

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended July 1, 2023

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-4224

**Avnet, Inc.**

(Exact name of registrant as specified in its charter)

New York  
(State or other jurisdiction of incorporation or organization)

11-1890605  
(I.R.S. Employer Identification No.)

2211 South 47th Street,  
Phoenix, Arizona  
(Address of principal executive offices)

85034  
(Zip Code)

Registrant's telephone number, including area code (480) 643-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which registered:
Common stock, par value \$1.00 per share	AVT	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller Reporting Company  Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements

Indicate by check mark whether any of those error corrections are restatements that require a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to Section 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value (approximate) of the registrant's common equity held by non-affiliates based on the closing price of a share of the registrant's common stock for Nasdaq Global Select Market composite transactions on December 30, 2022 (the last business day of the registrant's most recently completed second fiscal quarter) was \$3,746,669,975.

As of August 11, 2023, the total number of shares outstanding of the registrant's Common Stock was 91,491,188 shares, net of treasury shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement (to be filed pursuant to Reg. 14A) relating to the Annual Meeting of Shareholders anticipated to be held on November 16, 2023, are incorporated herein by reference in Part III of this Report.

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## PART I

### Item 1. Business

Avnet, Inc. and its consolidated subsidiaries (collectively, the “Company” or “Avnet”), is a leading global electronic component technology distributor and solutions provider that has served customers’ evolving needs for more than a century. Founded in 1921, the Company works with suppliers in every major technology segment to serve customers in more than 140 countries.

Avnet serves a wide range of customers: from startups and mid-sized businesses to enterprise-level original equipment manufacturers (“OEMs”), electronic manufacturing services (“EMS”) providers, and original design manufacturers (“ODMs”).

#### Organizational Structure

Avnet has two primary operating groups — Electronic Components (“EC”) and Farnell (“Farnell”). Both operating groups have operations in each of the three major economic regions of the world: (i) the Americas, (ii) Europe, Middle East, and Africa (“EMEA”) and (iii) Asia/Pacific (“Asia”). Each operating group has its own management team, who manage various functions within each operating group. Each operating group also has distinct financial reporting to the executive level, which informs operating decisions, strategic planning and resource allocation for the Company as a whole. Regional divisions (“business units”) within each operating group serve primarily as sales and marketing units to streamline sales efforts and enhance each operating group’s ability to work with its customers and suppliers, generally along more specific geographies or product lines. However, each business unit relies heavily on support services from the operating groups, as well as centralized support at the corporate level.

A description of each operating group is presented below. Further financial information by operating group is provided in Note 16 “Segment information” to the consolidated financial statements appearing in Item 8 of this Annual Report on Form 10-K.

#### Electronic Components

Avnet’s EC operating group primarily supports high and medium-volume customers. It markets, sells, and distributes electronic components from the world’s leading electronic component manufacturers, including semiconductors, IP&E components (interconnect, passive and electromechanical components), and other integrated and embedded components.

EC serves a variety of markets ranging from industrial to automotive to defense and aerospace. It offers an array of customer support options throughout the entire product lifecycle, including both turnkey and customized design, supply chain, new product introduction, programming, logistics and post-sales services.

Within the EC operating group for 2023, net sales of approximately 85% consist of semiconductor products, approximately 13% consist of interconnect, passive, and electromechanical components, and approximately 2% consist of computers.

### *Design Chain Solutions*

EC offers design chain support that provides engineers with a host of technical design solutions, which helps EC support a broad range of customers seeking complex products and technologies. With access to a suite of design tools and engineering support, customers can get product specifications along with evaluation kits and reference designs that enable a broad range of applications from any point in the design cycle. EC also offers engineering and technical resources deployed globally to support product design, bill of materials development, and technical education and training. By utilizing EC's design chain support, customers can optimize their component selection and accelerate their time to market. EC's extensive product line card provides customers access to a diverse range of products from a complete spectrum of electronic component manufacturers.

### *Supply Chain Solutions*

EC's supply chain solutions provide support and logistics services to OEMs, EMS providers, and electronic component manufacturers, enabling them to optimize supply chains on a local, regional or global basis. EC's internal competencies in global warehousing and logistics, information technology, and asset management, combined with its global footprint and extensive supplier relationships, allows EC to develop supply chain solutions that provide for a deeper level of engagement with its customers. These customers can manage their supply chains to meet the demands of a competitive global environment without a commensurate investment in physical assets, systems, and personnel. With supply chain planning tools and a variety of inventory management solutions, EC provides solutions that meet a customer's requirements and minimize supply chain risk in a variety of scenarios.

### *Embedded and Integrated Solutions*

EC provides embedded solutions including technical design, integration and assembly of embedded products, systems, and solutions primarily for industrial applications. EC also provides embedded display solutions, including touch and passive displays. In addition, EC develops and produces standard board and industrial subsystems and application-specific devices that enable it to produce specialized systems tailored to specific customer requirements. EC serves OEMs that require embedded systems and solutions, including engineering, product prototyping, integration, and other value-added services in the medical, telecommunications, industrial, and digital editing markets.

EC also provides integrated solutions and services for software companies that bring their intellectual property to market via hardware solutions, including custom-built servers.

### **Farnell**

Avnet's Farnell operating group primarily supports lower-volume customers that need electronic components quickly to develop, prototype, and test their products. It distributes a comprehensive portfolio of kits, tools, electronic components, industrial automation components, and test and measurement products to both engineers and entrepreneurs, primarily through an e-commerce channel. Farnell brings the latest products, services, and development trends all together in element14, an industry-leading online community where engineers collaborate to solve one another's design challenges.

Within the Farnell operating group for 2023, net sales of approximately 21% consist of semiconductor products, approximately 48% consist of interconnect, passive, and electromechanical components, approximately 6% consist of computers, and approximately 25% consist of other products and services including test and measurement and maintenance, repair and operations products.

### Major Products

One of Avnet's competitive strengths is the breadth and quality of the suppliers whose products it distributes. Products from one single supplier was approximately 10% of consolidated sales during fiscal 2023, and no single supplier exceeded 10% of consolidated sales during fiscal years 2022, and 2021. Listed in the table below are the major product categories and the Company's approximate sales of each during the past three fiscal years. "Other" consists primarily of test and measurement and maintenance, repair and operations (MRO) products.

	Years Ended		
	July 1, 2023	July 2, 2022	July 3, 2021
		(Millions)	
Semiconductors	\$ 21,366.5	\$ 18,380.2	\$ 14,722.8
Interconnect, passive & electromechanical (IP&E)	4,150.6	4,639.1	3,649.0
Computers	520.8	663.2	640.6
Other	499.0	628.2	522.3
Sales	<u>\$ 26,536.9</u>	<u>\$ 24,310.7</u>	<u>\$ 19,534.7</u>

### Competition & Markets

The electronic components industry is highly competitive. The Company's major competitors include: Arrow Electronics, Inc., Future Electronics, World Peace Group, and WT Microelectronics for EC; Mouser Electronics, Digi-Key Electronics and RS Components for Farnell. There are also certain smaller, specialized competitors who generally focus on particular sectors or on narrower geographic locations, markets, or products. As a result of these factors, Avnet's pricing and product availability must remain competitive.

A key competitive factor in the electronic component distribution industry is the need to carry a sufficient amount and selection of inventory to meet customers' demand and rapid delivery requirements. To minimize its exposure related to inventory on hand, the Company purchases a majority of its products pursuant to franchised distribution agreements, which typically provide certain protections for product obsolescence and price erosion. These agreements are generally cancelable upon 30 to 180 days' notice and, in most cases, provide for or require inventory return privileges upon cancellation. In addition, the Company enhances its competitive position by offering a variety of value-added services, which are tailored to individual customer specifications and business needs, such as point of use replenishment, testing, assembly, programming, supply chain management, and materials management.

A competitive advantage is the breadth of the Company's supplier product line card. Because of the number of Avnet's suppliers, many customers can simplify their procurement process and make all of their required purchases from Avnet, rather than purchasing from several different parties.

### Seasonality

Historically, Avnet's business has not been materially impacted by seasonality, with the exception of an impact on consolidated results from shifts in geographic sales trends from Asia in the first half of a fiscal year to the Americas and EMEA regions in the second half of a fiscal year, which impact gross profit and operating income margins as a result of

such seasonal geographic sales mix changes.

## **Human Capital**

The Company values its employees, and recognizes their significant contributions to the success of the Company. The Company invests in its global workforce to drive diversity and inclusion; provide fair and market-competitive pay and benefits; foster employee development for future opportunities within the company; promote employees health and safety; and obtain employees' feedback to better understand employees' experiences and identify opportunities to improve. Its core values of integrity, customer focus, ownership, teamwork and inclusiveness establish the foundation on which its culture is built and are key expectations of its employees. The Company believes that its culture and commitment to its employees are vital in its ability to attract, motivate and retain exceptional talent.

Additional information regarding the Company's Human Capital programs, initiatives, and metrics can be found on its website as well as in its Sustainability Reports accessible on its website. The Sustainability Reports and other information contained on the Company's website are neither part of nor incorporated by reference into this Annual Report.

### *Number of Employees*

As of July 1, 2023, the Company's global workforce totaled approximately 15,800 employees across 48 countries. Broken down by geographic region, approximately 4,700 employees are in the Americas, 6,800 employees are in EMEA, and 4,300 employees are in Asia.

### *Diversity, Equity and Inclusion ("DEI")*

The Company's DEI vision is (i) an employee population that reflects the diverse communities in which they live, work, and do business, and (ii) an organizational culture which seeks out varying perspectives that allow the best ideas to come to light. The Company is committed to ensuring equal employment opportunities for all applicants and employees regardless of race, gender, national origin, or other protected characteristic, with employment decisions and people practices based on merit and the needs of the Company's business. To oversee inclusion efforts, the Company created the Global DEI Council, a global cross-functioning team of leaders who represent various business units and corporate functions. The council meets regularly and engages with colleagues across the Company to connect DEI initiatives to the Company's broader business strategy.

The Company's Equal Opportunity, Diversity and Inclusion Policy actively promotes DEI in the Company's talent management practices. The Company's commitment to diversity is evidenced by the makeup of its Board of Directors, which as of July 1, 2023, was 30% women and 50% racially and ethnically diverse (including Middle Eastern origin). In addition, for fiscal years 2021 through 2023, executive's annual incentive compensation included ESG non-financial performance goals.

The Company's employee-led Employee Resource Groups (ERGs) are open to all employees and provide a forum for employees to communicate and exchange ideas, build a network of relationships across the Company, and support each other in personal and career development. The Company's eight ERGs support the following communities: women, Asian and Pacific Islanders, Blacks, Hispanic and Latinos, U.S. veterans, LGBTQ+, later career employees; and environmental and sustainability causes. In partnership with the ERGs, the Company conducts listen-and-learn sessions on a variety of DEI topics, which promote meaningful discussions and allow employees to better understand and support each other. These group conversations are open to the entire Company, and are regularly attended by senior leaders, including the CEO. During fiscal 2023, sessions were conducted covering Black History Month, Women and Bias,

Gender Inclusivity, Environment Sustainability and LGBTQ+ topics. DEI education topics are regularly presented at company-wide quarterly town hall, team, and leadership meetings, and through internal webinars and podcasts open to all employees. Additionally, the Company maintains an official culture and diversity calendar and publishes articles on its intranet to celebrate events and holidays around the world. Since 2020, Juneteenth, which commemorates the official end of slavery in the United States and the emancipation of Black slaves, has been an official company-paid holiday for employees in the United States, a year before the federal government recognized it officially.

#### *Pay Equity, Benefits and Wellness*

The Company strives to pay all its employees fairly, without regard to gender, race, or other personal characteristics, and competitively to attract, retain and incentivize talent. The Company sets pay ranges based on market data and considers factors, such as an employee's role, experience, tenure, job location, and job performance. The Company periodically reviews its compensation practices, both in terms of its overall workforce and individual employees, to help ensure that pay remains fair and equitable.

The Company offers a wide array of benefits that support employees' physical, financial, and emotional well-being. Through its THRIVE program, the Company offers resources and benefits to support overall health and well-being covering (1) physical and mental health, fitness, and well-being; (2) professional growth, skills, and development; (3) total rewards, retirement planning and money management; and (4) community connections, networks, and social interests. The health and well-being benefits are managed within the Total Rewards Center of Excellence in the Human Resources organization ("HR"). The global HR leadership team meets regularly to assist in reviewing benefit offerings and aligning global programs to remain market competitive and meet the needs of employees.

#### *Development and Training*

The Company provides development opportunities and career development training to empower employees to reach their career potential. The performance management process provides ongoing performance, goals, and development discussions between employees and their leaders. The Company's learning and development resources include mentoring programs and LinkedIn Learning and Business Book Summaries, which cover a variety of technical, business, interpersonal, and leadership topics. Lead2Achieve and InsideOut Coaching are available for leaders to develop skills in effective goal setting, coaching, feedback, and development. In Canada, United States and Mexico, the Company provides education financial assistance for employees who pursue undergraduate or graduate education to further their career development. Talent and succession planning activities are conducted for the Company's executive officers at least annually and periodically for other senior leaders.

#### *Health and Safety*

The Company strives to create workspaces and practices that foster a safe and secure work environment. The Company's Global Director of Environment, Health, and Safety ("Director") helps to define and execute a compliance strategy across all regions, business units, and subsidiaries. In fiscal 2023, the Director began implementing a multi-year plan to improve alignment and consistency of management systems, policies, and procedures; provide comprehensive health and safety training to employees relevant to their specific work functions; drive continual improvement processes with a focus on identified risks; and increase ISO certifications at operational sites. During fiscal 2023, the Company also launched a Global Environment, Health, and Safety site on its intranet, where articles and other health and safety information are posted.

As of July 1, 2023, the Company has 10 operational sites that are certified to ISO 45001, an increase from 8 in the prior fiscal year, and 18 that are certified to ISO 14001. In the past four years, the Company had less than 75 total injuries that required medical treatment and reported no fatalities at Avnet global facilities in accordance to the OSHA/local industrial injuring reporting requirements.

#### *Employee Engagement*

The Company engages with its employees and encourages open and direct feedback through employee engagement surveys. Through such surveys, the Company regularly collects feedback to better understand its employees' experiences and identify opportunities to improve the work environment, increase employee satisfaction, and strengthen its culture. In fiscal 2023, the Company conducted its regular global employee engagement survey and achieved a participation rate of 71.4%, an increase over fiscal 2022.

#### **Available Information**

The Company files its annual report on Form 10-K, quarterly reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and other documents (including registration statements) with the U.S. Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 or the Securities Act of 1933, as applicable. The Company's SEC filings are available to the public on the SEC's website at <http://www.sec.gov> and through The Nasdaq Global Select Market ("Nasdaq"), 165 Broadway, New York, New York 10006, on which the Company's common stock is listed.

A copy of any of the Company's filings with the SEC, or any of the agreements or other documents that constitute exhibits to those filings, can be obtained by request directed to the Company at the following address and telephone number:

Avnet, Inc.  
2211 South 47<sup>th</sup> Street  
Phoenix, Arizona 85034  
(480) 643-2000  
Attention: Corporate Secretary

The Company also makes these filings available, free of charge, through its website (see "Avnet Website" below).

#### **Avnet Website**

In addition to the information about the Company contained in this Report, extensive information about the Company can be found at <http://www.avnet.com>, including information about its management team, products and services, and corporate governance practices.

The corporate governance information on the Company's website includes the Company's Corporate Governance Guidelines, the Code of Conduct and the charters for each of the committees of its Board of Directors. In addition, amendments to these documents and waivers granted to directors and executive officers under the Code of Conduct, if any, will be posted in this area of the website. These documents can be accessed at [ir.avnet.com/documents-charters](http://ir.avnet.com/documents-charters). Printed versions can be obtained, free of charge, by writing to the Company at the address listed above in "Available Information."

In addition, the Company's filings with the SEC, as well as Section 16 filings made by any of the Company's executive officers or directors with respect to the Company's common stock, are available on the Company's website ([ir.avnet.com/financial-information/sec-filings](http://ir.avnet.com/financial-information/sec-filings)) as soon as reasonably practicable after the filing is electronically filed with, or furnished to, the SEC.

These details about the Company's website and its content are only for information. The contents of the Company's website are not, nor shall they be deemed to be, incorporated by reference in this Report.

## **Item 1A. Risk Factors**

### **Forward-Looking Statements and Risk Factors**

This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with respect to the financial condition, results of operations, and business of Avnet. These statements are generally identified by words like "believes," "plans," "projects," "expects," "anticipates," "should," "will," "may," "estimates," or similar expressions. Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, and actual results and other outcomes could differ materially from those expressed or implied in the forward-looking statements. Any forward-looking statement speaks only as of the date on which that statement is made. Except as required by law, the Company does not undertake any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date on which the statement is made.

Risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements include the risk factors discussed below as well as risks and uncertainties not presently known to the Company or that management does not currently consider material. Such factors make the Company's operating results for future periods difficult to predict and, therefore, prior results do not necessarily indicate results in future periods. Some of the risks disclosed below may have already occurred, but not to a degree that management considers material unless otherwise noted. Any of the below factors, or any other factors discussed elsewhere in this Report, may have an adverse effect on the Company's financial condition, operating results, prospects, and liquidity. Similarly, the price of the Company's common stock is subject to volatility due to fluctuations in general market conditions; actual financial results that do not meet the Company's or the investment community's expectations; changes in the Company's or the investment community's expectations for the Company's future results, dividends or share repurchases; and other factors, many of which are beyond the Company's control.

### **Business and Operations Risks**

#### ***Changes in customer needs and consumption models***

Changes in customer product demands and consumption models may cause a decline in the Company's billings, which would have a negative impact on the Company's financial results. Changes in technology (such as artificial intelligence) could reduce the types or quantity of services that customers require from the Company. While the Company attempts to identify changes in market conditions as soon as possible, the dynamics of the industries in which

it operates make it difficult to predict and timely react to such changes, including those relating to product capacity and lead times. Also, future downturns, inflation, or supply chain challenges, including in the semiconductor and embedded solutions industries, could adversely affect the Company's relationships with its customers, operating results, and profitability.

Specifically, the semiconductor industry experiences periodic fluctuations in product supply and demand (often associated with changes in economic conditions, technology, and manufacturing capacity) and suppliers may not adequately predict or meet customer demand. Geopolitical uncertainty (including from military conflicts; health-related crises; and international trade disputes) have led, and may continue to lead, to shortages, extended lead times, and unpredictability in the supply of certain semiconductors and other electronic components. In reaction, customers may over order to ensure sufficient inventory, which, when the shortage lessens, may result in order cancellations and decreases. In cases where customers have entered into non-cancellable/ non-returnable orders, customers may not be able or willing to carry out the terms of the orders. The Company's prices to customers depend on many factors, including product availability, supplier costs, and competitive pressures. In fiscal 2022 and 2023, pricing to customers increased due to higher costs from suppliers, as well as higher freight and other costs. However, the Company may not be able to maintain higher prices to customers in the future. As product becomes more available, customer and competitive pressures may lower prices to customers, which could reduce the Company's margins. In addition, the Company may be unable to increase prices to customers to offset higher internal costs, which could also reduce margins. During fiscal 2023, 2022, and 2021, sales of semiconductors represented approximately 81%, 76%, and 75% of the Company's consolidated sales, respectively, and the Company's sales closely follow the strength or weakness of the semiconductor industry. These conditions make it more difficult to manage the Company's business and predict future performance.

***Disruptions to key supplier and customer relationships***

One of the Company's competitive strengths is the breadth and quality of the suppliers whose products the Company distributes. For fiscal 2023, there was one of the Company's suppliers that accounted for 10% or more of the Company's consolidated billings. The Company's contracts with its suppliers vary in duration and are generally terminable by either party at will upon notice. The Company's suppliers may terminate or significantly reduce their volume of business with the Company because of a product shortage, an unwillingness to do business with the Company, changes in strategy, or otherwise.

Shortages of products or loss of a supplier may negatively affect the Company's business and relationships with its customers, as customers depend on the Company's timely delivery of technology hardware and software from the industry's leading suppliers. In addition, shifts in suppliers' strategies, or performance and delivery issues, may negatively affect the Company's financial results. These conditions make it more difficult to manage the Company's business and predict future performance. The competitive landscape has also experienced a consolidation among suppliers and capacity constraints, which could negatively impact the Company's profitability and customer base.

Further, if key suppliers modify the terms of their contracts (including, without limitation, terms regarding price protection, rights of return, order cancellation rights, delivery commitments, rebates, or other terms that protect or enhance the Company's gross margins), it could negatively affect the Company's results of operations, financial condition, or liquidity. Due to recent global shortages of semiconductors, some suppliers have increased the amount of non-cancellable/ non-returnable orders, which limited the Company's ability to adjust down its inventory levels. The Company may attempt to limit associated risks by passing such terms on to its customers, but this may not be possible.

***Risks related to international operations***

During fiscal 2023, 2022, and 2021 approximately 76%, 77% and 78%, respectively, of the Company's sales came from its operations outside the United States. The Company's operations are subject to a variety of risks that are specific to international operations, including, but not limited to, the following:

- potential restrictions on the Company's ability to repatriate funds from its foreign subsidiaries;
- foreign currency and interest rate fluctuations;
- non-compliance with foreign and domestic data privacy regulations, business licensing requirements, environmental regulations, and anti-corruption laws, the failure of which could result in severe penalties including monetary fines and criminal proceedings;
- non-compliance with foreign and domestic import and export regulations and adoption or expansion of trade restrictions, including technology transfer restrictions, additional license, permit or authorization requirements for shipments, specific company sanctions, new and higher duties, tariffs or surcharges, or other import/export controls;
- complex and changing tax laws and regulations;
- regulatory requirements and prohibitions that differ between jurisdictions;
- economic and political instability, terrorism, military conflicts (including the Russia-Ukraine conflict), or civilian unrest;
- fluctuations in freight costs (both inbound and outbound), limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure;
- natural disasters (including as a result of climate change), pandemics, and other public health crises;
- differing employment practices and labor issues; and
- non-compliance with local laws.

In addition to the cost of compliance, the potential criminal penalties for violations of import or export regulations and anti-corruption laws, by the Company or its third-party agents, create heightened risks for the Company's international operations. If a regulatory body determines that the Company has violated such laws, the Company could be fined significant sums, incur sizable legal defense costs, have its import or export capabilities restricted or denied, or have its inventories seized, which could have a material and adverse effect on the Company's business. Additionally, allegations that the Company has violated any such regulations may negatively impact the Company's reputation, which may result in customers or suppliers being unwilling to do business with the Company. While the Company has adopted measures and controls designed to ensure compliance with these laws, these measures may not be adequate, and the Company may be materially and adversely impacted in the event of an actual or alleged violation.

