

Arrow Electronics

Investor Presentation

October 2024

ARW
LISTED
NYSE



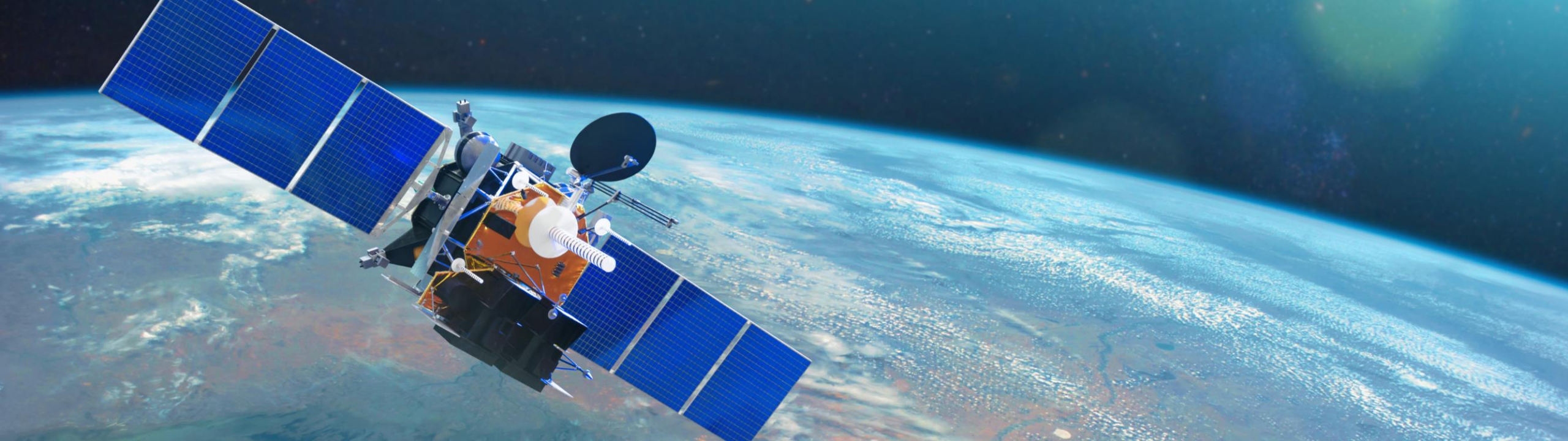
Safe harbor

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 2024 such as sales, net income per diluted share, non-GAAP net income per diluted share, average tax rate, 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, the timing of the completion of the Operating Expense Efficiency Plan (the “Plan”) and Arrow’s estimated costs and expected operating reductions from the Plan, and expectations regarding market demand and conditions 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: incurrence of additional charges not currently contemplated and failure to realize contemplated cost savings due to unanticipated events that may occur, including in connection with the implementation of our restructuring plan; unfavorable economic conditions; disruptions or inefficiencies in the supply chain; political instability and changes; 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 and information system failures, including related to current or future implementations, integrations and upgrades; outbreaks, epidemics, pandemics, or public health crises; restructuring activities and impacts thereof; 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

2024



Arrow tops category in FORTUNE's "World's Most Admired Companies" list for 11 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.



Raj Agrawal

Senior Vice President,
Chief Financial Officer



Alan Bird

Senior Vice President,
Chief Transformation
Officer



Carine Jean-Claude

Senior Vice President,
Chief Legal Officer and
Secretary



Sean J. Kerins

President and Chief
Executive Officer



Steve Kerdock

Senior Vice President,
Chief Marketing
Officer



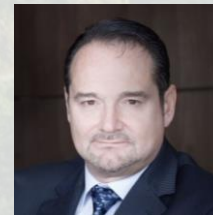
Chuck Kostalnick

Senior Vice President,
Chief Logistics and
Procurement Officer



Rick Marano

President, Global
Components



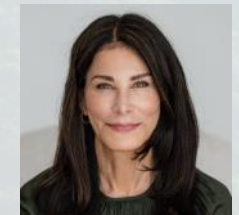
Eric Nowak

President, Global
Enterprise Computing
Solutions



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

● **53**
COUNTRIES WITH EMPLOYEES

● **22,000+**
EMPLOYEES

● **>210**
WORLDWIDE LOCATIONS

● **85**
COUNTRIES SERVED

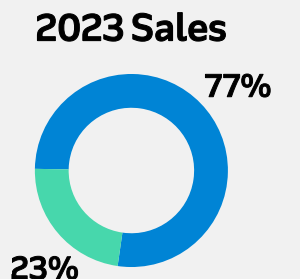
● **ARW (NYSE)**
TICKER SYMBOL

● **109**
FORTUNE 500 RANK

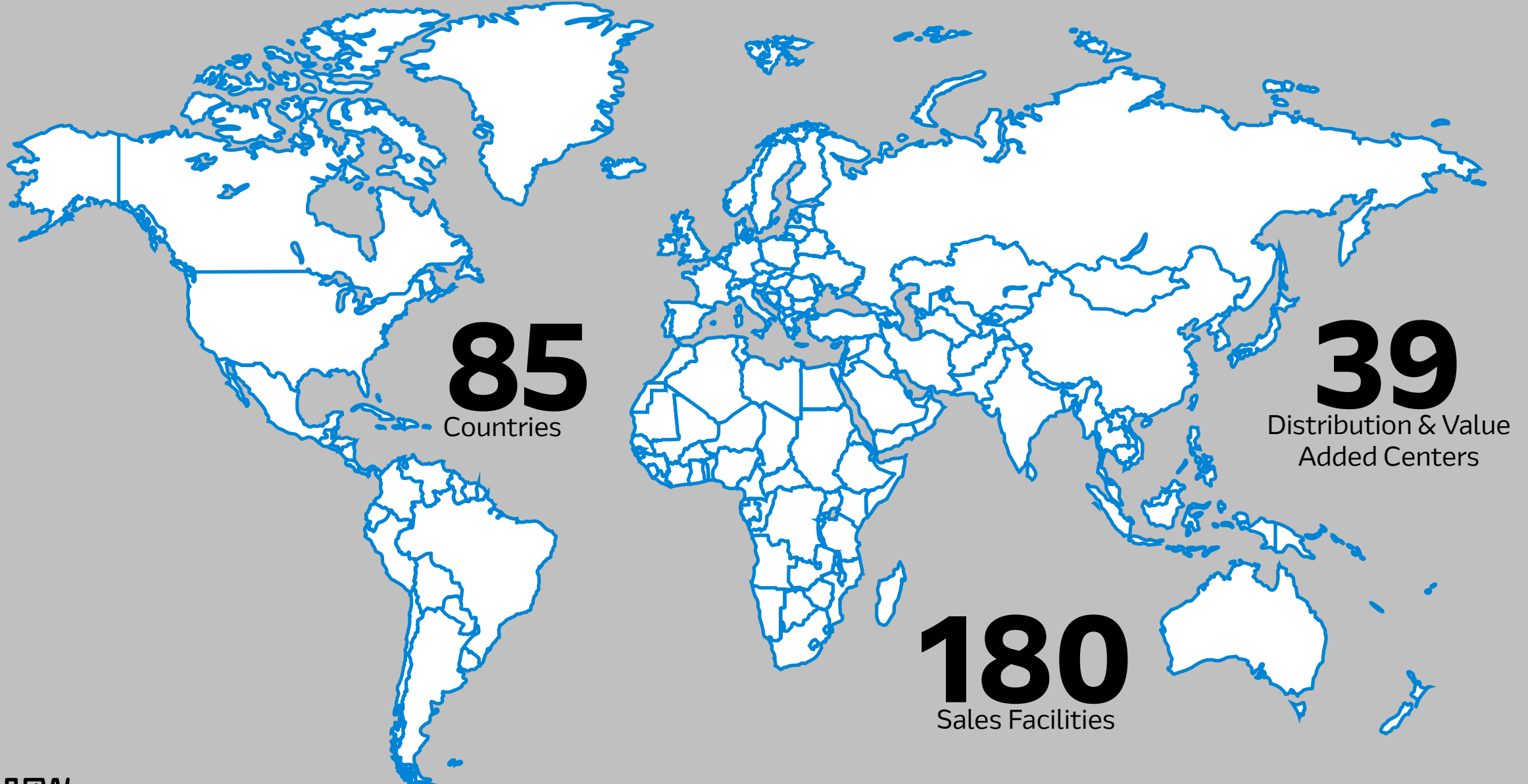
● **\$33.1 billion**
2023 SALES

● **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



Arrow's approach to ESG



2024 ESG GOALS

- Continue to reduce **Scope 1 and 2 emissions** in 2024, supporting our multiyear goal to reduce Scope 1 and 2 emissions by **10% across all Arrow locations and fleet** by the end of 2025
- Set science-based targets (SBTs) in alignment with the **Science Based Targets initiative (SBTi)** by 2025 and reinforce with the long-term aspiration to achieve **100% renewable electricity** as may be available by 2030
- Implement a **new leadership development program** to prepare high-potential individual contributors for future leadership opportunities and incorporate robust inclusion training into HR-sponsored leadership development programs, **supporting our multiyear aspiration that leadership representation of women leaders globally and leaders who are of underrepresented race/ethnicity in the U.S.** aligns with our overall employee representation and with the total available talent market in the communities where we operate around the world
- Continue ongoing **global pay equity analysis** and adjust pay where appropriate to close any pay equity gaps
- Implement mechanisms to continuously collect employee feedback on effectiveness of **compliance resources** and perception of **ethical culture**
- Deploy a globally centralized, **external-facing privacy management tool** to enable more efficient administration of user privacy preferences.

