Arrow Electronics

Investor Presentation

November 2023

ARW
LISTED
NYSE



Safe harbor

This presentation includes “forward-looking” statements, as the term is defined under the federal securities laws, including but not limited to statements regarding: Arrow’s future financial performance, including its outlook on financial results for the fourth quarter of fiscal 2023 such as sales, net income per diluted share, non-GAAP net income per diluted share, average tax rate, average diluted shares outstanding, interest and other expense, impact to sales due to changes in foreign currencies, intangible amortization expense per diluted share, restructuring and integration charges per diluted share, and expectations regarding market demand and shareholder returns. These and other forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which could cause actual results or facts to differ materially from such statements for a variety of reasons, including, but not limited to: unfavorable economic conditions; disruptions or inefficiencies in the supply chain; political instability; impacts of military conflict and sanctions; industry conditions; changes in product supply, pricing and customer demand; competition; other vagaries in the global components and the global enterprise computing solutions (“ECS”) markets; deteriorating economic conditions, including economic recession, inflation, tax rates, foreign currency exchange rates, or the availability of capital; the effects of natural or man-made catastrophic events; changes in relationships with key suppliers; increased profit margin pressure; changes in legal and regulatory matters; non-compliance with certain regulations, such as export, antitrust, and anti-corruption laws; foreign tax and other loss contingencies; outbreaks, epidemics, pandemics, or public health crises; and the company's ability to generate positive cash flow. For a further discussion of these and other factors that could cause the company's future results to differ materially from any forward-looking statements, see the section entitled “Risk Factors” in the company's most recent Quarterly Report on Form 10-Q and the company's most recent Annual Report on Form 10-K, as well as in other filings the company makes with the Securities and Exchange Commission. Shareholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The company undertakes no obligation to update publicly or revise any of the forward-looking statements.

In addition, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. See "Certain Non-GAAP Financial Information" for more information and a reconciliation between GAAP and non-GAAP measures provided in this presentation.

Agenda

1. Overview
2. Business detail – global components
3. Business detail – global enterprise computing solutions
4. Financials
5. Additional information and financial tables



Overview

Our noble purpose

We enable technology solutions that make a positive difference in people's lives; we guide the power of innovation to make the world better.



Our history

1935

Arrow Radio opens on Radio Row in New York City

1946

Incorporated as Arrow Electronics

1961

Arrow goes public

1979

Listed on NYSE (ARW)

1986

50+ acquisitions and expansion into Europe and Asia

2005

Arrow expands computer products business beyond North America

2011

Arrow moves HQ from New York to Colorado

2023

Arrow tops category in FORTUNE's "World's Most Admired Companies" list for 10 consecutive years

Executive leadership & core values

Ethical
We believe in and behave with integrity and respect at all times, when everyone is watching and when no one is watching.

Open-Minded and Courageous
We believe in and behave with well-intended curiosity, welcoming diverse ways of thinking and working, expanding our mind- and behavior sets, when venturing and when persevering.

Results-Oriented and Accountable
We believe in and behave with responsibility and ownership for the quality of our work, when accomplishing intended outcomes and when course correcting.

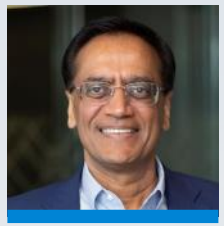
Innovative
We believe in original thinking and executing new ideas, continuously adapting our mind- and behavior-sets to create increased value.

Customer Centricity
We believe in and behave with a customer-first orientation, earning trust and loyalty, and driving repeat and growing business.

One Arrow
We believe in and behave with the broadest view of our organization, understanding the vital role we each play for the greatest good of all stakeholders.



Sean J. Kerins
President and Chief Executive Officer



Raj Agrawal
Senior Vice President, Chief Financial Officer



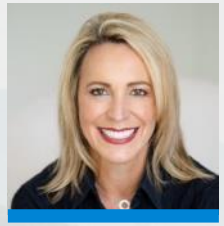
Carine Jean-Claude
Senior Vice President, Chief Legal Officer and Secretary



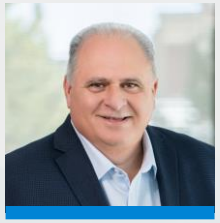
Steve Kerdock
Senior Vice President, Chief Marketing Officer



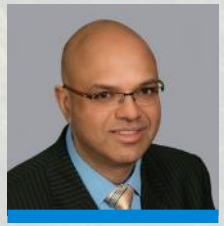
Chuck Kostalnick
Senior Vice President, Chief Logistics and Procurement Officer



Kristin Russell
President, Global Enterprise Computing Solutions



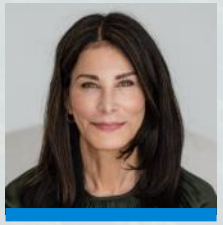
Rick Marano
President, Global Components



Shantnu Sharma
Senior Vice President, Chief Strategy and Technology Officer



Kim Brown Wilmsen
Senior Vice President, Chief Information Officer



Gretchen K. Zech
Senior Vice President, Chief Governance, Sustainability, and Human Resources Officer

Arrow Electronics at a glance

We enable technology solutions that make a positive difference in people's lives; we guide the power of innovation to make the world better

Centennial, CO
HEADQUARTERS

54
COUNTRIES WITH EMPLOYEES

22,000+
EMPLOYEES

>250
WORLDWIDE LOCATIONS

90+
COUNTRIES SERVED

ARW (NYSE)
TICKER SYMBOL

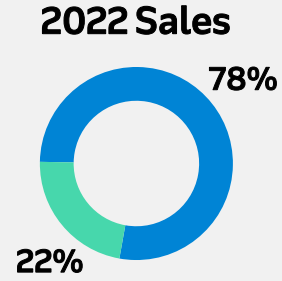
109
FORTUNE 500 RANK

$37.1 billion
2022 SALES

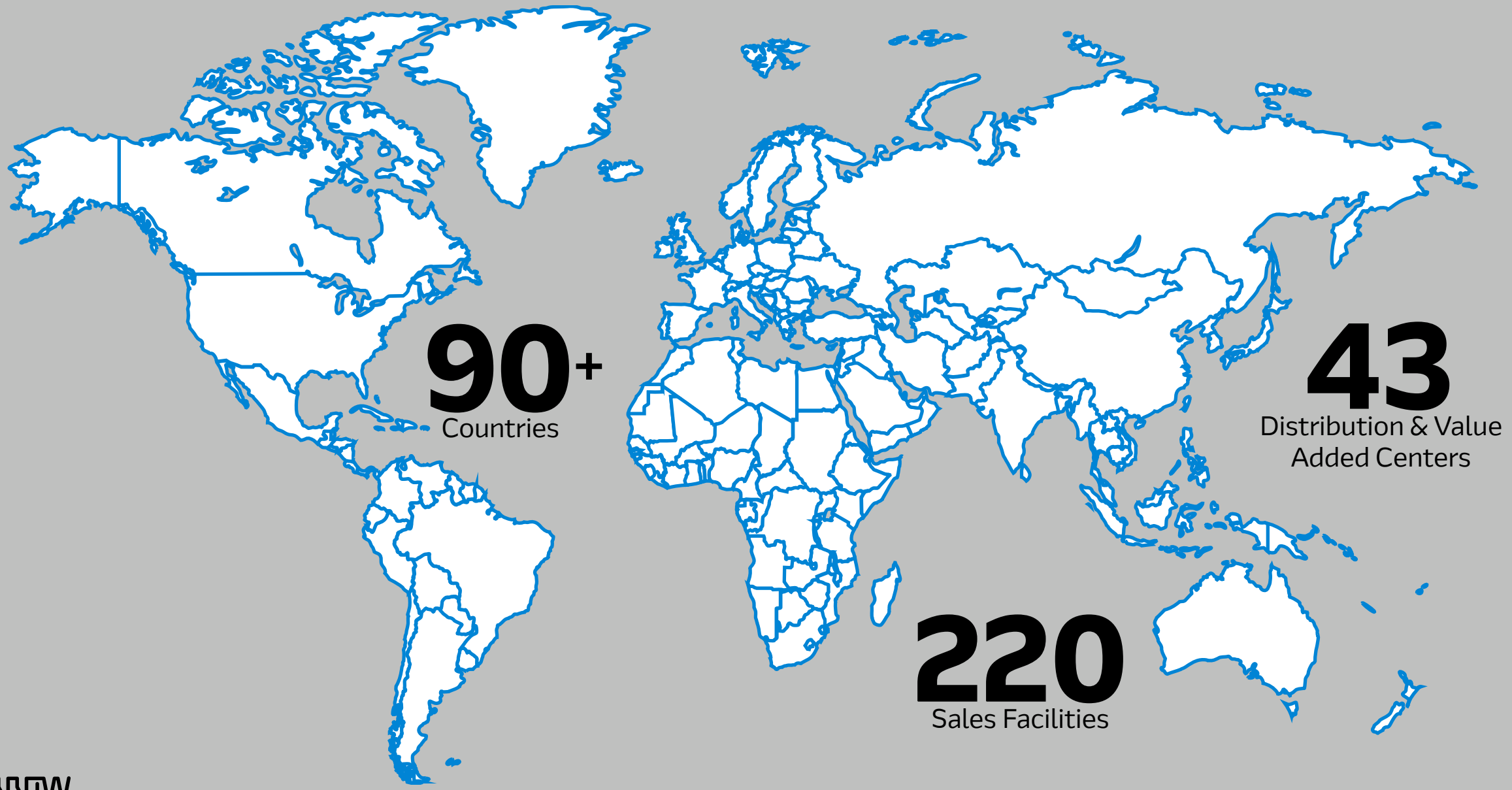
210,000+
CUSTOMERS

1935
FOUNDED

- Global **provider of products, services, and solutions** to industrial and commercial users of electronic components and enterprise computing solutions
- The company has **two business segments**:
  - The **global components** business distributes electronic components
  - The **global enterprise computing solutions** ("ECS") business provides information technology solutions
- Global components has operations in the **Americas, EMEA** and the **Asia-Pacific** regions; global enterprise computing solutions has operations in the **Americas** and **EMEA**



We specialize in managing complexity



90+
Countries

43
Distribution & Value Added Centers

220
Sales Facilities

Our network in numbers: Q3 ‘23

CONSOLIDATED SALES

$8.0B

▼14%

GLOBAL COMPONENTS SALES

$6.2B

▼14%

GLOBAL ENTERPRISE COMPUTING SOLUTIONS SALES

$1.8B

▼ 10%

GROSS PROFIT

$1.0B ▼17%

OPERATING INCOME

$0.3B ▼32%

NET INCOME

$0.2B ▼42%

DILUTED EARNINGS PER SHARE

$3.53 ▼33%

AMERICAS COMPONENTS SALES

$1.9B ▼ 24%

EMEA COMPONENTS SALES

$2.0B ▲ 3%

ASIA PACIFIC COMPONENTS SALES

$2.4B ▼ 18%

AMERICAS ENTERPRISE COMPUTING SOLUTIONS SALES

$1.0B ▼ 18%

EMEA ENTERPRISE COMPUTING SOLUTIONS SALES

$0.7B ▲ 2%

Figures are in accordance with GAAP and reflect year-on-year performance.

