subject to increased costs and use of operational resources associated with complying with any new climate- related laws and regulations. ~~Additionally, the hardware, software and services we offer increasingly utilize new and evolving technologies such as artificial intelligence (" AI "), which presents risks and challenges that could result in legal liability.~~ We have implemented policies and procedures designed to help ensure compliance with applicable laws and regulations, but there can be no guarantee against coworkers, contractors or agents violating such laws and regulations or our policies and procedures. Additionally, there is increased focus by stakeholders on environmental sustainability and corporate responsibility matters, ~~including climate change response, packaging~~ and ~~waste reduction, energy consumption,~~ **stakeholders may disagree with the Company' s commitments** and **initiatives on such matters** ~~diversity, equity and inclusion~~. Our disclosure on these matters and our failure, or perceived failure, to meet our commitments **(including with respect to climate change)** or otherwise effectively address these matters may erode customer trust or confidence, particularly if they receive considerable publicity or result in litigation, and could have a negative impact on our business. As a public company, we also are subject to increasingly complex public disclosure, corporate governance and accounting requirements that increase compliance costs and require significant management focus. Risks Related to Our Indebtedness Our level of indebtedness could adversely affect our business. As of December 31, ~~2022~~ **2023** , we had $ 5. ~~9~~ **6** billion of total debt outstanding and $ ~~519~~ **431** million of obligations outstanding under our inventory financing agreements, and the ability to borrow an additional $ 1. ~~1~~ **2** billion under our senior unsecured revolving loan facility (the " Revolving Loan Facility "). Our level of indebtedness could have important consequences, including the following: • making it more difficult for us to satisfy our obligations with respect to our indebtedness; • requiring us to dedicate a substantial portion of our cash flow from operations to debt service payments on our and our subsidiaries' debt, which reduces the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes; • requiring us to comply with restrictive covenants in our senior credit facilities and indentures, which limit the manner in which we conduct our business; • making it more difficult for us to obtain vendor financing from our vendor partners, including original equipment manufacturers and software publishers; • limiting our flexibility in planning for, or reacting to, changes in the industry in which we operate; • placing us at a competitive disadvantage compared to any of our less- leveraged competitors; • increasing our vulnerability to both general and industry- specific adverse economic conditions; and • limiting our ability to obtain additional debt or equity financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing. Restrictive covenants under our senior credit facilities and, to a lesser degree, our indentures may adversely affect our operations and liquidity. Our senior credit facilities and, to a lesser degree, our indentures contain, and any future indebtedness of ours may contain, various covenants that limit our ability to, among other things: • incur or guarantee additional debt; • receive dividends or other payments from our subsidiaries; • enter into transactions with affiliates; • pledge our assets as collateral; • merge or consolidate with other companies or transfer all or substantially all of our assets; and • engage in sale leaseback transactions. As a result of these covenants, we are limited in the manner in which we conduct our business and we may be unable to engage in favorable business activities or finance future operations or capital needs. A breach of any of these covenants or any of the other restrictive covenants would result in a default under our senior credit facilities. Upon the occurrence of an event of default under our senior credit facilities, the lenders: • will not be required to lend any additional amounts to us; • could elect to declare all borrowings outstanding thereunder, together with accrued and unpaid interest and fees, to be due and payable; or • could require us to apply all of our available cash to repay these borrowings. The acceleration of amounts outstanding under our senior credit facilities would likely trigger an event of default under our existing indentures. If the lenders under our senior credit facilities accelerate the repayment of borrowings, we may not have sufficient assets to repay our senior credit facilities and our other indebtedness or the ability to borrow sufficient funds to refinance such indebtedness. Even if we were able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us. Failure to maintain the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital. Major debt rating agencies regularly evaluate our debt based on a number of factors, and any rating assigned could be lowered or withdrawn by a rating agency if, in that rating agency' s judgment, future circumstances relating to the basis of the rating, such as adverse changes in our financial position, so warrant. We may not be able to maintain our existing investment grade ratings from certain credit rating agencies, and the failure to do so could increase the cost of servicing certain of our existing indebtedness, and make it more difficult to raise debt financing on favorable terms in the future. We and our subsidiaries may be able to incur substantially more debt, including secured debt. This could further increase the risks associated with our leverage. We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of our senior credit facilities and indentures do not fully prohibit us or our subsidiaries from doing so. To the extent that we incur additional indebtedness, the risks associated with our level of indebtedness described above, including our possible inability to service our debt, will increase. As of December 31, ~~2022~~ **2023** , we had $ 1. ~~1~~ **2** billion available for additional borrowing under our Revolving Loan Facility. Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. Certain of our borrowings, primarily borrowings under our senior credit facilities, are at variable rates of interest and expose us to interest rate risk. As of December 31, ~~2022~~ **2023** , we had $ ~~857~~ **635** million of variable rate debt outstanding. Interest rates increased significantly during ~~2022~~ **2023** and may continue to do so. When interest rates increase, our debt service obligations on the variable rate indebtedness increase even though the amount borrowed remains the same, and could negatively impact our net income absent any derivative instruments. From time to time, we may execute derivative instruments to reduce interest rate volatility, subject to acceptable terms. We cannot assure you we will enter into such derivative instruments in the future or that such instruments will be effective. Risks Related to Ownership of Our Common Stock Our common stock price may be volatile and may decline regardless of our operating performance, and holders of our common stock could lose a significant portion of their investment. The market price for our common stock may be volatile. Our stockholders may not be able to resell their shares of common stock at or above the price at which they purchased such shares, due to fluctuations in the market price of our common stock, which may be caused by a number of factors, many of which we cannot control, including the risk factors described in this Annual Report on Form 10- K and the following: • changes in financial estimates by any securities analysts who follow our common stock, our failure to meet these estimates or failure of securities analysts to maintain coverage of our common stock; • downgrades by any securities analysts who follow our common stock; • future sales of our common stock by our officers, directors and significant stockholders; • market conditions or trends in our industry or the economy as a whole **including market expectations of changes in interest rates** ; • investors' perceptions of our prospects; • announcements by us or our competitors of significant contracts, acquisitions, joint ventures or capital commitments; and • changes in key personnel. In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies, including companies in our industry. In the past, securities class action litigation has followed periods of market volatility. If we were involved in securities litigation, we could incur substantial costs, and our resources and the attention of management could be diverted from our business. In the future, we may also issue our securities in connection with investments or acquisitions. The number of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then- outstanding shares of our common stock and depress our stock price. Anti- takeover provisions in our charter documents and Delaware law might discourage or delay acquisition attempts for us that may be considered favorable. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of the Company more difficult without the approval of our Board of Directors. These provisions: • authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock; • generally prohibit stockholder action by written consent, requiring all stockholder actions be taken at a meeting of our stockholders; • provide that special meetings of the stockholders can only be called ~~by~~ **in accordance with certain requirements and limitations set forth in** ~~or~~ **our amended and restated bylaws** ~~at the direction of our Board of Directors pursuant to a written resolution adopted by the affirmative vote of the majority of the total number of directors that the Company would have if there were no vacancies~~ ; • establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and • provide that our Board of Directors is expressly authorized to make, alter or repeal our amended and restated bylaws. In addition, we are subject to Section 203 of the Delaware General Corporation Law, which will prevent us from engaging in a business combination with a person who acquires at least 15 % of our common stock for a period of three years from the date such person acquired such common stock, unless Board or stockholder approval is obtained prior to the acquisition. These anti- takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of the Company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors of their choosing and to cause us to take other corporate actions our stockholders desire. ~~We cannot~~ **There can be no** ~~assure~~ **assurance** ~~you~~ that we will continue to pay dividends on our common stock or repurchase any of our common stock under our share repurchase program ~~, and our indebtedness and certain tax considerations could limit our ability to continue to pay dividends on, or make share repurchases of, our common stock. If we do not continue to pay dividends, you may not receive any return on investment unless you are able to sell your common stock for a price greater than your purchase price~~ . We expect to continue to pay a cash dividend on our common stock. However, any determination to pay dividends in the future will be at the discretion of our Board of Directors. Any determination to pay dividends on, or repurchase, shares of our common stock in the future will depend upon our results of operations, financial condition, business prospects, capital requirements, contractual restrictions ~~, any potential~~ **(including in current or future agreements governing our** indebtedness **)** ~~we may incur, our target leverage ratio~~ , restrictions imposed by applicable law, tax considerations and other factors our Board of Directors deems relevant ~~. In addition, our ability to pay dividends on, or repurchase, shares of our common stock will be limited by restrictions on our ability to pay dividends or make distributions to our stockholders and on the ability of our subsidiaries to pay dividends or make distributions to us, in each case, under the terms of our current and any future agreements governing our indebtedness~~ . There can be no assurance that we will continue to pay a dividend at the current rate or at all or that we will continue to repurchase shares of our common stock. If we do not pay dividends in the future, realization of a gain on your investment will depend entirely on the appreciation of the price of our common stock, which may never occur. We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations. We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries' ability to pay dividends or other distributions to us. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us.