Arrow Electronics

Earnings Presentation

Fourth Quarter & Full Year 2023

February 8, 2024

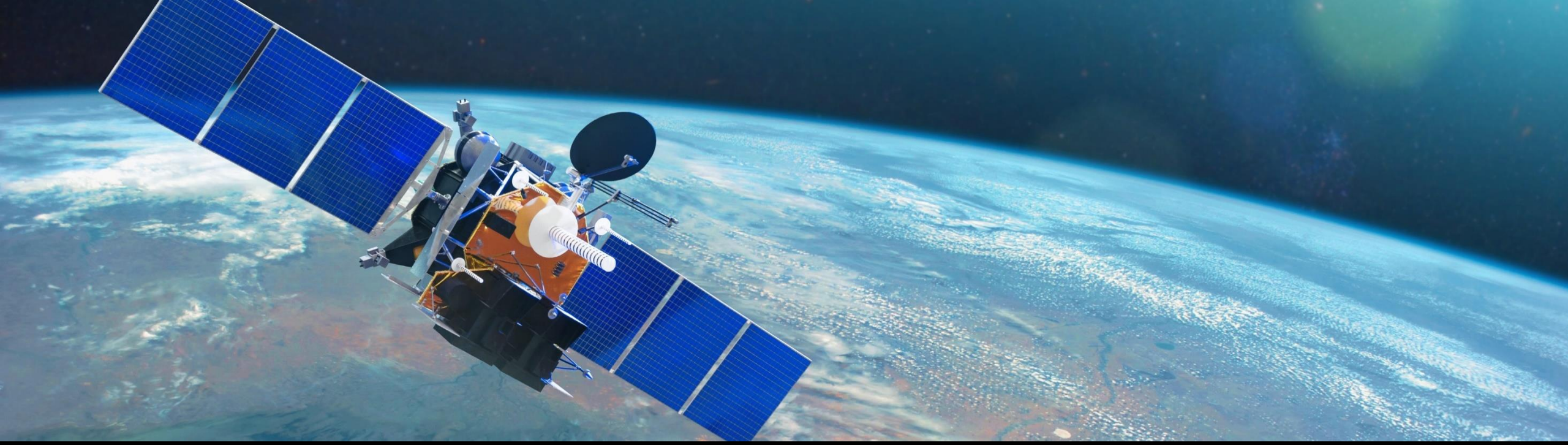
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Safe harbor

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 first quarter of fiscal 2024 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; breaches of security or privacy of business information; 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 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.



Sean Kerins

President and CEO

FY 2023 highlights

CONSOLIDATED SALES	OPERATING MARGIN	DILUTED EARNINGS PER SHARE
$33.1 Billion	4.8 Percent	$17.12

- Results reflect resiliency amidst industry-wide inventory correction and a mixed information technology spending environment
- Additional full-year 2023 financial information:
  - $1.59 billion in operating income
  - $977 million in net income
  - $705 million in cash flow from operations
  - ~$750 million in share repurchases



Figures, excluding Sales, are Non-GAAP.
See reconciliation to comparable GAAP figures in the tables at the end of this presentation

Q4 2023 highlights

CONSOLIDATED SALES	OPERATING MARGIN	DILUTED EARNINGS PER SHARE
$7.8 Billion	4.6 Percent	$3.98

- Revenue ahead of guidance midpoint and earnings per share above high end of guidance range
- Additional Q4 2023 financial information:
  - $364 million operating income
  - $219 million net income
  - $287 million operating cash flow
  - ~$50 million in share repurchases



Figures, excluding Sales, are Non-GAAP.
See reconciliation to comparable GAAP figures in the tables at the end of this presentation

Global components

- Continued inventory correction along with softness in industrial markets driving results
- However, encouraged by recent trends
  - Book-to-bill overall continued to hold steady with IP&E book-to-bill approaching parity
  - Pricing remained relatively stable - gross margins sequentially higher
  - Demand creation pipeline continued to expand
  - Total inventory declined sequentially over $600 million in Q4
- Challenges and opportunities exist in each region
  - Europe and Americas – muted order activity - relative strength in Aerospace & Defense and Medical along with robust design activity
  - Asia – weak macro-economic environment with relative momentum in Data Center and Transportation



Enterprise computing solutions

- Customers remain cautious with discretionary IT spending
- Shift in mix to IT-as-a-Service is driving growing portfolio of recurring revenue

- Europe – year-over-year billings and gross profit dollar growth
  - Strength in infrastructure software & networking
  - Beneficial exposure to mid-market channel partners

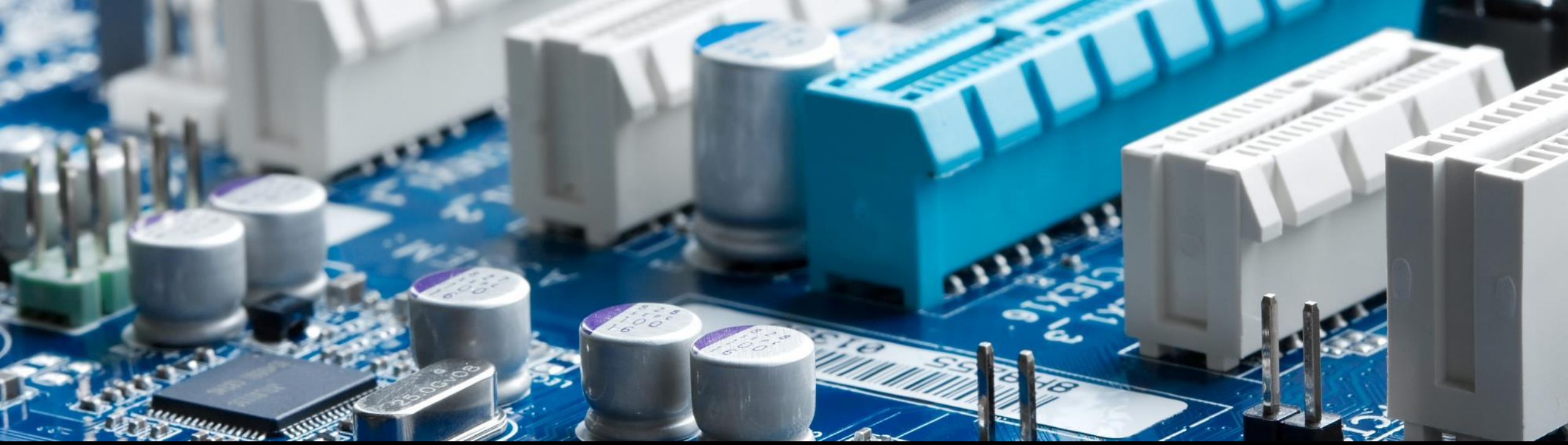
- Americas – mixed results – working toward better serving mid-market
  - Softness in cyber security, storage, and compute
  - Strength in infrastructure software and networking



Closing thoughts

- Continued focus on prudent expense and working capital management given current market environment
- Arrow is poised to benefit from large and growing markets
- We remain committed to growth initiatives that will continue to differentiate Arrow:
  - Demand creation
  - Engineering services
  - Supply chain services
  - Interconnects, Passives & Electromechanical
  - Everything IT as-a-service