Tariffs, trade restrictions, and sanctions resulting from international trade disputes, changes in trade policies, or military conflicts may adversely affect the Company's sales and profitability. For example, the U.S. government imposed several trade policies, rules, and restrictions applicable to China and Hong Kong. In addition, in response to the Russian-Ukraine conflict, the United States, the European Union, the United Kingdom, and numerous other countries initiated a variety of sanctions, export restrictions, currency controls and other restrictions against Russia. The Chinese and Russian governments have responded in kind with restrictions, sanctions, and other measures. These actions have resulted in losses; increased costs, including increased costs of procuring certain products the Company purchases from its suppliers; shortages of materials and electronic components; increased expenses such as energy, fuel, and freight costs, which may not

be possible to pass on to customers; increased cyber security attacks; credit market disruptions; and inflation, which may impact the Company's sales, customer demand for certain products, access to certain markets, and profits. In addition, increased operational expenses incurred in minimizing the number of products subject to the tariffs could adversely affect the Company's operating profits. Neither U.S. tariffs nor any retaliatory tariffs imposed by other countries on U.S. goods have yet had a material impact, but any future actions or escalations that affect trade relations could materially affect the Company's sales and results of operations.

The Company transacts sales, pays expenses, owns assets, and incurs liabilities in countries using currencies other than the U.S. Dollar. Because the Company's consolidated financial statements are presented in U.S. Dollars, the Company must translate such activities and amounts into U.S. Dollars at exchange rates in effect during each reporting period. Therefore, increases or decreases in the exchange rates between the U.S. Dollar and other currencies affect the Company's reported amounts of sales, operating income, and assets and liabilities denominated in foreign currencies. In addition, unexpected and dramatic changes in foreign currency exchange rates may negatively affect the Company's earnings from those markets. While the Company may use derivative financial instruments to reduce its net exposure, foreign currency exchange rate fluctuations may materially affect the Company's financial results. Further, foreign currency instability and disruptions in the credit and capital markets may increase credit risks for some of the Company's customers and may impair its customers' ability to repay existing obligations.

#### ***Internal information systems failures***

The Company depends on its information systems to facilitate its day-to-day operations and to produce timely, accurate, and reliable information on financial and operational results. Currently, the Company's global operations are tracked with multiple information systems, including systems from acquired businesses, some of which are subject to ongoing IT projects designed to streamline or optimize the Company's systems. These IT projects are extremely complex, in part because of wide ranging processes, use of on-premise and cloud environments, the Company's business operations, and changes in information technology (including artificial intelligence). The Company may not always succeed at these efforts. Implementation or integration difficulties may adversely affect the Company's ability to complete business transactions and ensure accurate recording and reporting of financial data. In addition, IT projects may not achieve the expected efficiencies and cost savings, which could negatively impact the Company's financial results. A failure of any of these information systems (including due to power losses, computer and telecommunications failures, cyber security incidents, or manmade or natural disasters), or material difficulties in upgrading these information systems, could have an adverse effect on the Company's business, internal controls, and reporting obligations under federal securities laws.

Due to the Company's increased online sales, system interruptions and delays that make its websites and services unavailable or slow to respond may reduce the attractiveness of its products and services to its customers. If the Company is unable to continually improve the efficiency of its systems, it could cause systems interruptions or delays and adversely affect the Company's operating results.

#### ***Logistics disruptions***

The Company's global logistics services are operated through specialized and centralized distribution centers around the globe, some of which are outsourced. The Company also depends almost entirely on third-party transportation service providers to deliver products to its customers. A major interruption or disruption in service at one or more of its distribution centers for any reason or significant disruptions of services from the Company's third-party transportation providers could cause a delay in expected cost savings or an increase in expenses, which may not be possible to pass on to customers. Such disruptions could result from risks related to information technology, data security, or any of the General Risk Factors, as discussed herein. In addition, as the Company continues to increase capacity at various distribution centers, it may experience operational challenges, increased costs, decreased efficiency,

and customer delivery delays and failures. Such operational challenges could have an adverse impact on the Company's business partners, and on the Company's business, operations, financial performance, and reputation.

***Data security and privacy threats***

Threats to the Company's data and information technology systems (including cyber security attacks such as phishing and ransomware) are becoming more frequent and sophisticated. Threat actors have successfully breached the Company's systems and processes in various ways, and such cyber security breaches expose the Company to significant potential liability and reputational harm. Cyber security attacks have not yet materially impacted the Company's data (including data about customers, suppliers, and employees) or the Company's operations, financial condition, or data security, but future attacks could have a material impact. Threat actors seek unauthorized access to intellectual property, or confidential or proprietary information regarding the Company, its customers, its business partners, or its employees. They deploy malicious software programs that exploit security vulnerabilities, including ransomware designed to encrypt the Company's files so an attacker may demand a ransom for restored access. They also seek to misdirect money, sabotage data and systems, takeover internal processes, and induce employees or other system users to disclose sensitive information, including login credentials. In addition, some Company employees continue to work from home on a full-time or hybrid basis, which increases the Company's vulnerability to cyber and other information technology risks. Further, the Company's business partners and service providers, such as suppliers, customers, and hosted solution providers, pose a security risk because their own security systems or infrastructure may become compromised.

The Company seeks to protect and secure its systems and information, prevent and detect evolving threats, and respond to threats as they occur. Measures taken include implementing and enhancing information security controls such as enterprise-wide firewalls, intrusion detection, endpoint protection, email security, disaster recovery, vulnerability management, and cyber security training for employees to enhance awareness of general security best practices, financial fraud, and phishing. Despite these efforts, the Company may not always be successful. Threat actors frequently change their techniques and, consequently, the Company may not always promptly detect the existence or scope of a security breach. As these types of threats grow and evolve, the Company may make further investments to protect its data and information technology infrastructure, which may impact the Company's profitability. The Company's insurance coverage for protecting against cyber-attacks may not be sufficient to cover all possible claims, and the Company may suffer losses that could have a material adverse effect on its business. As a global enterprise, the Company may be negatively impacted by existing and proposed laws and regulations, as well as government policies and practices, related to cybersecurity, data privacy, data localization, and data protection. Failure to comply with such requirements could have an adverse effect on the Company's reputation, business, financial condition, and results of operations, as well as subject the Company to significant fines, litigation losses, third-party damages, and other liabilities.

**Financial Risks**

***Inventory value decline***

The electronic components and integrated products industries are subject to technological change, new and enhanced products, changes in customer needs, and changes in industry standards and regulatory requirements, which can cause the Company's inventory to decline in value or become obsolete. Regardless of the general economic environment, prices may decline due to a decrease in demand or an oversupply of products, which may increase the risk of declines in inventory value. Many of the Company's suppliers offer certain protections from the loss in value of inventory (such as price protection and limited rights of return), but such policies may not fully compensate for the loss. Also, suppliers may not honor such agreements, some of which are subject to the supplier discretion. In addition, most Company sales are made pursuant to individual purchase orders, rather than through long-term sales contracts. Where there are contracts, such contracts are generally terminable at will upon notice. Unforeseen product developments,

inventory value declines, or customer cancellations may adversely affect the Company's business, results of operations, financial condition, or liquidity.

***Accounts receivable defaults***

Accounts receivable are a significant portion of the Company's working capital. If entities responsible for a significant amount of accounts receivable cease doing business, direct their business elsewhere, fail to pay, or delay payment, the Company's business, results of operations, financial condition, or liquidity could be adversely affected. An economic or industry downturn could adversely affect the Company's ability to collect receivables, which could result in longer payment cycles, increased collection costs, and defaults exceeding management's expectations. A significant deterioration in the Company's ability to collect accounts receivable in the United States could impact the cost or availability of financing under its accounts receivable securitization program.

***Liquidity and capital resources constraints***

The Company's ability to satisfy its cash needs and implement its capital allocation strategy depends on its ability to generate cash from operations and to access the financial markets, both of which are subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond the Company's control. In addition to cash on hand, the Company relies on external financing to help satisfy its cash needs. However, various factors affect external financing, including general market conditions, interest rate fluctuations, and the Company's debt ratings and operating results. Consequently, external financing may not be available on acceptable terms or at all. An increase in the Company's debt or deterioration of its operating results may cause a reduction in its debt ratings. Any such reduction could negatively impact the Company's ability to obtain additional financing or renew existing financing, and could result in reduced credit limits, increased financing expenses, and additional restrictions and covenants. A reduction in its current debt rating may also negatively impact the Company's working capital and impair its relationship with its customers and suppliers.

As of July 1, 2023, the Company had debt outstanding with financial institutions under various notes, secured borrowings, and committed and uncommitted lines of credit. The Company needs cash to pay debt principal and interest, and for general corporate purposes, such as funding its ongoing working capital and capital expenditure needs. Under certain of its credit facilities, the applicable interest rate and costs are based in part on the Company's current debt rating. If its debt rating is reduced, higher interest rates and increased costs would result. Any material increase in the Company's financing costs or loss of access to cost-effective financing could have an adverse effect on its profitability, results of operations, and cash flows.

Under some of its credit facilities, the Company is required to maintain a maximum leverage ratio and pass certain financial tests. If the Company increases its level of debt or its operating results deteriorate, it may fail to meet this financial ratio or pass these tests, which may result in an event of default. In such an event, lenders may accelerate payment and the Company may be unable to continue to utilize these facilities. If the Company is unable to utilize these facilities or is required to repay debt earlier than management expected, it may not have sufficient cash available to make interest payments, to repay indebtedness, or for general corporate needs.

General economic or business conditions, both domestic and foreign, may be less favorable than management expects and could adversely impact the Company's sales or its ability to collect receivables from its customers, which may impact access to the Company's accounts receivable securitization program.

***Financing covenants and restrictions may limit management discretion***

The agreements governing the Company's financing, including its credit facility, accounts receivable securitization program, and the indentures governing the Company's outstanding notes, contain various covenants and restrictions that,

in certain circumstances, limit the Company's ability, and the ability of certain subsidiaries, to:

- grant liens on assets;
- make restricted payments (including, under certain circumstances, paying dividends on, redeeming or repurchasing common stock);
- make certain investments;
- merge, consolidate, or transfer all, or substantially all, of the Company's assets;
- incur additional debt; or
- engage in certain transactions with affiliates.

As a result of these covenants and restrictions, the Company may be limited in the future in how it conducts its business and may be unable to raise additional debt, repurchase common stock, pay a dividend, compete effectively, or make further investments.

### ***Tax law changes and compliance***

As a multinational corporation, the Company is subject to the tax laws and regulations of the United States and many foreign jurisdictions. From time to time, governments enact or revise tax laws and regulations, which are further subject to interpretations, guidance, amendments, and technical corrections from international, federal, and state tax authorities. Such changes to tax law may adversely affect the Company's cash flow, costs of share buybacks, and effective tax rate, including through decreases in allowable deductions and higher tax rates.

Many countries are adopting provisions to align their international tax rules with the Base Erosion and Profit Shifting Project, led by the Organisation for Economic Co-operation and Development ("OECD") and supported by the United States. The project aims to standardize and modernize global corporate tax policy, including tax rate increases and a global minimum tax. In October 2021, a substantial majority of the OECD's participating countries and jurisdictions agreed to introduce a 15% global minimum corporate tax rate that would apply to companies with revenue over a set threshold. Furthermore, many countries are independently evaluating their corporate tax policy, which could result in tax legislation and enforcement that adversely impacts the Company's tax provision and value of deferred assets and liabilities. These provisions, if enacted, individually or as a whole, may negatively impact taxation of international business.

The tax laws and regulations of the various countries where the Company has operations are extremely complex and subject to varying interpretations. The Company believes that its historical tax positions are sound and consistent with applicable law, and that it has adequately reserved for income taxes. However, taxing authorities may challenge such positions and the Company may not be successful in defending against any such challenges. The Company's future income tax expense could be favorably or adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets, and liabilities and changes to its operating structure.

### ***Constraints on internal controls***

Effective internal controls are necessary for the Company to provide reliable financial reports, safeguard its assets, and prevent and detect fraud. If the Company cannot do so, its brand and operating results could be harmed. Internal controls over financial reporting are intended to prevent and detect material misstatements in its financial reporting and material fraudulent activity, but are limited by human error, circumventing or overriding controls, and fraud. As a result, the Company may not identify all material activity or all immaterial activity that could aggregate into a material

misstatement. Therefore, even effective internal controls cannot guarantee that financial statements are wholly accurate or prevent all fraud and loss of assets. Management continually evaluates the effectiveness of the design and operation of the Company's internal controls. However, if the Company fails to maintain the adequacy of its internal controls, including any failure to implement required new or improved internal controls, or if the Company experiences difficulties in their implementation, the Company's business and operating results could be harmed. Additionally, the Company may be subject to sanctions or investigations by regulatory authorities, or the Company could fail to meet its reporting obligations, all of which could have an adverse effect on its business or the market price of the Company's securities.

#### ***Acquisition expected benefits shortfall***

The Company has made, and expects to make, strategic acquisitions or investments globally to further its strategic objectives and support key business initiatives. Acquisitions and investments involve risks and uncertainties, some of which may differ from those associated with the Company's historical operations. Such risks include, but are not limited to, risks relating to expanding into emerging markets and business areas, adding additional product lines and services, impacting existing customer and supplier relationships, incurring costs or liabilities associated with the companies acquired, incurring potential impairment charges on acquired goodwill and other intangible assets, and diverting management's attention from existing operations and initiatives. As a result, the Company's profitability may be negatively impacted. In addition, the Company may not successfully integrate the acquired businesses, or the integration may be more difficult, costly, or time-consuming than anticipated. Further, any litigation involving the potential acquisition or acquired entity will increase expenses associated with the acquisition, cause a delay in completing the acquisition, impact the ability to integrate the acquired entity, which may impact the Company's profitability. The Company may experience disruptions that could, depending on the size of the acquisition, have an adverse effect on its business, especially where an acquisition target may have pre-existing regulatory issues or deficiencies, or material weaknesses in internal controls over financial reporting. Furthermore, the Company may not realize all benefits anticipated from its acquisitions, which could adversely affect the Company's financial performance.

#### **Legal and Regulatory Risks**

##### ***Legal proceedings costs and damages***

From time to time, the Company may become involved in legal proceedings, including government investigations, that arise out of the ordinary conduct of the Company's business, including matters involving intellectual property rights, commercial matters, merger-related matters, product liability, and other actions. Legal proceedings could result in substantial costs and diversion of management's efforts and other resources, and could have an adverse effect on the Company's operations and business reputation. The Company may be obligated to indemnify and defend its customers if the products or services that the Company sells are alleged to infringe any third party's intellectual property rights. The Company may not be able to obtain supplier indemnification for itself and its customers against such claims, or such indemnification may not fully protect the Company and its customers against such claims. Also, the Company is exposed to potential liability for technology and products that it develops for which it has no indemnification protections. If an infringement claim against the Company is successful, the Company may be required to pay damages or seek royalty or license arrangements, which may not be available on commercially reasonable terms. The Company may have to stop selling certain products or services, which could affect its ability to compete effectively. In addition, the Company's expanding business activities may include the assembly or manufacture of electronic component products and systems. Product defects, whether caused by a design, assembly, manufacture or component failure or error, or manufacturing processes not in compliance with applicable statutory and regulatory requirements, may result in product liability claims, product recalls, fines, and penalties. Product liability risks could be particularly significant with respect to aerospace,

automotive, and medical applications because of the risk of serious harm to users of such products.

#### ***Environmental regulations non-compliance***

The Company is subject to various federal, state, local, and foreign laws and regulations addressing environmental and other impacts from industrial processes, waste disposal, carbon emissions, use of hazardous materials in products and operations, recycling products, and other related matters. While the Company strives to fully comply with all applicable regulations, certain of these regulations impose liability without fault. Additionally, the Company may be held responsible for the prior activities of an entity it acquired.

Failure to comply with these regulations could result in substantial costs, fines, and civil or criminal sanctions, as well as third-party claims for property damage or personal injury. Future environmental laws and regulations, including disclosure requirements, may become more stringent over time, imposing greater compliance costs, and increasing risks, penalties and reputational harm associated with violations.

Customers, suppliers, investors, and regulatory agencies in various jurisdictions globally are increasingly requesting or requiring disclosure and action regarding the Company's supply chain due-diligence and environmental, social, and governance practices. Such increased expectations and regulations may increase compliance costs and result in reputational damage and loss of business if the Company is perceived to have not met such expectations.

#### **General Risk Factors**

##### ***Negative impacts of economic or geopolitical uncertainty, or a health crisis, on operations and financial results***

Economic weakness and geopolitical uncertainty (including from military conflicts and international trade disputes), as well as health-related crises (including pandemics and epidemics), have resulted, and may result in the future, in a variety of adverse impacts on the Company and its customers and suppliers. Such adverse impacts include decreased sales, margins, and earnings; increased logistics costs; demand uncertainty; constrained workforce participation; global supply chain disruptions; and logistics and distribution system disruptions. Such crises and uncertainties could also result in, or heighten the risks of, customer bankruptcies, customer delayed or defaulted payments, delays in product deliveries, financial market disruption and volatility, and other risk factors described in the Company's Annual Report. As a result, the Company may need to impair assets (including goodwill, intangible assets, and other long-lived assets), implement restructuring actions, and reduce expenses in response to decreased sales or margins.

The Company may not be able to adequately adjust its cost structure in a timely fashion, which may adversely impact its profitability. Uncertainty about economic conditions may increase foreign currency volatility, which may negatively impact the Company's results. Economic weakness and geopolitical uncertainty also make it more difficult for the Company to manage inventory levels (including when customers decrease orders, cancel existing orders, or are unable to fulfill their obligations under non-cancelable/ non-return orders) and collect customer receivables, which may result in provisions to create reserves, write-offs, reduced access to liquidity, higher financing costs, and increased pressure on cash flows.

An increase in or prolonged period of inflation could affect the Company's profitability and cash flows, due to higher wages, higher operating expenses, higher financing costs, and higher supplier prices. Inflation may also adversely affect foreign exchange rates. The Company may be unable to pass along such higher costs to its customers, which may result in lower gross profit margins. In addition, inflation may adversely affect customers' financing costs, cash flows, and profitability, which could adversely impact their operations and the Company's ability to offer credit and collect receivables.

### **Competition**

The market for the Company's products and services is very competitive and subject to technological advances (including artificial intelligence), new competitors, non-traditional competitors, and changes in industry standards. The Company competes with other global and regional distributors, as well as some of the Company's own suppliers that maintain direct sales efforts. In addition, as the Company expands its offerings and geographies, the Company may encounter increased competition from current or new competitors. The Company's failure to maintain and enhance its competitive position could adversely affect its business and prospects. Furthermore, the Company's efforts to compete in the marketplace could cause deterioration of gross profit margins and, thus, overall profitability.

The size of the Company's competitors varies across market sectors, as do the resources the Company has allocated to the sectors and geographic areas in which it does business. Therefore, some competitors may have greater resources or a more extensive customer or supplier base in some market sectors and geographic areas. As a result, the Company may not be able to effectively compete in certain markets, which could impact the Company's profitability and prospects.

### **Employee retention and hiring constraints**

Identifying, hiring, training, developing, and retaining qualified and engaged employees is critical to the Company's success, and competition for experienced employees in the Company's industry can be intense. Restrictions on immigration or changes in immigration laws, including visa restrictions, may limit the Company's acquisition of key talent, including talent with diverse experience, background, ability, and perspectives. Changing demographics and labor work force trends may result in a loss of knowledge and skills as experienced workers leave the Company. In addition, as global opportunities and industry demands shift, and as the Company expands its offerings, the Company may encounter challenges in realigning, training, and hiring skilled personnel. Through organizational design activities, the Company periodically eliminates positions due to restructurings or other reasons, which may risk the Company's brand reputation as an employer of choice and negatively impact the Company's ability to hire and retain qualified personnel. Also, position eliminations may negatively impact the morale of employees who are not terminated, which could result in work stoppages or slowdowns, particularly where employees are represented by unions or works councils. If these circumstances occur, the Company's business, financial condition, and results of operations could be seriously harmed.

### **Item 1B. Unresolved Staff Comments**

Not applicable.

**Item 2. Properties**

The Company owns and leases approximately 1.7 million and 4.2 million square feet of space, respectively, of which approximately 27% is in the United States. The following table summarizes certain of the Company's key facilities:

<b>Location</b>	<b>Approximate Square Footage</b>	<b>Leased or Owned</b>	<b>Primary Use</b>
Chandler, Arizona	400,000	Owned	EC warehousing and value-added operations
Tongeren, Belgium	390,000	Owned	EC warehousing and value-added operations
Leeds, United Kingdom	360,000	Leased	Farnell warehousing and value-added operations
Poing, Germany	300,000	Owned	EC warehousing and value-added operations
Gaffney, South Carolina	220,000	Owned	Farnell warehousing
Hong Kong, China	210,000	Leased	EC warehousing
Phoenix, Arizona	180,000	Leased	Corporate and EC Americas headquarters
Chandler, Arizona	150,000	Leased	EC warehousing, integration and value-added operations

See Note 5, "Property, plant and equipment, net" and Note 11, "Leases" to the Company's consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information on the Company's properties.

**Item 3. Legal Proceedings**

Pursuant to SEC regulations, including but not limited to Item 103 of Regulation S-K, the Company regularly assesses the status of and developments in pending environmental and other legal proceedings to determine whether any such proceedings should be identified specifically in this discussion of legal proceedings, and has concluded that no particular pending legal proceeding requires public disclosure. Based on the information known to date, management believes that the Company has appropriately accrued in its consolidated financial statements for its share of the estimable costs of environmental and other legal proceedings.

The Company is also currently subject to various pending and potential legal matters and investigations relating to compliance with governmental laws and regulations, including import/export and environmental matters. The Company currently believes that the resolution of such matters will not have a material adverse effect on the Company's financial position or liquidity, but could possibly be material to its results of operations in any single reporting period.

**Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

### **Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

#### **Market Information**

The Company’s common stock is listed on the Nasdaq Global Select Market under the symbol AVT.