Reference [Arrow's ESG subsite](#) for more details

Serving diverse end markets with enabling technology

End Markets



Industrial / Automation



Healthcare / Medical



Consumer Electronics



Aerospace / Defense



Auto/Transportation

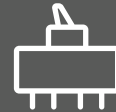


Data Center

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

\$25.4_B

GLOBAL ENTERPRISE COMPUTING SOLUTIONS SALES

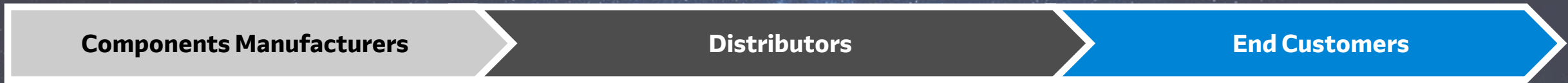
\$7.7_B



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

Global reach
Hundreds of suppliers
Thousands of customers
No one customer accounts for > 2% of sales



IP&E

180 sales locations
39 distribution facilities



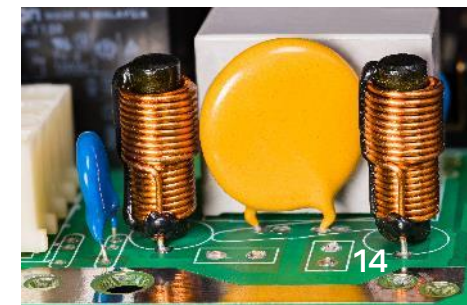
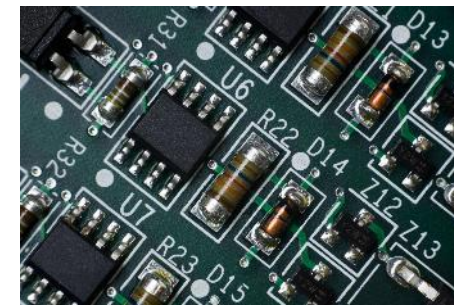
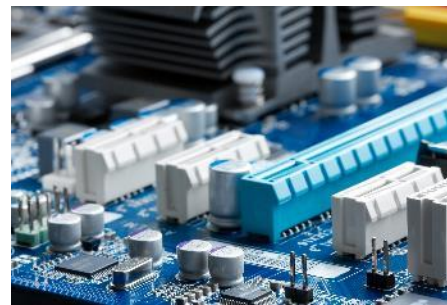
Engineering Services

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

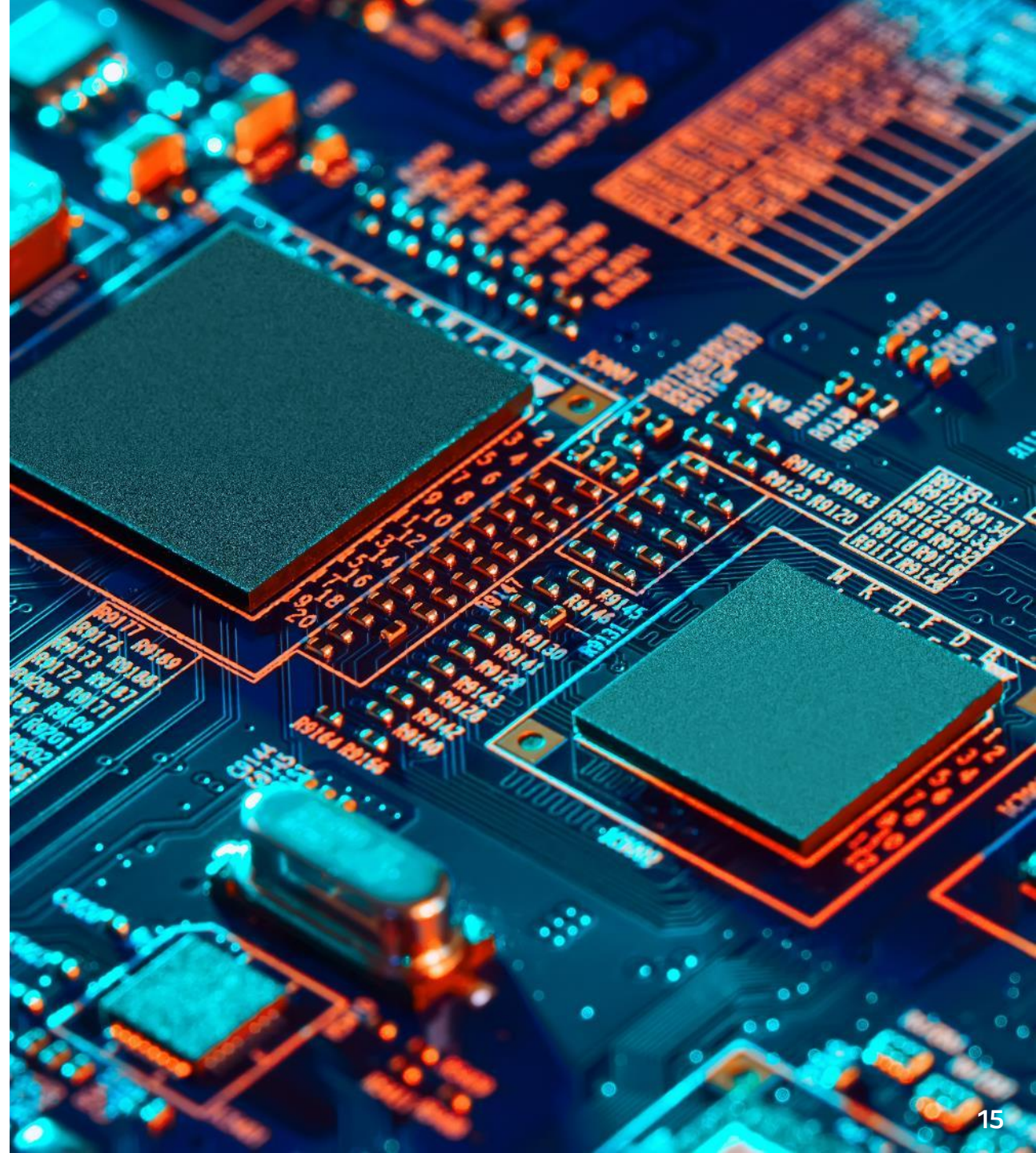
Semiconductors

- Arrow suppliers are the major device manufacturers who provide logic (CPUs, GPUs, FPGAs) and memory (DRAM, Flash)

IP&E – interconnects, passives & electromechanical

- 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.

Global component customers are OEMs, EMS companies and ODMs with no one customer accounting for more than 2% of revenue