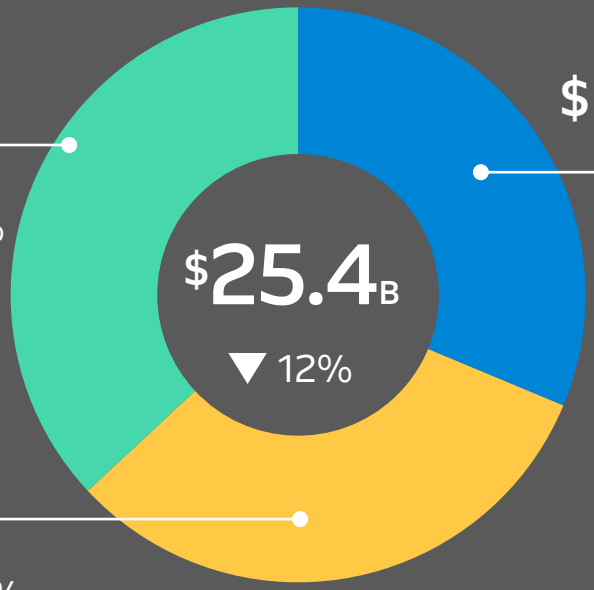


Raj Agrawal

Senior Vice President and CFO

FY 2023 revenue ($33.1B consolidated)

Global Components



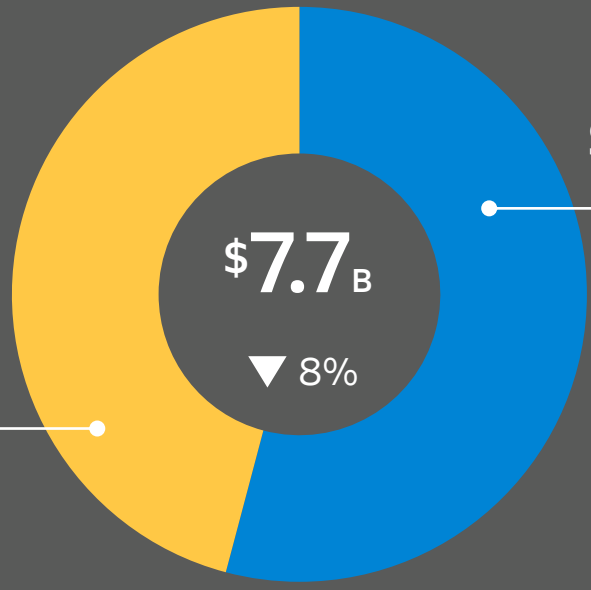
Asia Pacific
$9.4B ▼ 19%

$8.0B ▼ 17%
Americas

$25.4B
▼ 12%

EMEA
$8.1B ▲ 6%

Enterprise Computing Solutions



$4.2B ▼ 14%
Americas

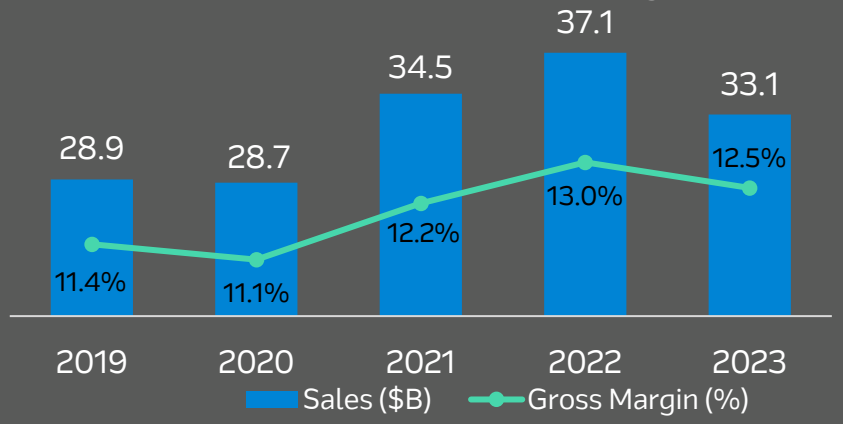
$7.7B
▼ 8%

EMEA
$3.5B ▲ 1%

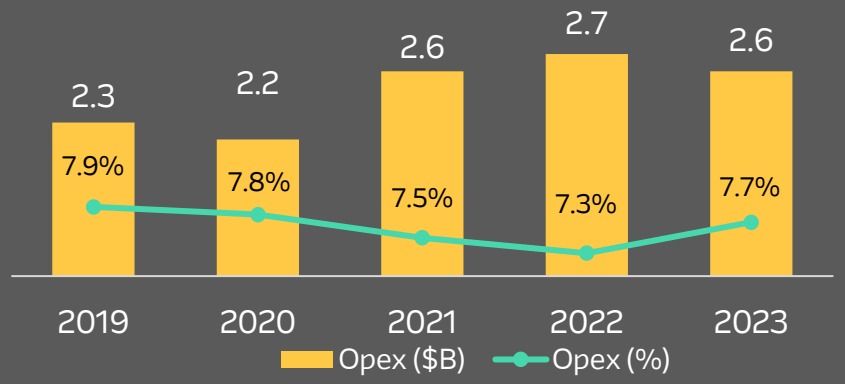
Revenue figures are GAAP and year-on-year performance changes are as-reported
Amounts may not calculate precisely due to rounding

FY 2023 financial metrics

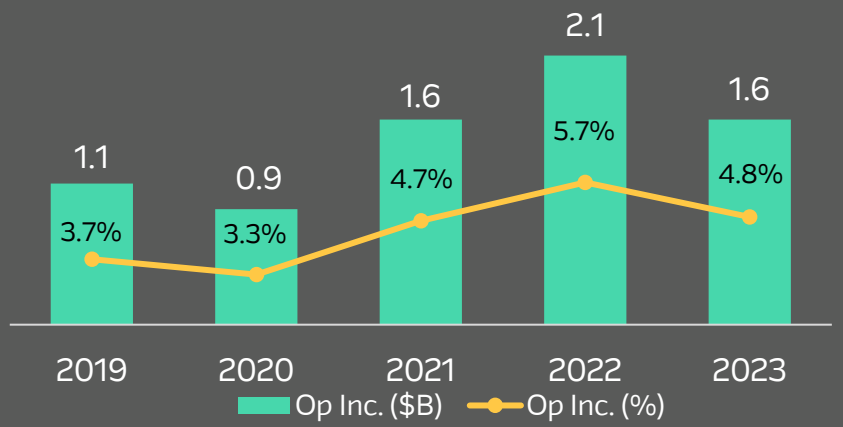
Sales & Gross Margin



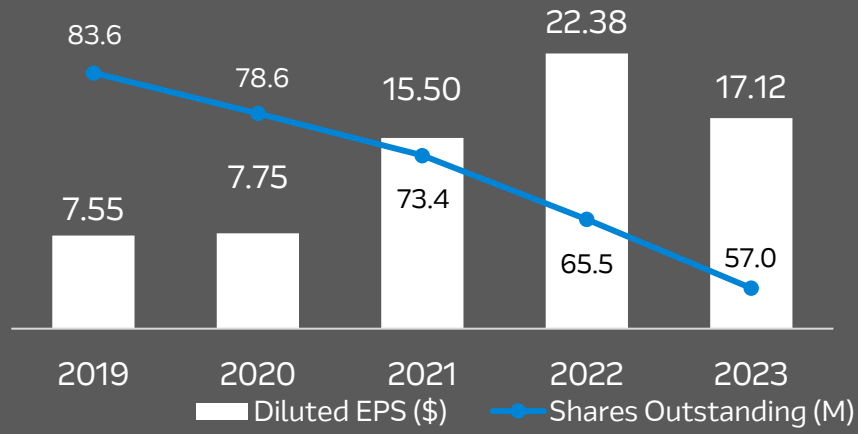
Non-GAAP Operating Expenses[1]