#### **Dividends**

The declaration and payment of future dividends will be at the discretion of the Board of Directors and will be dependent upon the Company’s financial condition, results of operations, capital requirements, and other factors the Board of Directors considers relevant. In addition, certain of the Company’s debt facilities may restrict the declaration and payment of dividends, depending upon the Company’s then current compliance with certain covenants.

#### **Record Holders**

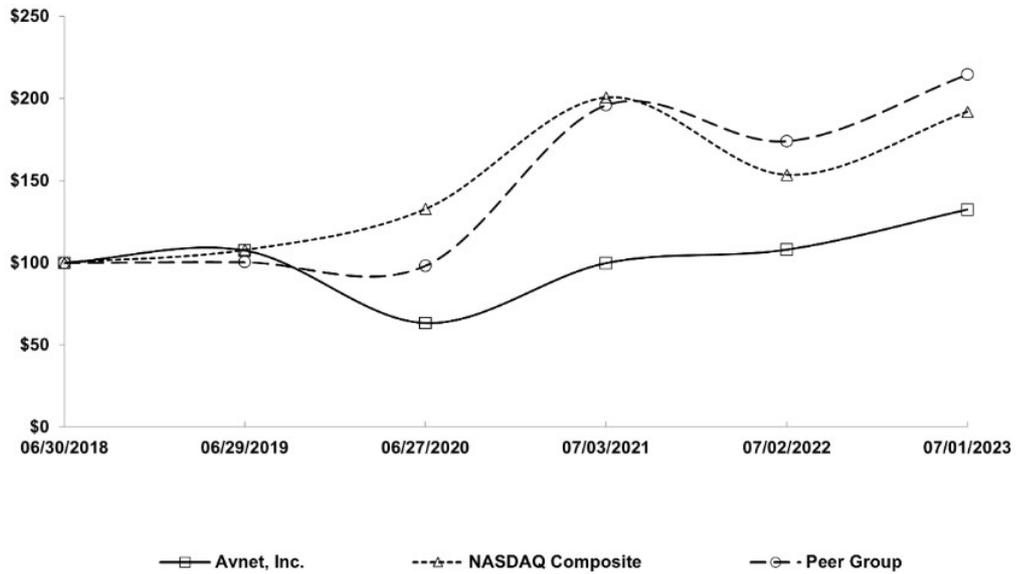
As of August 11, 2023, there were 1,384 registered holders of record of Avnet’s common stock.

#### **Stock Performance Graphs and Cumulative Total Returns**

The graph below matches the cumulative 5-year total return of holders of Avnet’s common stock with (i) the cumulative total returns of the Nasdaq Composite Index and (ii) a customized peer group of five companies (Agilysys Inc., Arrow Electronics Inc., Insight Enterprises Inc., Scansource Inc., and TD Synnex Corporation). The graph assumes that the value of the investment in Avnet’s common stock, in each index, and in the peer group (including reinvestment of dividends) was \$100 on 6/30/2018 and tracks it through 7/1/2023.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***

Among Avnet, Inc. the NASDAQ Composite Index, and a Peer Group



\*\$100 invested on 06/30/18 in stock or index, including reinvestment of dividends. Index calculated on month-end basis.

	6/30/2018	6/29/2019	6/27/2020	7/3/2021	7/2/2022	7/1/2023
Avnet, Inc.	\$ 100	\$ 107.49	\$ 63.35	\$ 99.84	\$ 108.02	\$ 132.42
Nasdaq Composite	100	107.78	132.70	200.58	153.53	191.93
Peer Group	100	100.41	98.26	195.94	174.09	214.52

*The stock price performance included in this graph is not necessarily indicative of future stock price performance.*

### Issuer Purchases of Equity Securities

During the fiscal year ended July 2, 2022, the Company's Board of Directors approved a new share repurchase plan with an authorization to repurchase up to an aggregate of \$600 million of common stock. The following table includes the Company's monthly purchases of the Company's common stock during the fourth quarter of fiscal 2023, under the share repurchase program, which is part of publicly announced plans.

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs</b>
April 2 – April 29	11,051	\$ 39.88	11,051	\$ 318,519,000
April 30 – May 27	196	\$ 40.01	196	\$ 318,511,000
May 28 – July 1	—	—	—	\$ 318,511,000

### Item 6. [Reserved]

### Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

For a description of the Company's critical accounting policies and an understanding of Avnet and the significant factors that influenced the Company's performance during the past three fiscal years, the following discussion should be read in conjunction with the description of the business appearing in Item 1 of this Report and the consolidated financial statements, including the related notes and schedule, and other information appearing in Item 8 of this Report. The Company operates on a "52/53 week" fiscal year. Fiscal 2023 and fiscal 2022 contain 52 weeks compared to 53 weeks in fiscal 2021.

The discussion of the Company's results of operations includes references to the impact of foreign currency translation. When the U.S. Dollar strengthens and the stronger exchange rates are used to translate the results of operations of Avnet's subsidiaries denominated in foreign currencies, the result is a decrease in U.S. Dollars of reported results. Conversely, when the U.S. Dollar weakens, the weaker exchange rates result in an increase in U.S. Dollars of reported results. In the discussion that follows, results excluding this impact, primarily for subsidiaries in EMEA and Asia, are referred to as "constant currency."

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the U.S. ("GAAP"), the Company also discloses certain non-GAAP financial information, including:

- Operating income excluding (i) restructuring, integration and other expenses (see Restructuring, Integration and Other Expenses in this MD&A), (ii) Russian-Ukraine conflict related expenses (see Russian-Ukraine conflict related expenses in this MD&A), and (iii) amortization of acquired intangible assets is referred to as "adjusted operating income."

The reconciliation of operating income to adjusted operating income is presented in the following table:

	Years Ended		
	July 1, 2023	July 2, 2022	July 3, 2021
Operating income	\$ 1,186,800	\$ 939,011	\$ 281,408
Restructuring, integration and other expenses	28,038	5,272	84,391
Russian-Ukraine conflict related expenses	—	26,261	—
Amortization of acquired intangible assets and other	6,053	15,038	41,245
Adjusted operating income	<u>\$ 1,220,891</u>	<u>\$ 985,582</u>	<u>\$ 407,044</u>

Management believes that providing this additional information is useful to financial statement users to better assess and understand operating performance, especially when comparing results with prior periods or forecasting performance for future periods, primarily because management typically monitors the business both including and excluding these adjustments to GAAP results. Management also uses these non-GAAP measures to establish operational goals and, in many cases, for measuring performance for compensation purposes. However, any analysis of results on a non-GAAP basis should be used as a complement to, and in conjunction with, results presented in accordance with GAAP.

## Results of Operations

### *Executive Summary*

Sales for fiscal 2023 were \$26.54 billion, an increase of 9.2% from fiscal 2022 sales of \$24.31 billion. Excluding the impact of changes in foreign currency, sales increased 13.4% as compared to sales in the prior year. This increase in sales was predominately driven by sales growth in both operating groups across all regions driven by strong global demand and to a lesser extent pricing for electronic components.

Gross profit increased \$216.8 million or 7.3% from fiscal 2022 gross profit due primarily to increases in sales. Gross profit margin of 12.0% decreased 21 basis points compared to 12.2% in fiscal 2022. This decrease is primarily driven by the unwinding of certain pricing premiums in the Farnell business.

Operating income of \$1.19 billion was \$247.8 million or 26.4% higher than fiscal 2022. Operating income margin was 4.5% in fiscal 2023, as compared to 3.9% in fiscal 2022. The increase in operating income margin is primarily the result of increases in sales and the operating leverage created by the additional gross profit dollars without any meaningful increase in selling, general and administrative expenses. Adjusted operating income margin was 4.6% in fiscal 2023 as compared to 4.1% in fiscal 2022, an increase of 55 basis points. This increase in adjusted operating income margin is primarily due to increases in sales and the operating leverage created by the additional gross profit dollars.

## Sales

### Three-Year Analysis of Sales: By Operating Group and Geography

The table below provides a year-over-year summary of sales for the Company and its operating groups.

	Years Ended		Years Ended		Years Ended		Percent Change	
	July 1, 2023	% of Total	July 2, 2022	% of Total	July 3, 2021	% of Total	2023 to 2022	2022 to 2021
(Dollars in millions)								
<b>Sales by Operating Group:</b>								
EC	\$ 24,802.6	93.5 %	\$ 22,503.3	92.6 %	\$ 18,030.5	92.3 %	10.2 %	24.8 %
Farnell	1,734.3	6.5	1,807.4	7.4	1,504.2	7.7	(4.0)	20.2
	<u>\$ 26,536.9</u>		<u>\$ 24,310.7</u>		<u>\$ 19,534.7</u>			
<b>Sales by Geographic Region:</b>								
Americas	\$ 6,807.7	25.7 %	\$ 5,896.0	24.3 %	\$ 4,662.5	23.9 %	15.5 %	26.5 %
EMEA	9,229.4	34.8	7,838.1	32.2	6,149.9	31.5	17.8	27.5
Asia	10,499.8	39.5	10,576.6	43.5	8,722.3	44.6	(0.7)	21.3
Total Avnet	<u>\$ 26,536.9</u>		<u>\$ 24,310.7</u>		<u>\$ 19,534.7</u>			

The table below provides reported and organic sales growth rates for fiscal 2023 as compared to fiscal 2022 by geographic region and operating group.

	Sales Year-Year % Change	Sales Year-Year % Change in Constant Currency
Avnet	9.2 %	13.4 %
Avnet by region		
Americas	15.5 %	15.5 %
EMEA	17.8	27.0
Asia	(0.7)	1.9
Avnet by operating group		
EC	10.2 %	14.4 %
Farnell	(4.0)	0.9

Avnet's sales for fiscal 2023 were \$26.54 billion, an increase of \$2.23 billion, or 9.2%, from fiscal 2022 sales of \$24.31 billion. Sales in constant currency increased 13.4% year over year, reflecting sales growth in both operating groups across all regions driven by strong global demand and to a lesser extent pricing for electronic components.

EC sales in fiscal 2023 were \$24.80 billion, representing a 10.2% increase over fiscal 2022 sales of \$22.50 billion. EC sales increased 14.4% year over year in constant currency. The increase in EC sales is primarily due to double-digit growth in the Americas and EMEA regions driven primarily by strong demand in the industrial, transportation, and aerospace and defense sectors.

Farnell sales in fiscal 2023 were \$1.73 billion, a decrease of \$73.0 million or 4.0%, from fiscal 2022 sales of \$1.81 billion. The year-over-year decrease in sales was primarily a result of foreign currency translation from a strengthening U.S. Dollar. Farnell sales in constant currency increased 0.9% year over year as sales growth in the Americas was offset by sales declines in the EMEA and Asia regions.

### **Gross Profit**

Gross profit in fiscal 2023 was \$3.18 billion, an increase of \$216.8 million, or 7.3%, from fiscal 2022 gross profit of \$2.97 billion. Gross profit margin decreased to 12.0% in fiscal 2023 or 21 basis points from fiscal 2022 gross profit margin of 12.2%. EC gross profit margin increased year over year primarily due to a higher percentage of sales coming from the higher-margin western regions. Sales in the higher margin western regions represented approximately 60% of sales in fiscal 2023 as compared to 56% during fiscal 2022. Farnell gross profit margin decreased year over year primarily driven by the unwinding of certain component pricing premiums during fiscal 2023 and from unfavorable sales mix of lower margin products.

### **Selling, General and Administrative Expenses**

Selling, general and administrative expenses (“SG&A expenses”) in fiscal 2023 were \$1.97 billion, a decrease of \$27.5 million, or 1.4%, from fiscal 2022. The year-over-year decrease in SG&A expenses was primarily a result of foreign currency translation from a strengthening U.S. Dollar.

Metrics that management monitors with respect to its operating expenses are SG&A expenses as a percentage of sales and as a percentage of gross profit. In fiscal 2023, SG&A expenses as a percentage of sales were 7.4% and as a percentage of gross profit were 61.8%, as compared with 8.2% and 67.3%, respectively, in fiscal 2022. The decreases in SG&A expenses as a percentage of sales and gross profit resulted primarily from the operating leverage realized with higher sales, and lower amortization expenses, partially offset by increases in SG&A expenses to support sales volumes.

### **Russian-Ukraine Conflict Related Expenses**

During fiscal 2022, the Company incurred \$26.3 million of costs associated with the Russian-Ukraine conflict, primarily comprised of \$17.2 million of expense for credit loss reserves for trade accounts receivable from Russian customers that are no longer considered collectible. The remaining expense is related to product write-downs for Russia based customers and other Russian business operation wind-down costs.

### **Restructuring, Integration and Other Expenses**

During fiscal 2023, the Company incurred restructuring, integration and other expenses primarily related to the planned closure of a distribution center. In addition, the Company increased its estimated environmental remediation reserves associated with certain legacy manufacturing operations that were divested several decades ago. As a result, during fiscal 2023 the Company recorded restructuring, integration, and other expenses of \$28.0 million. The Company recorded \$17.4 million for restructuring costs consisting of \$16.1 million for severance, \$0.5 million for facility exit costs and \$0.8 million for asset impairments. The Company expects to realize approximately \$16.0 million in incremental annualized operating costs savings as a result of such restructuring actions once completed. Integration and other costs were \$2.6 million associated with incremental costs incurred as a result of the planned distribution center closure and \$8.0 million related to the Company’s estimated environmental remediation obligations, respectively. The after-tax impact of restructuring, integration and other expenses was \$22.0 million and \$0.24 per share on a diluted basis.

During fiscal 2022, the Company recorded restructuring, integration and other expenses of \$5.3 million, substantially all of which was related to integration costs.

See Note 17, “Restructuring expenses” to the Company’s consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information related to restructuring expenses.

### ***Operating Income***

Operating income for fiscal 2023 was \$1.19 billion, an increase of \$247.8 million or 26.4%, from fiscal 2022 operating income of \$939.0 million. The year-over-year increase in operating income is primarily driven by the increase in sales and lower SG&A expenses, partially offset by a lower gross profit margin.

Operating income margin was 4.5% in fiscal 2023 compared to 3.9% in fiscal 2022. Adjusted operating income for fiscal 2023 was \$1.22 billion, an increase of \$235.3 million or 23.9%, from fiscal 2022. Adjusted operating income margin was 4.6% in fiscal 2023 compared to 4.1% in fiscal 2022. EC operating income margin was 4.8% in fiscal 2023 compared to 3.9% in fiscal 2022. Farnell operating income margin was 9.5% in fiscal 2023 compared to 13.4% in fiscal 2022.

### ***Interest and Other Financing Expenses, Net***

Interest and other financing expenses for fiscal 2023 was \$250.9 million, an increase of \$150.5 million, or 149.9%, compared with interest and other financing expenses of \$100.4 million in fiscal 2022. The increase in interest and other financing expenses in fiscal 2023 compared to fiscal 2022 is a result of higher outstanding borrowings and increases in average borrowing rates during fiscal 2023 as compared to fiscal 2022.

### ***Gain on Legal Settlements and Other***

During fiscal 2023, the Company recorded a gain on legal settlements of \$74.4 million before tax, \$56.9 million after tax, and \$0.61 per share on a diluted basis, in connection with the settlement of claims filed against certain manufacturers of capacitors. See Note 13, “Commitments and contingencies” to the Company’s consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information related to the gain on legal settlements.

In June 2023, the Company settled a portion of its pension liability related to certain retirees and terminated vested employees in the Company’s U.S. pension plan as part of a de-risking strategy. This strategy triggered settlement accounting which required immediate recognition of a portion of the accumulated losses associated with the plan. Consequently, the Company recognized non-cash settlement expense of \$37.4 million in fiscal 2023.

### ***Income Tax***

The below discussion of the effective tax rate for the periods presented in the statements of operations is in comparison to the 21% U.S. statutory federal income tax rate.

Avnet’s effective tax rate on its income before income taxes was 21.6% in fiscal 2023. The effective tax rate for fiscal 2023 was unfavorably impacted primarily by (i) U.S. state taxes, (ii) increases to valuation allowances against deferred tax assets, and (iii) the mix of income in higher income tax jurisdictions, partially offset by (iv) the impact of foreign currency translation loss.

For fiscal 2022, the Company’s effective tax rate on its income before income taxes was 16.9%. The effective tax rate for fiscal 2022 was favorably impacted primarily by decreases to valuation allowances against deferred tax assets.

See Note 9, “Income taxes” to the Company’s consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion on the effective tax rate.

### **Net Income**

As a result of the factors described in the preceding sections of this MD&A, the Company's net income in fiscal 2023 was \$770.8 million, or earnings per share on a diluted basis of \$8.26, compared with fiscal 2022 net income of \$692.4 million, or earnings per share on a diluted basis of \$6.94.

### **Liquidity and Capital Resources**

#### **Cash Flows**

##### *Cash Flows from Operating Activities*

The Company used \$713.7 million of cash from its operating activities in fiscal 2023 as compared to \$219.3 million of cash used in fiscal 2022. These operating cash flows are comprised of: (i) cash flows generated from net income, adjusted for the impact of non-cash and other items, which includes depreciation and amortization expense, deferred income taxes, stock-based compensation expense, amortization of operating lease assets and other non-cash items, and (ii) cash flows used for, or generated from, working capital and other, excluding cash and cash equivalents. Cash used for working capital and other to support sales growth was \$1.68 billion during fiscal 2023, including increases in accounts receivable of \$461.1 million and inventories of \$1.17 billion, and a decrease in accounts payable of \$75.9 million, offset by an increase in accrued expenses and other of \$28.8 million. Comparatively, cash used for working capital and other was \$1.09 billion during fiscal 2022, including increases in accounts receivable of \$1.13 billion and inventories of \$1.22 billion, offset by increases in accounts payable of \$1.13 billion, and accrued expenses and other of \$134.4 million.

##### *Cash Flows from Financing Activities*

During fiscal 2023, the Company received net proceeds of \$498.6 million as a result of the issuance of \$500.0 million of 6.25% Notes due March 2028, \$728.2 million under the Credit Facility, and \$258.0 million under the Securitization Program, and repaid \$96.2 million under other short-term debt. During fiscal 2023, the Company paid dividends on common stock of \$106.3 million, and repurchased \$221.7 million of common stock.

During fiscal 2022, the Company received net proceeds of \$300.0 million as a result of the issuance of \$300.0 million of 5.50% Notes due May 2032, \$274.9 million under the Securitization Program, and \$235.0 million from borrowings of various bank credit facilities. During fiscal 2022, the Company repaid \$354.3 million of notes, paid dividends on common stock of \$98.5 million, and repurchased \$184.4 million of common stock.

##### *Cash Flows from Investing Activities*

During fiscal 2023, the Company used \$194.7 million for capital expenditures compared to \$48.9 million in fiscal 2022. The increase in capital expenditures year over year was primarily related to expenditures for a new distribution center being built in EMEA to support the future growth of the EC EMEA business. During fiscal 2023, the Company used \$16.9 million for other investing activities. During fiscal 2022, the Company received \$90.4 million from investing activities related to the liquidation of Company owned life insurance policies.

#### **Financing Transactions**

The Company uses a variety of financing arrangements, both short-term and long-term, to fund its operations in addition to historical cash generated from operating activities. The Company also uses several funding sources to avoid becoming overly dependent on one financing source, and to lower overall funding costs. These financing arrangements

include public debt (“Notes”), short-term and long-term bank loans, a revolving credit facility (the “Credit Facility”), and an accounts receivable securitization program (the “Securitization Program”).

The Company has various lines of credit, financing arrangements, and other forms of bank debt in the U.S. and various foreign locations to fund the short-term working capital, foreign exchange, overdraft, and letter of credit needs of its wholly owned subsidiaries. Outstanding borrowings under such forms of debt at the end of fiscal 2023 was \$70.6 million.

As an alternative form of liquidity outside of the United States, the Company sells certain of its trade accounts receivable on a non-recourse basis to financial institutions pursuant to factoring agreements. The Company accounts for these transactions as sales of receivables and presents cash proceeds as cash provided by operating activities in the consolidated statements of cash flows. Factoring fees for the sales of trade accounts receivable are recorded within “Interest and other financing expenses, net” and were not material to the consolidated financial statements.

See Note 7, “Debt” to the Company’s consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information on financing transactions including the Credit Facility, the Securitization Program and the outstanding Notes as of July 1, 2023.

### ***Covenants and Conditions***

The Company’s Credit Facility contains certain covenants with various limitations on debt incurrence, share repurchases, dividends, investments and capital expenditures, and also includes financial covenant requiring the Company to maintain a leverage ratio below a certain threshold. The Company was in compliance with all such covenants as of July 1, 2023.

The Company’s Securitization Program contains certain covenants relating to the quality of the receivables sold. If these conditions are not met, the Company may not be able to borrow any additional funds and the financial institutions may consider this an amortization event, as defined in the Securitization Program agreements, which would permit the financial institutions to liquidate the accounts receivables sold to cover any outstanding borrowings. Circumstances that could affect the Company’s ability to meet the required covenants and conditions of the Securitization Program include the Company’s ongoing profitability and various other economic, market, and industry factors. The Company was in compliance with all such covenants as of July 1, 2023.

Management does not believe that the covenants under the Credit Facility or Securitization Program limit the Company’s ability to pursue its intended business strategy or its future financing needs.

See *Liquidity* below for further discussion of the Company’s availability under these various facilities.

### ***Liquidity***

The Company had cash and cash equivalents of \$288.2 million as of July 1, 2023, of which \$194.5 million was held outside the United States. As of July 2, 2022, the Company had cash and cash equivalents of \$153.7 million, of which \$60.4 million was held outside of the United States.

During periods of weakening demand in the electronic components industry, the Company typically generates cash from operating activities. Conversely, the Company will use cash for working capital requirements during periods of higher growth. The Company used \$713.7 million in cash flows for operating activities during the fiscal year ended July 1, 2023, to support the fiscal 2023 sales growth.

Liquidity is subject to many factors, such as normal business operations and general economic, financial, competitive, legislative, and regulatory factors that are beyond the Company’s control. To the extent the cash balances held in foreign locations cannot be remitted back to the U.S. in a tax efficient manner, those cash balances are generally used for ongoing working capital, including the need to purchase inventories, capital expenditures and other foreign business needs. In addition, local government regulations may restrict the Company’s ability to move funds among various locations under certain circumstances. Management does not believe such restrictions would limit the Company’s ability to pursue its intended business strategy.

