

WESCO INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(dollar amounts in thousands, except per share amounts)
(Unaudited)

	Three Months Ended			
	June 30, 2022		June 30, 2021	
Net sales	\$	5,483,525	\$	4,595,790
Cost of goods sold (excluding depreciation and amortization)		4,294,086	78.3 %	3,630,633
Selling, general and administrative expenses		772,864	14.1 %	699,581
Depreciation and amortization		45,866		46,704
Income from operations		370,709	6.8 %	218,872
Interest expense, net		68,478		67,590
Other expense (income), net		1,195		(802)
Income before income taxes		301,036	5.5 %	152,084
Provision for income taxes		79,887		32,800
Net income		221,149	4.0 %	119,284
Net income attributable to noncontrolling interests		443		89
Net income attributable to WESCO International, Inc.		220,706	4.0 %	119,195
Preferred stock dividends		14,352		14,352
Net income attributable to common stockholders	\$	206,354	3.8 %	\$ 104,843
Earnings per diluted share attributable to common stockholders	\$	3.95	\$	2.02
Weighted-average common shares outstanding and common share equivalents used in computing earnings per diluted common share (in thousands)		52,220		51,994

Reportable Segments

Net sales:

Electrical & Electronic Solutions	\$	2,330,153	\$	1,923,011
Communications & Security Solutions		1,601,997		1,461,120
Utility & Broadband Solutions		1,551,375		1,211,659
	\$	5,483,525	\$	4,595,790

Income from operations:

Electrical & Electronic Solutions	\$	221,506	\$	153,740
Communications & Security Solutions		130,745		111,257
Utility & Broadband Solutions		162,428		94,693
Corporate		(143,970)		(140,818)
	\$	370,709	\$	218,872

WESCO INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(dollar amounts in thousands, except per share amounts)
(Unaudited)

	Six Months Ended			
	June 30, 2022		June 30, 2021	
Net sales	\$	10,415,706	\$	8,637,267
Cost of goods sold (excluding depreciation and amortization)		8,177,160	78.5 %	6,861,074
Selling, general and administrative expenses		1,490,962	14.3 %	1,336,157
Depreciation and amortization		92,846		87,913
Income from operations		654,738	6.3 %	352,123
Interest expense, net		132,098		137,963
Other expense (income), net		2,319		(3,609)
Income before income taxes		520,321	5.0 %	217,769
Provision for income taxes		117,541		39,331
Net income		402,780	3.9 %	178,438
Net income attributable to noncontrolling interests		831		65
Net income attributable to WESCO International, Inc.		401,949	3.9 %	178,373
Preferred stock dividends		28,704		28,704
Net income attributable to common stockholders	\$	373,245	3.6 %	\$ 149,669
Earnings per diluted share attributable to common stockholders	\$	7.15	\$	2.89
Weighted-average common shares outstanding and common share equivalents used in computing earnings per diluted common share (in thousands)		52,229		51,875

Reportable Segments

Net sales:

Electrical & Electronic Solutions	\$	4,420,112	\$	3,643,824
Communications & Security Solutions		3,036,172		2,711,735
Utility & Broadband Solutions		2,959,422		2,281,708
	\$	10,415,706	\$	8,637,267

Income from operations:

Electrical & Electronic Solutions	\$	400,277	\$	253,852
Communications & Security Solutions		234,776		185,220
Utility & Broadband Solutions		292,376		181,723
Corporate		(272,691)		(268,672)
	\$	654,738	\$	352,123

WESCO INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollar amounts in thousands)
(Unaudited)