Non-GAAP Operating Income[1]



Non-GAAP Diluted EPS[1]



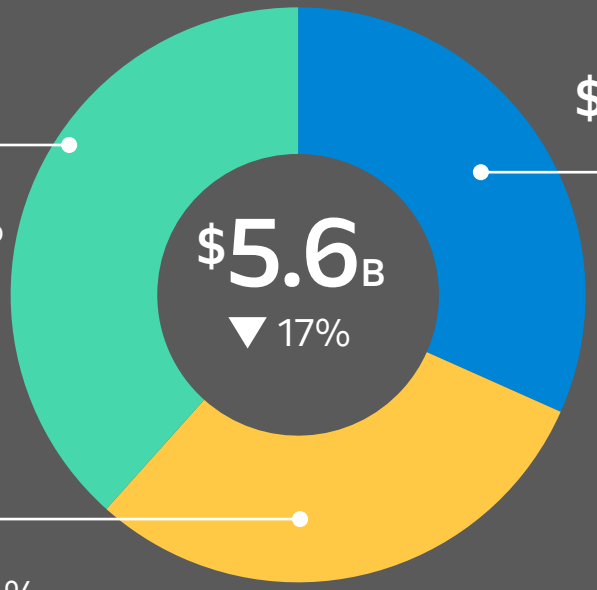
Global components FY '23 non-GAAP operating margin was 5.8%
Enterprise computing solutions FY '23 non-GAAP operating margin was 4.8%

Interest and other expense, net in 2023 was $329 million
Non-GAAP Effective Tax Rate was 22.0%[1]

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

Q4 2023 revenue ($7.8B consolidated)

Global Components



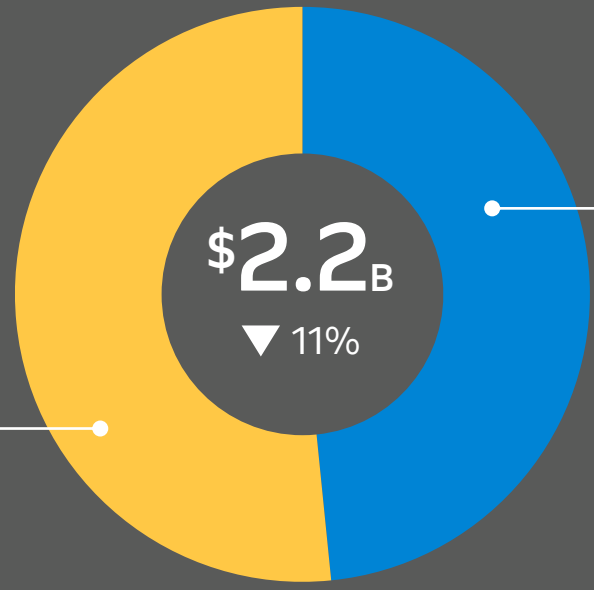
Asia Pacific
$2.2B ▼15%

$1.8B ▼23%
Americas

$5.6B
▼17%

EMEA
$1.7B ▼14%

Enterprise Computing Solutions



$1.1B ▼18%
Americas

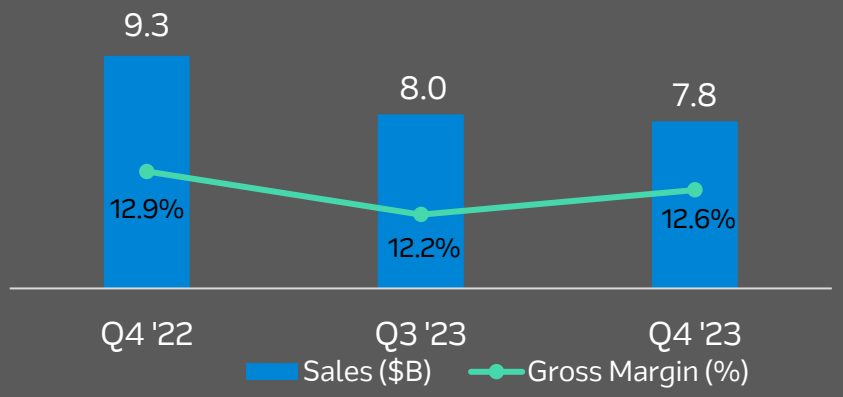
$2.2B
▼11%

EMEA
$1.1B ▼2%

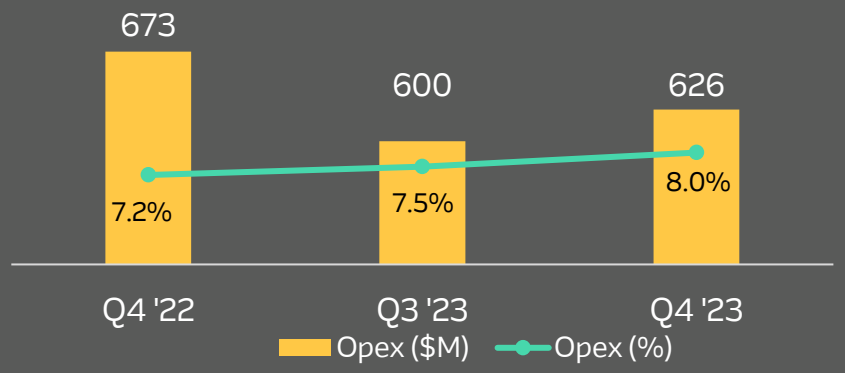
Revenue figures are GAAP and year-on-year performance changes are as-reported
Amounts may not calculate precisely due to rounding