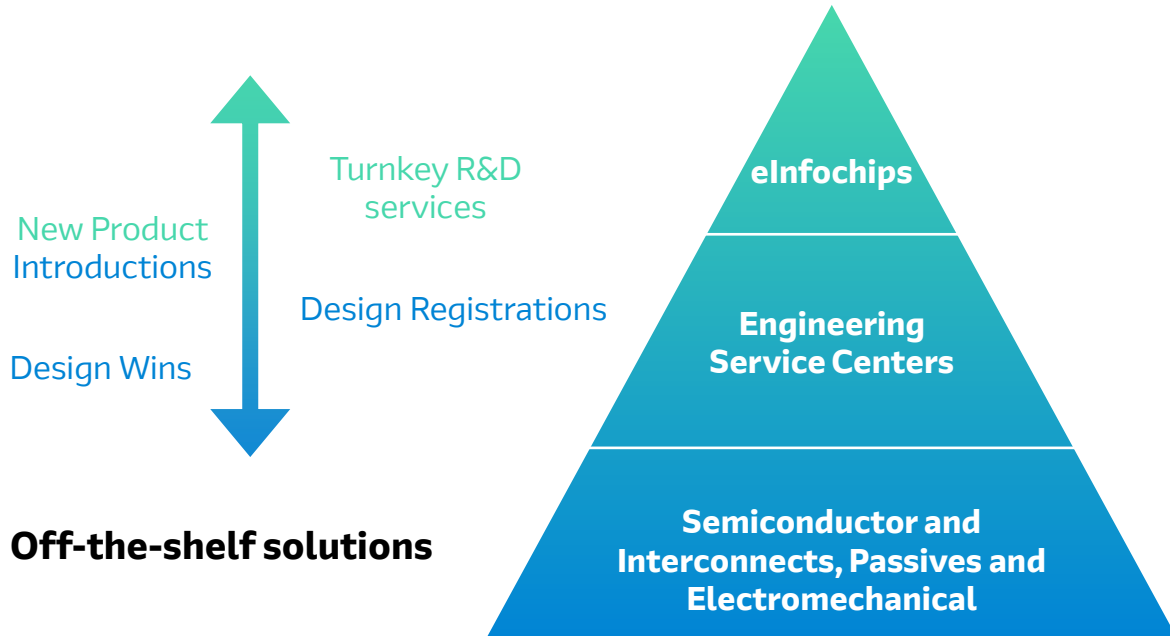


Global components

Engineering Services

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

Complex, custom solutions



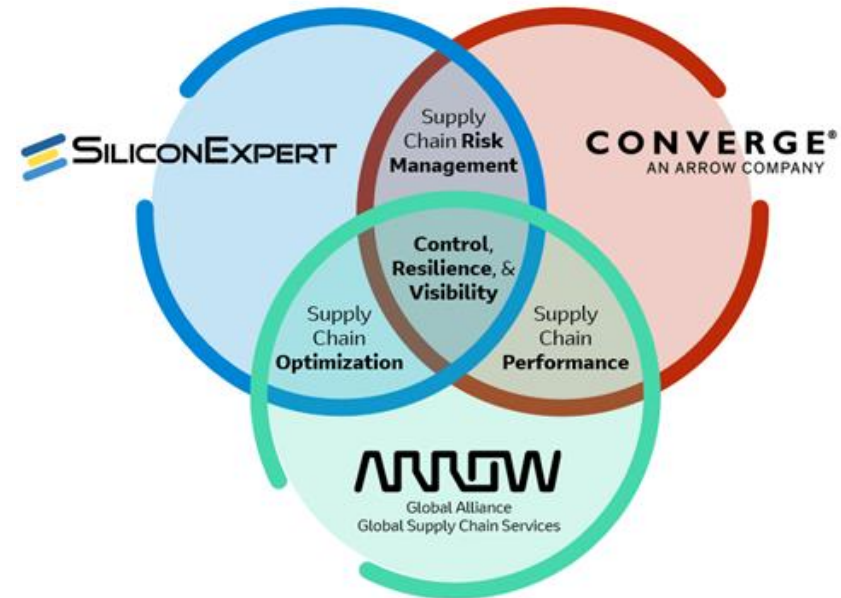


Global components

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



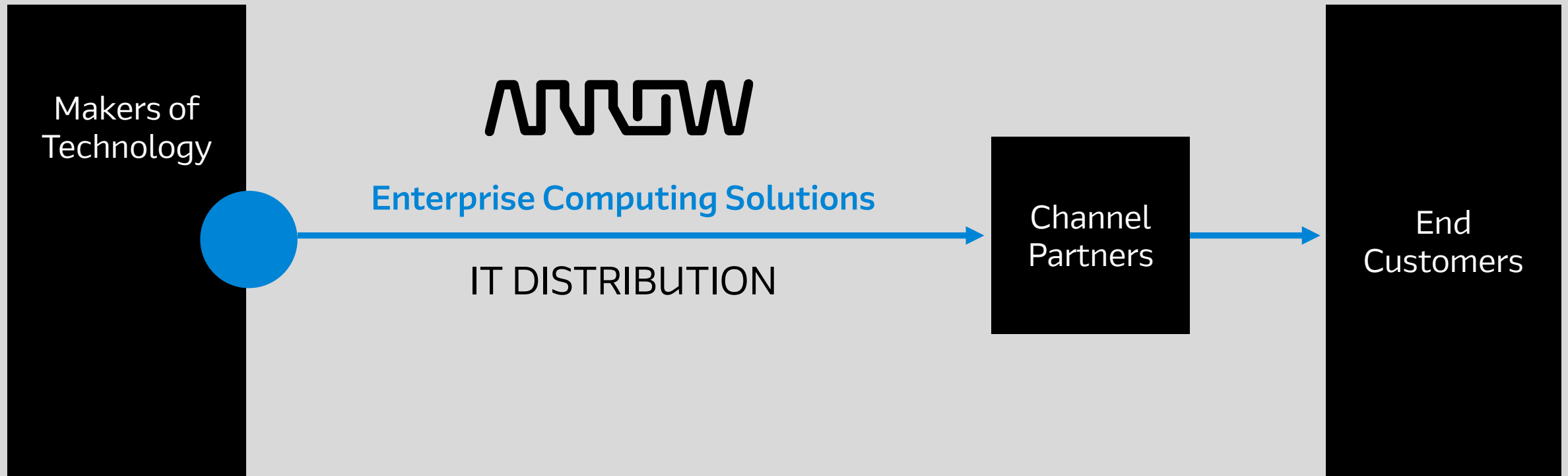


Business detail

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 thousands of 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 digital platform, ArrowSphere, helps partners manage, scale, and differentiate.



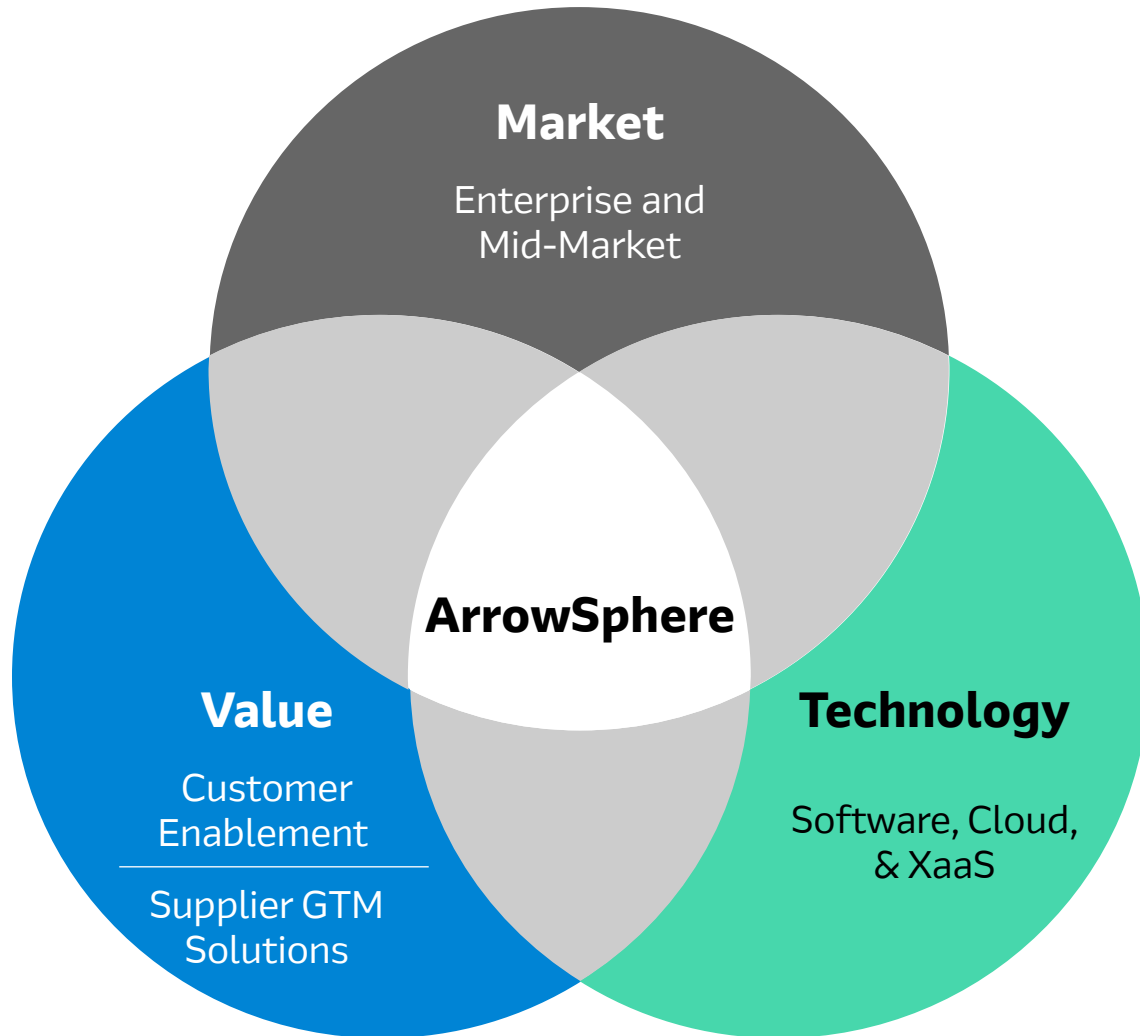
Cloud
Enablement



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

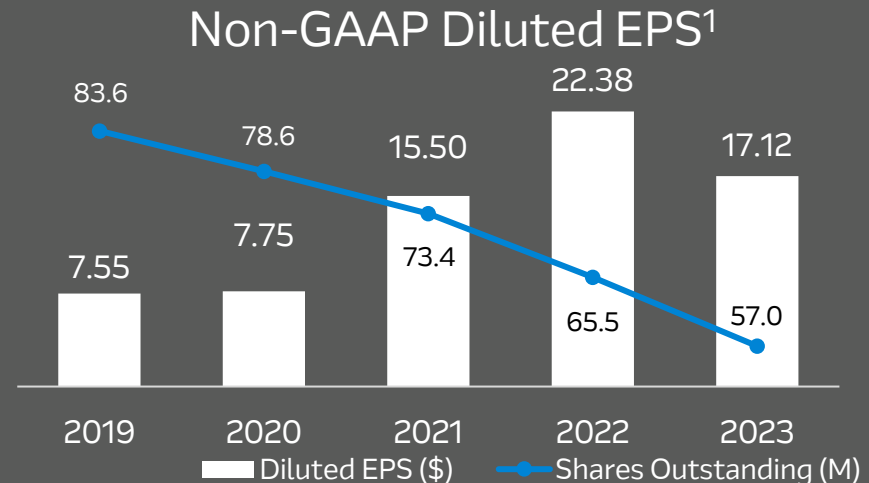
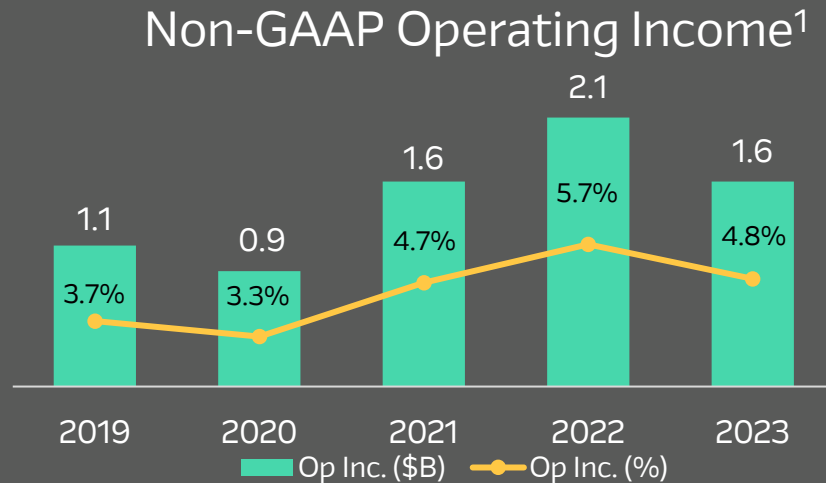
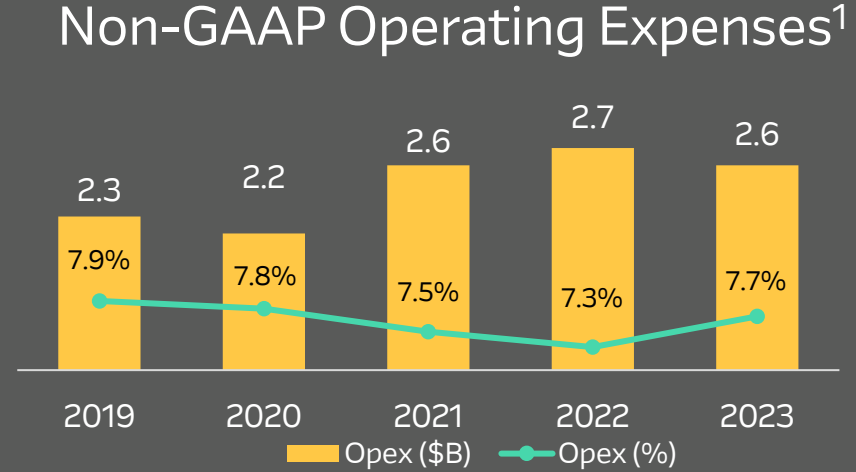
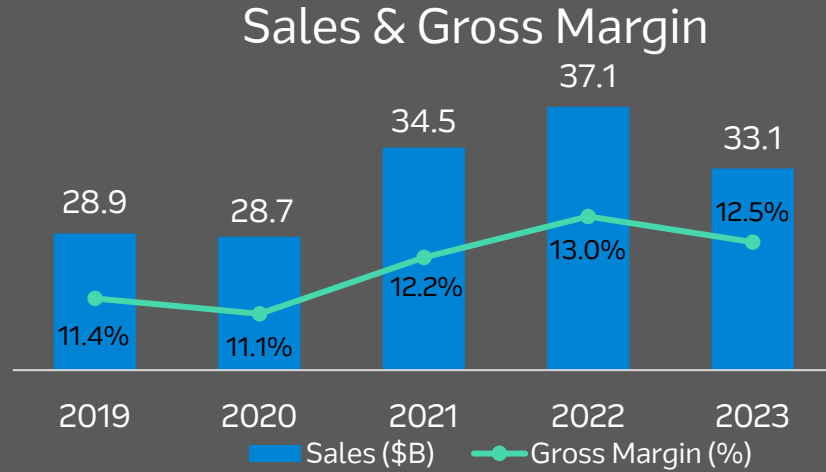
Specializing in channel enablement services