	As of	
	June 30, 2022	December 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 236,792	\$ 212,583
Trade accounts receivable, net	3,635,840	2,957,613
Inventories	3,165,828	2,666,219
Other current assets	568,015	513,696
Total current assets	7,606,475	6,350,111
Goodwill and intangible assets	5,079,588	5,152,474
Other assets	1,177,203	1,115,114
Total assets	<u>\$ 13,863,266</u>	<u>\$ 12,617,699</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 2,652,306	\$ 2,140,251
Short-term debt and current portion of long-term debt, net ⁽¹⁾	70,628	9,528
Other current liabilities	869,900	900,029
Total current liabilities	3,592,834	3,049,808
Long-term debt, net	5,039,857	4,701,542
Other noncurrent liabilities	1,119,268	1,090,138
Total liabilities	9,751,959	8,841,488
Stockholders' Equity		
Total stockholders' equity	4,111,307	3,776,211
Total liabilities and stockholders' equity	<u>\$ 13,863,266</u>	<u>\$ 12,617,699</u>

⁽¹⁾ As of June 30, 2022, short-term debt and current portion of long-term debt includes the \$58.6 million aggregate principal amount of the Company's 5.50% Anixter Senior Notes due 2023, which mature on March 1, 2023.

WESCO INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollar amounts in thousands)
(Unaudited)

	Six Months Ended	
	June 30, 2022	June 30, 2021
Operating Activities:		
Net income	\$ 402,780	\$ 178,438
Add back (deduct):		
Depreciation and amortization	92,846	87,913
Deferred income taxes	1,264	(2,959)
Change in trade receivables, net	(716,767)	(372,287)
Change in inventories	(530,763)	(268,272)
Change in accounts payable	534,283	474,918
Other, net	(88,174)	5,044
Net cash (used in) provided by operating activities	(304,531)	102,795
Investing Activities:		
Capital expenditures	(31,641)	(20,191)
Other, net ⁽¹⁾	679	52,545
Net cash (used in) provided by investing activities	(30,962)	32,354
Financing Activities:		
Debt borrowings (repayments), net ⁽²⁾	394,557	(235,778)
Payments for taxes related to net-share settlement of equity awards	(17,212)	(12,433)
Payment of dividends	(28,704)	(28,704)
Other, net	(8,150)	(12,767)
Net cash provided by (used in) financing activities	340,491	(289,682)
Effect of exchange rate changes on cash and cash equivalents	19,211	(6,711)
Net change in cash and cash equivalents	24,209	(161,244)
Cash and cash equivalents at the beginning of the period	212,583	449,135
Cash and cash equivalents at the end of the period	<u>\$ 236,792</u>	<u>\$ 287,891</u>

⁽¹⁾ For the six months ended June 30, 2021, other investing activities includes cash consideration totaling approximately \$54.3 million from the divestiture of Wesco's legacy utility and data communications businesses in Canada. The Company used the net proceeds from the divestitures to repay indebtedness.

⁽²⁾ The six months ended June 30, 2021 includes the redemption of the Company's \$500.0 million aggregate principal amount of 2021 Notes. The redemption of the 2021 Notes was funded with excess cash, as well as borrowings under the Company's accounts receivable securitization and revolving credit facilities.

NON-GAAP FINANCIAL MEASURES

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") above, this earnings release includes certain non-GAAP financial measures. These financial measures include organic sales growth, gross profit, gross margin, earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA, adjusted EBITDA margin, financial leverage, free cash flow, adjusted selling, general and administrative expenses, adjusted income from operations, adjusted operating margin, adjusted provision for income taxes, adjusted income before income taxes, adjusted net income, adjusted net income attributable to WESCO International, Inc., adjusted net income attributable to common stockholders, and adjusted earnings per diluted share. The Company believes that these non-GAAP measures are useful to investors as they provide a better understanding of our financial condition and results of operations on a comparable basis. Additionally, certain non-GAAP measures either focus on or exclude items impacting comparability of results such as merger-related and integration costs, and the related income tax effect of such items, allowing investors to more easily compare the Company's financial performance from period to period. Management does not use these non-GAAP financial measures for any purpose other than the reasons stated above.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except per share data)

(Unaudited)

Organic Sales Growth by Segment - QTD:

Three Months Ended			Growth/(Decline)				
	June 30, 2022	June 30, 2021	Reported	Divestiture Impact	Foreign Exchange Impact	Workday Impact	Organic Growth
EES	\$ 2,330,153	\$ 1,923,011	21.2%	— %	(1.9) %	— %	23.1 %
CSS	1,601,997	1,461,120	9.6%	— %	(1.9) %	— %	11.5 %
UBS	1,551,375	1,211,659	28.0%	— %	(0.6) %	— %	28.6 %
Total net sales	\$ 5,483,525	\$ 4,595,790	19.3%	— %	(1.6)%	— %	20.9 %

Organic Sales Growth by Segment - YTD:

Six Months Ended			Growth/(Decline)				
	June 30, 2022	June 30, 2021	Reported	Divestiture Impact	Foreign Exchange Impact	Workday Impact	Organic Growth
EES	\$ 4,420,112	\$ 3,643,824	21.3%	(0.2) %	(1.2) %	0.8 %	21.9 %
CSS	3,036,172	2,711,735	12.0%	— %	(1.4) %	0.8 %	12.6 %
UBS	2,959,422	2,281,708	29.7%	(0.2) %	(0.4) %	0.8 %	29.5 %
Total net sales	\$ 10,415,706	\$ 8,637,267	20.6%	(0.2)%	(1.0)%	0.8 %	21.0 %

Organic Sales Growth by Segment - Sequential:

Three Months Ended			Growth/(Decline)				
	June 30, 2022	March 31, 2022	Reported	Divestiture Impact	Foreign Exchange Impact	Workday Impact	Organic Growth
EES	\$ 2,330,153	\$ 2,089,959	11.5 %	— %	(0.5) %	1.6 %	10.4 %
CSS	1,601,997	1,434,175	11.7 %	— %	(0.6) %	1.6 %	10.7 %
UBS	1,551,375	1,408,047	10.2 %	— %	(0.1) %	1.6 %	8.7 %
Total net sales	\$ 5,483,525	\$ 4,932,181	11.2%	— %	(0.4)%	1.6 %	10.0 %

Note: Organic sales growth is a non-GAAP financial measure of sales performance. Organic sales growth is calculated by deducting the percentage impact from acquisitions and divestitures for one year following the respective transaction, fluctuations in foreign exchange rates and number of workdays from the reported percentage change in consolidated net sales.

WESCO INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(dollar amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
Gross Profit:	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net sales	\$ 5,483,525	\$ 4,595,790	\$ 10,415,706	\$ 8,637,267
Cost of goods sold (excluding depreciation and amortization)	4,294,086	3,630,633	8,177,160	6,861,074
Gross profit	<u>\$ 1,189,439</u>	<u>\$ 965,157</u>	<u>\$ 2,238,546</u>	<u>\$ 1,776,193</u>
Gross margin	21.7 %	21.0 %	21.5 %	20.6 %

Gross Profit:	Three Months Ended March 31, 2022
Net sales	\$ 4,932,181
Cost of goods sold (excluding depreciation and amortization)	3,883,074
Gross profit	<u>\$ 1,049,107</u>
Gross margin	21.3 %

Note: Gross profit is a financial measure commonly used in the distribution industry. Gross profit is calculated by deducting cost of goods sold, excluding depreciation and amortization, from net sales. Gross margin is calculated by dividing gross profit by net sales.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Adjusted SG&A Expenses:				
Selling, general and administrative expenses	\$ 772,864	\$ 699,581	\$ 1,490,962	\$ 1,336,157
Merger-related and integration costs	(13,427)	(37,720)	(38,990)	(84,042)
Net gain on divestitures	—	—	—	8,927
Adjusted selling, general and administrative expenses	\$ 759,437	\$ 661,861	\$ 1,451,972	\$ 1,261,042
Percentage of net sales	13.8 %	14.4 %	13.9 %	14.6 %

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Adjusted Income from Operations:				
Income from operations	\$ 370,709	\$ 218,872	\$ 654,738	\$ 352,123
Merger-related and integration costs	13,427	37,720	38,990	84,042
Accelerated trademark amortization	3,672	5,049	8,995	5,049
Net gain on divestitures	—	—	—	(8,927)
Adjusted income from operations	\$ 387,808	\$ 261,641	\$ 702,723	\$ 432,287
Adjusted income from operations margin %	7.1 %	5.7 %	6.7 %	5.0 %