Q4 2023 financial metrics

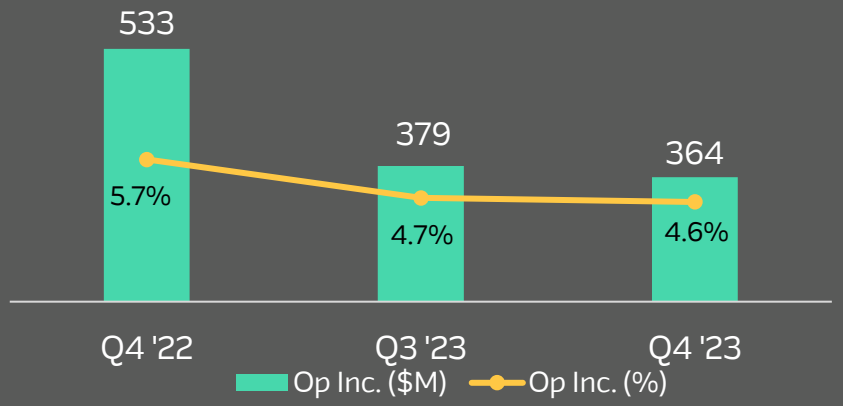
Sales & Gross Margin



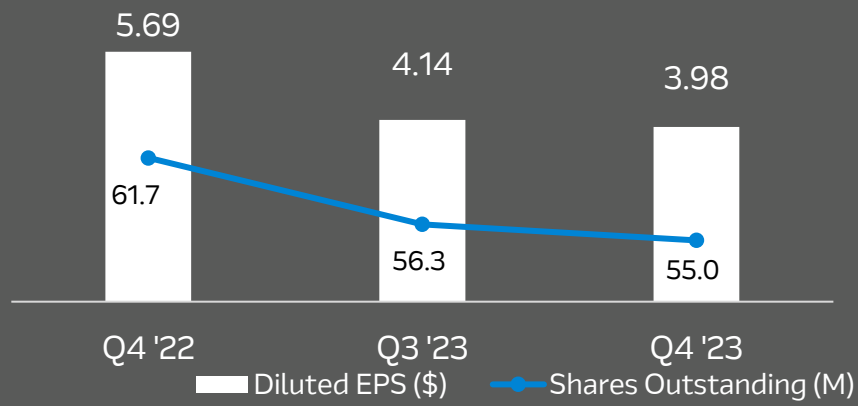
Non-GAAP Operating Expenses[1]



Non-GAAP Operating Income[1]



Non-GAAP Diluted EPS[1]



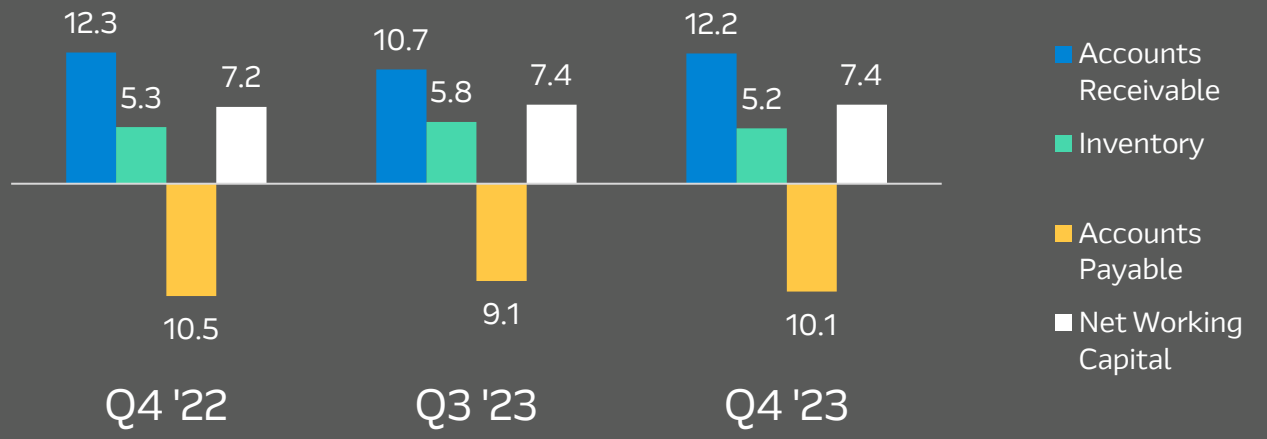
Global components Q4 '23 non-GAAP operating margin was 5.1%
Enterprise computing solutions Q4 '23 non-GAAP operating margin was 6.6%

Interest and other expense, net in Q4 '23 was $82 million
Non-GAAP Effective Tax Rate was 21.8%[1]

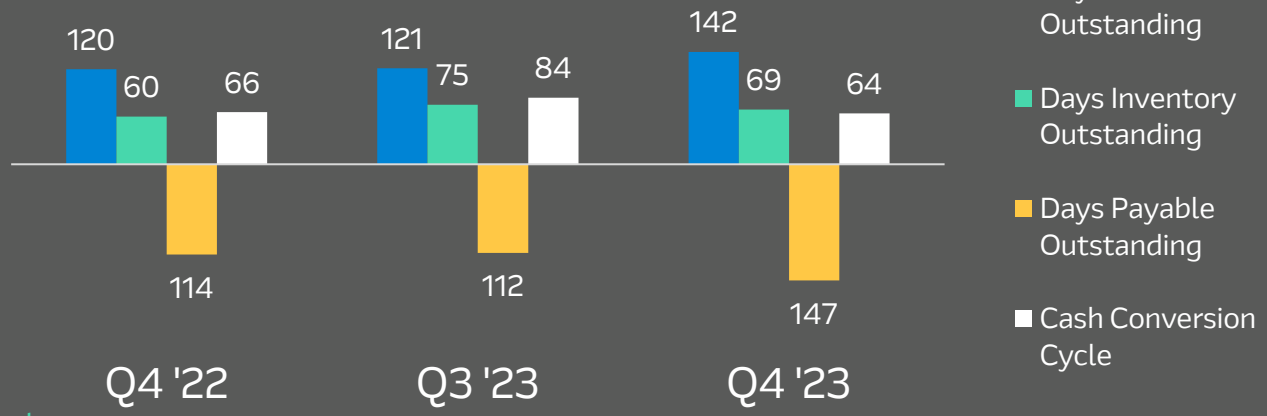
[1] See reconciliation to comparable GAAP figures in the tables at the end of this presentation

Working capital

Net Working Capital ($B)



Cash Conversion (Days)



Inventory Turns: 6.1 4.8 5.3

- **Non-GAAP Return on Working Capital (ROWC)[1]** was 19.8% in the fourth quarter, down 990 basis points year on year. The decrease in ROWC related primarily to lower operating income in global components, in addition to higher working capital levels.
- **Non-GAAP Return on Invested Capital (ROIC)[1]** was 12.0% in the fourth quarter, down 580 basis points year on year. The decrease in ROIC related primarily to lower operating income in global components.