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



Financials

FY 2023 financial metrics

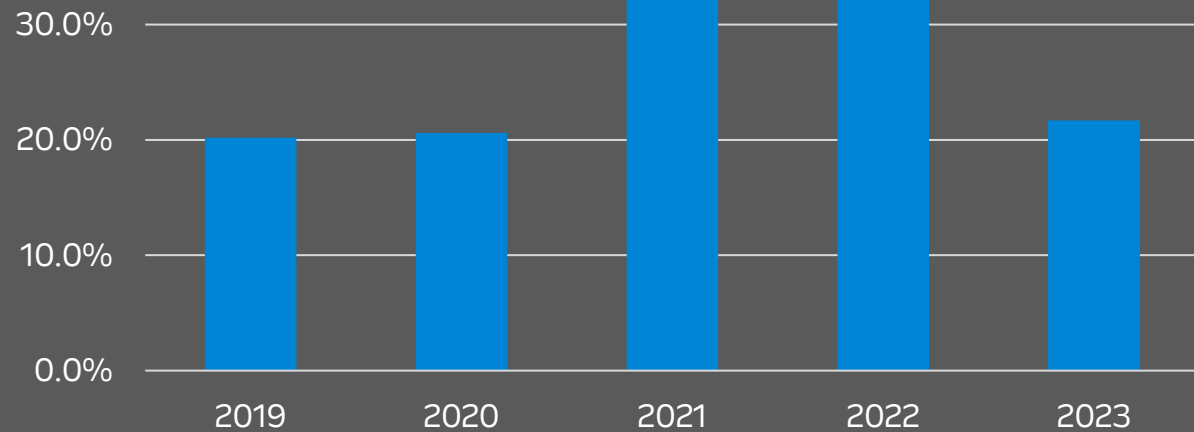


Global components FY '23 non-GAAP operating margin was 5.8%
Enterprise computing solutions FY '23 non-GAAP operating margin was 4.8%

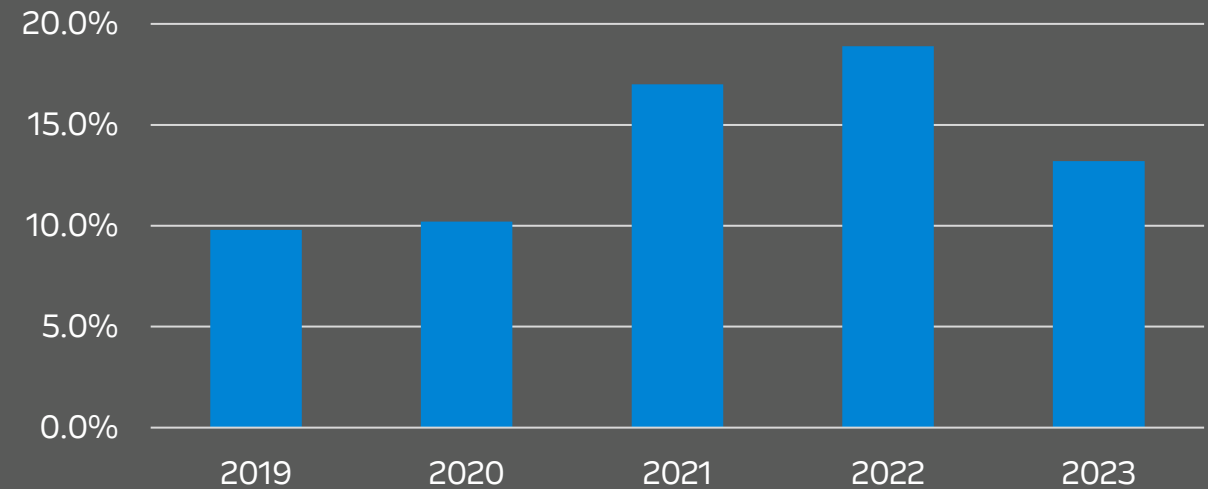
Interest and other expense, net in 2023 was \$329 million
Non-GAAP Effective Tax Rate was 22.0%¹

History of strong financial returns

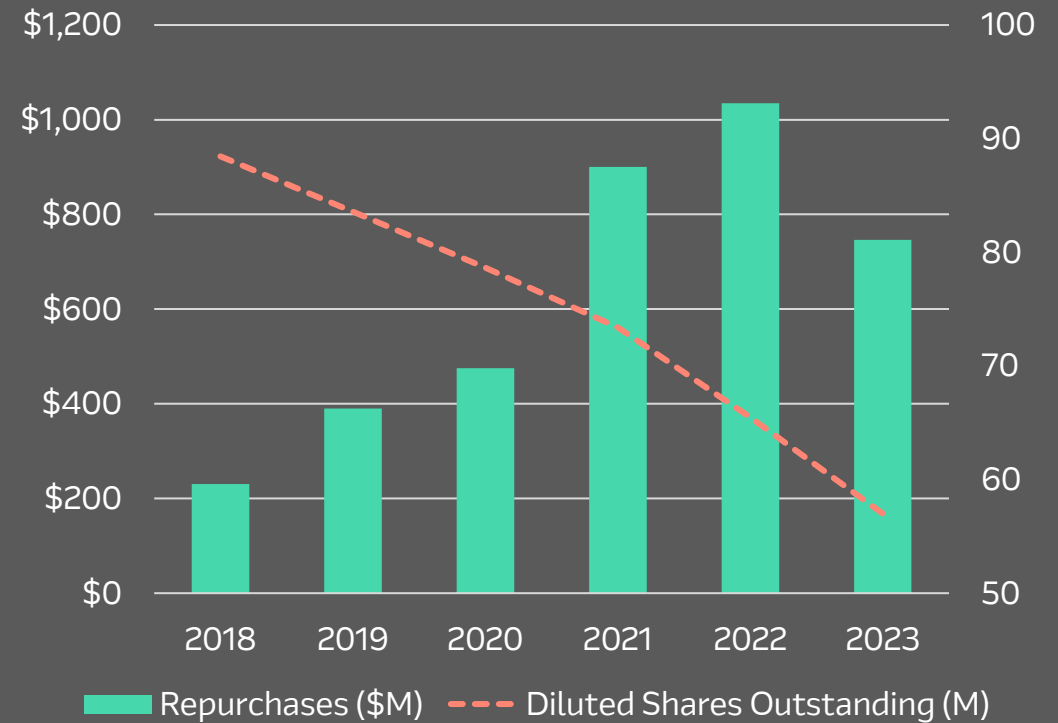
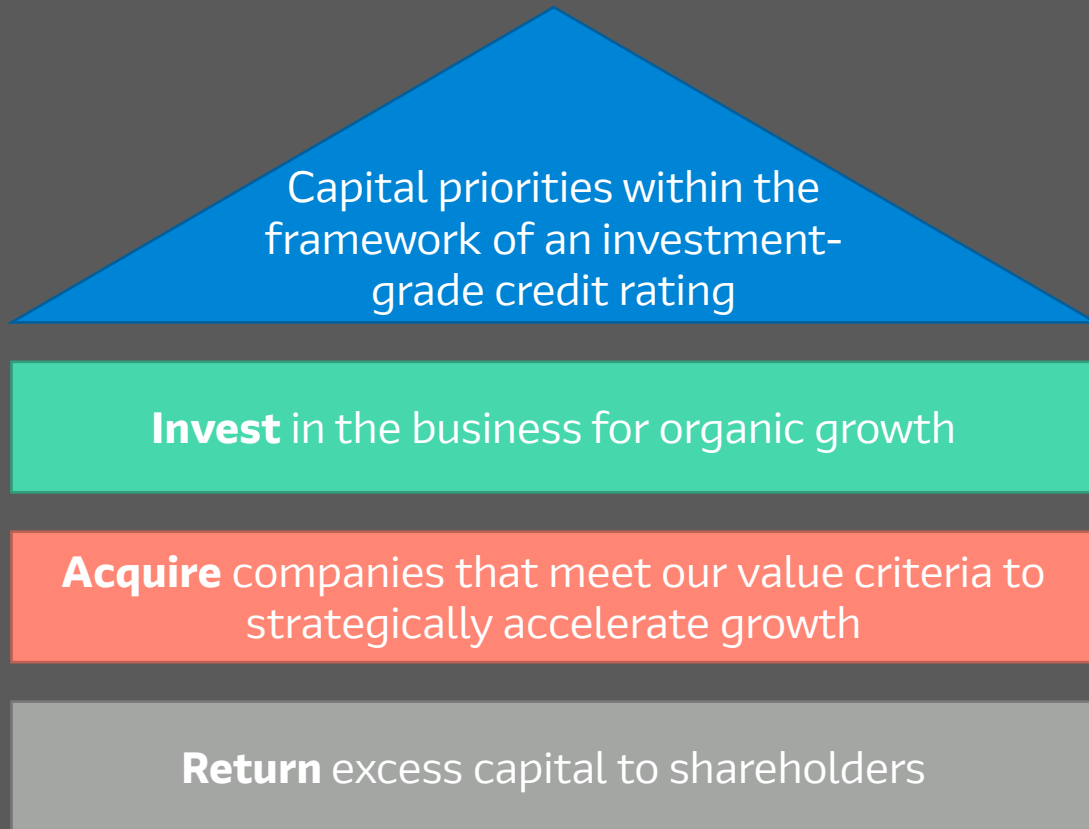
Return on Working Capital (Non-GAAP)¹