As of July 1, 2023, there were \$796.6 million of borrowings outstanding under the Credit Facility and \$0.9 million in letters of credit issued, and \$555.8 million outstanding under the Securitization Program. During fiscal 2023, the Company had an average daily balance outstanding under the Credit Facility of approximately \$1.13 billion and \$549.1 million under the Securitization Program. As of July 1, 2023, the combined availability under the Credit Facility and the Securitization Program was \$846.7 million. Availability under the Securitization Program is subject to the Company having sufficient eligible trade accounts receivable in the United States to support desired borrowings.

The Company has the following contractual obligations outstanding as of July 1, 2023 (in millions):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations <sup>(1)</sup>	\$ 3,073.0	\$ 70.6	\$ 1,105.8	\$ 1,296.6	\$ 600.0
Interest expense on long-term debt obligations <sup>(2)</sup>	699.5	157.7	269.6	181.4	90.8
Operating lease obligations <sup>(3)</sup>	287.5	58.1	86.2	44.4	98.8

<sup>(1)</sup> Includes amounts due within one year and excludes unamortized discount and issuance costs on debt.

<sup>(2)</sup> Represents interest expense due on debt by using fixed interest rates for fixed rate debt and assuming the same interest rate at the end of fiscal 2023 for variable rate debt.

<sup>(3)</sup> Excludes imputed interest on operating lease liabilities.

The Company purchases inventories in the normal course of business throughout the year through the issuance of purchase orders to suppliers. During fiscal 2023, the Company’s cost of sales, substantially all of which related to the underlying purchase of inventories was \$23.4 billion and the Company had \$5.5 billion of inventories as of July 1, 2023. The Company expects to continue to purchase sufficient inventory to meet its customers’ demands in fiscal year 2024, some of which relates to outstanding purchase orders at the end of fiscal 2023. Outstanding purchase orders with suppliers may be non-cancellable/non-returnable at the point such orders are issued, or may become non-cancellable at some point in the future, typically within 30 days to 90 days from the requested delivery date of inventories.

At July 1, 2023, the Company had an estimated liability for income tax contingencies of \$130.5 million, which is not included in the above table. Cash payments associated with the settlement of these liabilities that are expected to be paid within the next 12 months is \$1.0 million. The settlement period for the remaining amount of the unrecognized tax benefits, including related accrued interest and penalties, cannot be determined, and therefore was not included in the table.

As of July 1, 2023, the Company may repurchase up to an aggregate of \$318.5 million of shares of the Company's common stock through the share repurchase program approved by the Board of Directors. The Company may repurchase stock from time to time at the discretion of management, subject to strategic considerations, market conditions including share price and other factors. The Company may terminate or limit the share repurchase program at any time without prior notice. During fiscal 2023, the Company repurchased \$212.8 million of common stock.

The Company has historically paid quarterly cash dividends on shares of its common stock, and future dividends are subject to approval by the Board of Directors. During the fourth quarter of fiscal 2023, the Board of Directors approved a dividend of \$0.29 per share, which resulted in \$26.5 million of dividend payments during the quarter.

The Company continually monitors and reviews its liquidity position and funding needs. Management believes that the Company's ability to generate operating cash flows through the liquidation of working capital in the future and available borrowing capacity, including capacity for the non-recourse sale of trade accounts receivable, will be sufficient to meet its future liquidity needs. Additionally, the Company believes that it has sufficient access to additional liquidity from the capital markets if necessary.

### **Critical Accounting Policies**

The Company's consolidated financial statements have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. These estimates and assumptions are based upon the Company's continual evaluation of available information, including historical results and anticipated future events. Actual results may differ materially from these estimates.

The Securities and Exchange Commission defines critical accounting policies as those that are, in management's view, most important to the portrayal of the Company's financial condition and results of operations and that require significant judgments and estimates. Management believes the Company's most critical accounting policies at the end of fiscal 2023 relate to:

#### ***Valuation of Inventories***

Inventories are recorded at the lower of cost or estimated net realizable value. Inventory cost includes the purchase price of finished goods and any freight cost incurred to receive the inventory into the Company's distribution centers. The Company's inventories include electronic components sold into changing, cyclical, and competitive markets, so inventories may decline in market value or become obsolete.

The Company regularly evaluates inventories for expected customer demand, obsolescence, current market prices, and other factors that may render inventories less marketable. Write-downs are recorded so that inventories reflect the estimated net realizable value and take into account the Company's contractual provisions with its suppliers, which may provide certain protections to the Company for product obsolescence and price erosion in the form of rights of return, stock rotation rights, obsolescence allowances, industry specific supplier rebate programs and price protections. Because of the large number of products and suppliers and the complexity of managing the process around price protections, supplier rebate programs and stock rotations, estimates are made regarding the net realizable value of inventories. Additionally, assumptions about future demand and market conditions, as well as decisions to discontinue certain product lines, impact the evaluation of whether to write-down inventories. If future demand changes or actual market conditions are less favorable than assumed, then management evaluates whether additional write-downs of inventories are required. In any case, actual net realizable values could be different from those currently estimated.

### ***Accounting for Income Taxes***

Management's judgment is required in determining income tax expense, unrecognized tax benefit liabilities, deferred tax assets and liabilities, and valuation allowances recorded against net deferred tax assets. Recovering net deferred tax assets depends on the Company's ability to generate sufficient future taxable income in certain jurisdictions. In addition, when assessing the need for valuation allowances, the Company considers historic levels and types of income, expectations and risk associated with estimates of future taxable income, and ongoing prudent and feasible tax planning strategies. If the Company determines that it cannot realize all or part of its deferred tax assets in the future, it may record additional valuation allowances against the deferred tax assets with a corresponding increase to income tax expense in the period such determination is made. Similarly, if the Company determines that it can realize all or part of its deferred tax assets that have an associated valuation allowance established, the Company may release a valuation allowance with a corresponding benefit to income tax expense in the period such determination is made.

The Company establishes contingent liabilities for potentially unfavorable outcomes of positions taken on certain tax matters. These liabilities are based on management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The anticipated and actual outcomes of these matters may differ, which may result in changes in estimates to such unrecognized tax benefit liabilities. To the extent such changes in estimates are necessary, the Company's effective tax rate may fluctuate. In accordance with the Company's accounting policy, accrued interest and penalties related to unrecognized tax benefits are recorded as a component of income tax expense.

In determining the Company's income tax expense, management considers current tax regulations in the numerous jurisdictions in which it operates, including the impact of tax law and regulation changes in the jurisdictions the Company operates in. The Company exercises judgment for interpretation and application of such current tax regulations. Changes to such tax regulations or disagreements with the Company's interpretation or application by tax authorities in any of the Company's major jurisdictions may have a significant impact on the Company's income tax expense.

See Note 9, "Income taxes" to the Company's consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion on income tax expense, valuation allowances and unrecognized tax benefits.

### **Recently Issued Accounting Pronouncements**

In September 2022, the FASB issued ASU No. 2022-04, Liabilities (subtopic 405-50): Supplier Finance Programs ("ASU No. 2022-04") to enhance the transparency of certain supplier finance programs to allow financial statement users to understand the effect on working capital, liquidity and cash flows. The new pronouncement requires qualitative and quantitative disclosure sufficient to enable users of the financial statements to understand the nature, activity during the period, changes from period to period and potential magnitude of such programs. The Company plans to adopt this guidance in the first quarter of fiscal 2024, except for the amendment on roll-forward information, which is effective in fiscal 2025. The Company's planned adoption of ASU No. 2022-04 is not expected to have a material impact on the Company's consolidated financial statements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The Company seeks to reduce earnings and cash flow volatility associated with changes in interest rates and foreign currency exchange rates by entering into financial arrangements, from time to time, which are intended to provide an economic hedge against all, or a portion of the risks associated with such volatility. The Company continues to have exposure to such risks to the extent they are not economically hedged.

The following table sets forth the scheduled maturities of the Company’s debt outstanding at July 1, 2023 (dollars in millions):

	Fiscal Year						Total
	2024	2025	2026	2027	2028	Thereafter	
<b>Liabilities:</b>							
Fixed rate debt <sup>(1)</sup>	\$ —	\$ —	\$ 550.0	\$ —	\$ 500.0	\$ 600.0	\$ 1,650.0
Floating rate debt	\$ 70.6	\$ 555.8	\$ —	\$ —	\$ 796.6	\$ —	\$ 1,423.0

(1) Excludes unamortized discounts and issuance costs.

The following table sets forth the carrying value and fair value of the Company’s debt and the average interest rates at July 1, 2023, and July 2, 2022 (dollars in millions):

	Carrying Value at July 1, 2023	Fair Value at at July 1, 2023	Carrying Value at July 2, 2022	Fair Value at July 2, 2022
<b>Liabilities:</b>				
Fixed rate debt <sup>(1)</sup>	\$ 1,650.0	\$ 1,567.5	\$ 1,324.6	\$ 1,265.8
Average interest rate	5.0 %		4.1 %	
Floating rate debt	\$ 1,423.0	\$ 1,423.0	\$ 297.8	\$ 297.8
Average interest rate	5.3 %		2.6 %	

(1) Excludes unamortized discounts and issuance costs. Fair value was estimated primarily based upon quoted market prices for the Company’s public long-term notes.

Many of the Company’s subsidiaries purchase and sell products in currencies other than their functional currencies, which subjects the Company to the risks associated with fluctuations in currency exchange rates. The Company uses economic hedges to reduce this risk utilizing natural hedging (i.e., offsetting receivables and payables in the same foreign currency) and creating offsetting positions through the use of derivative financial instruments (primarily forward foreign currency exchange contracts typically with maturities of less than 60 days, but no longer than one year). The Company continues to have exposure to foreign currency risks to the extent they are not economically hedged. The Company adjusts any economic hedges to fair value within the same line item in the consolidated statements of operations as the remeasurement of the underlying assets or liabilities being economically hedged. Therefore, the changes in valuation of the underlying items being economically hedged are offset by the changes in fair value of the forward foreign exchange contracts. A hypothetical 10% change in foreign currency exchange rates under the forward foreign currency exchange contracts outstanding at July 1, 2023, would result in an increase or decrease of approximately \$80.0 million to the fair value of the forward foreign exchange contracts, which would generally be offset by an opposite effect on the underlying exposure being economically hedged. See Note 2, “Derivative financial instruments” to the Company’s consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion on derivative financial instruments.

**Item 8. Financial Statements and Supplementary Data**

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Schedules other than that above have been omitted because they are not applicable, or the required information is shown in the financial statements or notes thereto

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors  
Avnet, Inc.:

### *Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying consolidated balance sheets of Avnet, Inc. and subsidiaries (the Company) as of July 1, 2023 and July 2, 2022, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended July 1, 2023, and the related notes and financial statement schedules II (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of July 1, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of July 1, 2023 and July 2, 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended July 1, 2023, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 1, 2023 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### *Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Evaluation of accounting for income taxes*

As discussed in Notes 1 and 9 to the consolidated financial statements, the Company recognized \$187.3 million of deferred tax assets, net and income tax expense of \$212.1 million as of and for the year ended July 1, 2023.

Additionally, as discussed in Note 8, the Company recognized accrued income taxes of \$93.5 million as of July 1, 2023. The Company conducts business globally and consequently is subject to U.S. federal, state, and local income taxes as well as foreign income taxes in many of the jurisdictions in which it operates. The Company exercises judgment for the interpretation and application of such current tax regulations.

We identified the evaluation of accounting for income taxes as a critical audit matter. Evaluating the Company's application of current tax regulations in various foreign jurisdictions and the impact of those regulations on foreign, U.S. federal, state and local income tax provisions required complex auditor judgment and the use of tax professionals with specialized skills.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's income tax process, including controls related to the application of current tax regulations in the various tax jurisdictions and impact on the Company's tax provisions. We involved tax professionals with specialized skills and knowledge in various tax jurisdictions, who assisted in evaluating the Company's analyses over the application of current tax regulations and the Company's interpretation of tax laws and regulations in those jurisdictions.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Phoenix, Arizona  
August 18, 2023

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>July 1, 2023</b>	<b>July 2, 2022</b>
<b>(Thousands, except share amounts)</b>		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 288,230	\$ 153,693
Receivables	4,763,788	4,301,002
Inventories	5,465,031	4,244,148
Prepaid and other current assets	233,804	177,783
Total current assets	10,750,853	8,876,626
Property, plant and equipment, net	441,557	315,204
Goodwill	780,629	758,833
Operating lease assets	221,698	227,138
Other assets	282,422	210,731
Total assets	\$ 12,477,159	\$ 10,388,532
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 70,636	\$ 174,422
Accounts payable	3,373,820	3,431,683
Accrued expenses and other	753,130	591,020
Short-term operating lease liabilities	51,792	54,529
Total current liabilities	4,249,378	4,251,654
Long-term debt	2,988,029	1,437,400
Long-term operating lease liabilities	190,621	199,418
Other liabilities	297,462	307,300
Total liabilities	7,725,490	6,195,772
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Common stock \$1.00 par; authorized 300,000,000 shares; issued 91,504,053 shares and 95,701,630 shares, respectively	91,504	95,702
Additional paid-in capital	1,691,334	1,656,907
Retained earnings	3,378,212	2,921,399
Accumulated other comprehensive loss	(409,381)	(481,248)
Total shareholders' equity	4,751,669	4,192,760
Total liabilities and shareholders' equity	\$ 12,477,159	\$ 10,388,532

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years Ended		
	July 1, 2023	July 2, 2022	July 3, 2021
	(Thousands, except per share amounts)		
Sales	\$ 26,536,881	\$ 24,310,708	\$ 19,534,679
Cost of sales	23,354,738	21,345,317	17,294,049
Gross profit	3,182,143	2,965,391	2,240,630
Selling, general and administrative expenses	1,967,305	1,994,847	1,874,831
Russian-Ukraine conflict related expenses	—	26,261	—
Restructuring, integration and other expenses	28,038	5,272	84,391
Operating income	1,186,800	939,011	281,408
Other income (expense), net	9,908	(5,302)	(19,006)
Interest and other financing expenses, net	(250,869)	(100,375)	(89,473)
Gain on legal settlements and other	37,037	—	—
Income before taxes	982,876	833,334	172,929
Income tax expense (benefit)	212,048	140,955	(20,185)
Net income	<u>\$ 770,828</u>	<u>\$ 692,379</u>	<u>\$ 193,114</u>
Earnings per share:			
Basic	<u>\$ 8.37</u>	<u>\$ 7.02</u>	<u>\$ 1.95</u>
Diluted	<u>\$ 8.26</u>	<u>\$ 6.94</u>	<u>\$ 1.93</u>
Shares used to compute earnings per share:			
Basic	<u>92,043</u>	<u>98,662</u>	<u>99,258</u>
Diluted	<u>93,368</u>	<u>99,819</u>	<u>100,168</u>
Cash dividends paid per common share	<u>\$ 1.16</u>	<u>\$ 1.00</u>	<u>\$ 0.85</u>

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended</b>		
	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
		<b>(Thousands)</b>	
Net income	\$ 770,828	\$ 692,379	\$ 193,114
Other comprehensive income (loss), net of tax:			
Foreign currency translation and other	64,486	(324,139)	152,678
Cross-currency swap	(22,849)	—	—
Pension adjustments, net	30,230	(3,362)	81,955
Total comprehensive income, net of tax	<u>\$ 842,695</u>	<u>\$ 364,878</u>	<u>\$ 427,747</u>

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**Years Ended July 1, 2023, July 2, 2022, and July 3, 2021**

	<u>Common Stock- Shares</u>	<u>Common Stock- Amount</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive (Loss) Income</u>	<u>Total Shareholders' Equity</u>
	(Thousands)					
<b>Balance, June 27, 2020</b>	98,793	\$ 98,793	\$ 1,594,140	\$ 2,421,845	\$ (388,380)	\$ 3,726,398
Net income	—	—	—	193,114	—	193,114
Translation adjustments and other	—	—	—	—	152,678	152,678
Pension liability adjustments, net of tax of \$2,483	—	—	—	—	81,955	81,955
Cash dividends (\$0.85 per share)	—	—	—	(84,309)	—	(84,309)
Effects of new accounting principles	—	—	—	(14,480)	—	(14,480)
Stock-based compensation	808	808	28,020	—	—	28,828
<b>Balance, July 3, 2021</b>	99,601	99,601	1,622,160	2,516,170	(153,747)	4,084,184
Net income	—	—	—	692,379	—	692,379
Translation adjustments and other	—	—	—	—	(324,139)	(324,139)
Pension liability adjustments, net of tax of \$582	—	—	—	—	(3,362)	(3,362)
Cash dividends (\$1.00 per share)	—	—	—	(98,490)	—	(98,490)
Repurchases of common stock	(4,676)	(4,676)	—	(188,660)	—	(193,336)
Stock-based compensation	777	777	34,747	—	—	35,524
<b>Balance, July 2, 2022</b>	95,702	95,702	1,656,907	2,921,399	(481,248)	4,192,760
Net income	—	—	—	770,828	—	770,828
Translation adjustments and other	—	—	—	—	64,486	64,486
Pension liability adjustments, net of tax of \$8,146	—	—	—	—	30,230	30,230
Cross-currency swap	—	—	—	—	(22,849)	(22,849)
Cash dividends (\$1.16 per share)	—	—	—	(106,325)	—	(106,325)
Repurchases of common stock	(5,085)	(5,085)	—	(207,690)	—	(212,775)
Stock-based compensation	887	887	34,427	—	—	35,314
<b>Balance, July 1, 2023</b>	<u>91,504</u>	<u>\$ 91,504</u>	<u>\$ 1,691,334</u>	<u>\$ 3,378,212</u>	<u>\$ (409,381)</u>	<u>\$ 4,751,669</u>

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended		
	July 1, 2023	July 2, 2022	July 3, 2021
	(Thousands)		
<b>Cash flows from operating activities:</b>			
Net income	\$ 770,828	\$ 692,379	\$ 193,114
<b>Non-cash and other reconciling items:</b>			
Depreciation	82,565	87,367	90,884
Amortization	6,048	14,959	41,033
Amortization of operating lease assets	54,392	52,881	56,782
Deferred income taxes	(37,060)	(52,513)	14,650
Stock-based compensation	38,781	36,738	29,339
Impairments	—	—	15,166
Other, net	52,142	34,116	22,512
<b>Changes in (net of effects from businesses acquired and divested):</b>			
Receivables	(461,117)	(1,132,039)	(615,353)
Inventories	(1,173,124)	(1,218,871)	(409,075)
Accounts payable	(75,943)	1,131,225	620,973
Accrued expenses and other, net	28,785	134,448	30,924
Net cash flows (used for) provided by operating activities	<u>(713,703)</u>	<u>(219,310)</u>	<u>90,949</u>
<b>Cash flows from financing activities:</b>			
Issuance of notes, net of discounts	498,615	299,973	297,660
Repayments of public notes	—	(354,336)	(305,077)
Borrowings under accounts receivable securitization, net	258,000	274,900	22,900
Borrowings (repayments) under senior unsecured credit facility, net	728,182	—	(231,680)
Borrowings (repayments) under bank credit facilities and other debt, net	(96,209)	235,047	(2,789)
Repurchases of common stock	(221,730)	(184,382)	—
Dividends paid on common stock	(106,325)	(98,490)	(84,309)
Other, net	(5,777)	(16,653)	(10,718)
Net cash flows provided by (used for) financing activities	<u>1,054,756</u>	<u>156,059</u>	<u>(314,013)</u>
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment	(194,674)	(48,900)	(50,363)
Acquisitions of assets and businesses	—	—	(18,381)
Proceeds from liquidation of Company owned life insurance policies	—	90,384	—
Other, net	(16,877)	9,815	7,548
Net cash flows (used for) provided by investing activities	<u>(211,551)</u>	<u>51,299</u>	<u>(61,196)</u>
Effect of currency exchange rate changes on cash and cash equivalents	5,035	(34,046)	6,913
<b>Cash and cash equivalents:</b>			
— increase (decrease)	134,537	(45,998)	(277,347)
— at beginning of period	153,693	199,691	477,038
— at end of period	<u>\$ 288,230</u>	<u>\$ 153,693</u>	<u>\$ 199,691</u>

Additional cash flow information (Note 15)

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies**

*Basis of presentation* — The accompanying consolidated financial statements include the accounts of Avnet, Inc. and all of its majority-owned and controlled subsidiaries (the “Company” or “Avnet”). All intercompany and intracompany accounts and transactions have been eliminated.

*Reclassifications* — Certain prior period amounts have been reclassified or combined to conform to the current period presentation.

*Fiscal year* — The Company operates on a “52/53 week” fiscal year, which ends on the Saturday closest to June 30th. Fiscal 2023 and 2022 contain 52 weeks compared to 53 weeks in fiscal 2021. Unless otherwise noted, all references to “fiscal” or “year” shall mean the Company’s fiscal year.

*Management estimates* — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, reported amounts of sales and expenses and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ materially from those estimates.

*Cash and cash equivalents* — The Company considers all highly liquid investments with an original maturity of three months or less including money market funds to be cash equivalents.

*Receivables* – Receivables, predominately comprised of customer trade accounts, are reported at amortized cost, net of the allowance for credit losses in the consolidated balance sheets. The allowance for credit losses is a valuation account that is deducted from the receivables’ amortized cost basis to present the net amount expected to be collected. The Company estimates the allowance for credit losses using relevant available information about expected credit losses, including information about historical credit losses, past events, current conditions, and other factors which may affect the collectability of receivables. Adjustments to historical loss information are made for differences in current receivable specific risk characteristics, such as changes in customer behavior, economic and industry changes, or other relevant factors. Expected credit losses are estimated on a pooled basis when similar risk characteristics exist.

*Inventories* — Inventories, comprised principally of finished goods, are stated at the lower of cost or net realizable value. Inventory cost includes the purchase price of finished goods and any freight cost incurred to receive the inventory into the Company’s distribution centers. The Company regularly reviews the cost of inventory against its estimated net realizable value, considering historical experience and any contractual rights of return, stock rotations, vendor rebates, excess, and obsolescence allowances, or price protections provided by the Company’s suppliers. It records the lower of cost or net realizable value write-down if any inventories have a cost in excess of such inventories’ estimated net realizable value.

*Depreciation, amortization and useful lives* — The Company reports property, plant, and equipment at cost, less accumulated depreciation. Cost includes the price paid to acquire or construct the assets, required installation costs, interest capitalized during the construction period, and any expenditure that substantially adds to the value or substantially extends the useful life of an existing asset. Additionally, the Company capitalizes qualified costs related to software obtained or developed for internal use as a component of property, plant, and equipment. Software obtained for

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

internal use has generally been enterprise-level business operations, logistics, and finance software that is customized to meet the Company's specific operational requirements. The Company begins depreciation and amortization ("depreciation") for property, plant, and equipment when an asset is both in the location and condition for its intended use.