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Adjusted Provision for Income Taxes:				
Provision for income taxes	\$ 79,887	\$ 32,800	\$ 117,541	\$ 39,331
Income tax effect of adjustments to income from operations ⁽¹⁾	4,531	10,381	12,614	19,348
Adjusted provision for income taxes	\$ 84,418	\$ 43,181	\$ 130,155	\$ 58,679

⁽¹⁾ The adjustments to income from operations have been tax effected at rates of approximately 26% for the three and six months ended June 30, 2022 and 24% for the three and six months ended June 30, 2021.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Adjusted Earnings per Diluted Share:				
Adjusted income from operations	\$ 387,808	\$ 261,641	\$ 702,723	\$ 432,287
Interest expense, net	68,478	67,590	132,098	137,963
Other expense (income), net	1,195	(802)	2,319	(3,609)
Adjusted income before income taxes	318,135	194,853	568,306	297,933
Adjusted provision for income taxes	84,418	43,181	130,155	58,679
Adjusted net income	233,717	151,672	438,151	239,254
Net income attributable to noncontrolling interests	443	89	831	65
Adjusted net income attributable to WESCO International, Inc.	233,274	151,583	437,320	239,189
Preferred stock dividends	14,352	14,352	28,704	28,704
Adjusted net income attributable to common stockholders	\$ 218,922	\$ 137,231	\$ 408,616	\$ 210,485
Diluted shares	52,220	51,994	52,229	51,875
Adjusted earnings per diluted share	\$ 4.19	\$ 2.64	\$ 7.82	\$ 4.06

Note: For the three and six months ended June 30, 2022, SG&A expenses, income from operations, the provision for income taxes and earnings per diluted share have been adjusted to exclude merger-related and integration costs, accelerated amortization expense associated with migrating to the Company's master brand architecture, and the related income tax effects. For the three and six months ended June 30, 2021, SG&A expenses, income from operations, the provision for income taxes and earnings per diluted share have been adjusted to exclude merger-related and integration costs, a net gain on the divestiture of Wesco's legacy utility and data communications businesses in Canada, accelerated amortization expense associated with migrating to the Company's master brand architecture, and the related income tax effects. These non-GAAP financial measures provide a better understanding of the Company's financial results on a comparable basis.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except per share data)

(Unaudited)

EBITDA and Adjusted EBITDA by Segment:	Three Months Ended June 30, 2022				
	EES	CSS	UBS	Corporate	Total
Net income attributable to common stockholders	\$ 222,758	\$ 130,639	\$ 161,784	\$ (308,827)	\$ 206,354
Net income attributable to noncontrolling interests	151	—	—	292	443
Preferred stock dividends	—	—	—	14,352	14,352
Provision for income taxes	—	—	—	79,887	79,887
Interest expense, net	—	—	—	68,478	68,478
Depreciation and amortization	11,198	17,855	5,670	11,143	45,866
EBITDA	\$ 234,107	\$ 148,494	\$ 167,454	\$ (134,675)	\$ 415,380
Other (income) expense, net	(1,403)	106	644	1,848	1,195
Stock-based compensation expense ⁽¹⁾	2,745	1,442	937	9,334	14,458
Merger-related and integration costs	—	—	—	13,427	13,427
Adjusted EBITDA	\$ 235,449	\$ 150,042	\$ 169,035	\$ (110,066)	\$ 444,460
Adjusted EBITDA margin %	10.1 %	9.4 %	10.9 %		8.1 %

⁽¹⁾ Stock-based compensation expense in the calculation of adjusted EBITDA for the three months ended June 30, 2022 excludes \$1.4 million as such amount is included in merger-related and integration costs.