Return on Invested Capital (Non-GAAP)¹



Disciplined approach to capital allocation



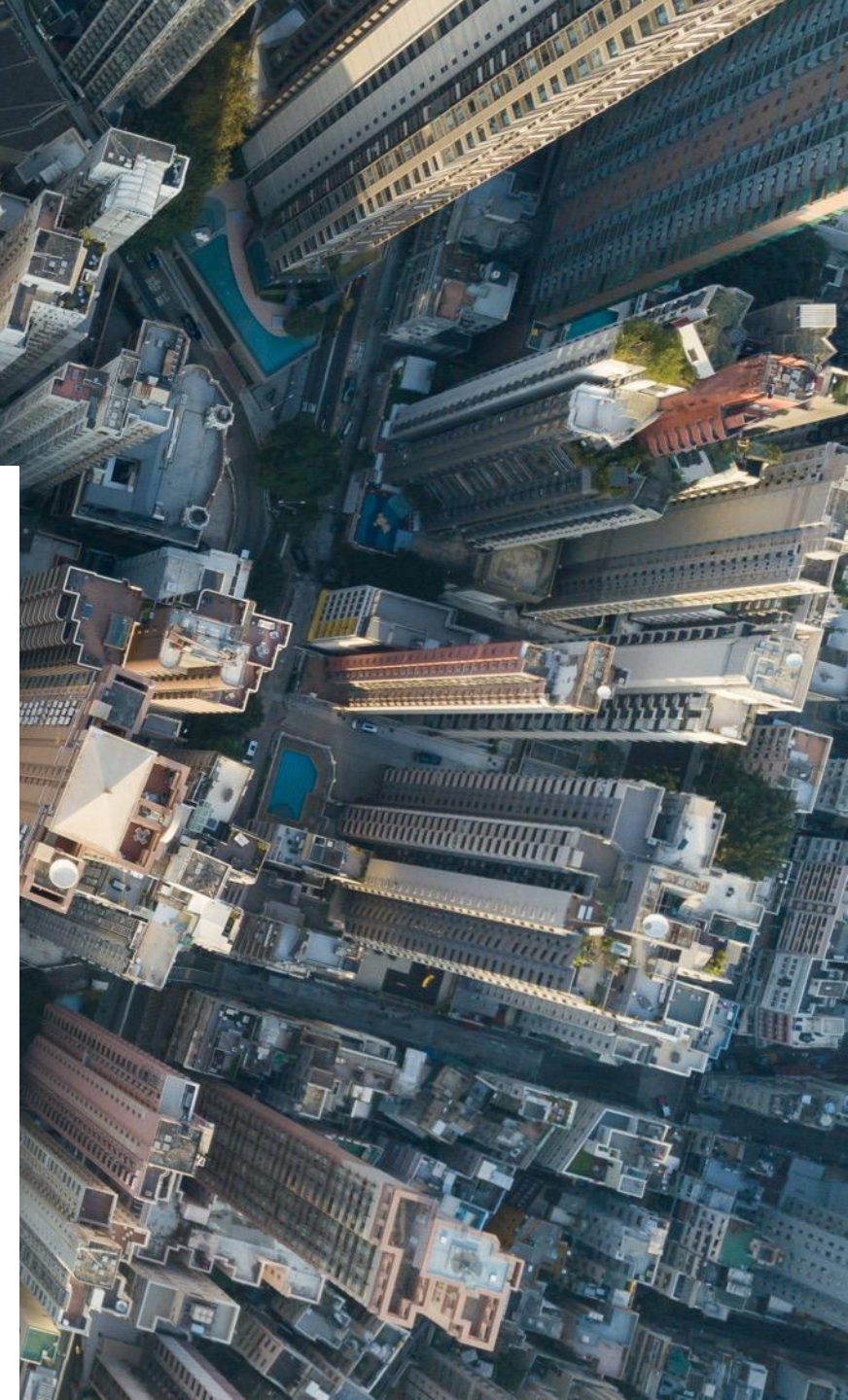
\$3.8B of cash returned to shareholders between 2018 and 2023 through repurchases



Thank You

For more information:

email: investor@arrow.com





Additional information and financial tables

Our network in numbers: Q3 2024

CONSOLIDATED SALES

\$6.8_B

▼ 15%

GLOBAL COMPONENTS SALES

\$4.9_B

▼ 21%

GLOBAL ENTERPRISE COMPUTING SOLUTIONS SALES

\$1.9_B

▲ 7%

GROSS PROFIT

\$0.8_B

▼ 20%

OPERATING INCOME

\$0.2_B

▼ 48%

NET INCOME

\$0.1_B

▼ 49%

DILUTED EARNINGS PER SHARE

\$1.88

▼ 47%

AMERICAS COMPONENTS SALES

\$1.6_B

▼ 12%

EMEA COMPONENTS SALES

\$1.3_B

▼ 35%

ASIA PACIFIC COMPONENTS SALES

\$2.0_B

▼ 15%

AMERICAS ENTERPRISE COMPUTING SOLUTIONS SALES

\$1.0_B

▲ 2%

EMEA ENTERPRISE COMPUTING SOLUTIONS SALES

\$0.8_B

▲ 13%

Q4 2024 guidance

Consolidated Sales	\$6.67 billion to \$7.27 billion
Global components	\$4.50 billion to \$4.90 billion
Global ECS	\$2.17 billion to \$2.37 billion
Diluted Earnings Per Share ⁽¹⁾	\$1.35 to \$1.55
Non-GAAP Diluted Earnings Per Share ⁽¹⁾	\$2.48 to \$2.68
Interest and other expense, net	\$60 million to \$65 million

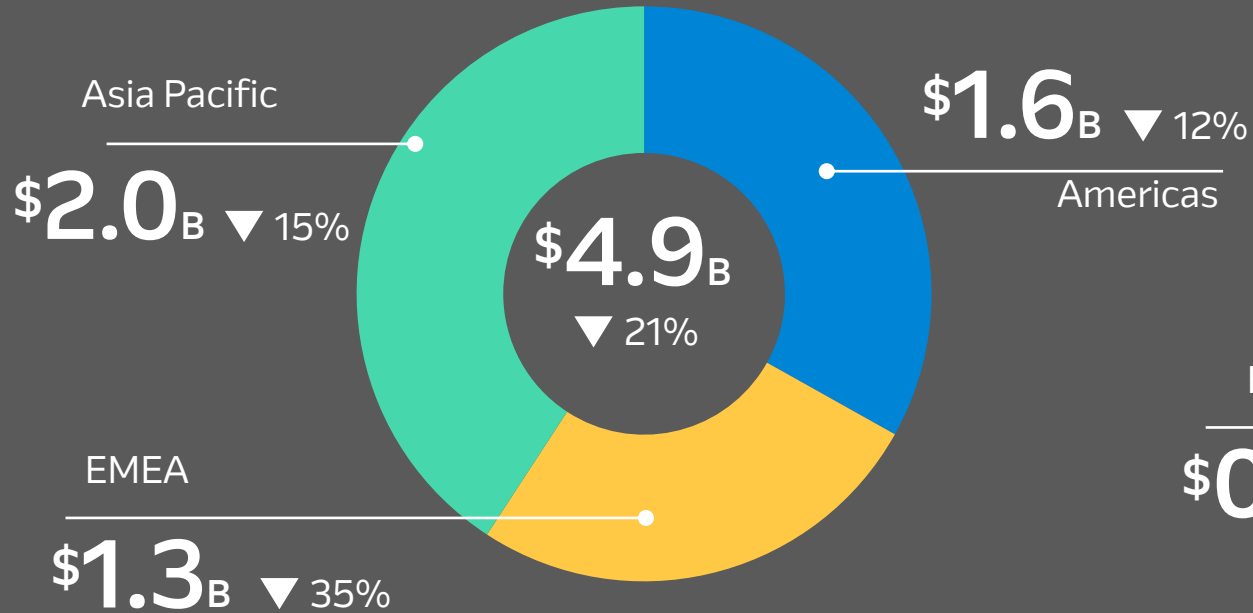
* Assumes an average tax rate in the range of 23% to 25%.

- We estimate changes in foreign currencies to increase sales by \$60 million and earnings per share on a diluted basis by \$0.02 compared to the fourth quarter of 2023.
- We estimate changes in foreign currencies to have no material impact on growth in sales or earnings per share on a diluted basis compared to the third quarter of 2024.