Arrow's approach to ESG

ESG GOVERNANCE STRUCTURE

Board of Directors

Audit Committee
Reviews sustainability disclosures, including relevant ESG metrics; oversees data privacy and cybersecurity

Corporate Governance Committee
Oversees policies and practices relating to ESG matters

Compensation Committee
Oversees practices affecting the workforce, including culture and diversity and inclusion

ESG Operating Committee
Guides ESG priorities and related performance

ESG Working Groups
Comprised of functional experts that facilitate data sharing, implement processes and monitor progress towards ESG goal achievement

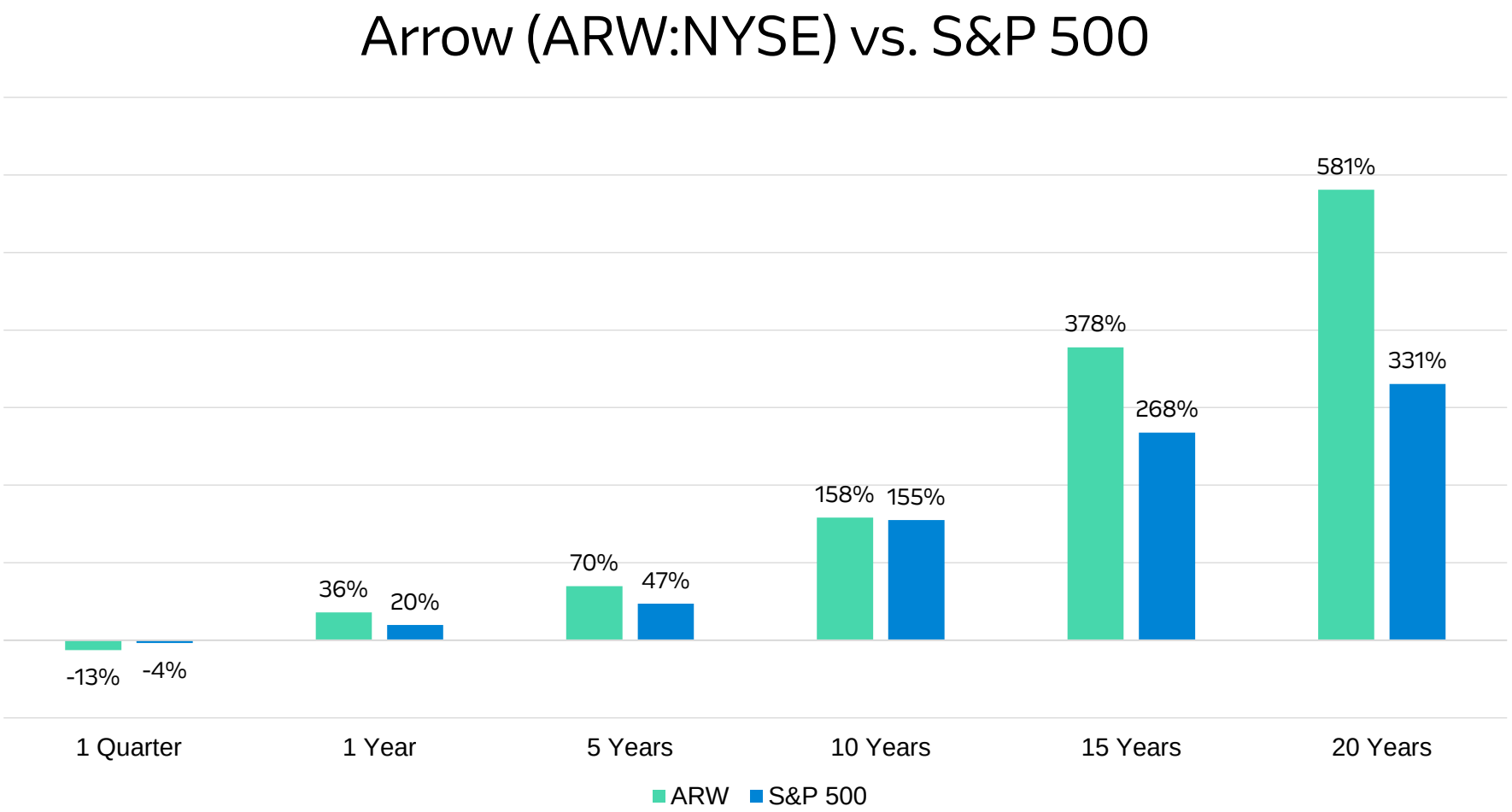


2023 ESG GOALS

- Continue to reduce Scope 1 and 2 emissions in 2023, supporting our multi-year goal to reduce Scope 1 and 2 emissions by 10% across all Arrow locations and fleet by the end of 2025
- Baseline three categories of Scope 3 emissions as a next step to enable setting targets aligned with the Science-Based Targets initiative (SBTi) by the end of 2025
- Continue to grow representation of women leaders globally and leaders who are of underrepresented race/ethnicity in the U.S. in 2023, supporting our multi-year goal to grow representation by two percentage points in each category by the end of 2025
- Continue ongoing global pay equity analysis and adjust pay where appropriate to close any pay equity gaps
- Reaffirm Arrow's strategic partners' commitment to the principles of Arrow's Supplier Business Code of Conduct by the end of 2023
- Ensure that Arrow's top suppliers complete a supplier self-assessment and due diligence questionnaire by the end of 2023

Arrow achieved all ESG Goals for 2022

History of beating the market



Arrow stock (NYSE) has a history of outperforming the broader index

Periods ending Sep 30, 2023

Serving diverse end markets with enabling technology

End Markets


Industrial / Automation


Healthcare / Medical


Consumer Electronics


Aerospace / Defense


Auto/Transportation


Data Center

Arrow Technologies / Solutions

Semiconductors

IP&E

Engineering Services

Supply Chain Services

Software (Infrastructure, Data Intelligence, Security)

Cloud Enablement

Infrastructure Hardware (Storage, Compute, Networking)

IT as a Service

Arrow Businesses*

GLOBAL COMPONENTS SALES

$28.79B

GLOBAL ENTERPRISE COMPUTING SOLUTIONS SALES

$8.34B

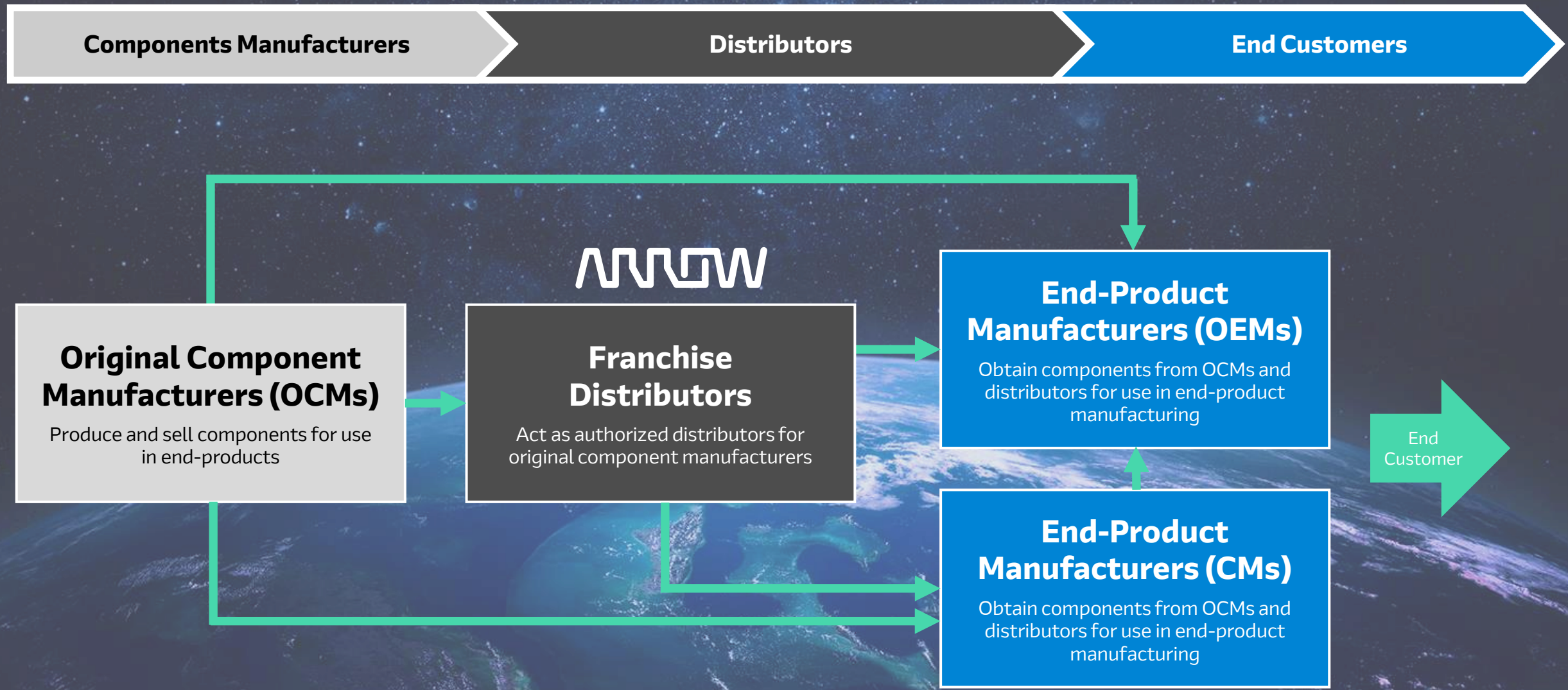
* Revenue figures for 2022
IP&E – Interconnect, Passive & Electro-mechanical devices



Business detail

Global components

Electronic components value chain overview



Global components

The foundation of the components business is the distribution of semiconductor components as well as interconnects, passives & electromechanical devices (IP&E)

Semiconductors

IP&E

Global reach
Hundreds of suppliers
>200 Thousand customers

Hundreds of sales locations
40+ distribution facilities

Engineering Services

From design engineering support for our customers new product introductions to complete turn-key engineering solutions

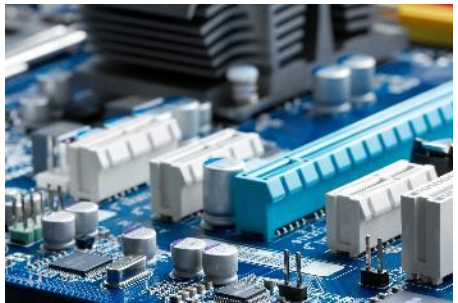
Supply Chain Services

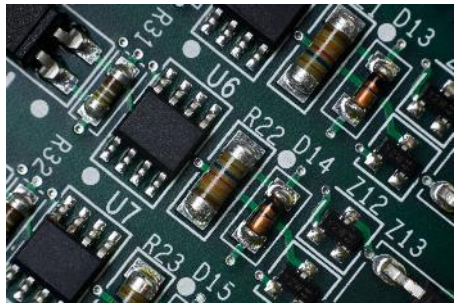
Providing improved supply chain visibility, managing supply/demand, inventory, order management, fulfillment and logistics for our customers