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

Balance sheet and cash highlights

Operating Cashflow

- $287M in Q4
- $705M in FY 2023

Net Debt was $3.6B

Total Liquidity was $2.4B including $218M in cash

Shares Repurchased

- ~$50M in Q4
- ~$750M in FY 2023



Q1 2024 guidance

Consolidated Sales	$6.70 billion to $7.30 billion
Global Components	$5.00 billion to $5.40 billion
Global ECS	$1.70 billion to $1.90 billion
Diluted Earnings Per Share*	$1.95 to $2.15
Non-GAAP Diluted Earnings Per Share*	$2.20 to $2.40
Interest and Other Expense, Net	Approximately $80 million

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

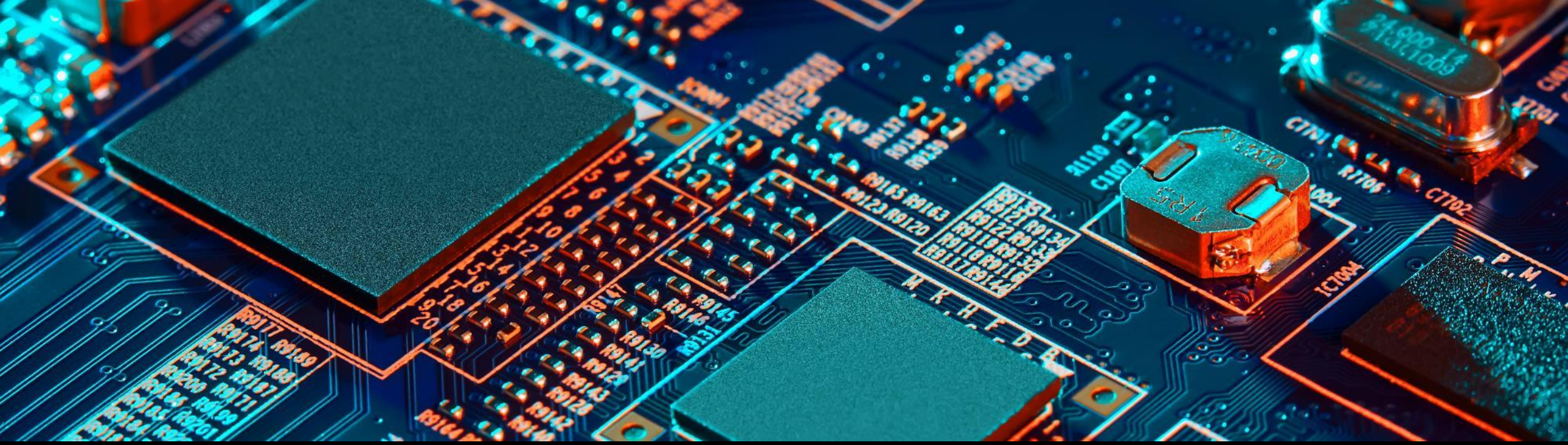
- We estimate changes in foreign currencies to increase year on year growth in sales by $13 million and earnings per share on a diluted basis by $0.01 compared to the first quarter of 2023.
- We estimate changes in foreign currencies to increase quarter on quarter growth in sales by approximately $31 million and earnings per share on a diluted basis by $0.02 compared to the fourth quarter of 2023.



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



Thank You
Q&A



Additional information and financial tables

Consolidated fourth-quarter overview

($ in millions, except per share data)

	Q4 2023	Y/Y CHANGE	Y/Y CHANGE IN CONSTANT CURRENCY	Q/Q CHANGE
P&L Highlights				
Sales	$7,849	-16%	-17%	-2%
Gross Profit Margin	12.6%	-30 bps	-30 bps	40 bps
Operating Income	$317	-39%	-40%	-7%
Operating Margin	4.0%	-160 bps	-160 bps	-20 bps
Non-GAAP Operating Income	$364	-32%	-33%	-4%
Non-GAAP Operating Margin	4.6%	-110 bps	-110 bps	-10 bps
Net Income	$195	-44%	-45%	-2%
Diluted EPS	$3.54	-37%	-38%	0%
Non-GAAP Net Income	$219	-38%	-38%	-6%
Non-GAAP Diluted EPS	$3.98	-30%	-31%	-4%

Consolidated full-year overview

($ in millions, except per share data)

P&L Highlights	FULL YEAR 2023	Y/Y CHANGE	Y/Y CHANGE IN CONSTANT CURRENCY
Sales	$33,107	-11%	-11%
Gross Profit Margin	12.5%	-50 bps	-50 bps
Operating Income	$1,471	-29%	-29%
Operating Margin	4.4%	-120 bps	-120 bps
Non-GAAP Operating Income	$1,586	-25%	-25%
Non-GAAP Operating Margin	4.8%	-90 bps	-90 bps
Net Income	$904	-37%	-37%
Diluted EPS	$15.84	-27%	-27%
Non-GAAP Net Income	$977	-33%	-33%
Non-GAAP Diluted EPS	$17.12	-24%	-23%

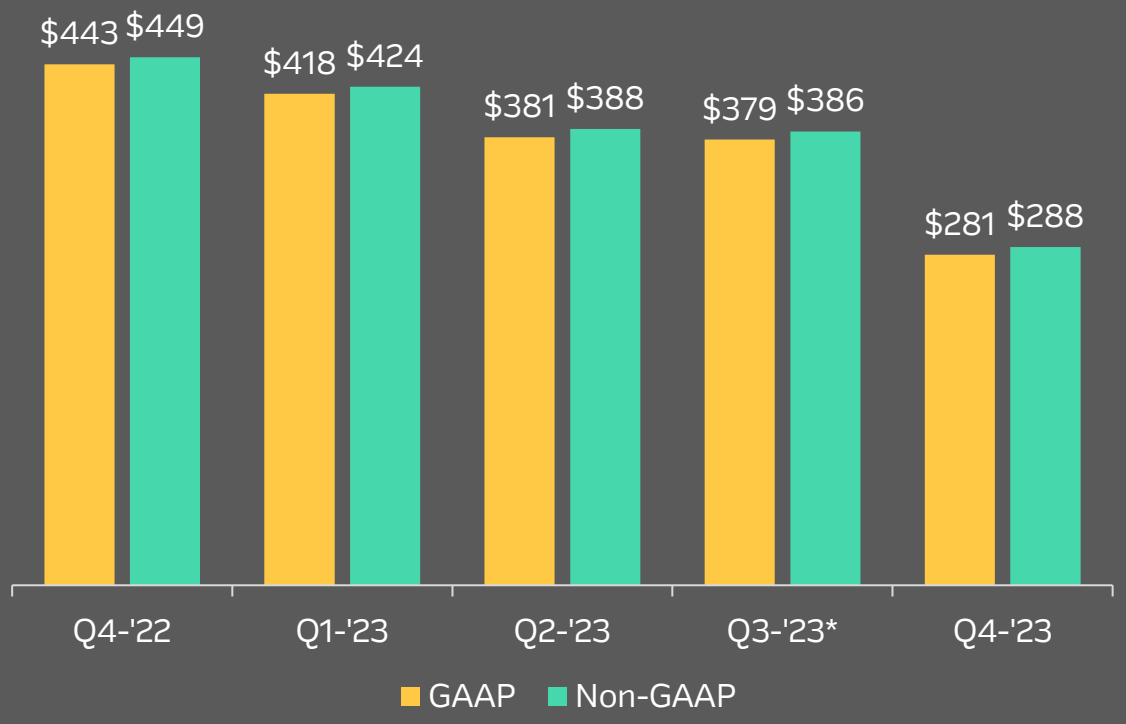
Revenue history

($ in millions, may reflect rounding)