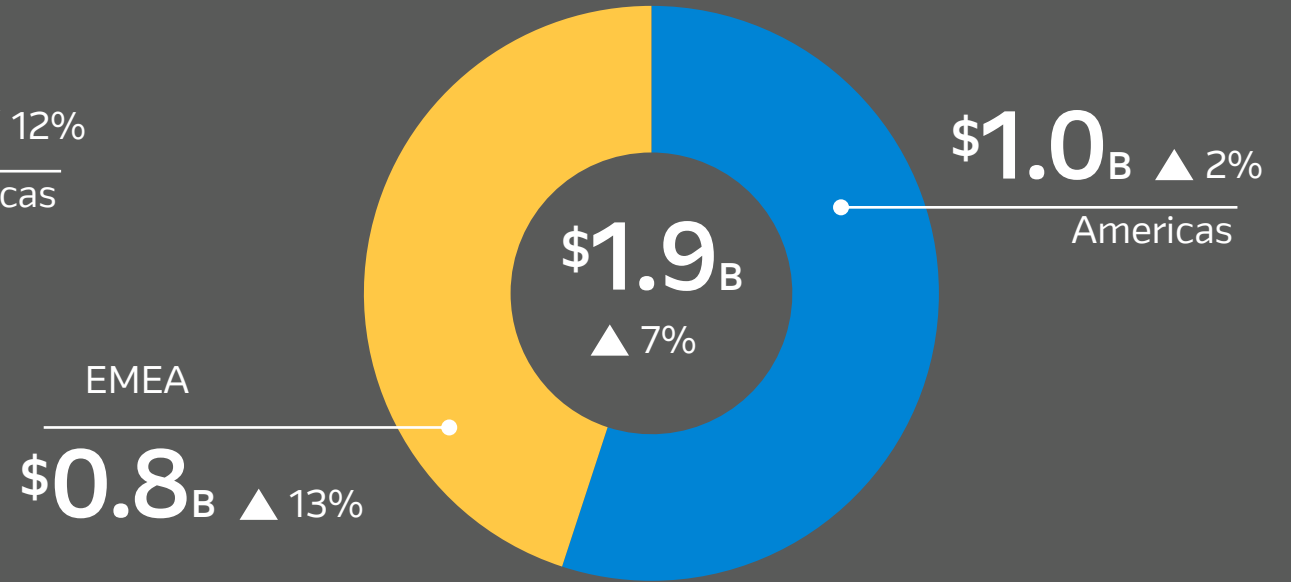


Q3 2024 revenue (\$6.8B consolidated)

Global Components



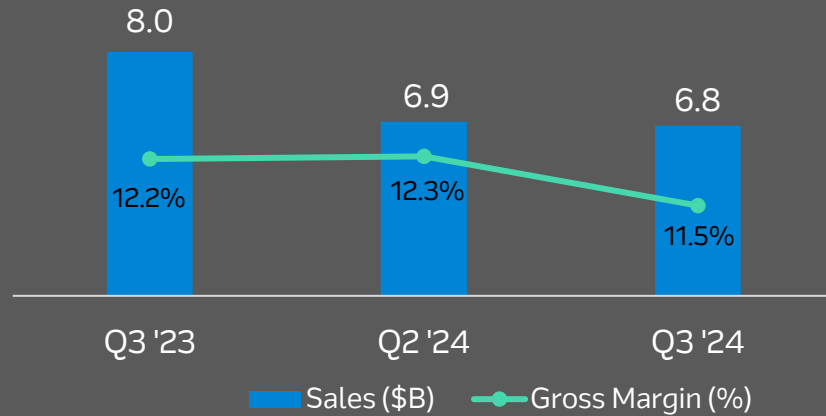
Enterprise Computing Solutions



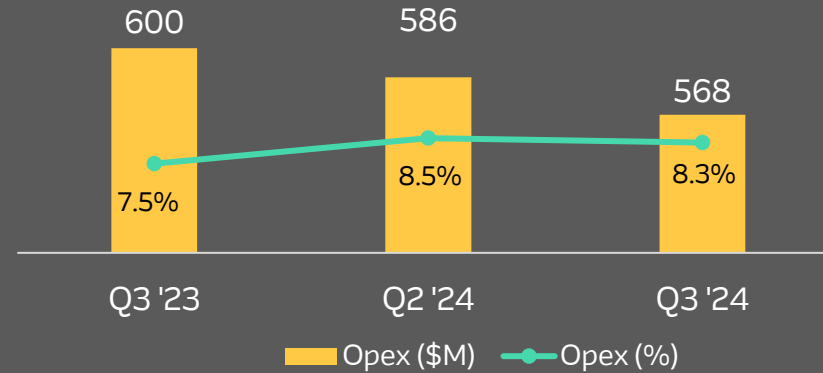
Revenue figures are GAAP and reflect year-on-year performance changes
Amounts may not calculate precisely due to rounding

Q3 2024 financial metrics

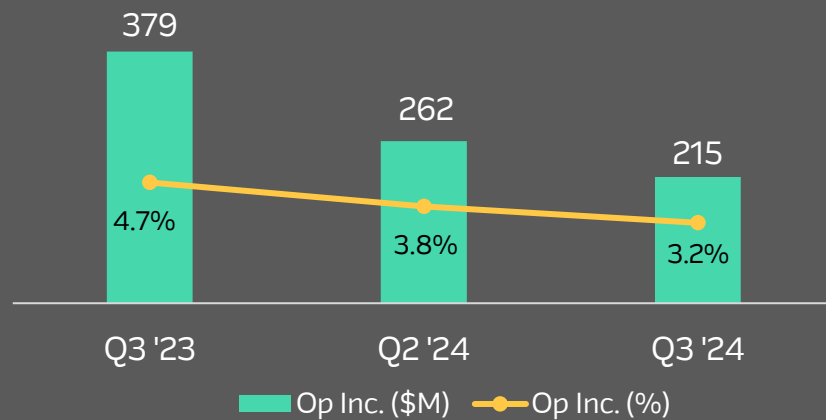
Sales & Non-GAAP Gross Margin¹



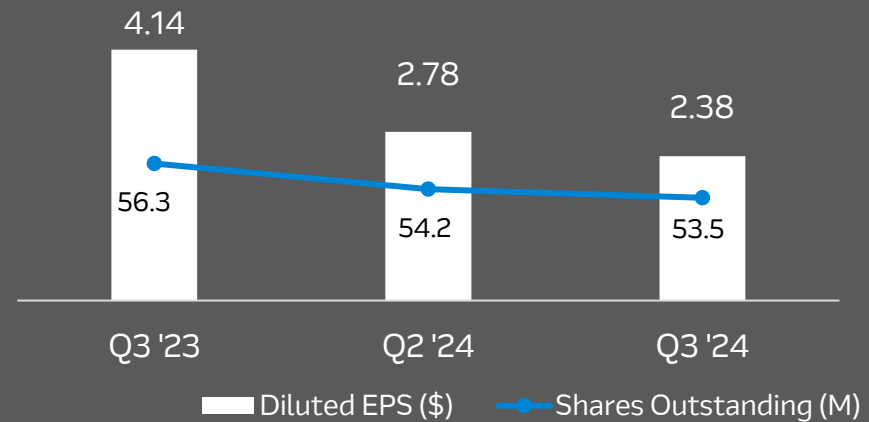
Non-GAAP Operating Expenses¹



Non-GAAP Operating Income¹



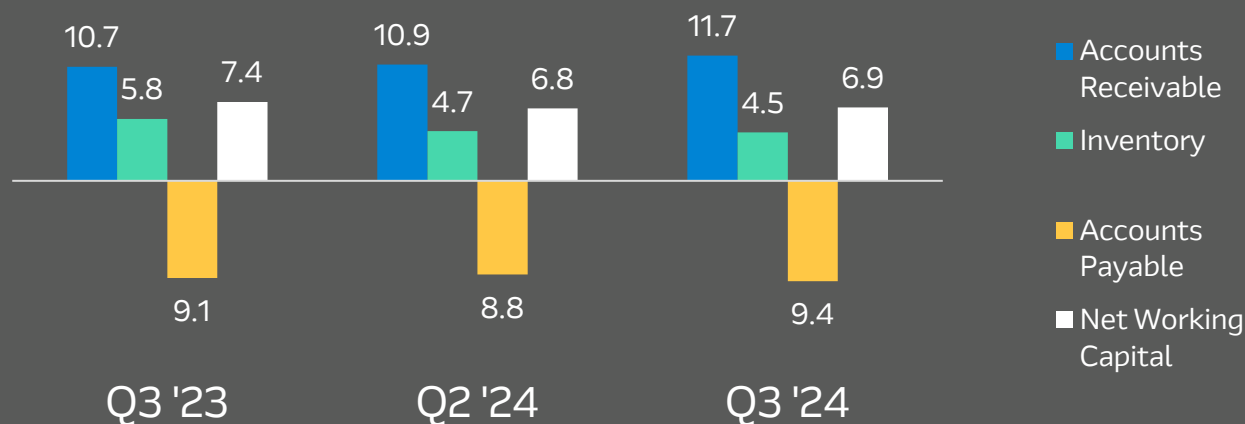
Non-GAAP Diluted EPS¹



Interest and other expense, net in Q3 '24 was \$63 million
 Non-GAAP Effective Tax Rate was 15.9%¹

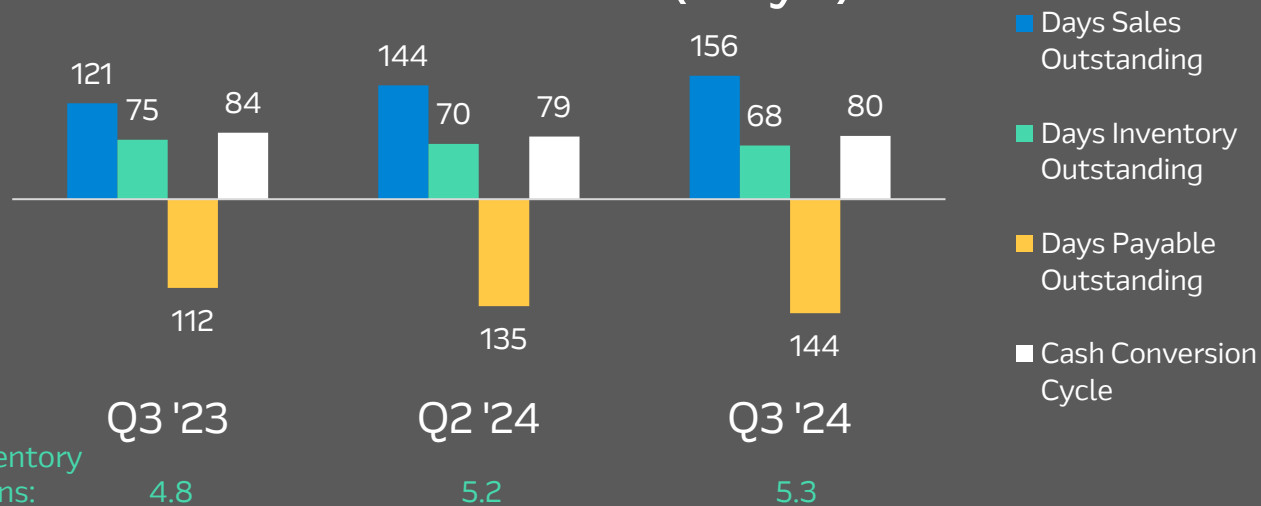
Working capital

Net Working Capital (\$B)



- **Non-GAAP Return on Working Capital (ROWC)¹** was 12.5% in the third quarter, down 810 basis points year on year. The decrease in ROWC related primarily to lower operating income in Global Components
- **Non-GAAP Return on Invested Capital (ROIC)¹** was 8.1% in the third quarter, down 450 basis points year on year. The decrease in ROIC related primarily to lower operating income in Global Components.