Property, plant, and equipment is depreciated using the straight-line method over its estimated useful lives. The estimated useful lives for property, plant, and equipment are typically as follows: buildings (30 years); machinery, fixtures and equipment (2-10 years); information technology hardware and software (2-10 years); and leasehold improvements (over the applicable lease term or economic useful life, if shorter).

The Company amortizes intangible assets acquired in business combinations or asset combinations using the straight-line method over the estimated economic useful lives of the intangible assets from the date of acquisition, which is generally between 5-10 years.

*Long-lived asset impairment* — Long-lived assets, including property, plant, equipment, intangible assets and operating lease assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. For purposes of recognition and measurement of an impairment loss, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities ("asset group"). An impairment is recognized when the estimated undiscounted cash flows expected to result from the use of the asset group and its eventual disposition is less than its carrying amount. An impairment is measured as the amount by which an asset group's carrying value exceeds its estimated fair value. The Company considers a long-lived asset to be abandoned when it has ceased use of such abandoned asset and if the Company has no intent to use or repurpose the asset in the future. The Company continually evaluates the carrying value and the remaining economic useful life of long-lived assets and adjusts the carrying value and remaining useful life when appropriate.

*Leases* — Substantially all the Company's leases are classified as operating leases and are predominately related to real property for distribution centers, office space, and integration facilities, with a lease term of up to 15 years. The Company's equipment leases are primarily for automobiles, distribution center equipment and office equipment, which are not material to the consolidated financial statements.

The Company determines if an arrangement contains a lease at inception. Lease right-of-use assets ("operating lease assets") and associated liabilities ("operating lease liabilities") are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. Certain lease agreements may include one or more options to extend or terminate a lease. Lease terms are inclusive of these options if it is reasonably certain that the Company will exercise such options.

The Company's leases generally do not provide an implicit borrowing rate, as such, the discount rate used to calculate present value is based upon an estimate of the Company's secured borrowing rate, which varies based on the lease term and the currency of the lease payments. Lease cost is recognized on a straight-line basis over the lease term and is included as a component of "Selling, general, and administrative expenses" in the consolidated statements of operations. Lease payments are primarily fixed; however, certain lease agreements contain variable payments, which are expensed as incurred and not included in the measurement of operating lease assets and liabilities.

**AVNET, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Goodwill* — Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value assigned to the individual assets acquired and liabilities assumed. The Company does not amortize goodwill, but instead tests goodwill for impairment at least annually in the fourth quarter. If necessary, the Company records any impairment resulting from such goodwill impairment testing as a component of operating expenses included within goodwill and intangible asset impairment expenses in the consolidated statements of operations. Impairment testing is performed at the reporting unit level, which is defined as the same, or one level below, an operating segment. The Company will perform an interim impairment test between required annual tests if facts and circumstances indicate that it is more-likely-than-not that the fair value of a reporting unit that has goodwill is less than its carrying value.

In performing goodwill impairment testing, the Company may first make a qualitative assessment of whether it is more-likely-than-not that a reporting unit's fair value is less than its carrying value. If the qualitative assessment indicates it is more-likely-than-not that a reporting unit's fair value is not greater than its carrying value, the Company must perform a quantitative impairment test. The Company defines the fair value of a reporting unit as the price that would be received to sell the reporting unit as a whole in an orderly transaction between market participants as of the impairment test date. To determine the fair value of a reporting unit, the Company uses the income methodology of valuation, which includes the discounted cash flow method, and the market methodology of valuation, which considers values of comparable businesses to estimate the fair value of the Company's reporting units.

Significant management judgment is required when estimating the fair value of the Company's reporting units from a market participant perspective (including forecasting of future operating results and the discount rates used in the discounted cash flow method of valuation) and in the selection of comparable businesses and related market multiples that are used in the market method of valuation. If the estimated fair value of a reporting unit exceeds the carrying value assigned to that reporting unit, goodwill is not impaired. If the reverse is true, then the Company measures a goodwill impairment loss based on such difference.

The Company evaluates each quarter if facts and circumstances indicate that it is more-likely-than-not that the fair value of its reporting units is less than their carrying value, which would require the Company to perform an interim goodwill impairment test. Indicators the Company evaluates to determine whether an interim goodwill impairment test is necessary include, but are not limited to, (i) a sustained decrease in share price or market capitalization as of any fiscal quarter end, (ii) changes in macroeconomic or industry environments, (iii) the results of, and the amount of time passed since, the last goodwill impairment test, and (iv) the long-term expected financial performance of its reporting units.

*Foreign currency translation* — The assets and liabilities of foreign operations are translated into U.S. Dollars at the exchange rates in effect at each balance sheet date, with the related translation adjustments reported as a separate component of shareholders' equity and comprehensive income (loss). Results of operations are translated using the average exchange rates prevailing throughout the reporting period. Transactions denominated in currencies other than the functional currency of the Avnet subsidiaries that are party to the transactions are remeasured at exchange rates in effect at each balance sheet date or upon settlement of the transaction. Gains and losses from such remeasurements are recorded in the consolidated statements of operations as a component of "Other expense, net."

*Income taxes* — The Company follows the asset and liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for the estimated future tax impact of differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized within income tax expense in the period in which the new tax rate is enacted. Based upon historical and estimated levels of future taxable income and analysis of other key factors, the Company may increase or decrease a valuation allowance against its deferred tax assets, as deemed necessary, to adjust such assets to their estimated net realizable value.

The Company establishes contingent liabilities for potentially unfavorable outcomes of positions taken on certain tax matters. These liabilities are based on management's assessment of whether a tax benefit is more-likely-than-not to be sustained upon examination by the relevant tax authorities. Differences between the estimated and actual outcomes of these matters may result in future changes in estimates to such unrecognized tax benefits. Any such changes in estimates may impact the Company's effective tax rate. In accordance with the Company's accounting policies, accrued interest and penalties related to unrecognized tax benefits are recorded as a component of income tax expense.

*Revenue recognition* — Revenue is recognized at the point at which control of the underlying products are transferred to the customer, which includes determining whether products are distinct and separate performance obligations. For electronic component and related product sales, transfer of control to the customer generally occurs upon product shipment, but it may occur at a later date depending on the agreed upon sales terms (such as delivery at the customer's designated location, or when products that are consigned at customer locations are consumed). In limited instances, where products are not in stock and delivery times are critical, product is purchased from the supplier and drop-shipped to the customer. The Company typically takes control of the products when shipped by the supplier and then recognizes revenue when control of the product transfers to the customer. The Company does not have material product warranty obligations, because the assurance type product warranties provided by the component manufacturers are passed through to the Company's customers.

For contracts related to the specialized manufacture of products for customers with no alternative use and for which the Company has an enforceable right to payment, including a reasonable profit margin, the Company recognizes revenue over time as control of the products transfer through the manufacturing process. The contract assets associated with such specialized manufacturing products are not material.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products. The Company estimates different forms of variable consideration at the time of sale based on historical experience, current conditions, and contractual obligations. Revenue is recorded net of customer discounts and rebates. When the Company offers the right or has a history of accepting returns of product, historical experience is utilized to establish a liability for the estimate of expected returns and an asset for the right to recover the product expected to be returned. These adjustments are made in the same period as the underlying sales transactions.

The Company considers the following indicators amongst others when determining whether it is acting as a principal in the contract where revenue would be recorded on a gross basis: (i) the Company is primarily responsible for fulfilling the promise to provide the specified products or services; (ii) the Company has inventory risk before the specified products have been transferred to a customer or after transfer of control to the customer; and (iii) the Company has discretion in establishing the price for the specified products or services. If a transaction does not meet the Company's indicators of being a principal in the transaction, then the Company is acting as an agent in the transaction and the associated revenues are recognized on a net basis.

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The company has contracts with certain customers where the company's performance obligation is to arrange for the products or services to be provided by another party. In these arrangements, as the company assumes an agency relationship in the transaction, revenue is recognized in the amount of the net fee associated with serving as an agent. These arrangements primarily relate to the sale of supplier software services and supply chain services for the coordination, holding and delivery of inventory for which the company does not assume the risks and rewards of ownership.

Sales tax and other tax amounts collected from customers for remittance to governmental authorities are excluded from revenue. The Company accounts for shipping and handling of product as a fulfillment activity. The Company does not have any payment terms that exceed one year from the point it has satisfied the related performance obligations. Tariffs are included in sales as the company has enforceable rights to additional consideration to cover the cost of tariffs. Other taxes imposed by governmental authorities on the company's revenue producing activities with customers, such as sales taxes and value added taxes, are excluded from net sales.

*Vendor allowances and consideration* — Consideration received from suppliers for price protection, product rebates, marketing/promotional activities, or any other programs are recorded when earned (under the terms and conditions of such supplier programs) as adjustments to product costs or selling, general and administrative expenses, depending upon the nature and contractual requirements related to the consideration received. Some of these supplier programs require management to make estimates and may extend over multiple periods.

*Comprehensive income (loss)* — Comprehensive income (loss) represents net income for the year adjusted for certain changes in shareholders' equity. Accumulated comprehensive income (loss) items impacting comprehensive income (loss) includes foreign currency translation, unrealized gains and losses on derivative instruments designated and qualifying as net investment hedges, and the impact of the Company's pension liability adjustments, net of tax.

*Stock-based compensation* — The Company measures stock-based payments at fair value and generally recognizes the associated operating expense in the consolidated statements of operations over the requisite service period. A stock-based payment is considered vested for accounting expense attribution purposes when the employee's retention of the award is no longer contingent on providing continued service. Accordingly, the Company recognizes all stock-based compensation expense for awards granted to retirement eligible employees over the period from the grant date to the date retirement eligibility is achieved, if less than the stated requisite service period. The expense attribution approach for retirement eligible employees does not affect the overall amount of compensation expense recognized, but instead accelerates the recognition of such expense.

*Restructuring and exit activities* — The determination of when the Company accrues for involuntary termination benefits under restructuring plans depends on whether the termination benefits are provided under an on-going benefit arrangement or under a one-time benefit arrangement. The Company accounts for on-going benefit arrangements in accordance with Accounting Standards Codification 712 ("ASC 712") *Nonretirement Postemployment Benefits* and accounts for one-time benefit arrangements in accordance with ASC 420 *Exit or Disposal Cost Obligations*. If applicable, the Company records such costs into operating expense over the terminated employee's future service period beyond any minimum retention period. Other costs associated with restructuring or exit activities may include contract termination costs and impairments of long-lived assets, which are expensed in accordance with ASC 420 *Exit or Disposal Cost Obligations* and ASC 360 *Property, Plant and Equipment*, respectively.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Gain on legal settlements* — The Company recognizes gains on legal settlements only when such gains are realized or realizable.

*Concentration of credit risk* — Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and cash equivalents, marketable securities, and trade accounts receivable. The Company invests its excess cash primarily in overnight time deposits and institutional money market funds with highly rated financial institutions. To reduce credit risk, management performs ongoing credit evaluations of its customers' financial condition and, in some instances, has obtained credit insurance coverage to reduce such risk. The Company maintains reserves for potential credit losses from customers, but has not historically experienced material losses related to individual customers or groups of customers in any particular end market or geographic area.

*Fair value* — The Company measures financial assets and liabilities at fair value based upon an exit price, representing the amount that would be received from the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants. ASC 820, *Fair Value Measurements*, requires inputs used in valuation techniques for measuring fair value on a recurring or non-recurring basis be assigned to a hierarchical level as follows: Level 1 are observable inputs that reflect quoted prices for identical assets or liabilities in active markets; Level 2 are observable market-based inputs or unobservable inputs that are corroborated by market data; and, Level 3 are unobservable inputs that are not corroborated by market data. During fiscal 2023, 2022, and 2021, there were no transfers of assets measured at fair value between the three levels of the fair value hierarchy. The carrying amounts of the Company's financial instruments, including cash equivalents, receivables, and accounts payable approximate their fair values at July 1, 2023, due to the short-term nature of these assets and liabilities. At July 1, 2023, and July 2, 2022, the Company had \$3.7 million and \$5.4 million, respectively, of cash equivalents that were measured at fair value based upon Level 1 criteria.

*Investments* — Equity investments in businesses or start-up companies ("ventures") are accounted for using the equity method if the investment provides the Company the ability to exercise significant influence, but not control, over the ventures. All other equity investments, which consist of investments for which the Company does not possess the ability to exercise significant influence over the ventures, are measured at fair value, using quoted market prices, or at cost minus impairment, if any, plus or minus changes resulting from observable price changes when fair value is not readily determinable. Investments in ventures are included in "Other assets" in the Company's consolidated balance sheets. Changes in fair value, including impairments for investments in ventures, if any, are recorded in "Other expense, net" in the Company's consolidated statements of operations. As of July 1, 2023, the Company's investments in ventures was not material to the consolidated balance sheets or consolidated statements of operations.

*Environmental liabilities* — The Company accrues for environmental liabilities when it is probable that obligations have been incurred and the associated amounts can be reasonably estimated. The Company uses a third-party specialist to assist in appropriately measuring its obligations associated with environmental liabilities. Such liabilities are adjusted as new information develops or circumstances change. The Company does not discount its environmental liabilities as the timing of the anticipated cash payments is not fixed or readily determinable. The Company's estimate of its potential liability is independent of any potential recovery of insurance proceeds or indemnification arrangements and the Company's environmental liabilities have not been reduced for potential insurance recoveries.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Recently adopted accounting pronouncements* — During fiscal 2023, the Company did not adopt any new accounting pronouncements that had a material impact on the Company's consolidated financial statements.

**2. Derivative financial instruments**

Many of the Company's subsidiaries purchase and sell products in currencies other than their functional currencies, which subjects the Company to the risks associated with fluctuations in currency exchange rates. This foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase from suppliers. The Company's foreign operations transactions are denominated primarily in the following currencies: U.S. Dollar, Euro, British Pound, Japanese Yen, Chinese Yuan, Taiwan Dollar, Canadian Dollar and Mexican Peso. The Company also, to a lesser extent, has foreign operations transactions in other EMEA and Asian foreign currencies.

The Company uses economic hedges to reduce this risk utilizing natural hedging (i.e., offsetting receivables and payables in the same foreign currency) and creating offsetting positions through the use of derivative financial instruments (primarily forward foreign exchange contracts typically with maturities of less than 60 days, but no longer than one year). The Company continues to have exposure to foreign currency risks to the extent they are not economically hedged. The fair value of forward foreign exchange contracts is based upon Level 2 criteria under the ASC 820 fair value hierarchy. The Company's master netting and other similar arrangements with various financial institutions related to derivative financial instruments allow for the right of offset. The Company's policy is to present derivative financial instruments with the same counterparty as either a net asset or liability when the right of offset exists. Under the Company's economic hedging policies, gains and losses on the derivative financial instruments are classified within the same line item in the consolidated statements of operations as the remeasurement of the underlying assets or liabilities being economically hedged.

During the third quarter of fiscal 2023, the Company entered into a fixed-to-fixed rate cross currency swap (the "cross-currency swap") with a notional amount of \$500.0 million, or €472.6 million, that is set to mature in March 2028. The Company designated this derivative contract as a net investment hedge of its European operations and elected the spot method for measuring hedge effectiveness. Changes in fair value of the cross-currency swap is presented in "Accumulated other comprehensive loss" in the consolidated balance sheets. Amounts related to the cross-currency swap recognized directly in net income represent net periodic interest settlements and accruals, which are recognized in Interest and other financing expenses, net, on the consolidated statements of operations. The fair value of the cross-currency swaps is based upon Level 2 criteria under the ASC 820 fair value hierarchy.

The Company uses these derivative financial instruments to manage risks associated with foreign currency exchange rates and interest rates. The Company does not enter derivative financial instruments for trading or speculative purposes and monitors the financial stability and credit standing of its counterparties.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The locations and fair values of the Company’s derivative financial instruments in the Company’s consolidated balance sheets are as follows:

	<b>July 1, 2023</b>	<b>July 2, 2022</b>
	<b>(Thousands)</b>	
<b>Economic hedges</b>		
Prepaid and other current assets	\$ 69,104	\$ 24,907
Accrued expenses and other	68,594	29,663
<b>Cross-currency swap</b>		
Other liabilities	\$ 22,849	—

The locations of derivative financial instruments on the Company’s consolidated statements of operations are as follows:

		<b>Years Ended</b>		
		<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
		<b>(Thousands)</b>		
Economic hedges	Other expense, net	\$ 40,454	\$ (37,336)	\$ (21,605)
Cross currency swap	Interest and other financing expense, net	1,635	—	—

**3. Shareholders’ equity**

*Accumulated comprehensive loss*

The following table includes the balances within “Accumulated other comprehensive loss”:

	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
	<b>(Thousands)</b>		
Accumulated translation adjustments and other	\$ (328,975)	\$ (370,612)	\$ (46,473)
Accumulated pension liability adjustments, net of income taxes	(80,406)	(110,636)	(107,274)
<b>Total accumulated other comprehensive loss</b>	<b>\$ (409,381)</b>	<b>\$ (481,248)</b>	<b>\$ (153,747)</b>

Substantially all amounts reclassified out of “Accumulated comprehensive loss, net of tax”, to operating expenses during fiscal 2023, 2022, and 2021 related to net periodic pension costs as discussed further in Note 10.

*Share repurchase program*

During fiscal 2023, the Company repurchased 5.1 million shares under existing programs for a total cost of \$212.8 million. As of July 1, 2023, the Company had \$318.5 million remaining under its new share repurchase authorization.

*Common stock dividend*

During fiscal 2023, the Company paid dividends of \$1.16 per common share and \$106.3 million in total.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**4. Receivables**

The Company's receivables and allowance for credit losses were as follows:

	<u>July 1, 2023</u>	<u>July 2, 2022</u>
	(Thousands)	
Receivables	\$ 4,876,631	\$ 4,414,904
Allowance for Credit Losses	(112,843)	(113,902)

The Company had the following activity in the allowance for credit losses during fiscal 2023 and fiscal 2022:

	<u>July 1, 2023</u>	<u>July 2, 2022</u>
	(Thousands)	
Balance at beginning of the period	\$ 113,902	\$ 88,160
Credit Loss Provisions	16,798	31,489
Russian-Ukraine conflict Credit Loss Provisions	—	17,202
Credit Loss Recoveries	(931)	(702)
Receivables Write Offs	(18,552)	(15,233)
Foreign Currency Effect and Other	1,626	(7,014)
Balance at end of the period	<u>\$ 112,843</u>	<u>\$ 113,902</u>

During fiscal 2022, the Company incurred \$26.3 million of expense, primarily related to \$17.2 million of credit loss provisions associated with accounts receivable from Russian customers that were no longer considered collectible. The remaining \$9.1 million of expenses were related to product write downs and other costs associated with the wind-down of the Company's business operations in Russia and Ukraine.

**5. Property, plant and equipment, net**

Property, plant and equipment are recorded at cost, less accumulated depreciation, and consist of the following:

	<u>July 1, 2023</u>	<u>July 2, 2022</u>
	(Thousands)	
Buildings	\$ 108,236	\$ 114,622
Machinery, fixtures and equipment	259,745	249,053
Information technology hardware and software	884,448	842,759
Leasehold improvements	137,745	119,917
Depreciable property, plant and equipment, gross	1,390,174	1,326,351
Accumulated depreciation	(1,109,631)	(1,038,335)
Depreciable property, plant and equipment, net	280,543	288,016
Land	22,036	21,408
Construction in progress	138,978	5,780
Property, plant and equipment, net	<u>\$ 441,557</u>	<u>\$ 315,204</u>

Depreciation expense related to property, plant, and equipment, was \$82.6 million, \$87.4 million and \$90.9 million in fiscal 2023, 2022, and 2021, respectively. Interest expense capitalized during fiscal 2023, 2022, and 2021 was not material.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**6. Goodwill, intangible assets, and impairments***Goodwill*

The following table presents the change in goodwill balances by reportable segment for fiscal year 2023.

	<b>Electronic Components</b>	<b>Farnell</b>	<b>Total</b>
	<b>(Thousands)</b>		
Carrying value at July 2, 2022 <sup>(1)</sup>	\$ 291,526	\$ 467,307	\$ 758,833
Foreign currency translation	5,303	16,493	21,796
Carrying value at July 1, 2023 <sup>(1)</sup>	<u>\$ 296,829</u>	<u>\$ 483,800</u>	<u>\$ 780,629</u>

<sup>(1)</sup> Includes accumulated impairment of \$1,482,677 from prior fiscal years.

*Intangible Assets*

The net book value of intangible assets was \$6.5 million as of July 1, 2023, which is not material to the consolidated financial statements. Intangible asset amortization expense was \$6.0 million, \$15.0 million, and \$41.0 million for fiscal 2023, 2022, and 2021, respectively.

**7. Debt**

Short-term debt consists of the following (in thousands):

	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 1, 2023</b>	<b>July 2, 2022</b>
	<b>Interest Rate</b>		<b>Carrying Balance</b>	
Other short-term debt	5.08 %	2.09 %	\$ 70,636	\$ 174,422
Short-term debt			<u>\$ 70,636</u>	<u>\$ 174,422</u>

Other short-term debt consists primarily of various committed and uncommitted lines of credit and other forms of bank debt with financial institutions utilized primarily to support the ongoing working capital requirements of the Company, including its foreign operations.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Long-term debt consists of the following (in thousands):

	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 1, 2023</b>	<b>July 2, 2022</b>
	<b>Interest Rate</b>		<b>Carrying Balance</b>	
<b>Revolving credit facilities:</b>				
Accounts receivable securitization program (due December 2024)	5.99 %	2.55 %	\$ 555,800	\$ 297,800
Credit Facility (due August 2027)	4.85 %	—	796,552	—
<b>Public notes due:</b>				
April 2026	4.63 %	4.63 %	550,000	550,000
May 2031	3.00 %	3.00 %	300,000	300,000
June 2032	5.50 %	5.50 %	300,000	300,000
March 2028	6.25 %	—	500,000	—
Long-term debt before discount and debt issuance costs			<u>3,002,352</u>	<u>1,447,800</u>
Discount and debt issuance costs – unamortized			(14,323)	(10,400)
Long-term debt			<u>\$ 2,988,029</u>	<u>\$ 1,437,400</u>

In December 2022, the Company amended and extended its trade accounts receivable securitization program (the “Securitization Program”) in the United States with a group of financial institutions. The Securitization Program allows the Company to transfer, on an ongoing revolving basis, an undivided interest in a designated pool of trade accounts receivable, to provide security or collateral for borrowings of up to \$650.0 million, which was amended in May 2023 to increase the borrowing capacity to \$700.0 million. The Securitization Program does not qualify for off balance sheet accounting treatment and any borrowings under the Securitization Program are recorded as debt in the consolidated balance sheets. Under the Securitization Program, the Company legally sells and isolates certain U.S. trade accounts receivable into a wholly owned and consolidated bankruptcy remote special purpose entity. Such receivables, which are recorded within “Receivables” in the consolidated balance sheets, totaled \$1.27 billion and \$1.12 billion at July 1, 2023, and July 2, 2022, respectively. The Securitization Program contains certain covenants relating to the quality of the receivables sold. There were \$555.8 million and \$297.8 million borrowings outstanding under the Securitization Program as of July 1, 2023, and as of July 2, 2022, respectively.