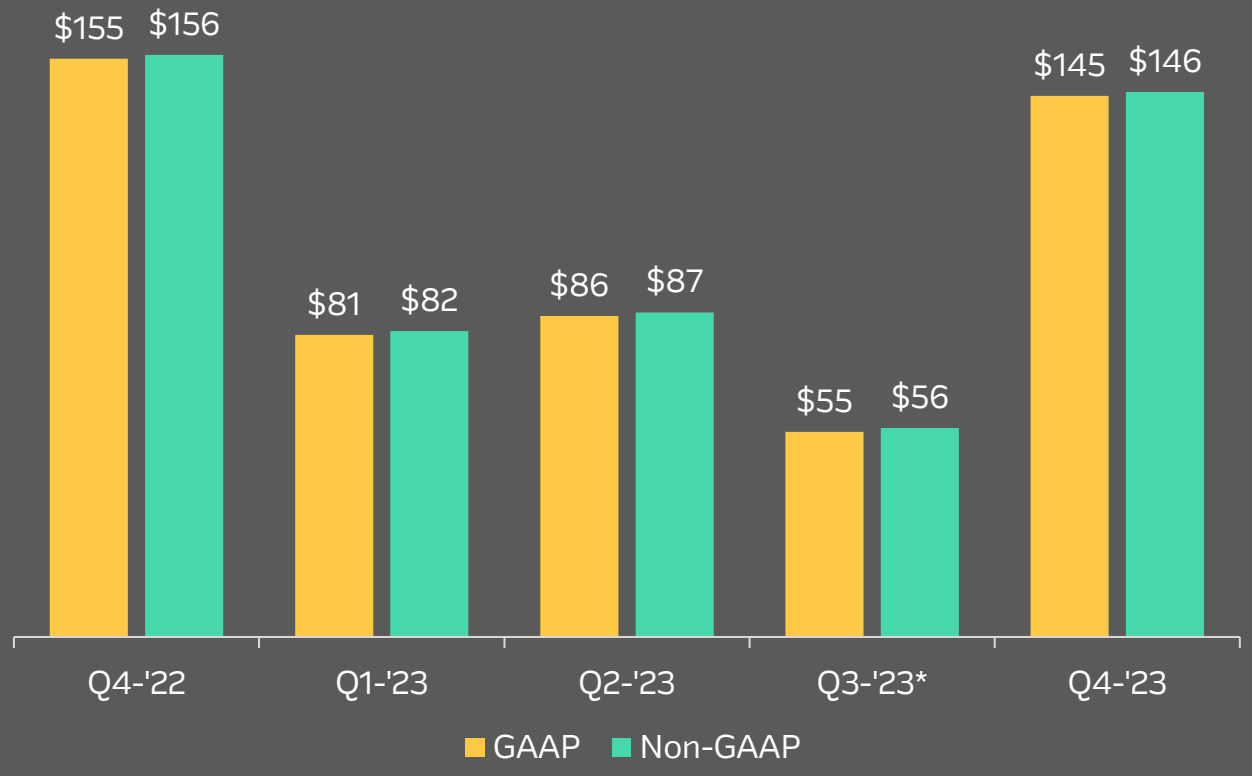
	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q4 '23 Y/Y Change	Q4 '23 Q/Q Change	Comment
Global Components Total	6,827	6,856	6,683	6,245	5,636	-17%	-10%	
Americas	2,327	2,233	2,067	1,870	1,785	-23%	-5%	Year on year reduction due to normalizing shortage market, with strength in aerospace & defense and medical
Europe, Middle East & Africa	1,957	2,246	2,153	1,987	1,688	-14%	-15%	Quarter on quarter weakness in most verticals, with Industrial softness.
Asia Pacific	2,543	2,376	2,463	2,388	2,163	-15%	-9%	Continued macro-economic softness across the region, with relative momentum in Data Center and Transportation
Enterprise Computing Solutions Total	2,496	1,881	1,832	1,762	2,213	-11%	26%	
Europe, Middle East & Africa	1,092	883	831	746	1,067	-2%	43%	Year on year billings and gross profit growth with healthy demand for infrastructure software and networking products
Americas	1,404	998	1,001	1,016	1,146	-18%	13%	Year on year softness in cyber security, storage and compute
Arrow Electronics Total	9,323	8,736	8,515	8,007	7,849	-16%	-2%	

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 (including by business segment), 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.



First-quarter 2024 GAAP to non-GAAP outlook reconciliation

($ in billions, except per share data)

NON-GAAP SALES RECONCILIATION

	Quarter Ended			Quarter Ended		
	30-Mar-24	1-Apr-23	% Change	30-Mar-24	31-Dec-23	% Change
Global components sales, GAAP	$ 5.00 - 5.40	$ 6.86	(27%) - (21%)	$ 5.00 - 5.40	$ 5.64	(11%) - (4%)
Impact of changes in foreign currencies	—	(0.01)		—	0.02	
Global components sales, constant currency	$ 5.00 - 5.40	$ 6.85	(27%) - (21%)	$ 5.00 - 5.40	$ 5.66	(12%) - (5%)
Global ECS sales, GAAP	$ 1.70 - 1.90	$ 1.88	(10%) - 1%	$ 1.70 - 1.90	$ 2.21	(23%) - (14%)
Impact of changes in foreign currencies	—	0.02		—	0.01	
Global ECS sales, constant currency	$ 1.70 - 1.90	$ 1.90	(11%) - 0%	$ 1.70 - 1.90	$ 2.22	(23%) - (14%)

NON-GAAP EARNINGS RECONCILIATION

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CHARGES	NON-GAAP MEASURE
Net income per diluted share	$1.95 to $2.15	$0.10	$0.15	$2.20 to $2.40

Non-GAAP fourth-quarter sales reconciliation

($ in thousands)

	Quarter Ended		
	31-Dec-23	31-Dec-22	% Change
Consolidated sales, as reported	$ 7,849,157	$ 9,323,023	-15.8%
Impact of changes in foreign currencies	-	126,441	
Consolidated sales, constant currency	$ 7,849,157	$ 9,449,464	-16.9%
Global components sales, as reported	$ 5,636,032	$ 6,827,029	-17.4%
Impact of changes in foreign currencies	-	75,974	
Global components sales, constant currency	$ 5,636,032	$ 6,903,003	-18.4%
Americas components sales, as reported	$ 1,784,764	$ 2,326,995	-23.3%
Impact of changes in foreign currencies	-	99	
Americas components sales, constant currency	$ 1,784,764	$ 2,327,094	-23.3%
Asia components sales, as reported	$ 2,163,421	$ 2,543,294	-14.9%
Impact of changes in foreign currencies	-	(7,158)	
Asia components sales, constant currency	$ 2,163,421	$ 2,536,136	-14.7%
Europe components sales, as reported	$ 1,687,847	$ 1,956,740	-13.7%
Impact of changes in foreign currencies	-	83,033	
Europe components sales, constant currency	$ 1,687,847	$ 2,039,773	-17.3%
Global ECS sales, as reported	$ 2,213,125	$ 2,495,994	-11.3%
Impact of changes in foreign currencies	-	50,467	
Global ECS sales, constant currency	$ 2,213,125	$ 2,546,461	-13.1%
Americas ECS sales, as reported	$ 1,145,754	$ 1,404,224	-18.4%
Impact of changes in foreign currencies	-	200	
Americas ECS sales, constant currency	$ 1,145,754	$ 1,404,424	-18.4%
Europe ECS sales, as reported	$ 1,067,371	$ 1,091,770	-2.2%
Impact of changes in foreign currencies	-	50,267	
Europe ECS sales, constant currency	$ 1,067,371	$ 1,142,037	-6.5%