Cash Conversion (Days)



Inventory Turns:

Q3 2024 balance sheet and cash highlights



Operating Cashflow was \$81M in Q3



Net Debt was \$3.0B



Repurchased \$50M in shares



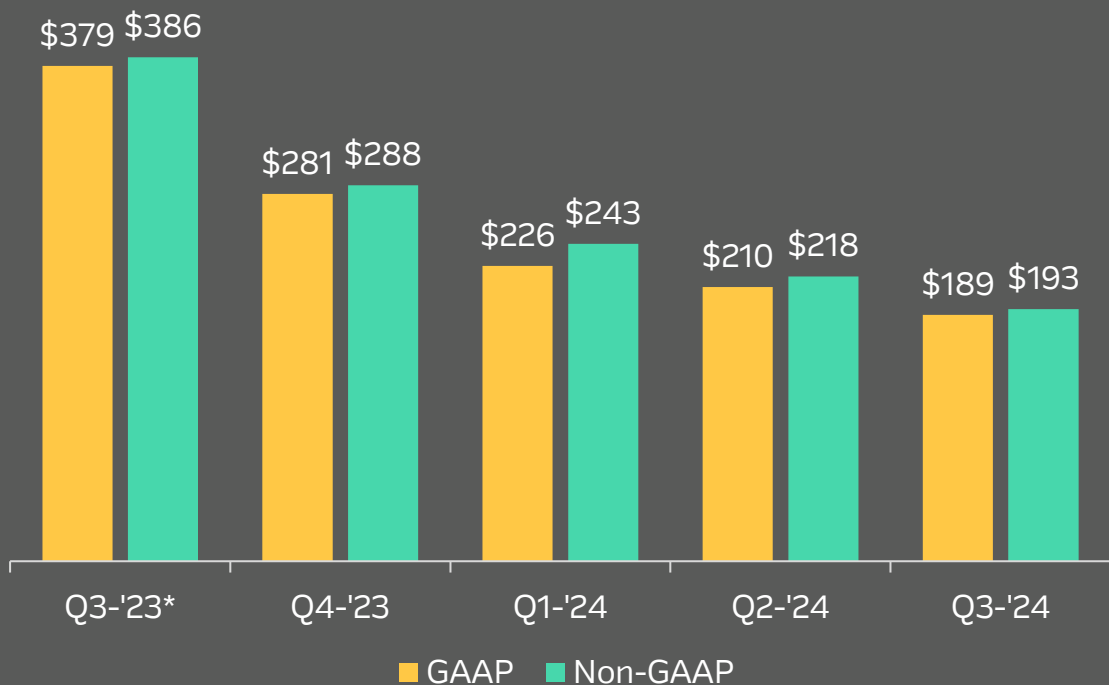
Revenue history

(\$ in millions, may reflect rounding)

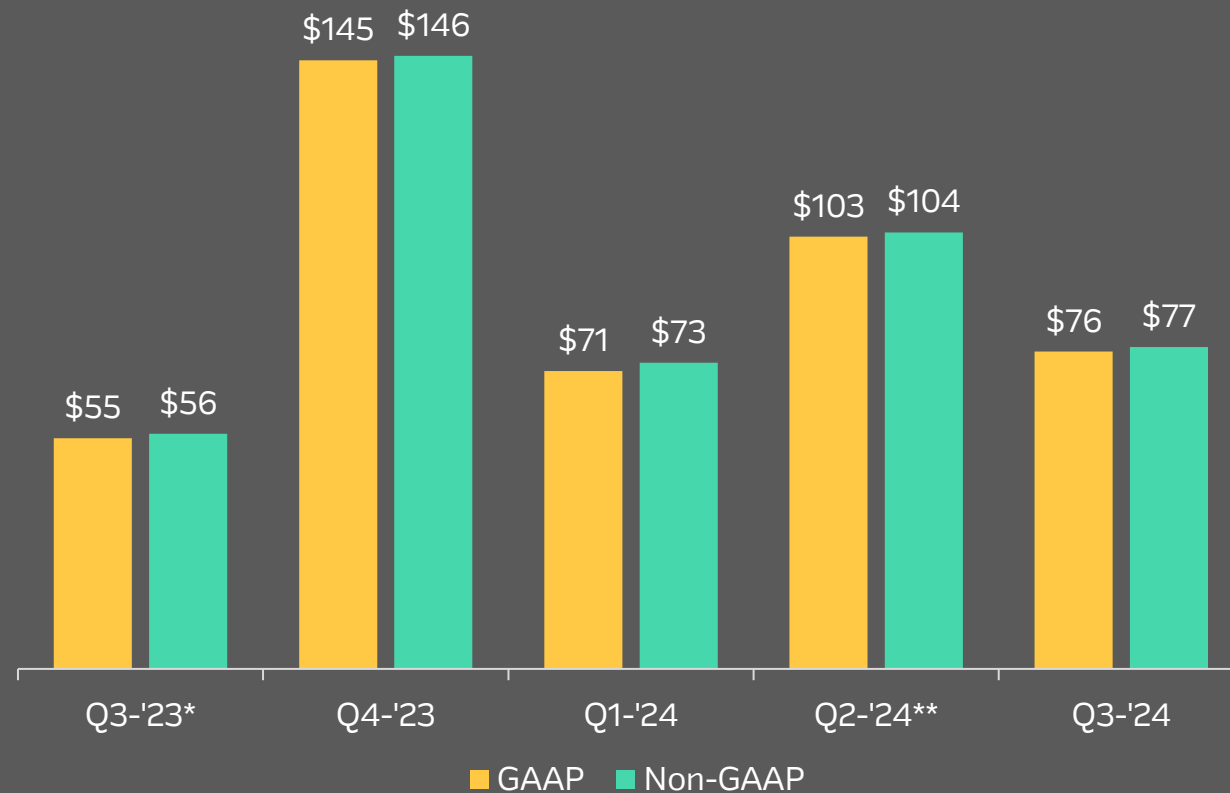
	Q3 '23	Q4'23	Q1'24	Q2'24	Q3'24	YoY change	QoQ change
Global Components Total	\$6,245	\$5,636	\$5,191	\$5,032	\$4,946	-21%	-2%
Americas	1,870	1,785	1,597	1,573	1,638	-12%	4%
Europe, Middle East & Africa	1,987	1,688	1,657	1,439	1,290	-35%	-10%
Asia Pacific	2,388	2,163	1,938	2,020	2,018	-15%	0%
Enterprise Computing Solutions Total	1,762	2,213	1,733	1,861	1,877	7%	1%
Europe, Middle East & Africa	746	1,067	825	897	844	13%	-6%
Americas	1,016	1,146	908	964	1,033	2%	7%
Arrow Electronics Total	\$8,007	\$7,849	\$6,924	\$6,893	\$6,823	-15%	-1%

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

** Q2-'24 ECS operating income included a \$20 million benefit for the collection of certain aged receivables related to one customer

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, gross profit, operating income (including by business segment), operating margin, operating expense, consolidated net income, noncontrolling interest, income before income taxes, 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, loss on extinguishment of debt, restructuring, integration, and other charges, net gains and losses on investments, impact of wind down to inventory, and the 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 2024 GAAP to non-GAAP outlook reconciliation

(\$ in billions, except per share data)

NON-GAAP SALES RECONCILIATION

	Quarter Ended			Quarter Ended		
	31-Dec-24	31-Dec-23	% Change	31-Dec-24	28-Sep-24	% Change
Global components sales, GAAP	\$ 4.50 - 4.90	\$ 5.64	(20%) - (13%)	\$ 4.50 - 4.90	\$ 4.95	(9%) - (1%)
Impact of changes in foreign currencies	—	0.04		—	—	
Global components sales, constant currency	\$ 4.50 - 4.90	\$ 5.68	(21%) - (14%)	\$ 4.50 - 4.90	\$ 4.95	(9%) - (1%)
Global ECS sales, GAAP	\$ 2.17 - 2.37	\$ 2.21	(2%) - 7%	\$ 2.17 - 2.37	\$ 1.88	15% - 26%
Impact of changes in foreign currencies	—	0.02		—	—	
Global ECS sales, constant currency	\$ 2.17 - 2.37	\$ 2.23	(3%) - 6%	\$ 2.17 - 2.37	\$ 1.88	15% - 26%

NON-GAAP EARNINGS RECONCILIATION

REPORTED GAAP MEASURE	NON-GAAP MEASURE	
	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CHARGES
Net income per diluted share	\$1.35 to \$1.55	\$2.48 to \$2.68

Quarterly GAAP to non-GAAP reconciliation

(\$ in thousands, except per share data)

Three months ended September 28, 2024

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges	Impact of Wind Down ⁽¹⁾	Other ⁽²⁾	Non-GAAP measure
Operating income	\$ 175,262	\$ 7,308	\$ 34,466	\$ (1,857)	\$ -	\$ 215,179
Income before income taxes	116,095	7,308	34,466	(1,857)	(3,757)	152,255
Provision for income taxes	15,198	1,819	8,592	(444)	(902)	24,263
Consolidated net income	100,897	5,489	25,874	(1,413)	(2,855)	127,992
Noncontrolling interests	330	136	-	-	-	466
Net income attributable to shareholders	\$ 100,567	\$ 5,353	\$ 25,874	\$ (1,413)	\$ (2,855)	\$ 127,526
Net income per diluted share ⁽⁴⁾	\$ 1.88	\$ 0.10	\$ 0.48	\$ (0.03)	\$ (0.05)	\$ 2.38
Effective tax rate ⁽⁵⁾	13.1%					15.9%

(1) Includes write downs (reversals) of inventory related to the wind down of a business.

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

(3) Other includes loss (gain) on investments, net and loss on extinguishment of debt.