In 2022, the Company amended and extended its five-year \$1.50 billion revolving credit facility (the “Credit Facility”) with a syndicate of banks, which expires in August 2027. It consists of revolving credit facilities and the issuance of up to \$200.0 million of letters of credit and up to \$300.0 million of loans in certain approved currencies. Under the Credit Facility, the Company may select from various interest rate options, currencies, and maturities. The Credit Facility contains certain covenants including various limitations on debt incurrence, share repurchases, dividends, investments, and capital expenditures. The Credit Facility also includes a financial covenant requiring the Company to maintain a leverage ratio not to exceed a certain threshold, which the Company was in compliance with as of July 1, 2023. At July 1, 2023, and July 2, 2022, there were \$0.9 million and \$1.2 million, respectively, in letters of credit issued under the Credit Facility.

In March 2023, the Company issued \$500.0 million in aggregate principal amount of 6.250% Notes due 2028. The related discount and issuance costs will be amortized to interest expense over the term of the notes and are not considered material to the consolidated financial statements. Interest is payable semi-annually, in arrears, in March and September, commencing September 2023.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Aggregate debt maturities for the next five fiscal years and thereafter are as follows (in thousands):

2024	\$ 70,636
2025	555,800
2026	550,000
2027	—
2028	1,296,552
Thereafter	600,000
Subtotal	<u>3,072,988</u>
Discount and debt issuance costs – unamortized	(14,323)
Total debt	<u>\$ 3,058,665</u>

At July 1, 2023, the carrying value and fair value of the Company's total debt was \$3.06 billion and \$2.98 billion, respectively. At July 2, 2022, the carrying value and fair value of the Company's total debt was \$1.61 billion and \$1.55 billion, respectively. Fair value for the public notes was estimated based upon quoted market prices (Level 1) and, for other forms of debt, fair value approximates carrying value due to the market based variable nature of the interest rates on those debt facilities (Level 2).

#### 8. Accrued expenses and other

Accrued expenses and other consist of the following:

	<u>July 1, 2023</u>	<u>July 2, 2022</u>
	(Thousands)	
Accrued salaries and benefits	\$ 253,790	\$ 242,898
Accrued operating costs	203,083	202,885
Accrued interest and banking costs	86,162	38,394
Accrued restructuring costs	16,011	9,185
Accrued income taxes	93,521	24,831
Accrued property, plant and equipment	28,771	20,275
Accrued other	71,792	52,552
Total accrued expenses and other	<u>\$ 753,130</u>	<u>\$ 591,020</u>

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**9. Income taxes**

The components of income tax expense (benefit) (“tax provision”) are included in the table below. The tax provision for deferred income taxes results from temporary differences arising primarily from net operating losses, inventories valuation, receivables valuation, suspended interest deductions, certain accrued amounts, and depreciation and amortization, net of any changes to valuation allowances.

	<b>Years Ended</b>		
	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
	<b>(Thousands)</b>		
<b>Current:</b>			
Federal	\$ 64,224	\$ 58,512	\$ (62,445)
State and local	7,865	8,871	(4,723)
Foreign	173,450	126,522	21,530
<b>Total current taxes</b>	<b>245,539</b>	<b>193,905</b>	<b>(45,638)</b>
<b>Deferred:</b>			
Federal	(15,422)	(32,424)	21,590
State and local	2,606	(22,320)	259
Foreign	(20,675)	1,794	3,604
<b>Total deferred taxes</b>	<b>(33,491)</b>	<b>(52,950)</b>	<b>25,453</b>
<b>Income tax expense (benefit)</b>	<b>\$ 212,048</b>	<b>\$ 140,955</b>	<b>\$ (20,185)</b>

The tax provision is computed based upon income (loss) before income taxes from both U.S. and foreign operations. U.S. income (loss) before income taxes was \$250.8 million, \$197.1 million and, \$(89.4) million, in fiscal 2023, 2022, and 2021, respectively, and foreign income before income taxes was \$732.1 million, \$636.3 million, and \$262.3 million, in fiscal 2023, 2022, and 2021, respectively.

The Company asserts that all of its unremitted foreign earnings are permanently reinvested, and any unrecorded liabilities related to this assertion are not material.

Reconciliations of the federal statutory tax rate to the effective tax rates are as follows:

	<b>Years Ended</b>		
	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal benefit	0.9	1.1	(2.2)
Tax on foreign income, net of valuation allowances	0.5	(1.7)	(10.7)
Establishment/release of valuation allowances, net of U.S. tax expense	0.5	(5.8)	2.1
Change in unrecognized tax benefit reserves	(0.5)	(0.6)	14.3
Tax audit settlements	0.3	0.2	0.4
Impact of surrender of Company owned life insurance policies	—	1.4	—
Impact on foreign currency translation loss	(1.2)	—	—
Impact of the CARES Act	—	—	(8.4)
Impairments of investments	—	—	(22.4)
Other, net	0.1	1.3	(5.8)
<b>Effective tax rate</b>	<b>21.6 %</b>	<b>16.9 %</b>	<b>(11.7)%</b>

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Tax rates on foreign income represents the impact of the difference between foreign rates and the U.S. federal statutory rate applied to foreign income or loss, foreign income taxed in the U.S. at rates other than its statutory rate, and the impact of valuation allowances previously established against the Company's otherwise realizable foreign deferred tax assets, which are primarily net operating loss carry-forwards.

Avnet's effective tax rate on income before income taxes was 21.6% in fiscal 2023 as compared with an effective tax rate of 16.9% on fiscal 2022 income before income taxes. Included in the fiscal 2023 effective tax rate are U.S. state taxes, tax expense related to the increase to valuation allowances against the deferred tax assets, the impact of mix of income in higher tax jurisdictions and the tax benefit arising from a foreign currency translation loss.

The Company applies the guidance in ASC 740 *Income Taxes*, which requires management to use its judgment to the appropriate weighting of all available evidence when assessing the need for the establishment or the release of valuation allowances. As part of this analysis, the Company examines all available evidence on a jurisdiction-by-jurisdiction basis and weighs the positive and negative evidence when determining the need for full or partial valuation allowances. The evidence considered for each jurisdiction includes, among other items: (i) the historic levels and types of income or losses over a range of time periods, which may extend beyond the most recent three fiscal years depending upon the historical volatility of income in an individual jurisdiction; (ii) expectations and risks associated with underlying estimates of future taxable income, including considering the historical trend of down-cycles in the Company's served industries; (iii) jurisdictional specific limitations on the utilization of deferred tax assets, including when such assets expire; and (iv) prudent and feasible tax planning strategies.

The significant components of deferred tax assets and liabilities, included in "other assets" on the consolidated balance sheets, are as follows:

	<u>July 1,</u> <u>2023</u>	<u>July 2,</u> <u>2022</u>
	<u>(Thousands)</u>	
Deferred tax assets:		
Federal, state and foreign net operating loss carry-forwards	\$ 211,719	\$ 226,072
Depreciation and amortization	15,311	11,525
Inventories valuation	11,525	29,798
Operating lease liabilities	56,424	56,256
Receivables valuation	13,946	18,321
Interest deductions	39,175	29,358
Various accrued liabilities and other	101,713	47,717
	<u>449,813</u>	<u>419,047</u>
Less — valuation allowances	<u>(207,744)</u>	<u>(207,889)</u>
	242,069	211,158
Deferred tax liabilities:		
Operating lease assets	<u>(54,799)</u>	<u>(54,632)</u>
Net deferred tax assets	<u>\$ 187,270</u>	<u>\$ 156,526</u>

The change in valuation allowances in fiscal 2023 from fiscal 2022 was related to a \$4.5 million increase resulting from current year activities, and a \$4.7 million decrease resulting from changing foreign exchange rates. An income tax refund receivable of \$56.1 million, associated with the fiscal 2021 income tax benefit, is classified within Receivables on the consolidated balance sheets.

## AVNET, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of July 1, 2023, the Company had net operating and capital loss carry-forwards of approximately \$1.09 billion, of which \$6.8 million will expire during fiscal 2024 and fiscal 2025, substantially all of which have full valuation allowances, \$245.7 million have expiration dates ranging from fiscal 2026 to fiscal 2042, and the remaining \$839.5 million have no expiration date. A significant portion of these losses are not expected to be realized in the foreseeable future and have valuation allowances against them. The carrying value of the Company's net operating and capital loss carry-forwards depends on the Company's ability to generate sufficient future taxable income in certain tax jurisdictions.

Estimated liabilities for unrecognized tax benefits are included in "Accrued expenses and other" and "Other liabilities" on the consolidated balance sheets. These contingent liabilities relate to various tax matters that result from uncertainties in the application of complex income tax regulations in the numerous jurisdictions in which the Company operates. As of July 1, 2023, unrecognized tax benefits were \$130.5 million. The estimated liability for unrecognized tax benefits included accrued interest expense and penalties of \$27.7 million and \$25.3 million, net of applicable state tax benefits, as of the end of fiscal 2023 and 2022, respectively.

Reconciliations of the beginning and ending liability balances for unrecognized tax benefits, excluding interest and penalties, are as follows:

	<u>July 1, 2023</u>	<u>July 2, 2022</u>
	<u>(Thousands)</u>	
Balance at beginning of year	\$ 109,285	\$ 118,660
Additions for tax positions taken in prior periods	6,086	3,569
Reductions for tax positions taken in prior periods	(3,485)	(4,075)
Additions for tax positions taken in current period	7,523	1,269
Reductions related to settlements with taxing authorities	(2,873)	(1,660)
Reductions related to the lapse of applicable statutes of limitations	(14,691)	(3,883)
Adjustments related to foreign currency translation	996	(4,595)
Balance at end of year	<u>\$ 102,841</u>	<u>\$ 109,285</u>

The evaluation of uncertain income tax positions requires management to estimate the ability of the Company to sustain its position with applicable tax authorities and estimate the final benefit to the Company. If the actual outcomes differ from the Company's estimates, there could be an impact on the consolidated financial statements in the period in which the position is settled, the applicable statutes of limitations expire, or new information becomes available, as the impact of these events are recognized in the period in which they occur. It is difficult to estimate the period in which the amount of a tax position will change as settlement may include administrative and legal proceedings beyond the Company's control. The effects of settling tax positions with tax authorities and statute expirations may significantly impact the estimate for unrecognized tax benefits. Within the next twelve months, the Company estimates that approximately \$32.2 million of these liabilities for unrecognized tax benefits will be settled by the expiration of the statutes of limitations or through settlements with the tax authorities. The expected cash payment related to the settlement of these contingencies is approximately \$1.0 million.

The Company conducts business globally and consequently files income tax returns in numerous jurisdictions, including those listed in the following table. It is also routinely subject to audit in these and other countries. The Company is no longer subject to audit in its major jurisdictions for periods prior to fiscal 2017. The years remaining subject to audit, by major jurisdiction, are as follows:

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

<b>Jurisdiction</b>	<b>Fiscal Year</b>
United States (Federal and state)	2017,2019 - 2023
Taiwan	2017 - 2023
Hong Kong	2017 - 2023
Germany	2019 - 2023
Singapore	2018 - 2023
Belgium	2021 - 2023
United Kingdom	2021 - 2023
Canada	2017 - 2023

## **10. Pension and retirement plans**

### ***Pension Plan***

The Company has a noncontributory defined benefit pension plan that covers substantially all current or former U.S. Employees (the “Plan”).

The Plan meets the definition of a defined benefit plan and, as a result, the Company applies ASC 715 pension accounting to the Plan. The Plan is a cash balance plan that is similar in nature to a defined contribution plan in that a participant’s benefit is defined in terms of stated account balances. The Plan allows the Company to apply any earnings on the Plan’s investments, beyond the fixed return provided to participants, toward the Company’s future cash funding obligations. Employees are eligible to participate in the Plan following the first year of service during which they worked at least 1,000 hours.

The Plan provides defined benefits pursuant to a cash balance feature whereby a participant accumulates a benefit based upon a percentage of current salary, which varies with age, and interest credits. The Company uses its fiscal year end as the measurement date for determining pension expense and benefit obligations for each fiscal year.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table outlines changes in benefit obligations, plan assets, and the funded status of the Plan as of the end of fiscal 2023 and 2022:

	<u>July 1, 2023</u>	<u>July 2, 2022</u>
	(Thousands)	
<b>Changes in benefit obligations:</b>		
Benefit obligations at beginning of year	\$ 614,359	\$ 762,708
Service cost	12,015	15,007
Interest cost	26,730	15,787
Actuarial gain	(43,407)	(138,899)
Benefits paid	(21,785)	(40,244)
Settlements paid	(116,511)	—
Benefit obligations at end of year	<u>\$ 471,401</u>	<u>\$ 614,359</u>
<b>Changes in plan assets:</b>		
Fair value of plan assets at beginning of year	\$ 638,894	\$ 772,279
Actual return on plan assets	(4,250)	(107,141)
Benefits paid	(21,785)	(40,244)
Settlements paid	(116,511)	—
Contributions	8,000	14,000
Fair value of plan assets at end of year	<u>\$ 504,348</u>	<u>\$ 638,894</u>
Funded status of the plan recognized as a non-current asset	<u>\$ 32,947</u>	<u>\$ 24,535</u>
<b>Amounts recognized in accumulated other comprehensive loss:</b>		
Unrecognized net actuarial losses	\$ 148,867	\$ 178,984
Unamortized prior service cost	23	27
	<u>\$ 148,890</u>	<u>\$ 179,011</u>
<b>Other changes in plan assets and benefit obligations recognized in other comprehensive income:</b>		
Net actuarial loss	\$ 9,702	\$ 17,378
Amortization of net actuarial losses	(2,469)	(16,343)
Amortization of prior service costs	(4)	(4)
Net loss recognized due to benefit obligation settlement	(37,350)	—
	<u>\$ (30,121)</u>	<u>\$ 1,031</u>

Included in “Accumulated other comprehensive loss” at July 1, 2023, is an expense of \$148.9 million of net actuarial losses that have not yet been recognized in net periodic pension cost, of which \$0.2 million is expected to be recognized as a component of net periodic pension cost during fiscal 2024.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

In June 2023, the Company settled a portion of its pension liability related to certain retirees and terminated vested employees in the Company’s U.S. pension plan through the transfer of the benefit obligation to a third-party insurance company. This transfer of the benefit obligation triggered settlement accounting which required immediate recognition of a portion of the accumulated losses associated with the transferred benefit obligations. Consequently, the Company recognized non-cash settlement expense of \$37.4 million in fiscal 2023, which is included in Gain on legal settlement and other on the Company’s consolidated statement of operations. The settlement resulted in a reduction to the projected benefit obligation and a corresponding decrease to plan assets.

Assumptions used to calculate actuarial present values of benefit obligations are as follows:

	<b>2023</b>	<b>2022</b>
Discount rate	5.4 %	4.8 %

The discount rate selected by the Company for the Plan reflects the current rate at which the underlying liability could be settled at the measurement date as of July 1, 2023. The estimated discount rate in fiscal 2023 and fiscal 2022 was based on the spot yield curve approach, which applies the individual spot rates from a highly rated bond yield curve to each future year’s estimated cash flows.

The weighted-average assumptions used to determine net benefit costs are as follows:

	<b>2023</b>	<b>2022</b>
Discount rate	4.6 %	2.5 %
Expected return on plan assets	7.0 %	7.0 %
Rate of compensation increase	3.5 %	3.5 %
Interest crediting rate	4.0 %	4.0 %

Components of net periodic pension cost for the Plan during the last three fiscal years are as follows:

	<b>Years Ended</b>		
	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
	(Thousands)		
Service cost	\$ 12,015	\$ 15,007	\$ 15,751
Total net periodic pension cost within selling, general and administrative expenses	12,015	15,007	15,751
Interest cost	26,730	15,787	15,904
Expected return on plan assets	(48,860)	(49,135)	(49,681)
Amortization of prior service cost	4	4	301
Recognized net actuarial loss	2,469	16,343	20,604
Net loss recognized due to benefit obligation settlement	37,350	—	—
Total net periodic pension benefit within other income (expense), net and gain on legal settlements and other	17,693	(17,001)	(12,872)
Net periodic pension cost (benefit)	<u>\$ 29,708</u>	<u>\$ (1,994)</u>	<u>\$ 2,879</u>

The Company made \$8.0 million and \$14.0 million of contributions in fiscal 2023 and fiscal 2022, respectively,

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

and expects to make approximately \$8.0 million of contributions in fiscal 2024.

Benefit payments are expected to be paid to Plan participants as follows for the next five fiscal years and the aggregate for the five years thereafter (in thousands):

2024	\$ 54,860
2025	39,951
2026	40,046
2027	39,698
2028	41,729
2029 through 2033	194,798

The Plan's assets are held in trust and were allocated as follows as of the measurement date at the end of fiscal 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Equity securities	67 %	75 %
Fixed income debt securities	30 %	24 %
Cash and cash equivalents	3 %	1 %

The general investment objectives of the Plan are to maximize returns through a diversified investment portfolio to earn annualized returns that exceed the long-term cost of funding the Plan's pension obligations while maintaining reasonable and prudent levels of risk. The expected return on the Plan's assets in fiscal 2024 is currently 7.0%, which is the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation based upon the targeted investment allocations. In making this assumption, the Company evaluated expectations regarding future rates of return for the investment portfolio, along with the historical and expected distribution of investments by asset class and the historical rates of return for each of those asset classes. The mix of return seeking and fixed income investments is typically diversified. The Plan's assets do not include any investments in Avnet common stock. As of July 1, 2023, the Company's target allocation for the Plan's investment portfolio is for return seeking investments to represent approximately 65% of the investment portfolio. The majority of the remaining investment portfolio is invested in fixed income investments, which typically have lower risks, but also lower returns.

The following table sets forth the fair value of the Plan's investments as of July 1, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value</u>	<u>Total</u>
	<u>(Thousands)</u>				
Cash and cash equivalents	\$ 15,389	\$ —	\$ —	\$ —	\$ 15,389
Return Seeking Investments:					
Common stocks	—	—	—	138,533	138,533
Real estate	—	—	—	108,936	108,936
High yield credit and bonds	—	—	—	90,767	90,767
Fixed Income Investments:					
U.S. government	—	—	—	118,456	118,456
Corporate	—	—	—	32,267	32,267
<b>Total</b>	<u>\$ 15,389</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 488,959</u>	<u>\$ 504,348</u>

Certain investments included in the table above are measured at fair value using the net asset value per share (or its

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

equivalent) practical expedient and are not included in the three levels of the fair value hierarchy.

The following table sets forth the fair value of the Plan's investments as of July 2, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value</u>	<u>Total</u>
	(Thousands)				
Cash and cash equivalents	\$ 5,283	\$ —	\$ —	\$ —	\$ 5,283
Return Seeking Investments:					
Common stocks	—	—	—	219,407	219,407
Real estate	—	—	—	149,975	149,975
High yield credit and bonds	—	—	—	109,253	109,253
Fixed Income Investments:					
U.S. government	—	—	—	122,912	122,912
Corporate	—	—	—	32,064	32,064
<b>Total</b>	<b>\$ 5,283</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 633,611</b>	<b>\$ 638,894</b>

Each of these investments may be redeemed without restrictions in the normal course of business and there were no material unfunded commitments as of July 1, 2023.

**11. Leases**

The components of lease cost related to the Company's operating leases were as follows (in thousands):

	<u>Years Ended</u>	
	<u>July 1, 2023</u>	<u>July 2, 2022</u>
Operating lease cost	\$ 67,478	\$ 68,664
Variable lease cost	21,422	25,737
<b>Total lease cost</b>	<b>\$ 88,900</b>	<b>\$ 94,401</b>

Future minimum operating lease payments as of July 1, 2023, are as follows (in thousands):

<u>Fiscal Year</u>	
2024	\$ 58,071
2025	48,439
2026	37,760
2027	24,836
2028	19,600
Thereafter	98,745
Total future operating lease payments	287,451
Total imputed interest on operating lease liabilities	(45,038)
Total operating lease liabilities	<u>\$ 242,413</u>

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Other information pertaining to operating leases consists of the following:

	<b>Years Ended</b>	
	<b>July 1, 2023</b>	<b>July 2, 2022</b>
Operating Lease Term and Discount Rate		
Weighted-average remaining lease term in years	8.2	8.8
Weighted-average discount rate	3.8 %	3.8 %

Supplemental cash flow information related to the Company's operating leases was as follows (in thousands):

	<b>Years Ended</b>	
	<b>July 1, 2023</b>	<b>July 2, 2022</b>
Supplemental Cash Flow Information:		
Cash paid for operating lease liabilities	\$ 58,111	\$ 57,016
Operating lease assets obtained from new operating lease liabilities	48,038	28,014

## 12. Stock-based compensation

The Company measures all stock-based payments at fair value and recognizes related expense within selling, general and administrative expenses in the consolidated statements of operations over the requisite service period (generally the vesting period). During fiscal 2023, 2022, and 2021, the Company recorded stock-based compensation expense of \$38.8 million, \$36.7 million, and \$29.3 million, respectively, for all forms of stock-based compensation awards.

### *Stock plan*

At July 1, 2023, the Company had 7.1 million shares of common stock reserved for stock-based payments, which consisted of 1.2 million shares for unvested or unexercised stock options, 4.6 million shares available for stock-based awards under plans approved by shareholders, and 1.4 million shares for restricted stock units and performance share units granted but not yet vested.