Non-GAAP full-year sales reconciliation

($ in thousands)

	Year Ended 31-Dec-23	Year Ended 31-Dec-22	% Change
Consolidated sales, as reported	$ 33,107,120	$ 37,124,422	-10.8%
Impact of changes in foreign currencies	-	51,829	
Consolidated sales, constant currency	$ 33,107,120	$ 37,176,251	-10.9%
Global components sales, as reported	$ 25,419,899	$ 28,788,003	-11.7%
Impact of changes in foreign currencies	-	7,690	
Global components sales, constant currency	$ 25,419,899	$ 28,795,693	-11.7%
Americas components sales, as reported	$ 7,954,713	$ 9,592,547	-17.1%
Impact of changes in foreign currencies	-	(2,166)	
Americas components sales, constant currency	$ 7,954,713	$ 9,590,381	-17.1%
Asia components sales, as reported	$ 9,390,292	$ 11,567,482	-18.8%
Impact of changes in foreign currencies	-	(122,448)	
Asia components sales, constant currency	$ 9,390,292	$ 11,445,034	-18.0%
Europe components sales, as reported	$ 8,074,894	$ 7,627,974	5.9%
Impact of changes in foreign currencies	-	132,304	
Europe components sales, constant currency	$ 8,074,894	$ 7,760,278	4.1%
Global ECS sales, as reported	$ 7,687,221	$ 8,336,419	-7.8%
Impact of changes in foreign currencies	-	44,139	
Global ECS sales, constant currency	$ 7,687,221	$ 8,380,558	-8.3%
Americas ECS sales, as reported	$ 4,160,298	$ 4,847,027	-14.2%
Impact of changes in foreign currencies	-	(18,850)	
Americas ECS sales, constant currency	$ 4,160,298	$ 4,828,177	-13.8%
Europe ECS sales, as reported	$ 3,526,923	$ 3,489,392	1.1%
Impact of changes in foreign currencies	-	62,989	
Europe ECS sales, constant currency	$ 3,526,923	$ 3,552,381	-0.7%

Quarterly GAAP to non-GAAP reconciliation

($ in thousands, except per share data)

Three months ended December 31, 2023

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges (1)	Other (2)	Non-GAAP measure
Operating expense	$ 672,872	$ (7,491)	$ (39,664)	$ -	$ 625,717
Operating income	316,679	7,491	39,664	-	363,834
Income before income taxes	250,029	7,491	39,664	(14,635)	282,549
Provision for income taxes	53,823	1,863	9,331	(3,500)	61,517
Consolidated net income	196,206	5,628	30,333	(11,135)	221,032
Noncontrolling interests	1,669	131	-	-	1,800
Net income attributable to shareholders	$ 194,537	$ 5,497	$ 30,333	$ (11,135)	$ 219,232
Net income per diluted share (3)	$ 3.54	$ 0.10	$ 0.55	$ (0.20)	$ 3.98
Effective tax rate (4)	21.5%				21.8%

Three months ended December 31, 2022

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges (1)	Other (2)	Non-GAAP measure
Operating expense	$ 683,399	$ (8,170)	$ (2,714)	$ -	$ 672,515
Operating income	522,596	8,170	2,714	-	533,480
Income before income taxes	470,780	8,170	2,714	(8,356)	473,308
Provision for income taxes	116,719	2,056	472	(2,003)	117,244
Consolidated net income	354,061	6,114	2,242	(6,353)	356,064
Noncontrolling interests	4,659	127	-	-	4,786
Net income attributable to shareholders	$ 349,402	$ 5,987	$ 2,242	$ (6,353)	$ 351,278
Net income per diluted share (3)	$ 5.66	$ 0.10	$ 0.04	$ (0.10)	$ 5.69
Effective tax rate (4)	24.8%				24.8%

Three months ended September 30, 2023

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges (1)	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%

(1) Includes charges to increase the environmental remediation reserves in the amount of $0.05 million for fourth quarter of 2023, $2.5 million for the fourth quarter of 2022, and $20.9 million for third 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 measure.

Full-year GAAP to non-GAAP reconciliation

($ in thousands, except per share data)

Year ended December 31, 2023

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges [1]	Non- recurring tax items	Other [2]	Non-GAAP measure
Operating expense	$ 2,677,855	$ (31,242)	$ (83,916)	$ -	$ -	$ 2,562,697
Operating income	1,471,164	31,242	83,916	-	-	1,586,322
Income before income taxes	1,164,354	31,242	83,916	-	(19,284)	1,260,228
Provision for income taxes	254,991	7,824	19,969	(942)	(4,614)	277,228
Consolidated net income	909,363	23,418	63,947	942	(14,670)	983,000
Noncontrolling interests	5,858	539	-	-	-	6,397
Net income attributable to shareholders	$ 903,505	$ 22,879	$ 63,947	$ 942	$ (14,670)	$ 976,603
Net income per diluted share [3]	$ 15.84	$ 0.40	$ 1.12	$ 0.02	$ (0.26)	$ 17.12
Effective tax rate [4]	21.9%					22.0%

Year ended December 31, 2022

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges [1]	Non- recurring tax items	Other [2]	Non-GAAP measure
Operating expense	$ 2,768,131	$ (34,692)	$ (13,741)	$ -	$ -	$ 2,719,698
Operating income	2,068,494	34,692	13,741	-	-	2,116,927
Income before income taxes	1,884,150	34,692	13,741	-	2,857	1,935,440
Provision for income taxes	448,992	8,848	2,931	-	708	461,479
Consolidated net income	1,435,158	25,844	10,810	-	2,149	1,473,961
Noncontrolling interests	8,274	525	-	-	-	8,799
Net income attributable to shareholders	$ 1,426,884	$ 25,319	$ 10,810	$ -	$ 2,149	$ 1,465,162
Net income per diluted share [3]	$ 21.80	$ 0.39	$ 0.17	$ -	$ 0.03	$ 22.38
Effective tax rate [4]	23.8%					23.8%

(1) Includes charges to increase the environmental remediation reserves in the amount of $23.3 million for the year ended December 31, 2023 and $2.5 million for the year ended December 31, 2022.

(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 measure.

Full-year GAAP to non-GAAP reconciliation (cont.)