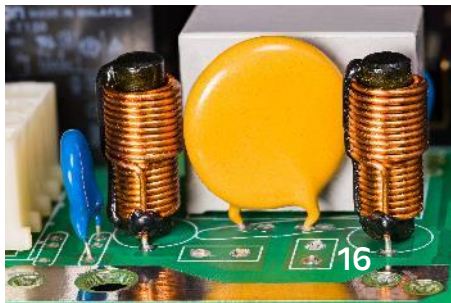








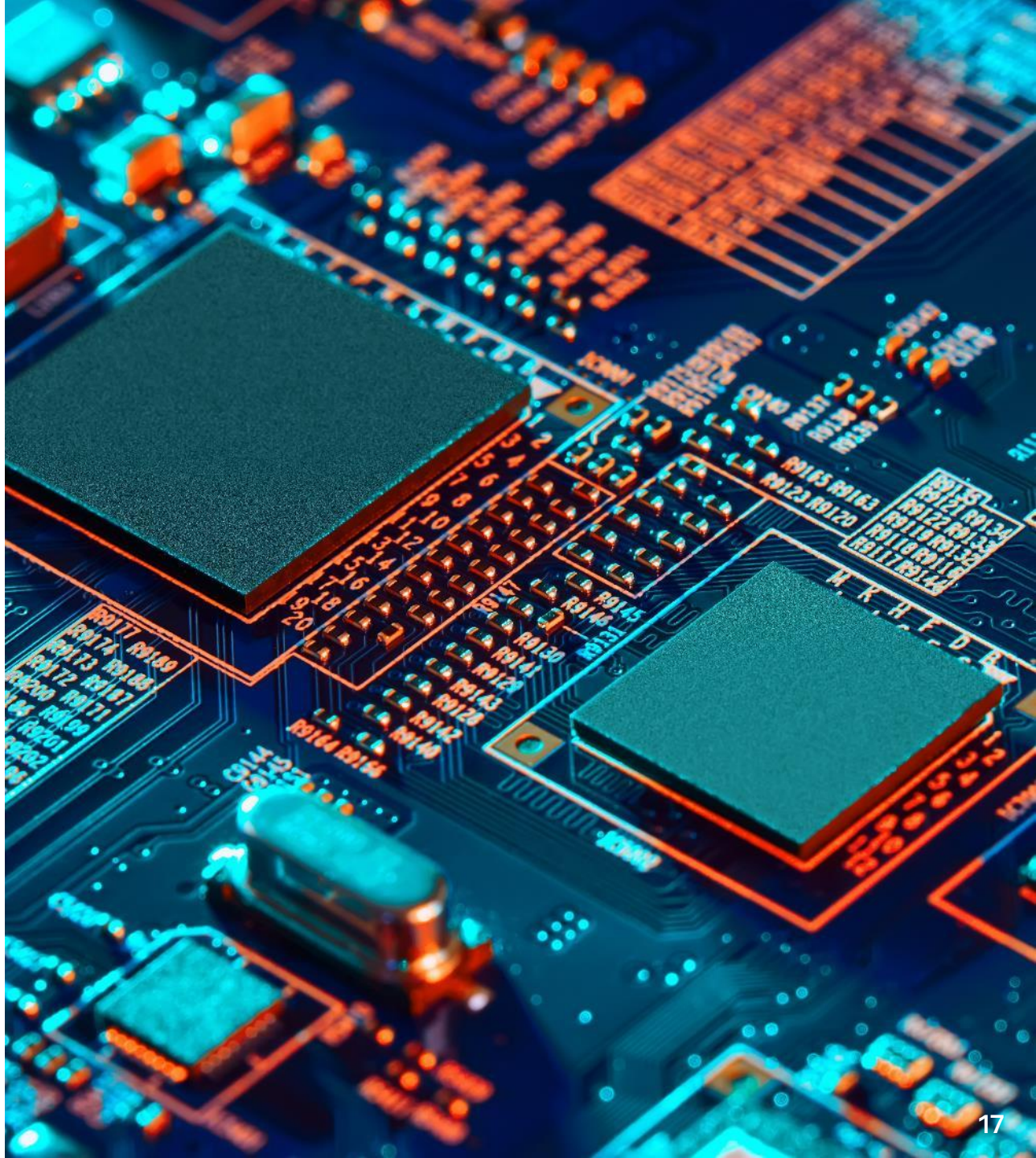




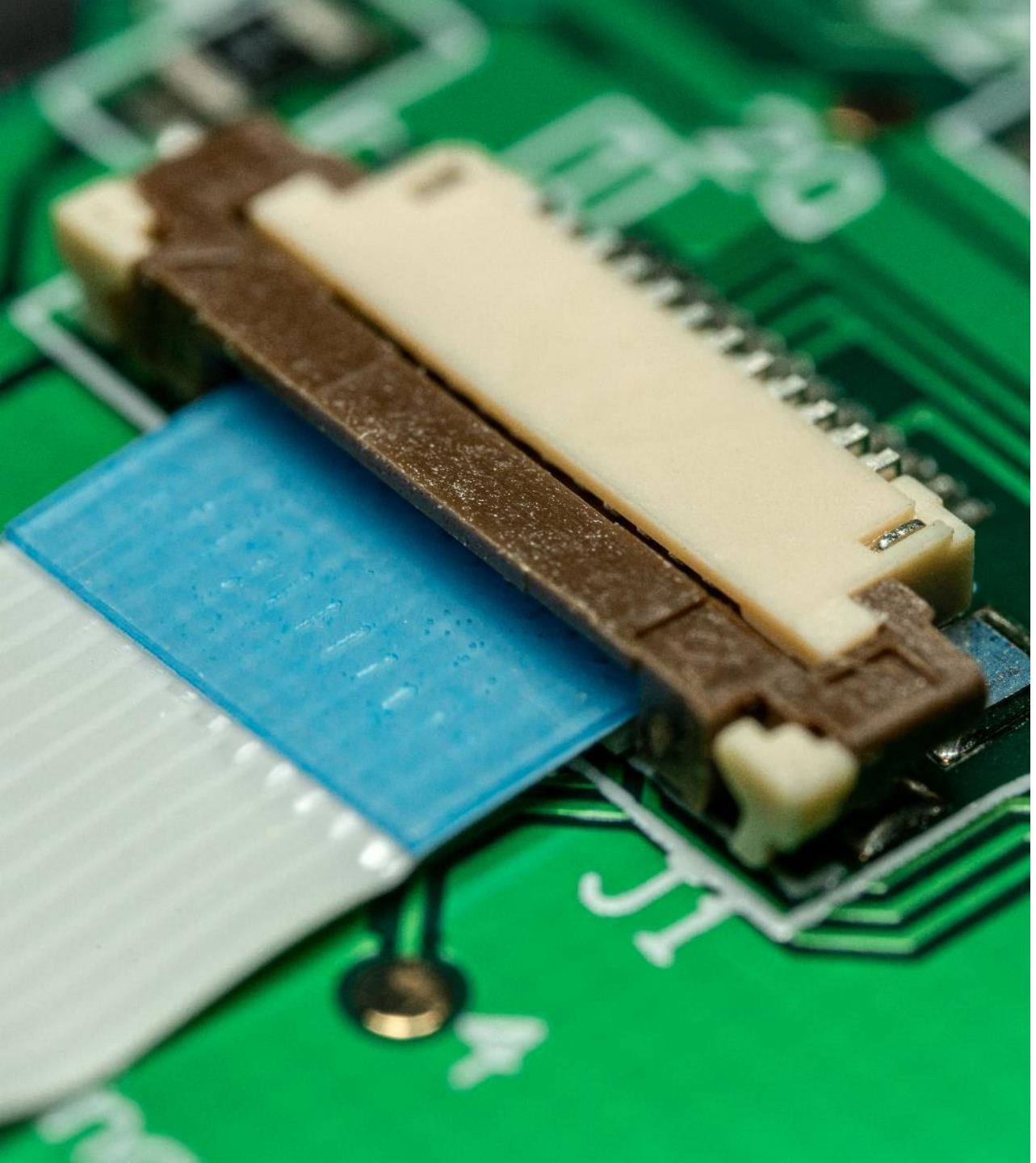
Global components

Semiconductors

- Semiconductor total available market is expected to grow at ~7% CAGR through 2027*
- Arrow suppliers are the major device manufacturers who provide, logic (CPUs, GPUs, FPGAs) and memory (DRAM, Flash)
- Arrow customers are OEMs, EMS and ODMs with no one customer accounting for more than 2% of revenue



* Source: Omdia and Arrow estimates



Global components

IP&E – interconnects, passives & electromechanical

- IP&E total available market is estimated to be $150B*
- A fragmented supplier base provides the non-active components in an electronic system. “interconnects" are connectors and cables. “passive" components refer to resistors, capacitors, batteries and inductors. “electromechanical" covers mechanical relays and switches, power supplies and a variety of sensors.
- Arrow customers are OEMs, EMS companies and ODMs with no one customer accounting for more than 2% of revenue

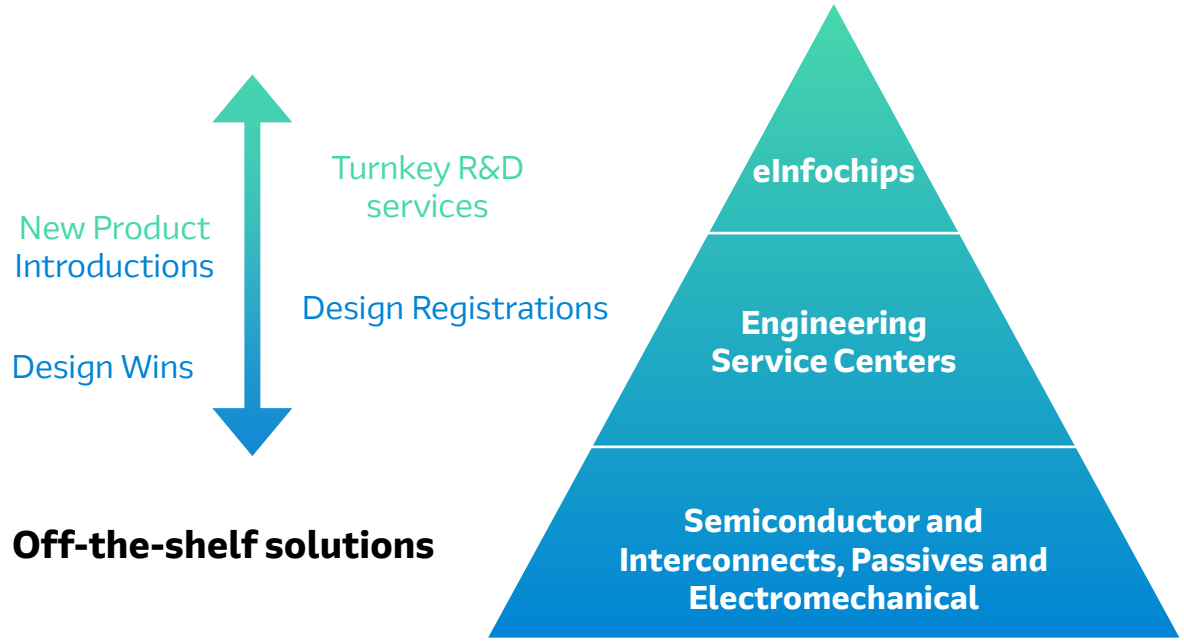
* Source: Bishop report, Paumanok world passive outlook March 2023 and Arrow estimates
OEM – Original Equipment Manufacturer EMS – Electronics Manufacturing Service
ODM – Original Design Manufacturer

Global components

Engineering Services

We help customers (EMS companies and OEMs) get to market quickly, and enable our suppliers' technology in the market

Complex, custom solutions



Off-the-shelf solutions



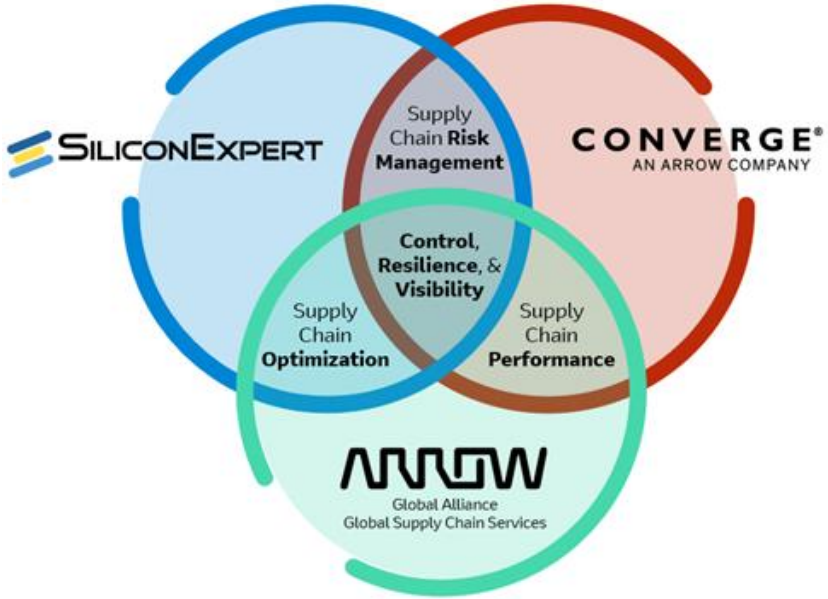


Global components

Supply Chain Services

We manage highly complex, high-volume global supply chains for large OEMs and suppliers with our:

- seasoned industry experts
- best-in-class processes
- world-class systems and infrastructure
- extensive global footprint and reach

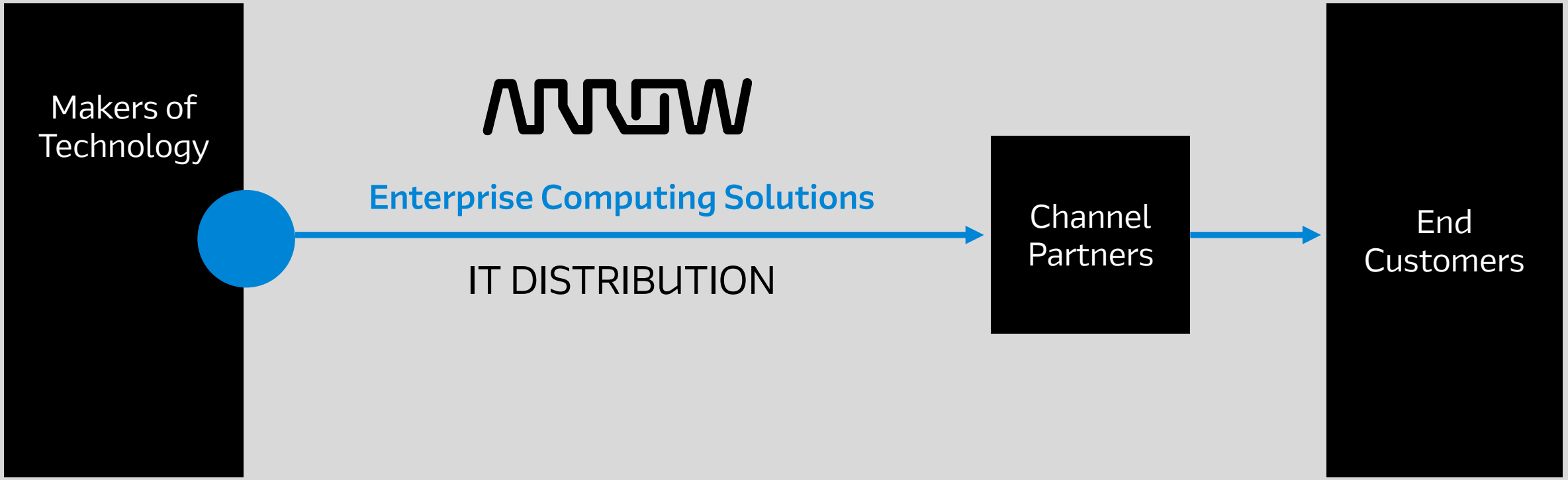




Business detail

Global enterprise computing solutions

Enterprise computing solutions value chain overview



Global enterprise computing solutions

With access to hundreds of vendors, we enable our community of more than 3,000 channel partners to deliver modern IT solutions for their customers.