### *Stock options*

Service based stock option grants have a contractual life of ten years, vest in 25% increments on each anniversary of the grant date, commencing with the first anniversary, and require an exercise price of 100% of the fair market value of common stock at the date of grant. Stock-based compensation expense associated with all stock options during fiscal 2023, 2022, and 2021, was \$1.0 million, \$3.6 million, and \$0.4 million, respectively.

There were no stock options granted in fiscal 2023 and the unamortized stock-based compensation associated with unvested options was not material as of July 1, 2023.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Restricted stock units***

Delivery of restricted stock units, and the associated compensation expense, is recognized over the vesting period and is generally subject to the employee's continued service to the Company, except for employees who are retirement eligible under the terms of the restricted stock units. As of July 1, 2023, 1.2 million shares previously awarded have not yet vested. Stock-based compensation expense associated with restricted stock units was \$30.5 million, \$29.5 million, and \$27.5 million for fiscal years 2023, 2022, and 2021, respectively.

The following is a summary of the changes in non-vested restricted stock units during fiscal 2023:

	<b>Shares</b>	<b>Weighted Average Grant-Date Fair Value</b>
Non-vested restricted stock units at July 2, 2022	1,313,182	\$ 32.92
Granted	802,424	41.67
Vested	(819,921)	34.94
Forfeited	(81,565)	35.95
Non-vested restricted stock units at July 1, 2023	<u>1,214,120</u>	<u>\$ 37.14</u>

As of July 1, 2023, there was \$20.1 million of total unrecognized compensation expense related to non-vested restricted stock units, which is expected to be recognized over a weighted-average period of 2.1 years. The total fair value of restricted stock units vested during fiscal 2023, 2022, and 2021, was \$28.6 million, \$26.6 million, and \$25.8 million, respectively.

***Performance share units***

Certain eligible employees, including Avnet's executive officers, may receive a portion of their long-term stock-based compensation through the performance share program. Through grants of performance share units, this program provides for the vesting of underlying shares of Avnet's common stock at the end of the third year performance period, based on the Company achieving certain performance goals that the Compensation Committee of the Board of Directors establishes for a three year period.

During fiscal 2023, the Company granted 0.2 million performance share units. During fiscal 2022 and 2021, the Company granted no performance share units. The actual amount of performance share units vested at the end of each three-year period is measured by the level of achievement of performance goals and can range from 0% to 200% of the award grant. During fiscal 2023, 2022, and 2021, the Company recognized stock-based compensation expense (benefit) associated with the Performance Share Program of \$5.6 million, \$2.0 million, and \$(0.2) million, respectively.

**13. Commitments and contingencies**

From time to time, the Company may become a party to, or be otherwise involved in, various lawsuits, claims, investigations and other legal proceedings arising in the ordinary course of conducting its business. While litigation is subject to inherent uncertainties, management does not anticipate that any such matters will have a material adverse effect on the Company's financial condition, liquidity, or results of operations.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company is also currently subject to various pending and potential legal matters and investigations relating to compliance with governmental laws and regulations. For certain of these matters, it is not possible to determine the ultimate outcome, and the Company cannot reasonably estimate the maximum potential exposure or the range of possible loss, particularly regarding to matters in early stages. The Company currently believes that the resolution of such matters will not have a material adverse effect on the Company's financial position or liquidity, but could possibly be material to its results of operations in any single reporting period.

As of July 1, 2023, and July 2, 2022, the Company had aggregate estimated liabilities of \$22.7 million and \$14.7 million, respectively, classified within accrued expenses and other for such compliance-related matters that were reasonably estimable as of such dates.

*Gain on Legal Settlements and Other*

During fiscal 2023, the Company recorded a gain on legal settlements of \$74.4 million in connection with the settlement of claims filed against certain manufacturers of capacitors. During fiscal 2023, the Company received \$69.9 million in cash related to these settlements, which were classified as operating cash flows in the Company's consolidated statements of cash flows.

Subsequent to the end of fiscal 2023, the Company reached an additional legal settlement with a manufacturer of capacitors for approximately \$85.9 million net of legal costs, which under the terms of the settlement will be realized in the first quarter of fiscal 2024.

**14. Earnings per share**

	<b>Years Ended</b>		
	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
	<b>(Thousands, except per share data)</b>		
<b>Numerator:</b>			
Net income	\$ 770,828	\$ 692,379	\$ 193,114
<b>Denominator:</b>			
Weighted average common shares for basic earnings per share	92,043	98,662	99,258
Net effect of dilutive stock-based compensation awards	1,325	1,157	910
Weighted average common shares for diluted earnings per share	93,368	99,819	100,168
Basic earnings per share	\$ 8.37	\$ 7.02	\$ 1.95
Diluted earnings per share	\$ 8.26	\$ 6.94	\$ 1.93
Stock options excluded from earnings per share calculation due to an anti-dilutive effect	140	230	700

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**15. Additional cash flow information**

The “Other, net” component of non-cash and other reconciling items within operating activities in the consolidated statements of cash flows consisted of the following during the last three fiscal years:

	<u>July 1, 2023</u>	<u>July 2, 2022</u>	<u>July 3, 2021</u>
	<b>(Thousands)</b>		
Provision for credit losses	\$ 16,798	\$ 30,788	\$ 15,842
Periodic pension cost (benefit) <sup>(1)</sup>	30,424	(3,449)	5,392
Other, net	4,920	6,777	1,278
Total	<u>\$ 52,142</u>	<u>\$ 34,116</u>	<u>\$ 22,512</u>

<sup>(1)</sup> Includes net loss recognized due to benefit obligation settlement of \$37,350.

Non-cash investing and financing activities and supplemental cash flow information were as follows:

	<u>Years Ended</u>		
	<u>July 1, 2023</u>	<u>July 2, 2022</u>	<u>July 3, 2021</u>
	<b>(Thousands)</b>		
<b>Non-cash Investing Activities:</b>			
Capital expenditures incurred but not paid	\$ 28,771	\$ 20,275	\$ 7,131
<b>Non-cash Financing Activities:</b>			
Unsettled share repurchases	—	\$ 8,955	—
<b>Supplemental Cash Flow Information:</b>			
Interest	\$ 261,586	\$ 112,327	\$ 98,509
Income tax payments, net	216,780	6,892	83,387

The Company includes book overdrafts as part of accounts payable on its consolidated balance sheets and reflects changes in such balances as part of cash flows from operating activities in its consolidated statements of cash flows.

**16. Segment information**

Electronic Components (“EC”) and Farnell (“Farnell”) are the Company’s reportable segments (“operating groups”).

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	<b>Years Ended</b>		
	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
	<b>(Millions)</b>		
<b>Sales:</b>			
Electronic Components	\$ 24,802.6	\$ 22,503.3	\$ 18,030.5
Farnell	1,734.3	1,807.4	1,504.2
	<u>\$ 26,536.9</u>	<u>\$ 24,310.7</u>	<u>\$ 19,534.7</u>
<b>Operating income:</b>			
Electronic Components	\$ 1,179.6	\$ 872.0	\$ 454.8
Farnell	165.5	242.5	86.9
	1,345.1	1,114.5	541.7
Corporate	(124.2)	(128.9)	(134.7)
Restructuring, integration and other expenses	(28.0)	(5.3)	(84.4)
Russian-Ukraine conflict related expenses	—	(26.3)	—
Amortization of acquired intangible assets and other	(6.1)	(15.0)	(41.2)
	<u>\$ 1,186.8</u>	<u>\$ 939.0</u>	<u>\$ 281.4</u>
<b>Assets:</b>			
Electronic Components	\$ 10,375.4	\$ 8,863.4	\$ 6,950.0
Farnell	1,659.0	1,371.1	1,468.3
Corporate	442.8	154.0	507.1
	<u>\$ 12,477.2</u>	<u>\$ 10,388.5</u>	<u>\$ 8,925.4</u>
<b>Capital expenditures:</b>			
Electronic Components	\$ 153.4	\$ 25.7	\$ 21.8
Farnell	41.2	23.1	26.1
Corporate	0.1	0.1	2.5
	<u>\$ 194.7</u>	<u>\$ 48.9</u>	<u>\$ 50.4</u>
<b>Depreciation &amp; amortization expense:</b>			
Electronic Components	\$ 63.6	\$ 67.7	\$ 73.4
Farnell	24.8	31.3	53.9
Corporate	0.2	3.3	4.6
	<u>\$ 88.6</u>	<u>\$ 102.3</u>	<u>\$ 131.9</u>
<b>Sales, by geographic area:</b>			
Americas <sup>(1)</sup>	\$ 6,807.7	\$ 5,896.0	\$ 4,662.5
EMEA <sup>(2)</sup>	9,229.4	7,838.1	6,149.9
Asia <sup>(3)</sup>	10,499.8	10,576.6	8,722.3
	<u>\$ 26,536.9</u>	<u>\$ 24,310.7</u>	<u>\$ 19,534.7</u>
<b>Property, plant and equipment, net, by geographic area:</b>			
Americas <sup>(4)</sup>	\$ 105.3	\$ 115.4	\$ 146.0
EMEA <sup>(5)</sup>	310.9	170.1	185.8
Asia	25.4	29.7	36.7
	<u>\$ 441.6</u>	<u>\$ 315.2</u>	<u>\$ 368.5</u>

(1) Includes sales in the United States of \$6.35 billion, \$5.48 billion, and \$4.35 billion for fiscal 2023, 2022, and 2021, respectively.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

- (2) Includes sales in Germany and Belgium of \$3.89 billion and \$1.55 billion, respectively, for fiscal 2023. Includes sales in Germany and Belgium of \$3.16 billion and \$1.37 billion, respectively, for fiscal 2022. Includes sales in Germany and Belgium of \$2.42 billion and \$1.12 billion, respectively, for fiscal 2021.
- (3) Includes sales of \$4.23 billion, \$3.40 billion, and \$1.50 billion in Taiwan, China (including Hong Kong), and Singapore, respectively, for fiscal 2023. Includes sales of \$4.64 billion, \$3.38 billion, and \$1.32 billion in Taiwan, China (including Hong Kong), and Singapore, respectively, for fiscal 2022. Includes sales of \$3.93 billion, \$2.79 billion, and \$1.04 billion in Taiwan, China (including Hong Kong), and Singapore, respectively, for fiscal 2021.
- (4) Includes property, plant and equipment, net, of \$101.9 million, \$112.4 million, and \$142.7 million in the United States for fiscal 2023, 2022, and 2021, respectively.
- (5) Includes property, plant and equipment, net, of \$196.0 million, \$92.6 million, and \$15.5 million in Germany, the UK, and Belgium, respectively, for fiscal 2023. Fiscal 2022 includes property, plant and equipment, net, of \$67.6 million, \$79.8 million, and \$16.7 million in Germany, the UK, and Belgium, respectively. Fiscal 2021 includes property, plant and equipment, net, of \$77.9 million, \$83.5 million, and \$20.9 million in Germany, the UK, and Belgium, respectively.

Listed in the table below are the Company's major product categories and the related sales for each of the past three fiscal years:

	<b>Years Ended</b>		
	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
	<b>(Millions)</b>		
Semiconductors	\$ 21,366.5	\$ 18,380.2	\$ 14,722.8
Interconnect, passive & electromechanical (IP&E)	4,150.6	4,639.1	3,649.0
Computers	520.8	663.2	640.6
Other	499.0	628.2	522.3
	<u>\$ 26,536.9</u>	<u>\$ 24,310.7</u>	<u>\$ 19,534.7</u>

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**17. Restructuring expenses**

During fiscal 2023, the Company incurred restructuring expenses primarily related to the planned closure of a distribution center intended to reduce future operating expenses. The following table presents the activity incurred during fiscal 2023:

	<u>Severance</u>	<u>Facility Exit Costs</u>	<u>Asset Impairments</u>	<u>Total</u>
			(Thousands)	
Fiscal 2023 restructuring expenses	\$ 16,060	\$ 504	\$ 791	\$ 17,355
Cash payments	(553)	—	—	(553)
Non-cash amounts	—	—	(791)	(791)
Balance at July 1, 2023	<u>\$ 15,507</u>	<u>\$ 504</u>	<u>\$ —</u>	<u>\$ 16,011</u>

Severance expense recorded in fiscal 2023 related primarily to the planned reduction of over 200 employees associated with the planned closure of a distribution center. Facility exit costs primarily consist of liabilities for the closure of facilities. Asset impairments relate to the impairment of property, plant and equipment as a result of the underlying restructuring actions taken in fiscal 2023. The Company expects the majority of the remaining severance and facility exit costs to be paid by the end of fiscal 2024.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**Disclosure Controls and Procedures**

The Company's management, including its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the reporting period covered by this report on Form 10-K. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report on Form 10-K, the Company's disclosure controls and procedures are effective such that material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified by the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

**Management's Report on Internal Control Over Financial Reporting**

The Company's management, including its Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles in the United States of America. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of July 1, 2023. In making this assessment, management used the 2013 framework established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that the Company maintained effective internal control over financial reporting as of July 1, 2023.

The Company's independent registered public accounting firm, KPMG LLP, has audited the effectiveness of the Company's internal controls over financial reporting as of July 1, 2023, as stated in its audit report which is included herein.

**Changes in Internal Control Over Financial Reporting**

During the fourth quarter of fiscal 2023, there were no changes to the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B. Other Information**

During the three months ended July 1, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.

### PART III

#### **Item 10. Directors, Executive Officers and Corporate Governance**

The information called for by Item 10 is incorporated in this Report by reference to the Company's definitive proxy statement relating to the Annual Meeting of Stockholders scheduled to be held on November 16, 2023.

On May 22, 2023, the Board of Directors amended the Company's By-Laws, effective immediately ("Amended By-Laws"). The By-Laws were amended to, among other things, clarify and enhance procedural mechanics and disclosure requirement under Section 1.14 in connection with shareholder proposals and nominations of directors and to address the new Rule 14a-19 of the Exchange Act, known as the Universal Proxy Rule. Under the Amended By-Laws, for annual meetings, the deadline for delivery of Shareholder Notice and specified Nominee Materials, if applicable, is based on the anniversary of the prior annual meeting date versus the anniversary of the filing date of the prior proxy statement. Therefore, for the 2023 Annual Shareholder Meeting, Shareholder Notice and Nominee Materials were required to be delivered no earlier than June 20, 2023, and no later than July 20, 2023. The Amended By-Laws further require additional obligations from or disclosures regarding the Proposing Shareholder, proposed nominees and other known persons working with the Proposing Shareholder, including obligations to update information provided in the Shareholder Notice and Nominee Materials and to attend the shareholder meeting to present the business specified in the Shareholder Notice. It also clarified that a Proposing Shareholder may nominate up to the number of directors to be elected at the applicable meeting and may not make additional or substitute nominations after the Shareholder Notice and Nominee Materials deadlines expire.

#### **Item 11. Executive Compensation**

The information called for by Item 11 is incorporated in this Report by reference to the Company's definitive proxy statement relating to the Annual Meeting of Stockholders scheduled to be held on November 16, 2023.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information called for by Item 12 is incorporated in this Report by reference to the Company's definitive proxy statement relating to the Annual Meeting of Stockholders scheduled to be held on November 16, 2023.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information called for by Item 13 is incorporated in this Report by reference to the Company's definitive proxy statement relating to the Annual Meeting of Shareholders scheduled to be held on November 16, 2023.

#### **Item 14. Principal Accounting Fees and Services**

The information called for by Item 14 is incorporated in this Report by reference to the Company's definitive proxy statement relating to the Annual Meeting of Stockholders scheduled to be held on November 16, 2023.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

The financial statements and supplementary data are listed in the index included under Item 8 of this Report.

The exhibits listed below are filed as part of this report.

#### INDEX TO EXHIBITS

<b>Exhibit Number</b>	<b>Exhibit</b>
3.1	<a href="#">Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3(i) to the Company's Current Report on Form 8-K filed on February 12, 2001).</a>
3.2	<a href="#">By-laws of the Company, as amended May 22, 2023 (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 24, 2023).</a>
4.1	<a href="#">Description of Registrant's Securities (incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on August 15, 2019).</a>
4.2	<a href="#">Indenture dated as of June 22, 2010, between the Company and Computershare Trust Company, National Association as successor to and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of Debt Securities in one or more series (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 22, 2010).</a>
4.3	<a href="#">Form of Officers' Certificate establishing the terms of the 4.625% Notes due 2026 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 22, 2016).</a>
4.4	<a href="#">Form of Officer's Certificate setting forth the terms of the 3.00% Notes due 2031 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 5, 2021).</a>
4.5	<a href="#">Form of Officer's Certificate setting forth the terms of the 5.50% Notes due 2032 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 16, 2022).</a>
4.6	<a href="#">Form of Officers' Certificate setting forth the terms of the 6.25% Notes due 2028 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 8, 2023).</a>

Note: The total amount of securities authorized under any other instrument that defines the rights of holders of the Company's long-term debt does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. Therefore, these instruments are not required to be filed as exhibits to this Report. The Company agrees to furnish copies of such instruments to the Commission upon request.

#### Executive Compensation Plans and Arrangements

10.1	<a href="#">Letter Agreement between the Company and Philip R. Gallagher as Chief Executive Officer dated November 17, 2020 (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on January 29, 2021).</a>
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- 10.2 [Letter Agreement between the Company and Kenneth Jacobson as Chief Financial Officer dated August 30, 2022 \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 6, 2022\).](#)
- 10.3 [Form of Letter Agreement between the Company and Ken Arnold, Max Chan, Michael McCoy and Elizabeth McMullen \(incorporated herein by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K filed on August 17, 2017\).](#)
- 10.4 [Form of Change of Control Agreement between the Company and Philip Gallagher, Kenneth Jacobson, Ken Arnold, Max Chan, Michael McCoy, and Elizabeth McMullen \(incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 15, 2011\).](#)
- 10.5 [Form of Indemnity Agreement between the Company and its directors and officers \(incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2006\).](#)
- 10.6 [Avnet Executive Severance Plan \(Effective as of August 10, 2017\) \(incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on October 30, 2017\).](#)
- 10.7 [Avnet Supplemental Executive Officers' Retirement Plan \(2013 Restatement\) \(incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K filed on August 9, 2013\).](#)
- 10.8 [Avnet Restoration Plan \(2013 Restatement\) \(incorporated herein by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K filed on August 9, 2013\).](#)
- 10.9 [Avnet, Inc. 2010 Stock Compensation Plan \(Amended and Restated Effective as of May 8, 2018\). \(incorporated herein by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K filed on August 17, 2018\).](#)
- 10.10 [Avnet, Inc. 2010 Stock Compensation Plan:](#)  
[\(a\) Form of non-qualified stock option term sheet](#)  
[\(b\) Form of incentive stock option term sheet](#)  
[\(c\) Form of performance stock unit term sheet](#)  
[\(d\) Form of restricted stock unit term sheet](#)  
[\(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 10, 2012\).](#)
- 10.11 [Avnet, Inc. 2013 Stock Compensation and Incentive Plan \(Amended and Restated Effective as of May 8, 2018\). \(incorporated herein by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K filed on August 17, 2018\).](#)
- 10.12 [Avnet, Inc. 2013 Stock Compensation and Incentive Plan:](#)  
[\(a\) Form of restricted stock unit term sheet](#)  
[\(b\) Form of nonqualified stock option term sheet](#)  
[\(c\) Form of performance-based stock option term sheet](#)  
[\(d\) Form of performance stock unit term sheet](#)  
[\(incorporated herein by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K filed on August 17, 2017\).](#)
- 10.13 [Avnet, Inc. 2016 Stock Compensation and Incentive Plan \(Amended and Restated Effective as of May 8, 2018\). \(incorporated herein by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K filed on August 17, 2018\). Refer to Exhibit 10.12, above, for the form of awards under the 2016 Stock Compensation and Incentive Plan.](#)

- 10.14 [Avnet, Inc. 2021 Stock Compensation and Incentive Plan \(incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on April 29, 2022\).](#)
- 10.15 [Avnet, Inc. 2021 Stock Compensation and Incentive Plan:](#)  
[\(a\) Form of Award Letter for Restricted Stock Unit Award](#)  
[\(b\) Form of Award Letter for Performance Stock Unit Award](#)  
[\(c\) Form of Award Letter for Nonqualified Stock Option Award](#)  
[\(incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on April 29, 2022\).](#)
- 10.16 [Avnet, Inc. Deferred Compensation Plan for Outside Directors \(Amended and Restated Effective as of May 8, 2018\) \(incorporated herein by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on August 17, 2018\).](#)

**Bank Agreements**

- 10.17 Securitization Program
- [\(a\) Receivables Sale Agreement: \(1\) Second Amended and Restated Receivables Sale Agreement, dated August 16, 2018, between Avnet, Inc. and Avnet Receivables Corporation \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 17, 2018\).](#)
- [\(2\) Amendment No. 1 to the Second Amended and Restated Receivables Sale Agreement, dated July 31, 2020, among Avnet, Inc. and Avnet Receivables Corporation \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 6, 2020\).](#)
- [\(b\) Receivables Purchase Agreement: \(1\) Fourth Amended and Restated Receivables Purchase Agreement, dated August 16, 2018, among Avnet, Inc., Avnet Receivables Corporation, the companies and financial institutions party thereto and Wells Fargo Bank, N.A., as agent \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 17, 2018\).](#)
- [\(2\) Amendment No. 1 to Fourth Amended and Restated Receivables Purchase Agreement, dated February 28, 2020, among Avnet, Inc., Avnet Receivables Corporation, the companies and financial institutions party thereto and Wells Fargo Bank, N.A., as agent \(incorporated herein by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-Q filed on May 1, 2020\).](#)
- [\(3\) Amendment No. 2 to the Fourth Amended and Restated Receivables Purchase Agreement, dated July 31, 2020, among Avnet, Inc., Avnet Receivables Corporation, Wells Fargo Bank, N.A., as agent, and the companies and financial institutions party thereto \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 6, 2020\).](#)
- [\(4\) Amendment No. 3 to the Fourth Amended and Restated Receivables Purchase Agreement, dated July 30, 2021, among Avnet, Inc., Avnet Receivables Corporation, Wells Fargo Bank, N.A., as agent, and the companies and financial institutions party thereto \(incorporated herein by reference to Exhibit 10.18B4 to the Company's Annual Report on Form 10-K filed on August 12, 2022\).](#)
- [\(5\) Amendment No. 4 to the Fourth Amended and Restated Receivables Purchase Agreement, dated August 16, 2021, among Avnet, Inc., Avnet Receivables Corporation, Wells Fargo Bank, N.A., as agent, and the companies and financial institutions party thereto \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 18, 2021\).](#)

[\(6\) Amendment No. 5 to the Fourth Amended and Restated Receivables Purchase Agreement, dated January 10, 2022, among Avnet, Inc., Avnet Receivables Corporation, Wells Fargo Bank, N.A., as agent, and the companies and financial institutions party thereto \(incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on April 29, 2022\).](#)

[\(7\) Amendment No. 6 to the Fourth Amended and Restated Receivables Purchase Agreement, dated December 16, 2022, among Avnet, Inc., Avnet Receivables Corporation, Wells Fargo Bank, N.A., as agent, and the companies and financial institutions party thereto \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 21, 2022\).](#)

- \* [\(8\) Amendment No. 7 to the Fourth Amended and Restated Receivables Purchase Agreement, dated May 12, 2023, among Avnet, Inc., Avnet Receivables Corporation, Wells Fargo Bank, N.A., as agent, and the companies and financial institutions party thereto.](#)

10.18 Credit Facility

[\(a\) Amended and Restated Credit Agreement dated as of June 28, 2018, among Avnet, Inc., each subsidiary of the Company party thereto, Bank of America, N.A., as administrative agent, and each lender party thereto \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 2, 2018\).](#)

[\(b\) Amendment No. 1 to the Amended and Restated Credit Agreement, dated August 4, 2020, among Avnet, Inc, Avnet Holding Europe BVBA, Bank of America, N.A., as administrative agent, and the lenders party thereto \(incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on August 6, 2020\).](#)

[\(c\) Amendment No. 2 to the Amended and Restated Credit Agreement, dated December 21, 2021, among Avnet, Inc., Avnet Holdings Europe BVBA and Bank of America, N.A., as administrative agent \(incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on January 28, 2022\).](#)

[\(d\) Second Amended and Restated Credit Agreement dated as of August 2, 2022, among Avnet, Inc., each subsidiary of the Company party thereto, Bank of America, N.A. as the administrative agent, and each lender party thereto \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 3, 2022\).](#)

[\(e\) Amendment No. 1 to the Second Amended and Restated Credit Agreement, dated as of November 29, 2022, among Avnet, Inc., each subsidiary of the Company party thereto, Bank of America, N.A., as the administrative agent, and each lender party thereto \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on February 3, 2023\).](#)

- 21.1 \* [List of subsidiaries of the Company as of July 1, 2023.](#)
- 23.1 \* [Consent of KPMG LLP.](#)
- 24.1 \* [Power of Attorney \(incorporated by reference to the signature page of this Annual Report on Form 10-K\).](#)
- 31.1 \* [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 \* [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 \*\* [Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 \*\* [Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

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- 101.INS \* Inline XBRL Instance Document.
- 101.SCH \* Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL \* Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.LAB \* Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE \* Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- 101.DEF \* Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 104 \* Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

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\* Filed herewith.