Three months ended September 30, 2023

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges	Impact of Wind Down ⁽¹⁾	Other ⁽²⁾	Non-GAAP measure
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 ⁽⁴⁾	\$ 3.53	\$ 0.10	\$ 0.43	\$ -	\$ 0.08	\$ 4.14
Effective tax rate ⁽⁵⁾	20.7%					21.2%

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

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

Three months ended June 29, 2024

	Reported GAAP measure	Intangible Amortization Expense	Restructuring & Integration charges	Impact of Wind Down ⁽¹⁾	Other ⁽³⁾	Non-GAAP measure
Operating income	\$ 212,275	\$ 7,456	\$ 40,537	\$ 1,627	\$ -	\$ 261,895
Income before income taxes	139,386	7,456	40,537	1,627	6,272	195,278
Provision for income taxes	29,762	1,864	10,214	389	1,506	43,735
Consolidated net income	109,624	5,592	30,323	1,238	4,766	151,543
Noncontrolling interests	926	135	-	-	-	1,061
Net income attributable to shareholders	\$ 108,698	\$ 5,457	\$ 30,323	\$ 1,238	\$ 4,766	\$ 150,482
Net income per diluted share ⁽⁴⁾	\$ 2.01	\$ 0.10	\$ 0.56	\$ 0.02	\$ 0.09	\$ 2.78
Effective tax rate ⁽⁵⁾	21.4%					22.4%

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
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%

(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.

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
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%

(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
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
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
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.

Gross profit and operating expense reconciliation

(\$ in thousands)

	Quarter Ended				
	<u>9/30/2023</u>	<u>12/31/2023</u>	<u>3/30/2024</u>	<u>6/29/2024</u>	<u>9/28/2024</u>
Consolidated Gross Profit	\$ 979,597	\$ 989,550	\$ 857,826	\$ 846,444	\$ 784,828
Impact of wind down to inventory	-	-	10,459	1,627	(1,857)
Consolidated non-GAAP Gross Profit	<u>\$ 979,597</u>	<u>\$ 989,550</u>	<u>\$ 868,285</u>	<u>\$ 848,071</u>	<u>\$ 782,971</u>

	Quarter Ended				
	<u>9/30/2023</u>	<u>12/31/2023</u>	<u>3/30/2024</u>	<u>6/29/2024</u>	<u>9/28/2024</u>
Consolidated Operating Expense	\$ 639,514	\$ 672,871	\$ 671,909	\$ 634,169	\$ 609,566
Intangible Amortization Expense	(7,863)	(7,491)	(7,546)	(7,456)	(7,308)
Restructuring & Integration charges	<u>(31,359)</u>	<u>(39,664)</u>	<u>(46,856)</u>	<u>(40,537)</u>	<u>(34,466)</u>
Consolidated non-GAAP Operating Expense	<u>\$ 600,292</u>	<u>\$ 625,716</u>	<u>\$ 617,507</u>	<u>\$ 586,176</u>	<u>\$ 567,792</u>

Return on working capital reconciliation

(\$ in thousands)

	Quarter Ended	
	September 28, 2024	September 30, 2023
Numerator:		
Consolidated operating income, as reported	\$ 175,262	\$ 340,083
	x4	x4
Annualized consolidated operating income	\$ 701,048	\$ 1,360,332
Non-GAAP consolidated operating income	\$ 215,179	\$ 379,305
	x4	x4
Annualized non-GAAP consolidated operating income	\$ 860,716	\$ 1,517,220
Denominator:		
Accounts receivable, net	\$ 11,726,601	\$ 10,663,164
Inventories	4,529,655	5,805,520
Less: Accounts payable	9,392,389	9,090,554
Working capital	\$ 6,863,867	\$ 7,378,130
Return on working capital	10.2%	18.4%
Return on working capital (Non-GAAP)	12.5%	20.6%

Return on invested capital reconciliation

(\$ in thousands)

	Quarter Ended	
	September 28, 2024	September 30, 2023
Numerator:		
Consolidated operating income, as reported	\$ 175,262	\$ 340,083
Equity in earnings of affiliated companies ⁽¹⁾	1,002	1,392
Less: Noncontrolling interests ⁽¹⁾	330	1,382
Consolidated operating income, as adjusted	175,934	340,093
Less: Tax effect ⁽²⁾	23,080	70,704
After-tax consolidated operating income, as adjusted	152,854	269,389
	x4	x4
Annualized after-tax consolidated operating income, as adjusted	\$ 611,416	\$ 1,077,556
Non-GAAP consolidated operating income	\$ 215,179	\$ 379,305
Equity in earnings of affiliated companies ⁽¹⁾	1,002	1,392
Less: Noncontrolling interests ⁽¹⁾	466	1,520
Non-GAAP consolidated operating income, as adjusted	215,715	379,177
Less: Tax effect ⁽³⁾	34,427	80,600
After-tax non-GAAP consolidated operating income, as adjusted	181,288	298,577
	x4	x4
Annualized after-tax non-GAAP operating income, as adjusted	\$ 725,152	\$ 1,194,308
Denominator:		
Average short-term borrowings, including current portion of long-term debt ⁽⁴⁾	\$ 885,182	1,038,415
Average long-term debt ⁽⁴⁾	2,421,277	3,143,915
Average total equity ⁽⁴⁾	5,925,063	5,603,974
Average cash and cash equivalents ⁽⁴⁾	230,505	286,838
Invested capital	\$ 9,001,017	\$ 9,499,466
Return on invested capital	6.8%	11.3%
Return on invested capital (Non-GAAP)	8.1%	12.6%

(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 28, 2024 and September 30, 2023 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 28, 2024 and September 30 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.

Annual ROWC and ROIC reconciliation

(\$ in thousands)

Numerator:

	2023	2022	2021	2020	2019
Consolidated operating income, as reported	\$ 1,471,164	\$ 2,068,494	\$ 1,556,822	\$ 894,511	\$ 107,696
Equity in earnings of affiliated companies ⁽¹⁾	6,407	7,664	3,508	(531)	(2,765)
Less: Noncontrolling interests ⁽¹⁾	5,858	8,274	2,271	2,026	3,919
Consolidated operating income, as adjusted	\$ 1,471,713	\$ 2,067,884	\$ 1,558,059	\$ 891,954	\$ 101,012
Less: Tax effect ⁽²⁾	323,586	494,690	354,044	203,511	(82,903)
After-tax consolidated operating income, as adjusted	\$ 1,148,127	\$ 1,573,194	\$ 1,204,015	\$ 688,443	\$ 183,915

Non-GAAP consolidated operating income

Equity in earnings of affiliated companies ⁽¹⁾	6,407	7,664	3,508	(531)	(2,765)
Less: Noncontrolling interests ⁽¹⁾	6,397	8,799	2,271	2,026	3,919
Non-GAAP consolidated operating income, as adjusted	\$ 1,586,322	\$ 2,115,792	\$ 1,610,382	\$ 934,358	\$ 1,050,101
Less: Tax Effect ⁽³⁾	350,378	506,497	366,746	214,779	256,112
After-Tax non-GAAP consolidated operating income, as adjusted	\$ 1,235,954	\$ 1,609,295	\$ 1,243,636	\$ 719,579	\$ 793,989

Denominator:

Average short-term borrowings, including current portion of long-term debt ⁽⁴⁾	\$ 892,986	\$ 504,094	\$ 322,696	\$ 255,538	\$ 270,475
Average long-term debt ⁽⁴⁾	3,068,681	2,852,348	2,034,077	2,231,394	3,110,940
Average total equity ⁽⁴⁾	5,659,361	5,416,410	5,233,267	4,850,535	5,062,226
Less: Average cash and cash equivalents ⁽⁴⁾	234,840	240,296	256,702	261,513	338,714
Invested Capital	\$ 9,386,188	\$ 8,532,556	\$ 7,333,338	\$ 7,075,954	\$ 8,104,927

Return on invested capital	12.23%	18.44%	16.42%	9.73%	2.27%
Return on invested capital (non-GAAP)	13.17%	18.86%	16.96%	10.17%	9.80%

(\$ in thousands)

Numerator:

Consolidated operating income, as reported	\$ 1,471,164	\$ 2,068,494	\$ 1,556,822	\$ 894,511	\$ 107,696
Non-GAAP consolidated operating income	\$ 1,586,322	\$ 2,116,927	\$ 1,609,145	\$ 936,915	\$ 1,056,785
Denominator:					
Accounts receivable, net ⁽⁵⁾	\$ 11,377,422	\$ 11,227,736	\$ 9,401,688	\$ 8,283,552	\$ 8,229,824
Inventories ⁽⁵⁾	5,458,019	4,827,278	3,647,146	3,351,088	3,638,159
Less: Accounts payable ⁽⁵⁾	9,515,699	9,578,175	8,046,357	7,092,575	6,627,807
Working Capital	\$ 7,319,742	\$ 6,476,839	\$ 5,002,477	\$ 4,542,065	\$ 5,240,176

Return on working capital	20.10%	31.94%	31.12%	19.69%	2.06%
Return on working capital (non-GAAP)	21.67%	32.68%	32.17%	20.63%	20.17%

(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 the years ended 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 years ended 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 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.

(5) This amount is an average balance based on the addition of the account balance at the end of the five most recently-ended quarters and dividing by five.

Non-GAAP segment reconciliation

(\$ in thousands)

	Quarter Ended				
	<u>9/30/2023</u>	<u>12/31/2023</u>	<u>3/30/2024</u>	<u>6/29/2024</u>	<u>9/28/2024</u>
Global components operating income, as reported	\$ 379,053	\$ 281,260	\$ 225,562	\$ 210,201	\$ 188,600
Intangible assets amortization expense	6,640	6,436	6,488	6,399	6,247
Impact of wind down to inventory	<u>-</u>	<u>-</u>	<u>10,459</u>	<u>1,627</u>	<u>(1,857)</u>
Global components non-GAAP operating income	<u>\$ 385,693</u>	<u>\$ 287,696</u>	<u>\$ 242,509</u>	<u>\$ 218,227</u>	<u>\$ 192,990</u>
Global ECS operating income, as reported	\$ 54,624	\$ 145,053	\$ 71,459	\$ 102,581	\$ 75,614
Intangible assets amortization expense	<u>1,223</u>	<u>1,055</u>	<u>1,058</u>	<u>1,057</u>	<u>1,061</u>
Global ECS non-GAAP operating income	<u>\$ 55,847</u>	<u>\$ 146,108</u>	<u>\$ 72,517</u>	<u>\$ 103,638</u>	<u>\$ 76,675</u>