Software (Infrastructure, Data Intelligence, Security)

Infrastructure Hardware (Storage, Compute, Networking)

We deliver complex hardware, software, and cloud solutions. Our award-winning cloud delivery and management platform, ArrowSphere, helps partners manage, scale, and differentiate.

Cloud Enablement

IT as a Service





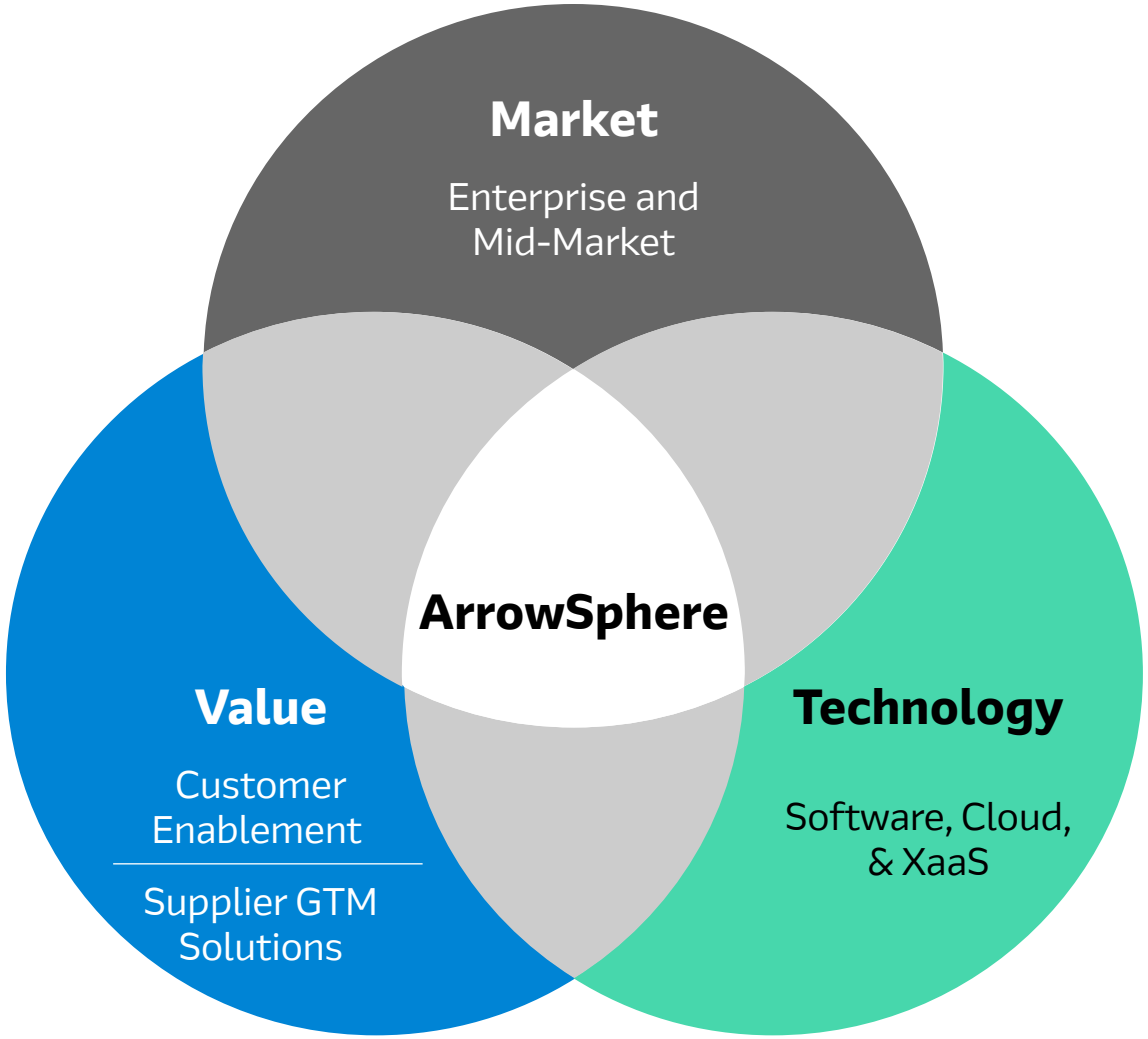








Global enterprise computing solutions



Our ArrowSphere platform is at the center of our strategy

We target enterprise and mid-market customers through channel partners on behalf of our suppliers

Channel partners enjoy

- Cloud and “everything as a service” enablement
- Hardware and software distribution capabilities

Specializing in channel enablement services

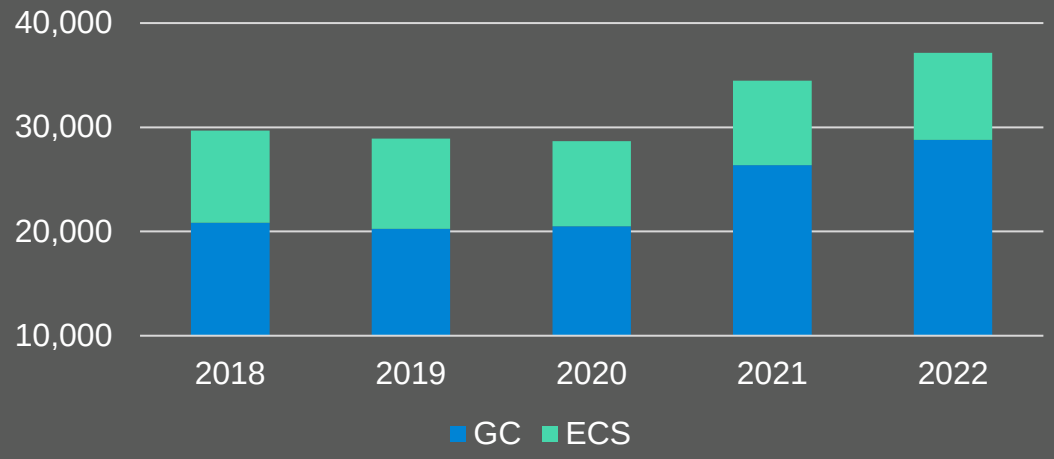
- Subscription management
- Cloud lifecycle management
- Cloud provisioning & workflow
- Financing services



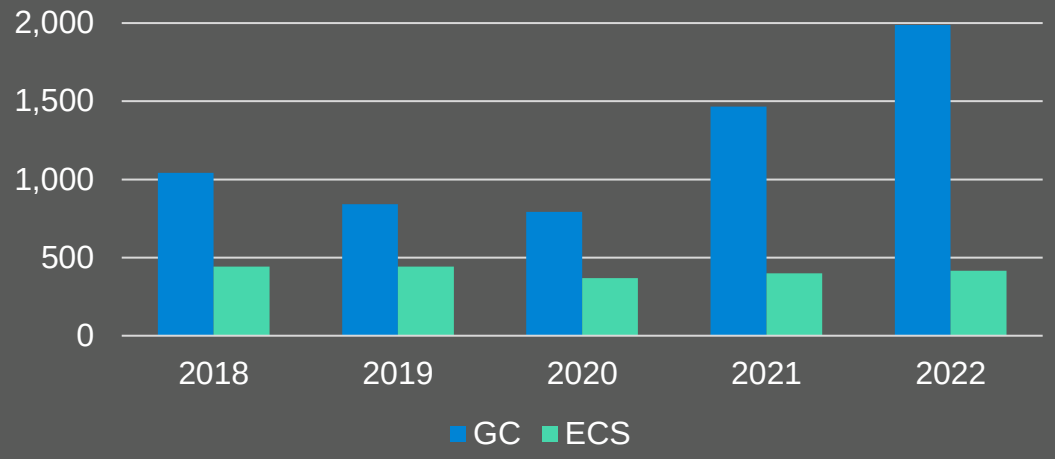
Financials

Favorable financial trends

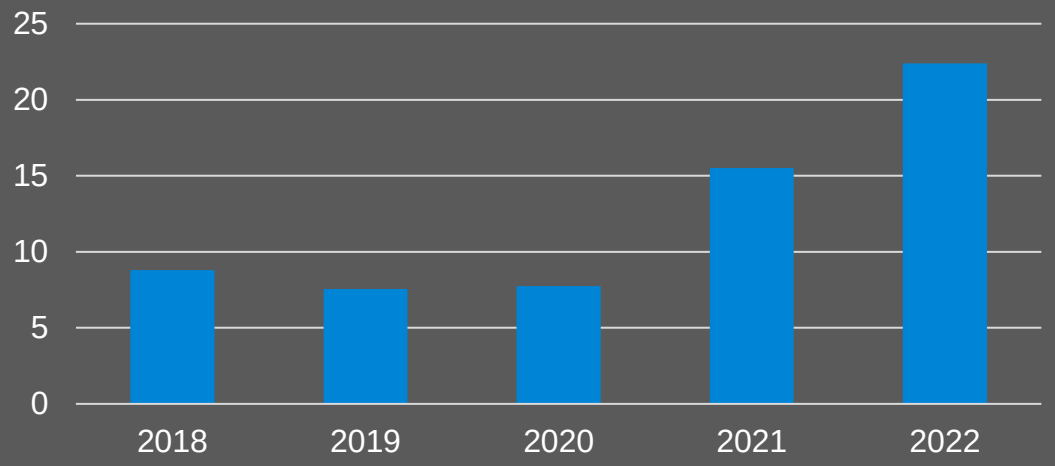
Revenue ($M)



Non-GAAP Operating Profit ($M)[1]



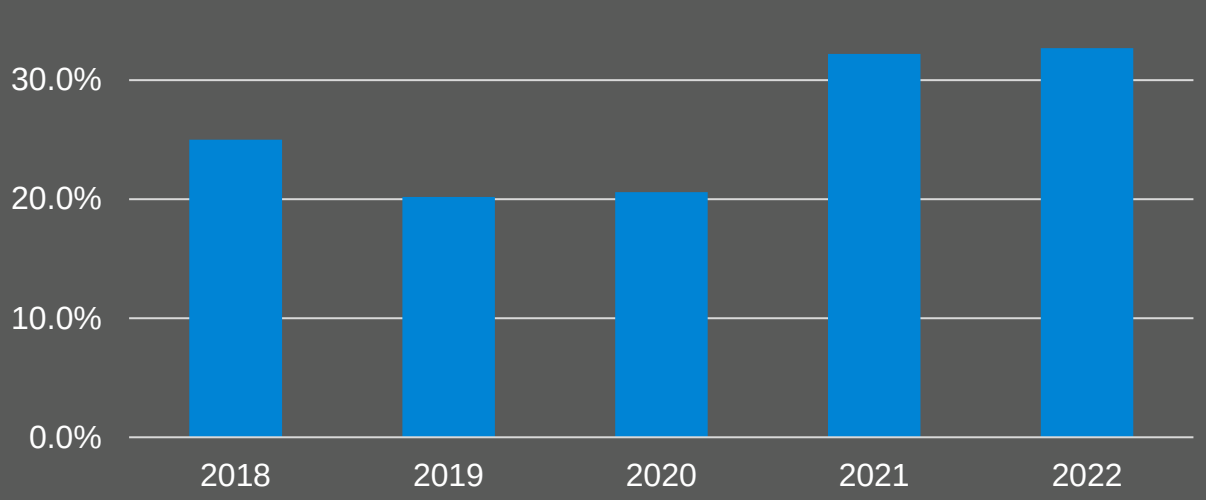
Non-GAAP EPS ($)[1]