EBITDA and Adjusted EBITDA by Segment:	Three Months Ended June 30, 2021				
	EES	CSS	UBS	Corporate	Total
Net income attributable to common stockholders	\$ 153,976	\$ 111,046	\$ 94,688	\$ (254,867)	\$ 104,843
Net (loss) income attributable to noncontrolling interests	(76)	—	—	165	89
Preferred stock dividends	—	—	—	14,352	14,352
Provision for income taxes	—	—	—	32,800	32,800
Interest expense, net	—	—	—	67,590	67,590
Depreciation and amortization	12,781	19,241	5,466	9,216	46,704
EBITDA	\$ 166,681	\$ 130,287	\$ 100,154	\$ (130,744)	\$ 266,378
Other (income) expense, net	(160)	211	5	(858)	(802)
Stock-based compensation expense ⁽¹⁾	1,434	641	543	3,331	5,949
Merger-related and integration costs	—	—	—	37,720	37,720
Adjusted EBITDA	\$ 167,955	\$ 131,139	\$ 100,702	\$ (90,551)	\$ 309,245
Adjusted EBITDA margin %	8.7 %	9.0 %	8.3 %		6.7 %

⁽¹⁾ Stock-based compensation expense in the calculation of adjusted EBITDA for the three months ended June 30, 2021 excludes \$1.3 million as such amount is included in merger-related and integration costs.

Note: EBITDA, Adjusted EBITDA and Adjusted EBITDA margin % are non-GAAP financial measures that provide indicators of the Company's performance and its ability to meet debt service requirements. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before foreign exchange and other non-operating expenses (income), non-cash stock-based compensation, and merger-related and integration costs. Adjusted EBITDA margin % is calculated by dividing Adjusted EBITDA by net sales.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except per share data)

(Unaudited)

EBITDA and Adjusted EBITDA by Segment:	Six Months Ended June 30, 2022				
	EES	CSS	UBS	Corporate	Total
Net income attributable to common stockholders	\$ 401,493	\$ 234,326	\$ 291,766	\$ (554,340)	\$ 373,245
Net income attributable to noncontrolling interests	361	—	—	470	831
Preferred stock dividends	—	—	—	28,704	28,704
Provision for income taxes	—	—	—	117,541	117,541
Interest expense, net	—	—	—	132,098	132,098
Depreciation and amortization	23,222	35,986	11,456	22,182	92,846
EBITDA	\$ 425,076	\$ 270,312	\$ 303,222	\$ (253,345)	\$ 745,265
Other (income) expense, net	(1,577)	450	610	2,836	2,319
Stock-based compensation expense ⁽¹⁾	4,366	2,319	1,563	13,760	22,008
Merger-related and integration costs	—	—	—	38,990	38,990
Adjusted EBITDA	\$ 427,865	\$ 273,081	\$ 305,395	\$ (197,759)	\$ 808,582
Adjusted EBITDA margin %	9.7 %	9.0 %	10.3 %		7.8 %

⁽¹⁾ Stock-based compensation expense in the calculation of adjusted EBITDA for the six months ended June 30, 2022 excludes \$2.7 million as such amount is included in merger-related and integration costs.

EBITDA and Adjusted EBITDA by Segment:	Six Months Ended June 30, 2021				
	EES	CSS	UBS	Corporate	Total
Net income attributable to common stockholders	\$ 254,606	\$ 184,639	\$ 181,701	\$ (471,277)	\$ 149,669
Net (loss) income attributable to noncontrolling interests	(151)	—	—	216	65
Preferred stock dividends	—	—	—	28,704	28,704
Provision for income taxes	—	—	—	39,331	39,331
Interest expense, net	—	—	—	137,963	137,963
Depreciation and amortization	23,344	35,534	10,676	18,359	87,913
EBITDA	\$ 277,799	\$ 220,173	\$ 192,377	\$ (246,704)	\$ 443,645
Other (income) expense, net	(603)	581	22	(3,609)	(3,609)
Stock-based compensation expense ⁽¹⁾	2,785	1,066	883	5,908	10,642
Merger-related and integration costs	—	—	—	84,042	84,042
Net gain on divestitures	—	—	(8,927)	—	(8,927)
Adjusted EBITDA	\$ 279,981	\$ 221,820	\$ 184,355	\$ (160,363)	\$ 525,793
Adjusted EBITDA margin %	7.7 %	8.2 %	8.1 %		6.1 %

⁽¹⁾ Stock-based compensation expense in the calculation of adjusted EBITDA for the six months ended June 30, 2021 excludes \$2.5 million as such amount is included in merger-related and integration costs.