($ in thousands, except per share data)

Year ended December 31, 2021

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges	AFS Reserves & Recoveries	Digital Inventory	Non- recurring tax items	Impairments	Impact of Wind Down	Other [1]	Non-GAAP measure
Operating expense	$ 2,645,543	$ (36,930)	$ (10,911)	$ -	$ -	$ -	$ (4,482)	$ -	$ -	$ 2,593,220
Operating income	1,556,822	36,930	10,911	-	-	-	4,482	-	-	1,609,145
Income before income taxes	1,436,374	36,930	10,911	-	-	-	4,482	-	(12,770)	1,475,927
Provision for income taxes	325,906	9,457	2,341	-	-	-	1,078	-	(3,073)	335,709
Consolidated net income	1,110,468	27,473	8,570	-	-	-	3,404	-	(9,697)	1,140,218
Noncontrolling interests	2,271	590	-	-	-	-	-	-	-	2,861
Net income attributable to shareholders	$ 1,108,197	$ 26,883	$ 8,570	$ -	$ -	$ -	$ 3,404	$ -	$ (9,697)	$ 1,137,357
Net income (loss) per diluted share [7]	$ 15.10	$ 0.37	$ 0.12	$ -	$ -	$ -	$ 0.05	$ -	$ (0.13)	$ 15.50
Effective tax rate	22.7%									22.7%

Year ended December 31, 2020

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges	AFS Reserves & Recoveries	Digital Inventory	Non- recurring tax items [2]	Impairments [3]	Impact of Wind Down	Other [1]	Non-GAAP measure
Operating expense	$ 2,296,619	$ (38,417)	$ (13,288)	$ 1,796	$ -	$ -	$ (7,223)	$ 3,524	$ -	$ 2,243,011
Operating income	894,511	38,417	13,288	(1,796)	-	-	7,223	(14,728)	-	936,915
Income before income taxes	759,259	38,417	13,288	(1,796)	-	-	7,223	(14,704)	(7,117)	794,570
Provision for income taxes	172,795	9,866	1,301	(432)	-	1,272	2,356	(3,143)	(1,717)	182,298
Consolidated net income	586,464	28,551	11,987	(1,364)	-	(1,272)	4,867	(11,561)	(5,400)	612,272
Noncontrolling interests	2,026	568	-	-	-	-	-	-	-	2,594
Net income attributable to shareholders	$ 584,438	$ 27,983	$ 11,987	$ (1,364)	$ -	$ (1,272)	$ 4,867	$ (11,561)	$ (5,400)	$ 609,678
Net income (loss) per diluted share [7]	$ 7.43	$ 0.36	$ 0.15	$ (0.02)	$ -	$ (0.02)	$ 0.06	$ (0.15)	$ (0.07)	$ 7.75
Effective tax rate	22.8%									22.9%

Year ended December 31, 2019

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges	AFS Write off	Digital Inventory	Non- recurring tax items [2]	Impairments [4]	Impact of Wind Down [5]	Other [6]	Non-GAAP measure
Operating expense	$ 3,190,685	$ (42,383)	$ (78,429)	$ (16,169)	$ -	$ -	$ (623,796)	$ (164,219)	$ (1,868)	$ 2,263,821
Operating income	107,696	42,383	78,429	18,037	22,332	-	623,796	162,244	1,868	1,056,785
Income before income taxes	(111,830)	42,383	78,429	18,037	22,332	-	623,796	162,356	10,921	846,424
Provision for income taxes	88,338	11,913	19,540	4,339	5,390	(1,696)	64,246	12,631	750	205,451
Consolidated net income	(200,168)	30,470	58,889	13,698	16,942	1,696	559,550	149,725	10,171	640,973
Noncontrolling interests	3,919	558	-	-	-	-	-	-	-	4,477
Net income attributable to shareholders	$ (204,087)	$ 29,912	$ 58,889	$ 13,698	$ 16,942	$ 1,696	$ 559,550	$ 149,725	$ 10,171	$ 636,496
Net income (loss) per diluted share [7]	$ (2.44)	$ 0.36	$ 0.70	$ 0.16	$ 0.20	$ 0.02	$ 6.70	$ 1.79	$ 0.12	$ 7.55
Effective tax rate	-79.0%									24.3%

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

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

(3) Impairments includes $7,223 in impairment charges related to various other long-lived assets unrelated to the personal computer and mobility asset disposition business.

(4) 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.

(5) 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 personal computer and mobility asset disposition business are included in “impact of wind down”.

(6) Other includes loss on disposition of businesses, net, gain (loss) on investments, net, interest related to uncertain tax position related to the Tax Act and pension settlement.

(7) 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 diluted EPS, as adjusted may not agree to totals, as presented, due to rounding.

Return on working capital reconciliation

($ in thousands)

	Quarter Ended	
	December 31, 2023	December 31, 2022
Numerator:	(unaudited)	(unaudited)
Consolidated operating income, as reported	$ 316,679	$ 522,596
	x4	x4
Annualized consolidated operating income	$ 1,266,716	$ 2,090,384
Non-GAAP consolidated operating income	$ 363,834	$ 533,480
	x4	x4
Annualized non-GAAP consolidated operating income	$ 1,455,336	$ 2,133,920
Denominator:		
Accounts receivable, net	12,238,073	12,322,717
Inventories	5,187,225	5,319,369
Less: Accounts payable	10,070,015	10,460,419
Working capital	7,355,283	7,181,667
Return on working capital	17.2%	29.1%
Return on working capital (Non-GAAP)	19.8%	29.7%

Return on invested capital reconciliation

($ in thousands)

	Quarter Ended	
	December 31, 2023	December 31, 2022
Numerator:		
Consolidated operating income, as reported	$ 316,679	$ 522,596
Equity in earnings of affiliated companies [1]	2,034	2,938
Less: Noncontrolling interests [1]	1,669	4,659
Consolidated operating income, as adjusted	317,044	520,875
Less: Tax effect [2]	68,590	130,298
After-tax consolidated operating income, as adjusted	248,454	390,577
	x4	x4
Annualized after-tax consolidated operating income, as adjusted	$ 993,816	$ 1,562,308
Non-GAAP consolidated operating income	$ 363,834	$ 533,480
Equity in earnings of affiliated companies [1]	2,034	2,938
Less: Noncontrolling interests [1]	1,800	4,786
Non-GAAP consolidated operating income, as adjusted	364,068	531,632
Less: Tax effect [3]	79,681	132,895
After-tax non-GAAP consolidated operating income, as adjusted	284,387	398,737
	x4	x4
Annualized after-tax non-GAAP operating income, as adjusted	$ 1,137,548	$ 1,594,948
Denominator:		
Average short-term borrowings, including current portion of long-term debt [4]	$ 1,621,308	597,202
Average long-term debt [4]	2,384,277	3,184,995
Average total equity [4]	5,715,391	5,457,020
Average cash and cash equivalents	275,673	255,450
Invested capital	$ 9,445,303	$ 8,983,767
Return on invested capital	10.5%	17.4%
Return on invested capital (Non-GAAP)	12.0%	17.8%

(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 December 31, 2023 and December 31, 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 December 31, 2023 and December 31, 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				
	12/31/2022	4/1/2023	7/1/2023	9/30/2023	12/31/2023
Global components operating income, as reported	$442,702	$417,539	$381,314	$379,053	$281,260
Intangible assets amortization expense	6,702	6,745	6,679	6,640	6,436
Global components non-GAAP operating income	$449,404	$424,284	$387,993	$385,693	$287,696
Global ECS operating income, as reported	$154,775	$81,099	$86,228	$54,624	$145,053
Intangible assets amortization expense	1,468	1,235	1,229	1,223	1,055
Global ECS non-GAAP operating income	$156,243	$82,334	$87,457	$55,847	$146,108