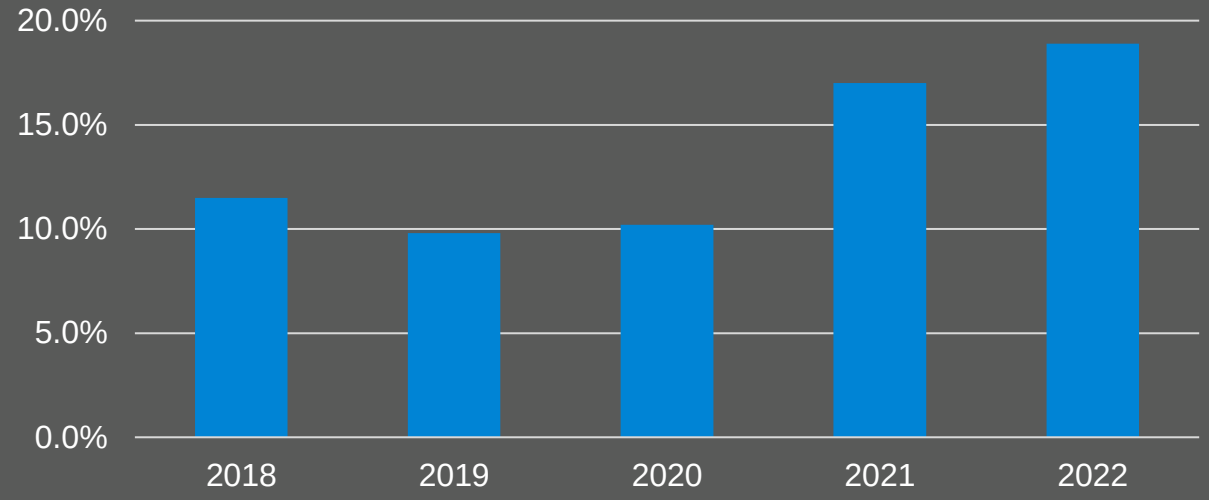
(1) Refer to backup section of this document for comparable GAAP figures and a reconciliation of GAAP to Non-GAAP

History of strong financial returns

Return on Working Capital (Non-GAAP)[1]



Return on Invested Capital (Non-GAAP)[1]



(1) Refer to backup section of this document for comparable GAAP figures and a reconciliation of GAAP to Non-GAAP

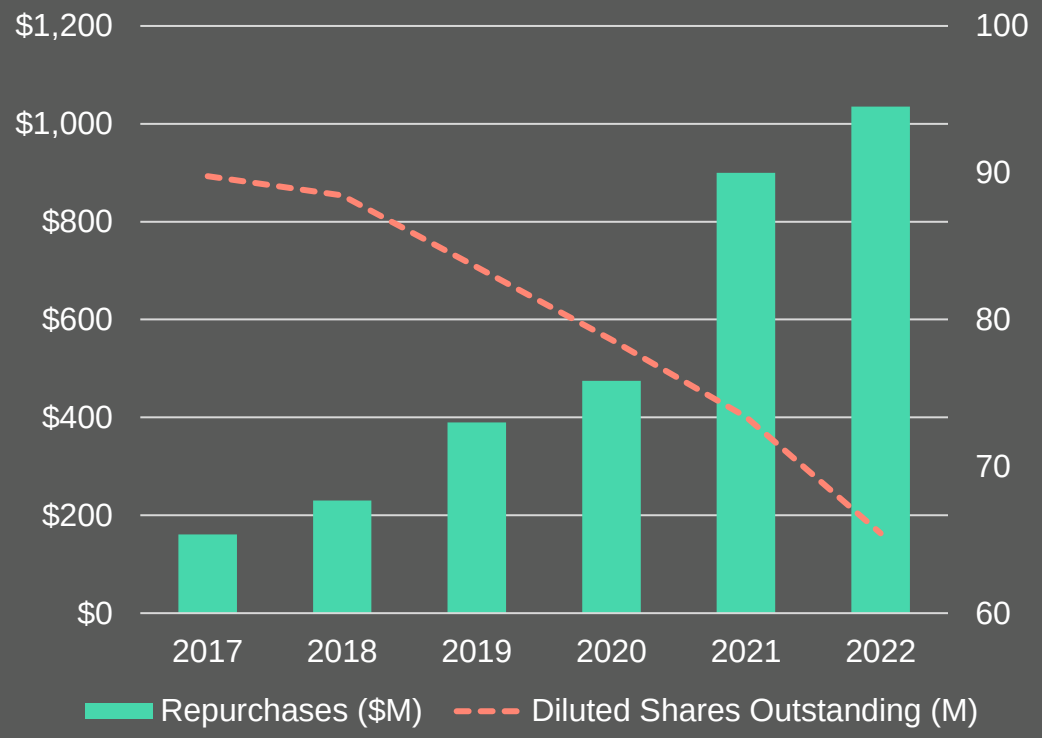
Disciplined approach to capital allocation

Capital priorities within the framework of an investment-grade credit rating

Invest in the business for organic growth

Acquire companies that meet our value criteria to strategically accelerate growth

Return excess capital to shareholders



$3.9B of cash returned to shareholders from 2017 to Q3 ‘23 through repurchases



Additional information and financial tables

Q4 23 guidance

Consolidated Sales	$7.50 billion to $8.10 billion
Global Components	$5.40 billion to $5.80 billion
Global ECS	$2.10 billion to $2.30 billion
Diluted Earnings Per Share*	$3.30 to $3.50
Non-GAAP Diluted Earnings Per Share*	$3.61 to $3.81
Interest and Other Expense, Net	Approximately $90 million
Diluted Shares Outstanding	~55 million

* Assumes an average tax rate in the range of 23% to 25%.

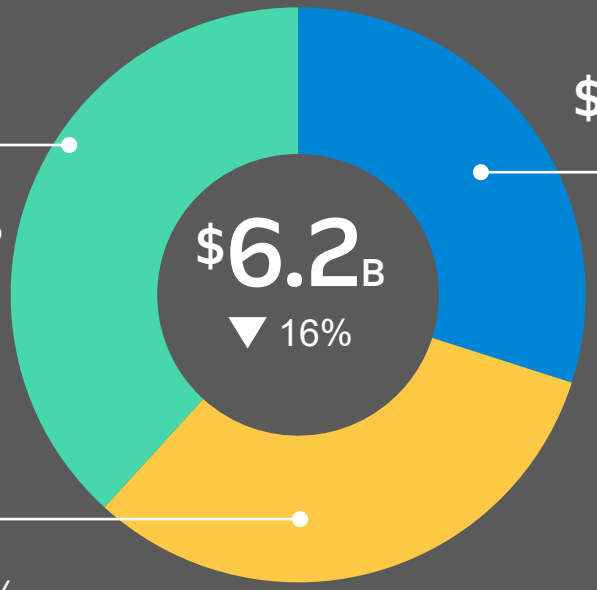
- We estimate changes in foreign currencies to increase year on year growth in sales by $54 million and earnings per share on a diluted basis by $0.02 compared to the fourth quarter of 2022.
- We estimate changes in foreign currencies to decrease quarter on quarter growth in sales by approximately $82 million and earnings per share on a diluted basis by $0.07 compared to the third quarter of 2023.



Refer to the backup section of this presentation for GAAP to non-GAAP reconciliation.

Q3 23 revenue ($8.0B consolidated)

Global Components

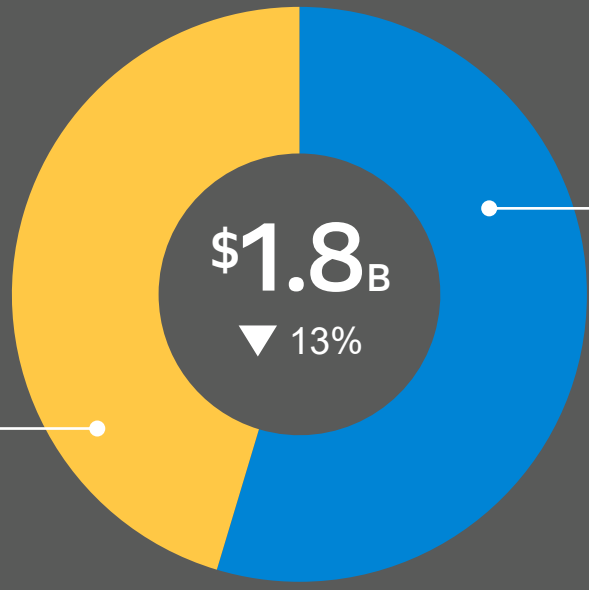


Asia Pacific
$2.4B ▼ 17%

$1.9B ▼ 24%
Americas

EMEA
$2.0B ▼ 4%

Enterprise Computing Solutions



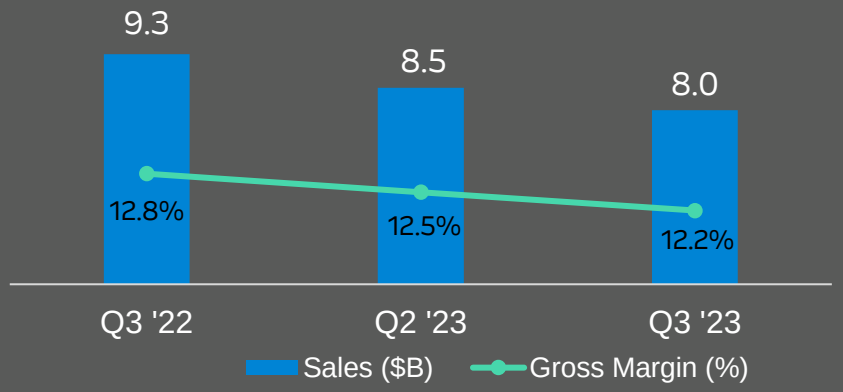
$1.0B ▼ 17%
Americas

EMEA
$0.7B ▼ 5%

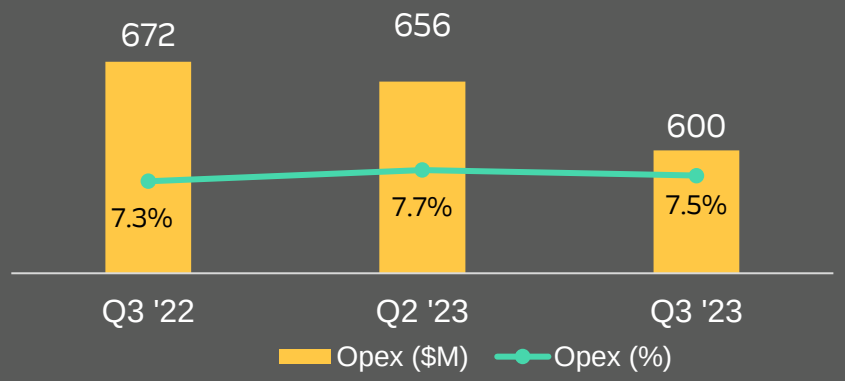
Revenue figures are GAAP and year-on-year performance changes are at constant currency
Amounts may not calculate precisely due to rounding
See reconciliation to comparable GAAP figures in the tables at the end of this presentation