Note: EBITDA, Adjusted EBITDA and Adjusted EBITDA margin % are non-GAAP financial measures that provide indicators of the Company's performance and its ability to meet debt service requirements. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before foreign exchange and other non-operating expenses (income), non-cash stock-based compensation expense, merger-related and integration costs, and net gain on the divestiture of Wesco's legacy utility and data communications businesses in Canada. Adjusted EBITDA margin % is calculated by dividing Adjusted EBITDA by net sales.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except per share data)

(Unaudited)

	Twelve Months Ended	
	June 30, 2022	December 31, 2021
Financial Leverage:		
Net income attributable to common stockholders	\$ 631,549	\$ 407,974
Net income attributable to noncontrolling interests	1,787	1,020
Preferred stock dividends	57,407	57,408
Provision for income taxes	193,720	115,510
Interest expense, net	262,209	268,073
Depreciation and amortization	203,487	198,554
EBITDA	1,350,159	1,048,539
Other income, net ⁽¹⁾	(42,185)	(48,112)
Stock-based compensation expense	37,065	25,699
Merger-related and integration costs	113,403	158,484
Net gain on divestitures	—	(8,927)
Adjusted EBITDA	\$ 1,458,442	\$ 1,175,683
	As of	
	June 30, 2022	December 31, 2021
Short-term debt and current portion of long-term debt, net	\$ 70,628	\$ 9,528
Long-term debt, net	5,039,857	4,701,542
Debt discount and debt issuance costs ⁽²⁾	64,059	70,572
Fair value adjustments to Anixter Senior Notes due 2023 and 2025 ⁽²⁾	(615)	(957)
Total debt	5,173,929	4,780,685
Less: cash and cash equivalents	236,792	212,583
Total debt, net of cash	\$ 4,937,137	\$ 4,568,102
Financial leverage ratio	3.4	3.9

⁽¹⁾ Other non-operating income for the twelve months ended June 30, 2022 and December 31, 2021 includes a \$36.6 million curtailment gain resulting from the remeasurement of the Company's pension obligations in the U.S. and Canada due to amending certain terms of such defined benefit plans.

⁽²⁾ Debt is presented in the condensed consolidated balance sheets net of debt discount and debt issuance costs, and includes adjustments to record the long-term debt assumed in the merger with Anixter at its acquisition date fair value.

Note: Financial leverage is a non-GAAP measure of the use of debt. Financial leverage ratio is calculated by dividing total debt, excluding debt discount, debt issuance costs and fair value adjustments, net of cash, by adjusted EBITDA. EBITDA is defined as the trailing twelve months earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as the trailing twelve months EBITDA before foreign exchange and other non-operating expenses (income), non-cash stock-based compensation expense, merger-related and integration costs, and net gain on the divestiture of Wesco's legacy utility and data communications businesses in Canada.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
Free Cash Flow:	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cash flow (used in) provided by operations	\$ (132,620)	\$ (17,695)	\$ (304,531)	\$ 102,795
Less: Capital expenditures	(16,394)	(9,980)	(31,641)	(20,191)
Add: Merger-related and integration cash costs	20,462	27,095	43,260	41,567
Free cash flow	<u>\$ (128,552)</u>	<u>\$ (580)</u>	<u>\$ (292,912)</u>	<u>\$ 124,171</u>
Percentage of adjusted net income	(55)%	— %	(67)%	52 %

Note: Free cash flow is a non-GAAP financial measure of liquidity. Capital expenditures are deducted from operating cash flow to determine free cash flow. Free cash flow is available to fund investing and financing activities. For the three and six months ended June 30, 2022 and 2021, the Company paid for certain costs to integrate the acquired Anixter business. Such expenditures have been added back to operating cash flow to determine free cash flow for such periods.