Financial metrics

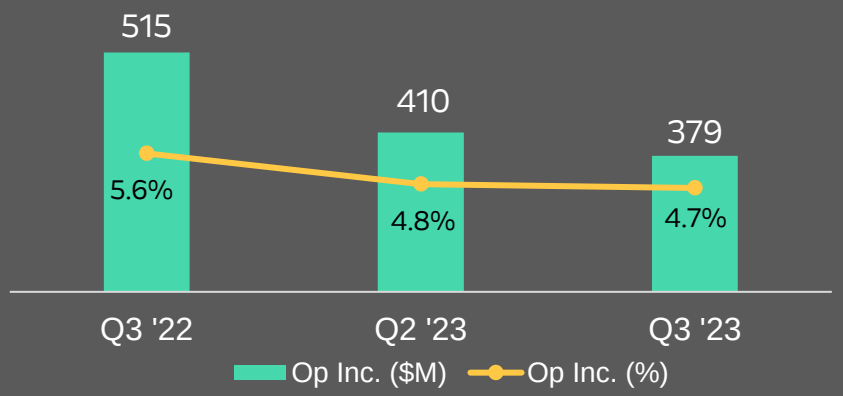
Sales & Gross Margin



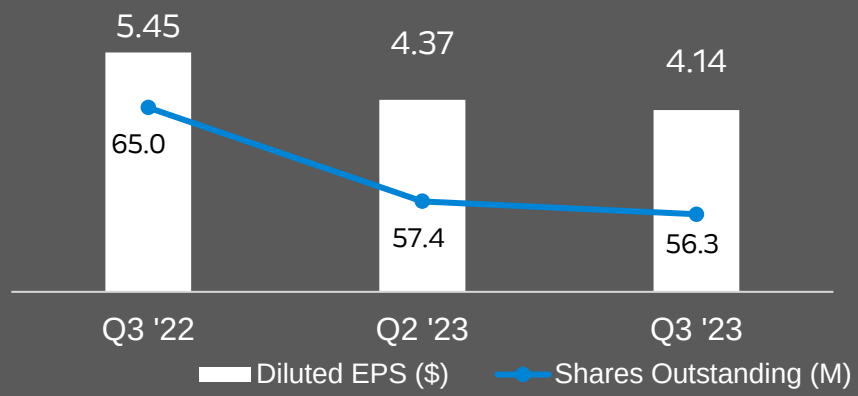
Non-GAAP Operating Expenses[1]



Non-GAAP Operating Income[1]



Non-GAAP Diluted EPS[1]

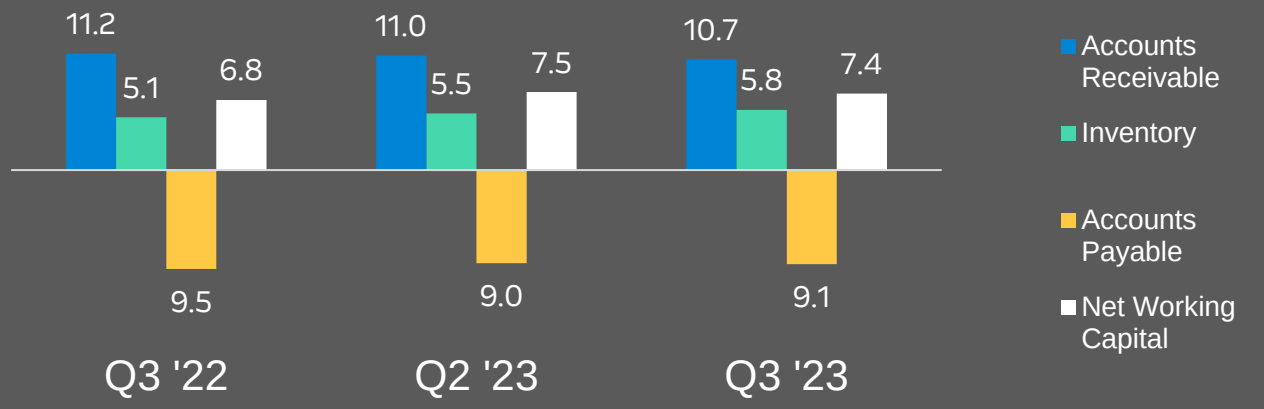


Interest and other expense, net in Q3 '23 was $82 million
Non-GAAP Effective Tax Rate was 21.2%[1]

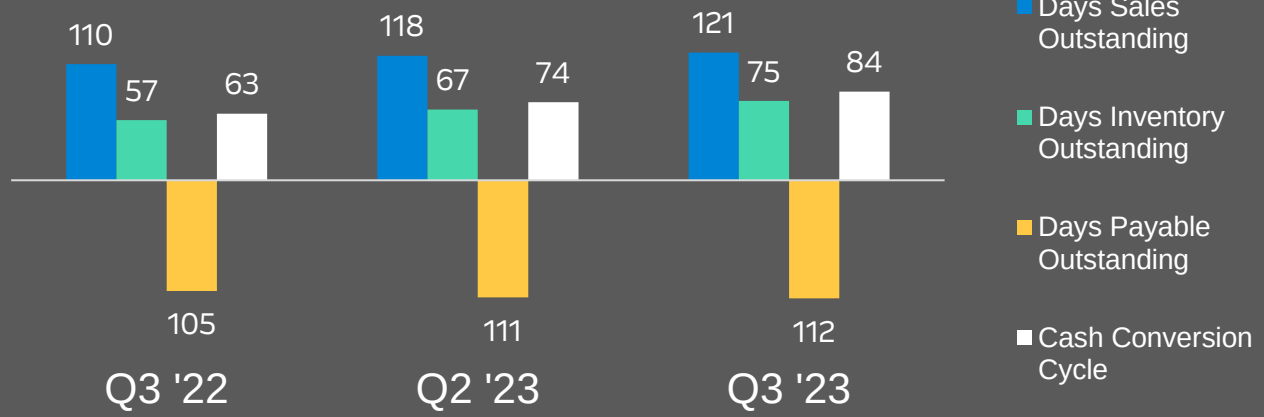
[1] See reconciliation to comparable GAAP figures in the tables at the end of this presentation

Working capital

Net Working Capital ($B)



Cash Conversion (Days)



Inventory Turns:	6.4	5.5	4.8

- **Non-GAAP Return on Working Capital (ROWC)** was 20.6% in the third quarter, down 990 basis points year on year. The decrease in ROWC related primarily to lower operating income due to normalizing market conditions, in addition to higher inventory levels.
- **Non-GAAP Return on Invested Capital (ROIC)** was 12.6% in the third quarter, down 550 basis points year on year. The decrease in ROIC related primarily to higher levels of debt, primarily related to investments in inventory, as well as lower operating income.

See reconciliation to comparable GAAP figures in the tables at the end of this presentation

Balance sheet and cash highlights

- Operating Cashflow was $322M in Q3
- Net Debt was $3.9B
- Total Liquidity was $2.3B including $333M in cash
- Repurchased ~$200M in shares



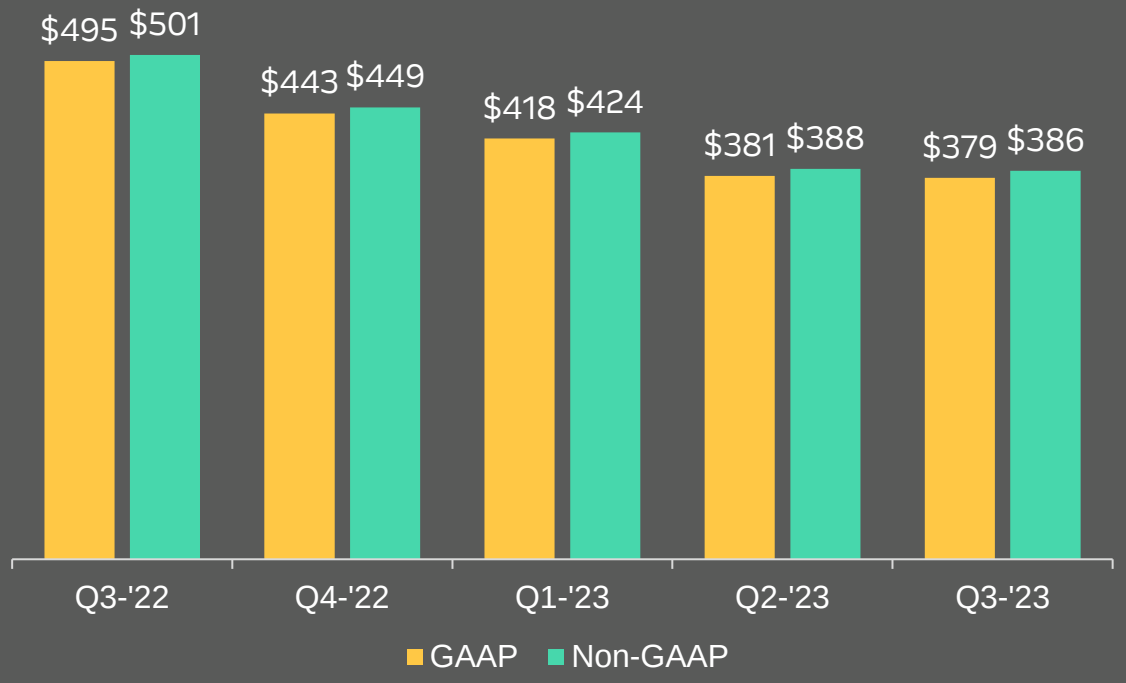
Figures are as of the end of Q3 2023

Revenue History

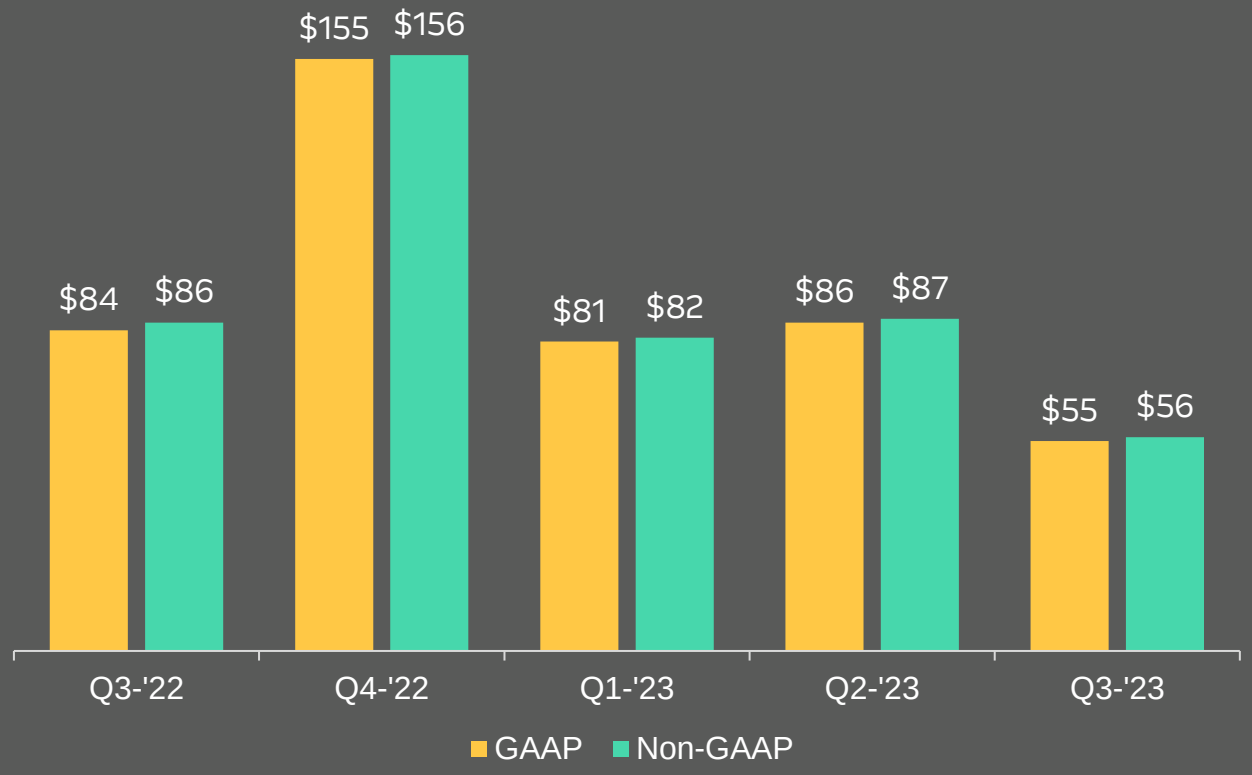
$ in millions; may reflect rounding.	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Y/Y Change	Q/Q Change	Comment
Global Components Total	7,300	6,827	6,856	6,683	6,245	(14)%	(7)%	
Americas	2,446	2,327	2,233	2,067	1,870	(24)%	(10)%	Year on year reduced volumes due to normalizing shortage market, with strength in aerospace & defense
Europe, Middle East & Africa	1,936	1,957	2,246	2,153	1,987	3%	(8)%	Quarter on quarter weakness in most verticals, with improvement in IP&E orders
Asia Pacific	2,919	2,543	2,376	2,463	2,388	(18)%	(3)%	Continued softness across the region
Enterprise Computing Solutions Total	1,966	2,496	1,881	1,832	1,762	(10)%	(4)%	
Europe, Middle East & Africa	732	1,092	883	831	746	2%	(10)%	Year on year healthy demand for cybersecurity solutions and other infrastructure software
Americas	1,234	1,404	998	1,001	1,016	(18)%	2%	Relative strength in public sector year on year
Arrow Electronics Total	9,266	9,323	8,736	8,515	8,007	(14)%	(6)%	

Operating income history

Global Components ($M)



Enterprise Computing Solutions ($M)



Q3-’23 operating income included a legal settlement benefit of $62 million in our global components business and a partially offsetting $22 million charge in our ECS business to increase accounts receivable reserves related to a customer

See the reconciliation to comparable GAAP figures in the tables at the end of this presentation

Certain Non-GAAP financial information

In addition to disclosing financial results that are determined in accordance with accounting principles generally accepted in the United States (“GAAP”), the company also provides certain non-GAAP financial information relating to sales, operating income, operating margin, operating expense, income before income taxes, provision for income taxes, consolidated net income, noncontrolling interests, net income attributable to shareholders, effective tax rate, net income per share on a diluted basis, return on working capital, and return on invested capital.

These non-GAAP measures are adjusted by certain of the following, as applicable: the impact of changes in foreign currencies (referred to as "changes in foreign currencies" or "on a constant currency basis") by re-translating prior-period results at current-period foreign exchange rates, identifiable intangible asset amortization, restructuring, integration, and other charges, net gains and losses on investments, and impact of tax legislation changes.

Management believes that providing this additional information is useful to the reader to better assess and understand the company's operating performance and future prospects in the same manner as management, especially when comparing results with previous periods. Management typically monitors the business as adjusted for these items, in addition to GAAP results, to understand and compare operating results across accounting periods, for internal budgeting purposes, for short- and long-term operating plans, and to evaluate the company's financial performance. However, analysis of results on a non-GAAP basis should be used as a complement to, in conjunction with, and not as a substitute for, data presented in accordance with GAAP.

For a complete reconciliation between our GAAP and non-GAAP results, please refer to reconciliations found at the end of this document.



Fourth-quarter 2023 GAAP to non-GAAP outlook reconciliation

($ in billions, except per share data)

NON-GAAP SALES RECONCILIATION

	Quarter Ended			Quarter Ended		
	31-Dec-23	31-Dec-22	% Change	31-Dec-23	30-Sep-23	% Change
Global components sales, GAAP	$5.40 - 5.80	$ 6.83	(21%) - (15%)	$5.40 - 5.80	$ 6.25	(14%) - (7%)
Impact of changes in foreign currencies	—	0.03		—	(0.06)	
Global components sales, constant currency	$5.40 - 5.80	$ 6.86	(21%) - (15%)	$5.40 - 5.80	$ 6.19	(13%) - (6%)
Global ECS sales, GAAP	$2.10 - 2.30	$ 2.50	(16%) - (8%)	$2.10 - 2.30	$ 1.76	19% - 31%
Impact of changes in foreign currencies	—	0.02		—	(0.02)	
Global ECS sales, constant currency	$2.10 - 2.30	$ 2.52	(17%) - (9%)	$2.10 - 2.30	$ 1.74	21% - 32%

NON-GAAP EARNINGS RECONCILIATION

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CHARGES	NON-GAAP MEASURE
Net income per diluted share	$3.30 to $3.50	$0.10	$0.21	$3.61 to $3.81

Non-GAAP sales reconciliation

($ in thousands)

NON-GAAP SALES RECONCILIATION

	Quarter Ended		
	30-Sep-23	1-Oct-22	% Change
Consolidated sales, as reported	$ 8,007,019	$ 9,266,432	-13.6 %
Impact of changes in foreign currencies	—	145,732	
Consolidated sales, constant currency	$ 8,007,019	$ 9,412,164	-14.9 %
Global components sales, as reported	$ 6,245,192	$ 7,300,347	-14.5 %
Impact of changes in foreign currencies	—	96,433	
Global components sales, constant currency	$ 6,245,192	$ 7,396,780	-15.6 %
Americas components sales, as reported	$ 1,869,934	$ 2,445,647	-23.5 %
Impact of changes in foreign currencies	—	32	
Americas components sales, constant currency	$ 1,869,934	$ 2,445,679	-23.5 %
Asia components sales, as reported	$ 2,387,835	$ 2,918,873	-18.2 %
Impact of changes in foreign currencies	—	(27,584)	
Asia components sales, constant currency	$ 2,387,835	$ 2,891,289	-17.4 %
Europe components sales, as reported	$ 1,987,423	$ 1,935,827	2.7 %
Impact of changes in foreign currencies	—	123,985	
Europe components sales, constant currency	$ 1,987,423	$ 2,059,812	-3.5 %
Global ECS sales, as reported	$ 1,761,827	$ 1,966,085	-10.4 %
Impact of changes in foreign currencies	—	49,299	
Global ECS sales, constant currency	$ 1,761,827	$ 2,015,384	-12.6 %
Americas ECS sales, as reported	$ 1,015,924	$ 1,234,158	-17.7 %
Impact of changes in foreign currencies	—	(3,105)	
Americas ECS sales, constant currency	$ 1,015,924	$ 1,231,053	-17.5 %
Europe ECS sales, as reported	$ 745,903	$ 731,927	1.9 %
Impact of changes in foreign currencies	—	52,404	
Europe ECS sales, constant currency	$ 745,903	$ 784,331	-4.9 %

Third-quarter 2023 GAAP to non-GAAP reconciliation

($ in thousands, except per share data)

Three months ended September 30, 2023

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges [1]	Non- recurring tax items	Other [2]	Non-GAAP measure
Operating expense	$ 639,514	$ (7,863)	$ (31,359)	$ -	$ -	$ 600,292
Operating income	340,083	7,863	31,359	-	-	379,305
Income before income taxes	252,282	7,863	31,359	-	6,159	297,663
Provision for income taxes	52,241	1,959	7,321	-	1,476	62,997
Consolidated net income	200,041	5,904	24,038	-	4,683	234,666
Noncontrolling interests	1,382	138	-	-	-	1,520
Net income attributable to shareholders	$ 198,659	$ 5,766	$ 24,038	$ -	$ 4,683	$ 233,146
Net income per diluted share [3]	$ 3.53	$ 0.10	$ 0.43	$ -	$ 0.08	$ 4.14
Effective tax rate [4]	20.7%					21.2%

Three months ended October 1, 2022

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges [1]	Non- recurring tax items	Other [2]	Non-GAAP measure
Operating expense	$ 684,218	$ (8,674)	$ (3,635)	$ -	$ -	$ 671,909
Operating income	502,694	8,674	3,635	-	-	515,003
Income before income taxes	449,106	8,674	3,635	-	3,480	464,895
Provision for income taxes	105,500	2,219	892	-	841	109,452
Consolidated net income	343,606	6,455	2,743	-	2,639	355,443
Noncontrolling interests	1,207	125	-	-	-	1,332
Net income attributable to shareholders	$ 342,399	$ 6,330	$ 2,743	$ -	$ 2,639	$ 354,111
Net income per diluted share [3]	$ 5.27	$ 0.10	$ 0.04	$ -	$ 0.04	$ 5.45
Effective tax rate [4]	23.5%					23.5%

Three months ended July 1, 2023

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges [1]	Non- recurring tax items	Other [2]	Non-GAAP measure
Operating expense	$ 673,799	$ (7,908)	$ (10,333)	$ -	$ -	$ 655,558
Operating income	392,250	7,908	10,333	-	-	410,491
Income before income taxes	310,171	7,908	10,333	-	(497)	327,915
Provision for income taxes	72,380	1,992	2,597	(942)	(119)	75,908
Consolidated net income	237,791	5,916	7,736	942	(378)	252,007
Noncontrolling interests	1,232	136	-	-	-	1,368
Net income attributable to shareholders	$ 236,559	$ 5,780	$ 7,736	$ 942	$ (378)	$ 250,639
Net income per diluted share [3]	$ 4.12	$ 0.10	$ 0.13	$ 0.02	$ (0.01)	$ 4.37
Effective tax rate [4]	23.3%					23.1%

(1) Includes charges to increase the environmental remediation reserves in the amount of $20.9 million and for third quarter of 2023, $1.9 million for the third quarter of 2022, and $2.4 million for second quarter of 2023.

(2) Other includes (gain) loss on investments, net.

(3) The sum of the components for non-GAAP diluted EPS may not agree to totals, as presented, due to rounding.

(4) The items as shown in this table, represent the reconciling items for the tax rate as reported by GAAP measure and as a non-GAAP

Return on working capital reconciliation

($ in thousands)

	Quarter Ended	
	September 30, 2023	October 1, 2022
Numerator:	(unaudited)	(unaudited)
Consolidated operating income, as reported	$ 340,083	$ 502,694
	x 4	x 4
Annualized consolidated operating income	$ 1,360,332	$ 2,010,776
Non-GAAP consolidated operating income	$ 379,305	$ 515,003
	x 4	x 4
Annualized non-GAAP consolidated operating income	$ 1,517,220	$ 2,060,012
Denominator:		
Accounts receivable, net	$ 10,663,164	$ 11,218,611
Inventories	$ 5,805,520	$ 5,083,378
Less: Accounts payable	$ 9,090,554	$ 9,540,449
Working capital	$ 7,378,130	$ 6,761,540
Return on working capital	18.4%	29.7%
Return on working capital (Non-GAAP)	20.6%	30.5%

Return on invested capital reconciliation

($ in thousands)

	Quarter Ended	
	September 30, 2023	October 1, 2022
Numerator:		
Consolidated operating income, as reported	$ 340,083	$ 502,694
Equity in earnings of affiliated companies [(1)]	1,392	1,718
Less: Noncontrolling interests [(1)]	1,382	1,207
Consolidated operating income, as adjusted	340,093	503,205
Less: Tax effect [(2)]	70,704	118,497
After-tax consolidated operating income, as adjusted	269,389	384,708
	x4	x4
Annualized after-tax consolidated operating income, as adjusted	$ 1,077,556	$ 1,538,832
Non-GAAP consolidated operating income	$ 379,305	$ 515,003
Equity in earnings of affiliated companies [(1)]	1,392	1,718
Less: Noncontrolling interests [(1)]	1,520	1,332
Non-GAAP consolidated operating income, as adjusted	379,177	515,389
Less: Tax effect [(3)]	80,600	121,631
After-tax non-GAAP consolidated operating income, as adjusted	298,577	393,758
	x4	x4
Annualized after-tax non-GAAP operating income, as adjusted	$ 1,194,308	$ 1,575,032
Denominator:		
Average short-term borrowings, including current portion of long-term debt [(4)]	$ 1,038,415	$ 615,285
Average long-term debt [(4)]	3,143,915	3,021,758
Average total equity [(4)]	5,603,974	5,350,485
Average cash and cash equivalents	286,838	279,790
Invested capital	$ 9,499,466	$ 8,707,738
Return on invested capital	11.3%	17.7%
Return on invested capital (Non-GAAP)	12.6%	18.1%

(1) Operating income, as reported, and non-GAAP operating income is adjusted for noncontrolling interest and equity in earnings of affiliated companies to include the pro-rata ownership of non-wholly owned subsidiaries.

(2) The tax effect is calculated by applying the effective tax rate for the three months ended September 30, 2023 and October 1, 2022 to consolidated operating income, as adjusted. The tax rate is adjusted to exclude the impacts of interest expense, gain on investments, net, and employee benefit plan expense, net.

(3) The tax effect is calculated by applying the non-GAAP effective tax rate for the three months ended September 30, 2023 and October 1, 2022 to non-GAAP consolidated operating income, as adjusted. The tax rate is adjusted to exclude the impacts of interest expense and employee benefit plan expense, net.

(4) The quarter ended average is based on the addition of the account balance at the end of the most recently-ended quarter to the account balance at the end of the prior quarter and dividing by two.

Non-GAAP segment reconciliation

($ in thousands)

	Quarter Ended				
	10/1/2022	12/31/2022	4/1/2022	7/1/2023	9/30/2023
Global components operating income, as reported	$ 494,587	$ 442,702	$ 417,539	$ 381,314	$ 379,053
Intangible assets amortization expense	6,691	6,702	6,745	6,679	6,640
Global components non-GAAP operating income	$ 501,278	$ 449,404	$ 424,284	$ 387,993	$ 385,693
Global ECS operating income, as reported	$ 83,976	$ 154,775	$ 81,099	$ 86,228	$ 54,624
Intangible assets amortization expense	1,983	1,468	1,235	1,229	1,223
Global ECS non-GAAP operating income	$ 85,959	$ 156,243	$ 82,334	$ 87,457	$ 55,847

Annual operating income and EPS reconciliation

($ in thousands)	2022	2021	2020	2019	2018
Global components operating income, as reported	$1,961,125	$1,432,187	$780,333	$(10,199)	$1,007,638
Intangible assets amortization expense	27,005	27,915	28,664	26,594	24,226
Restructuring, integration, and other charges	-	4.482	-	-	-
Impairments [7]	-	-	-	623,796	-
Impact of wind down [8]	-	-	(14,728)	161,664	8,846
AFS notes receivable reserve (recoveries) and inventory write-downs [5]	-	-	(1,796)	18,037	-
Digital Write Downs & Recoveries [6]	-	-	-	22.332	-
Global Components non-GAAP operating income	$1,988,130	$1,464,584	$792,473	$842,224	$1,040,710
Global ECS operating income, as reported	$408,519	$390,103	$353,763	$426,192	$427,605
Intangible assets amortization expense	7,687	9,015	9,753	15,789	13,989
Impairments	-	-	4,918	-	-
Global ECS non-GAAP operating income	$416,206	$399,118	$368,434	$441,981	$441,594

	2022 [1]	2021 [2]	2020 [2]	2019 [3]	2018 [4]
Diluted Earnings Per Share, Reported GAAP measure	$21.80	$15.10	$7.43	$(2.44)	$8.10
Intangible amortization expense	0.39	0.37	0.36	0.36	0.30
Restructuring, Integration, and other charges	0.17	0.16	0.15	0.70	0.39
AFS notes receivable reserve and inventory write-downs [5]	-	-	(0.02)	0.16	-
Digital Write Downs & Recoveries [6]	-	-	-	0.20	-
Impairments [7]	-	-	0.06	6.70	-
Impact of Wind Down [8]	-	-	(0.15)	1.79	0.15
Non-recurring tax items [9]	-	-	(0.02)	0.02	(0.32)
Other	0.03	(0.13)	(0.07)	0.12	0.17
Diluted Earnings Per Share, Non-GAAP measure [10]	$22.38	$15.50	$7.75	$7.55	$8.79

(1) Other includes (gain) loss on investments, net.

(2) Other includes gain on investments, net and pension settlement gain.

(3) Other includes loss on disposition of businesses, net, gain on investments, net, interest related to uncertain tax position related to legislation changes, and pension settlement loss.

(4) Other includes loss on disposition of businesses, net, gain (loss) on investments, net, and pension settlement.

(5) "AFS notes receivable reserve and inventory write-downs" includes the impact of certain notes receivable reserves and certain inventory write-downs related to the company's AFS business.

(6) “Digital inventory write-downs and recoveries” include the impact of certain inventory write-downs related to the company's digital business.

(7) During 2019, impairments include goodwill impairments of $570,175, tradename impairments of $46,000, and $7,621 in impairment charges related to various other long-lived assets.

(8) "Impact of wind down" includes amounts for restructuring, integration, and other charges, identifiable intangible asset amortization, loss on disposition of businesses, net, certain tax adjustments, and impairments related to the company ceasing operations of its personal computer and mobility asset disposition business during 2019. The 2018 results are also presented excluding the impacts of this business for comparability.

(9) Includes income tax (expense) benefit related to legislation changes and other non-recurring tax adjustments.

(10) For the year ended December 31, 2019, the non-GAAP net income per diluted share calculation includes 752 thousand shares that were excluded from the GAAP net income per diluted share calculation. Additionally, in all periods presented the sum of the components for non-GAAP diluted EPS may not agree to totals, as presented, due to rounding.

Annual ROWC and ROIC reconciliation

($ in thousands)	2022	2021	2020	2019	2018
Numerator:					
Consolidated operating income, as reported	$2,068,494	$1,556,822	$894,511	$107,696	$1,147,512
Equity in earnings of affiliated companies [1]	7,664	3,508	(531)	(2,765)	(2,332)
Less: Noncontrolling interests [1]	8,274	2,271	2,026	3,919	5,379
Consolidated operating income, as adjusted	2,067,884	1,558,059	891,954	101,012	1,139,801
Less: Tax effect [2]	494,690	354,044	203,511	(82,903)	236,611
After-tax consolidated operating income, as adjusted	$1,573,194	$1,204,015	$688,443	$183,915	$903,190
Non-GAAP consolidated operating income	$2,116,927	$1,609,145	$936,915	$1,056,785	$1,258,538
Equity in earnings of affiliated companies [1]	7,664	3,508	(531)	(2,765)	(2,332)
Less: Noncontrolling interests [1]	8,799	2,271	2,026	3,919	5,968
Non-GAAP consolidated operating income, as adjusted	2,115,792	1,610,382	934,358	1,050,101	1,250,238
Less: Tax Effect [3]	506,497	366,746	214,779	256,112	306,102
After-Tax non-GAAP consolidated operating income, as adjusted	$1,609,295	$1,243,636	$719,579	$793,989	$944,136
Denominator:					
Average short-term borrowings, including current portion of long-term debt [4]	$504,094	$322,696	$255,538	$270,475	$182,869
Average long-term debt [4]	2,852,348	2,034,077	2,231,394	3,110,940	3,349,533
Average total equity [4]	5,416,410	5,233,267	4,850,535	5,062,226	5,198,494
Less: Average cash and cash equivalents	240,296	256,702	261,513	338,714	518,553
Invested Capital	$8,532,556	$7,333,338	$7,075,954	$8,104,927	$8,212,343
Return on invested capital	18.44%	16.42%	9.73%	2.27%	11.00%
Return on invested capital (non-GAAP)	18.86%	16.96%	10.17%	9.80%	11.50%

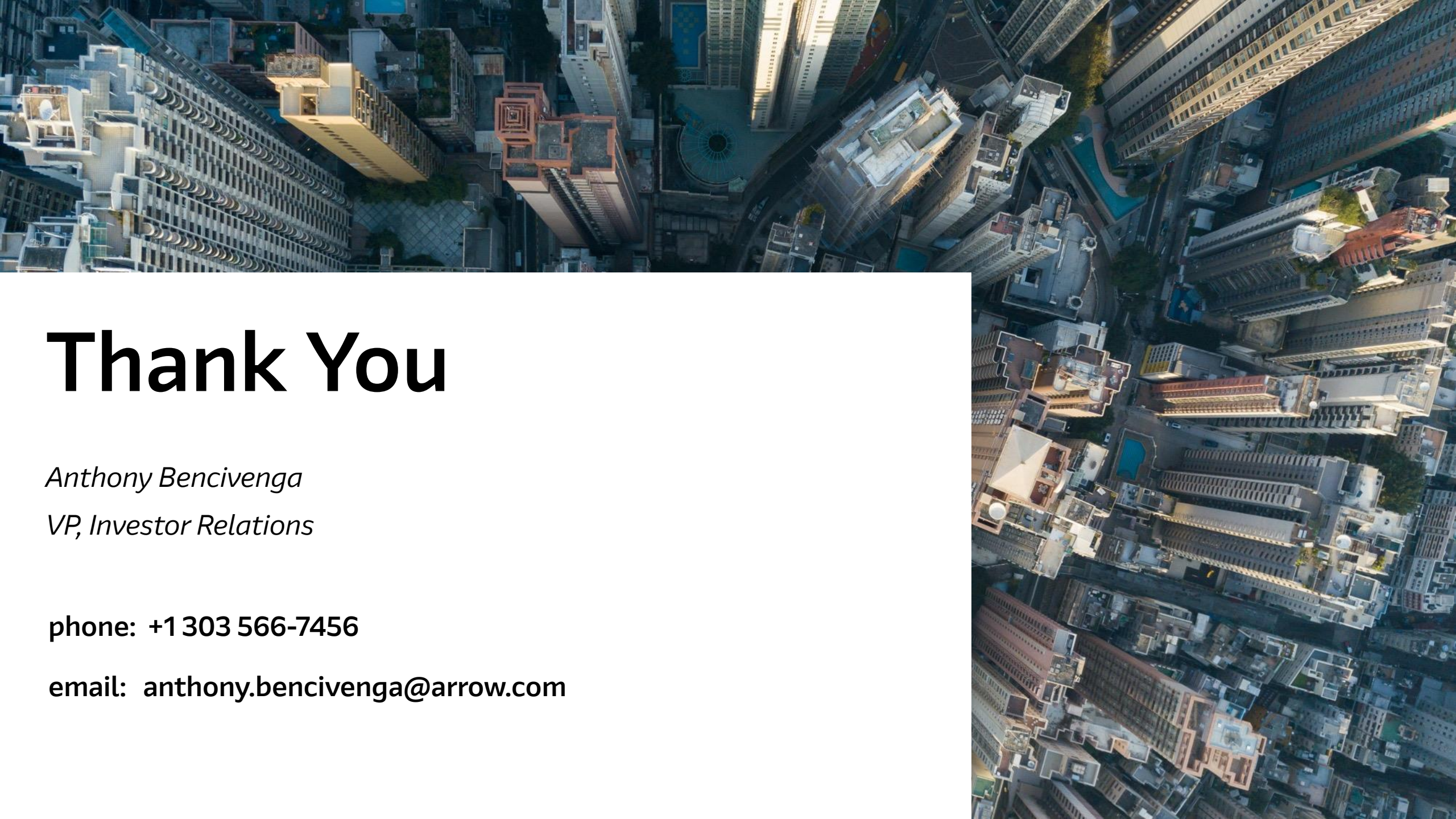
($ in thousands)	2022	2021	2020	2019	2018
Numerator:					
Consolidated operating income, as reported	$2,068,494	$1,556,822	$894,511	$107,696	$1,147,512
Non-GAAP consolidated operating income	2,116,927	1,609,145	936,915	1,056,785	1,258,538
Denominator:					
Average accounts receivable, net [4]	11,227,736	9,401,688	8,283,552	8,229,824	8,151,238
Average inventories [4]	4,827,278	3,647,146	3,351,088	3,638,159	3,650,521
Less: Average accounts payable [4]	9,578,175	8,046,357	7,092,575	6,627,807	6,774,673
Working Capital	$6,476,839	$5,002,477	$4,542,065	$5,240,176	$5,027,085
Return on working capital	31.94%	31.12%	19.69%	2.06%	22.83%
Return on working capital (non-GAAP)	32.68%	32.17%	20.63%	20.17%	25.04%

(1) Operating income, as reported, and non-GAAP operating income is adjusted for noncontrolling interest and equity in losses of affiliated companies to include the pro-rata ownership of non-wholly owned subsidiaries.

(2) The tax effect is calculated by applying the effective tax rate for each period to consolidated operating income, as adjusted. The tax rate is adjusted to exclude the impacts of interest expense, gain on investments, net and employee benefit plan expense, net.

(3) The tax effect is calculated by applying the non-GAAP effective tax rate for each period to non-GAAP consolidated operating income, as adjusted. The tax rate is adjusted to exclude the impacts of interest expense, gain on investments, net and employee benefit plan expense, net.

(4) The year ended average is based on the addition of the account balance at the end of the five most recently-ended quarters and dividing by five.



Thank You

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