\*\* Furnished herewith.

**Item 16. Form 10-K Summary**

Not applicable.

SCHEDULE II

AVNET, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS  
Years Ended July 1, 2023, July 2, 2022, and July 3, 2021

Account Description	Balance at Beginning of Period	Charged to Expense (Income)	Charged to Other Accounts	Deductions	Balance at End of Period
			(Thousands)		
<b>Fiscal 2023</b>					
Allowance for credit losses	\$ 113,902	\$ 16,798	\$ —	\$ (17,857)(a)	\$ 112,843
Valuation allowance on tax loss carry-forwards	207,889	4,530 (b)	(4,675)(c)	—	207,744
<b>Fiscal 2022</b>					
Allowance for credit losses	88,160	47,990 (d)	—	(22,248)(a)	113,902
Valuation allowance on tax loss carry-forwards	293,569	(65,208)(e)	(20,472)(f)	—	207,889
<b>Fiscal 2021</b>					
Allowance for credit losses	65,018 (g)	15,842	17,205 (h)	(9,905)(a)	88,160
Valuation allowance on tax loss carry-forwards	283,721	21,357 (i)	(11,509)(c)	—	293,569

(a) Primarily represents uncollectible receivables written off and the impact of changes in foreign currency rates during the fiscal year.

(b) Primarily represents impact of current year activities.

(c) Primarily related to impact of foreign currency exchange on valuation allowances.

(d) Amount includes \$17,202 of credit loss provisions associated with accounts receivable from Russian customers that are no longer considered collectible. See Note 4, “Receivables and Russian-Ukraine conflict related expenses” of the notes to consolidated financial statements of this Form 10-K.

(e) Primarily represents net release of valuation allowance and impact of current year activities.

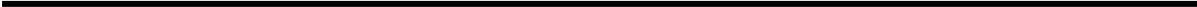
(f) Primarily related to impact of pension-related other comprehensive income and foreign currency exchange on valuation allowances.

(g) Beginning balance includes \$59,018 of allowance for credit losses associated with trade accounts receivable and \$6,000 of allowance for credit losses associated with notes receivable prior to the adoption of a new accounting standard discussed further in (h) below.

(h) The Company adopted ASU 2016-13, “Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments” on June 28, 2020, with a cumulative effect adjustment to the opening balance of retained earnings as of the beginning of fiscal 2021.

(i) Primarily represents impact of current year activities.





## Avnet, Inc.

## Foreign and Domestic Subsidiaries

Company Name	Country
Avnet (Asia Pacific Holdings) Limited	Hong Kong
Avnet (Holdings) Ltd	United Kingdom
Avnet (NZ)	New Zealand
Avnet (Shanghai) Limited	China
Avnet Asia Pte Ltd	Singapore
Avnet ASIC Israel Ltd	Israel
Avnet B.V.	Netherlands
Avnet Bidco Limited	United Kingdom
Avnet Business Services GmbH	Germany
Avnet Components Israel Limited	Israel
Avnet de Mexico, S.A. de C.V.	Mexico
Avnet Delaware Holdings, Inc.	United States
Avnet Delaware LLC	United States
Avnet do Brasil Ltda.	Brazil
AVNET DOO	Serbia
Avnet Electronics Marketing (Australia) Pty Ltd	Australia
Avnet Electronics Technology (China) Limited	China
Avnet Electronics Technology (Shenzhen) Limited	China
Avnet Electronics Turkey İthalat İhracat Sanayi ve Ticaret Limited Şirketi	Turkey
Avnet EM Holdings (Japan) Kabushiki Kaisha	Japan
Avnet EM Sp. z.o.o.	Poland
Avnet Embedded (Freiburg) GmbH	Germany
Avnet Embedded (Malta) Limited	Malta
Avnet Embedded GmbH	Germany
Avnet EMG Elektronische Bauelemente GmbH	Austria
Avnet EMG France	France
Avnet EMG GmbH	Germany
Avnet EMG GmbH	Switzerland
Avnet EMG Italy S.r.l.	Italy
Avnet EMG Ltd	United Kingdom
Avnet Europe BV	Belgium
Avnet Finance International S.à r.l.	Luxembourg
Avnet Financial Services Asia Limited	Hong Kong
Avnet France S.A.S.	France
Avnet Group Holdings Limited	United Kingdom
Avnet Holding Europe BV	Belgium
Avnet Holding South Africa (Pty) Limited	South Africa
Avnet Holdings UK Limited	United Kingdom
Avnet Holdings, LLC	United States
Avnet Iberia S.L.U.	Spain
Avnet India Private Limited	India
Avnet International (Canada) Ltd.	Canada
Avnet International Holdings 1 BV	Belgium
Avnet International Holdings 2 BV	Belgium
Avnet International Holdings UK Limited	United Kingdom

Avnet International, LLC	United States
Avnet Kabushiki Kaisha	Japan
Avnet Korea, Inc.	Korea, Republic of
Avnet Limited	Ireland
Avnet Logistics Bernburg GmbH & Co. KG	Germany
Avnet Logistics BV	Belgium
Avnet Logistics GmbH	Germany
Avnet Malaysia Sdn Bhd	Malaysia
Avnet Mexicana S. de R.L. de C.V.	Mexico
Avnet Nortec AB	Sweden
Avnet Nortec ApS	Denmark
Avnet Nortec AS	Norway
Avnet Nortec Oy	Finland
Avnet Philippines Pty Ltd., Inc.	Philippines
Avnet Receivables Corporation	United States
Avnet SellCo B.V.	Netherlands
Avnet Services S. de R.L. de C.V.	Mexico
Avnet South Africa (Pty) Limited	South Africa
Avnet Sunrise Limited	Hong Kong
Avnet Technology (Thailand) Ltd.	Thailand
Avnet Technology Electronics Marketing (Taiwan) Co., Ltd.	Taiwan (Province of China)
Avnet Technology Hong Kong Limited	Hong Kong
Avnet Technology Solutions (China) Ltd	China
Avnet Technology Solutions (Tianjin) Ltd	China
AVNET VELOCITY LIMITED	Ireland
AVT Holdings LLC	United States
Beijing Vanda Yunda IT Services Co., Ltd	China
Bell Microproducts Brazil Holdings, LLC	United States
Bell Microproducts Mexico Shareholder, LLC	United States
CELDIS LIMITED	United Kingdom
CM Satellite Systems, Inc.	United States
COMBINED PRECISION COMPONENTS LIMITED	United Kingdom
Dragon Innovation (HK) Limited	Hong Kong
EBV Beteiligungs-Verwaltungs GmbH	Germany
EBV Elektronik ApS	Denmark
EBV Elektronik EOOD	Bulgaria
EBV Elektronik GmbH & Co. KG	Germany
EBV Elektronik International GmbH	Germany
EBV Elektronik Israel (2008) Ltd	Israel
EBV Elektronik Kft	Hungary
EBV Elektronik Limited	Hong Kong
EBV Elektronik OÜ	Estonia
EBV Elektronik S.r.l.	Italy
EBV Elektronik S.R.L.	Romania
EBV Elektronik s.r.o.	Slovakia
EBV Elektronik SAS	France
EBV Elektronik sp. z o.o.	Poland
EBV Elektronik Spain S.L.	Spain
EBV Elektronik spol. s r.o.	Czech Republic
EBV Elektronik Ticaret Limited Sirketi	Turkey
EBV Elektronik TOV	Ukraine
EBV Elektronik, Druzba Za Posredovanje D.O.O.	Slovenia

EBV Elektronik, Unipessoal Lda,	Portugal
EBV Erste Holding GmbH & Co. KG	Germany
EBV Management GmbH	Germany
EBV Zweite Holding GmbH & Co. KG	Germany
EBV-Elektronik GmbH	Austria
Electrolink (PTY) Ltd	South Africa
Electron House (Overseas) Limited	United Kingdom
element 14 Limited	United Kingdom
element 14 sp. zoo	Poland
element14 Asia Pte. Ltd.	Singapore
Element14 de Mexico, S. de R.L de C.V	Mexico
element14 Electronics Limited	Ireland
Element14 Finance UK Limited	United Kingdom
element14 Holding BV	Netherlands
element14 India Pvt Limited	India
element14 Limited	New Zealand
element14 Ltd.	Korea, Republic of
element14 Pte. Ltd.	Singapore
element14 Pty Ltd	Australia
element14 Sdn. Bhd.	Malaysia
Element14 US Holdings Inc.	United States
Element14 US Holdings LLC	United States
Element14. S. de R.L. de C.V	Mexico
eluomeng Electronics (China) Co. Ltd	China
Eluomeng Limited	Hong Kong
Eluomeng Limited Company	Taiwan (Province of China)
Erste TENVA Property BV	Belgium
FARNELL (BELGIUM) SA	Belgium
FARNELL (FRANCE) SAS	France
FARNELL (NETHERLANDS) B.V.	Netherlands
FARNELL AG	Switzerland
FARNELL COMPONENTS (IRELAND) LIMITED	Ireland
FARNELL COMPONENTS (ISRAEL) LTD	Israel
FARNELL COMPONENTS AB	Sweden
FARNELL COMPONENTS SL	Spain
FARNELL DANMARK A/S	Denmark
FARNELL ELECTRONIC COMPONENTS LIMITED	United Kingdom
FARNELL GMBH	Germany
FARNELL HOLDING LIMITED	United Kingdom
FARNELL ITALIA SRL	Italy
FARNELL OVERSEAS	United Kingdom
Import Holdings LLC	United States
INONE HOLDINGS LIMITED	United Kingdom
Kent One Corporation	United States
Memec Group Holdings Limited	United Kingdom
Memec Group Limited	United Kingdom
Memec Pty Limited	Australia
Mexico Holdings LLC	United States
Newark Corporation	United States
Newark Electronics Corporation	United States
OY FARNELL (FINLAND) AB	Finland
Phoenics Electronics Corporation	United States

PREMIER FARNELL (SCOTLAND) LIMITED	United Kingdom
Premier Farnell Canada Limited	Canada
Premier Farnell Corp.	United States
PREMIER FARNELL LIMITED	United Kingdom
PREMIER FARNELL PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	United Kingdom
PREMIER FARNELL PENSION TRUSTEES LIMITED	United Kingdom
Premier Farnell Properties Inc.	United States
PREMIER FARNELL UK LIMITED	United Kingdom
Priya Softweb Solutions Pvt. Ltd.	India
SEC International Holding Company II, L.L.C.	United States
Shanghai FR International Trading Co., Ltd.	China
Shenzhen Embest Technology Co., Ltd.	China
Société Civile Immobilière du 22 rue de Dames	France
Softweb Solutions Inc.	United States
Telmil Electronics, Inc.	United States
Tenva Belgium Comm. VA	Belgium
Tenva Financial Management BV	Belgium
TENVA GmbH	Germany
TENVA INVESTMENTS BV	Belgium
Tenva Management GmbH	Germany
UAB "EBV Elektronik"	Lithuania
Vanda Computer System Integration (Shanghai) Company Limited	China
Venezuelan Partner B.V.	Netherlands
Witekio Corporation	United States
Witekio France SAS	France
Witekio GmbH	Germany
Witekio Holding	France
Witekio UK Limited	United Kingdom
YEL Electronics (China) Limited	Hong Kong
YEL Electronics Hong Kong Limited	Hong Kong
ZWEITE TENVA Property GmbH Im Technologiepark	Germany

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**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
Avnet, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-208009, 333-227100 and 333-262379) on Form S-3 and (Nos. 333-45267, 333-112062, 333-140903, 333-171291, 333-177787, 333-192289, 333-214887, 333-220133, 333-228875 and 333-262380) on Form S-8 of our report dated August 18, 2023, with respect to the consolidated financial statements of Avnet, Inc. and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Phoenix, Arizona  
August 18, 2023

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## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Philip R. Gallagher, certify that:

1. I have reviewed this annual report on Form 10-K of Avnet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 18, 2023

/s/ PHILIP R. GALLAGHER

Philip R. Gallagher

Chief Executive Officer

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Kenneth A. Jacobson, certify that:

1. I have reviewed this annual report on Form 10-K of Avnet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 18, 2023

/s/ KENNETH A. JACOBSON

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Kenneth A. Jacobson  
Chief Financial Officer

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**Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350  
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Annual Report on Form 10-K for the year ended July 1, 2023 (the "Report"), I, Philip R. Gallagher, Chief Executive Officer of Avnet, Inc. (the "Company") hereby certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 18, 2023

/s/ PHILIP R. GALLAGHER

Philip R. Gallagher

Chief Executive Officer

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**Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350  
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Annual Report on Form 10-K for the year ended July 1, 2023 (the "Report"), I, Kenneth A. Jacobson, Chief Financial Officer of Avnet, Inc. (the "Company") hereby certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 18, 2023

/s/ KENNETH A. JACOBSON

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Kenneth A. Jacobson  
Chief Financial Officer

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**AMENDMENT NO. 7 TO  
FOURTH AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT**

This Amendment No. 7 to the Fourth Amended and Restated Receivables Purchase Agreement (this "Amendment") is dated as of May 12, 2023, among Avnet Receivables Corporation, a Delaware corporation ("Seller"), Avnet, Inc., a New York corporation ("Avnet"), as initial Servicer (the Servicer together with Seller, the "Seller Parties" and each a "Seller Party"), each of the entities party hereto identified as a "Financial Institution" (together with any of their respective successors and assigns hereunder, the "Financial Institutions"), each of the entities party hereto identified as a "Company" (together with any of their respective successors and assigns hereunder, the "Companies") and Wells Fargo Bank, N.A., as agent for the Purchasers or any successor agent hereunder (together with its successors and assigns hereunder, the "Agent"), amending the Fourth Amended and Restated Receivables Purchase Agreement, dated as of August 16, 2018 (as amended by Amendment No. 1 thereto, dated February 28, 2020, Amendment No. 2 thereto, dated as of July 31, 2020, Amendment No. 3 thereto, dated as of July 30, 2021, Amendment No. 4 thereto, dated as of August 16, 2021, Amendment No. 5 thereto, dated as of January 10, 2022, and Amendment No. 6 thereto, dated as of December 16, 2022, the "Existing Agreement," and as further amended, modified or supplemented from time to time, including through the date hereof, the "Receivables Purchase Agreement").

**RECITALS**

The parties hereto are the current parties to the Existing Agreement and they now desire to amend the Existing Agreement, subject to the terms and conditions hereof, as more particularly described herein.

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**Section 1. Definitions Used Herein.** Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth for such terms in, or incorporated by reference into, the Existing Agreement.

**Section 2. Amendment of Existing Agreement.** Subject to the terms and conditions set forth herein, the Existing Agreement is hereby amended as follows:

(a) The following definitions in Exhibit I of the Existing Agreement are hereby deleted in their entirety and replaced with the following:

"Agreement" means this Fourth Amended and Restated Receivables Purchase Agreement, dated as of August 16, 2018, as amended by Amendment No. 1 hereto, dated as of February 28, 2020, Amendment No. 2 hereto, dated as of July 31, 2020, Amendment No. 3 hereto, dated as of July 30, 2021, Amendment No. 4 hereto, dated as of August 16, 2021, Amendment No. 5 hereto, dated as of January 10, 2022, Amendment No. 6 hereto,

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dated as of December 16, 2022, Amendment No. 7 hereto, dated as of May 12, 2023, and as the same may be further amended, restated, supplemented or otherwise modified and in effect from time to time.

“Purchase Limit” means \$700,000,000, as such amount may be modified in accordance with the terms of Section 4.6(b).

(b) Schedule A to the Existing Agreement is hereby deleted in its entirety and replaced by Schedule A attached hereto.

**Section 3. Conditions to Effectiveness of Amendment.** This Amendment shall become effective as of the date hereof, upon the satisfaction of the conditions precedent that:

(a) Amendment. The Agent, each Seller Party and each Purchaser shall have received, on or before the date hereof, executed counterparts of this Amendment, duly executed by each of the parties hereto.

(b) Upfront Fee. On the date hereof, Seller shall have paid to The Bank of Nova Scotia (or to the Agent for the benefit of The Bank of Nova Scotia), a non-refundable, fully-earned upfront fee in an amount equal to \$41,666.67.

(c) Opinion. The Agent and each Purchaser shall have received a favorable opinion from counsel to the Seller Parties, addressed to the Agent and each Purchaser, in form and substance reasonably satisfactory to the Agent and each Purchaser, addressing corporate and enforceability matters with respect to Seller, Avnet, this Amendment and the Receivables Purchase Agreement.

(d) Representations and Warranties. As of the date hereof, both before and after giving effect to this Amendment, all of the representations and warranties of each Seller Party contained in the Receivables Purchase Agreement and in each other Transaction Document shall be true and correct in all material respects as though made on the date hereof (and by its execution hereof, each Seller Party shall be deemed to have represented and warranted such).

(e) No Amortization Event or Potential Amortization Event. As of the date hereof, both before and after giving effect to this Amendment, no Amortization Event or Potential Amortization Event shall have occurred and be continuing (and by its execution hereof, each Seller Party shall be deemed to have represented and warranted such).

**Section 4. Special Incremental Purchase; Reallocation of Purchaser Interests.**

(a) Seller hereby requests on a one-time basis that, in connection with the increases to the Purchase Limit and Commitment occurring on the date hereof, the Purchasers make an Incremental Purchase on the terms set forth on Schedule B hereto (the “Special Incremental Purchase”). Each Purchaser consents to, and hereby waives the requirements of Section 1.2 of the Receivables Purchase Agreement that would otherwise be applicable to, the Special Incremental Purchase, and further agrees to pay or receive, as applicable, the amount set forth on Schedule C (“Reallocation Payments/Receipts”).

(b) The parties hereto agree that, as of the date hereof, and after giving effect to the transactions contemplated in this Amendment, including the Special Incremental Purchase and Reallocation Payments/Receipts, the Agent will reallocate the Purchaser Interests of each Purchaser such that, after giving effect thereto, the amount of Capital related to the Purchaser Interests of each Purchaser shall be

equal to such Purchaser's proportionate share of the Purchase Limit. For the avoidance of doubt, such reallocation may require the reallocation of Purchaser Interests from one Purchaser to another Purchaser.

(c) On the date hereof, the Agent shall remit to any Purchaser the portion of Capital, if any, that is necessary to give effect to the reallocation of the Purchaser Interest among the Purchasers described in the preceding clause (b). In connection with any repayment of the Capital of any Purchaser as a result of such reallocation, Seller shall pay all interest (including breakage costs) due on the amount repaid to the date of repayment on the immediately following Settlement Date.

**Section 5. Miscellaneous.**

(a) Effect; Ratification. This Amendment is effective solely for the purposes set forth herein and shall be limited precisely as written, and shall not be deemed (i) to be a consent to, or an acknowledgment of, any amendment, waiver or modification of any other term or condition of the Existing Agreement or of any other instrument or agreement referred to therein or (ii) to prejudice any right or remedy which the Agent, any Company or Financial Institution (or any of their respective assigns) may now have or may have in the future under or in connection with the Receivables Purchase Agreement or any other instrument or agreement referred to therein. Each reference in the Receivables Purchase Agreement to "this Agreement," "herein," "hereof" and words of like import and each reference in the other Transaction Documents to the Existing Agreement or to the "Receivables Purchase Agreement" shall mean the Existing Agreement as amended hereby. This Amendment shall be construed in connection with and as part of the Receivables Purchase Agreement and all terms, conditions, representations, warranties, covenants and agreements set forth in the Receivables Purchase Agreement and each other instrument or agreement referred to therein, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

(b) Transaction Documents. This Amendment is a Transaction Document executed pursuant to the Receivables Purchase Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof.

(c) Costs, Fees and Expenses. Seller agrees to reimburse the Agent and each Purchaser and its assigns upon demand for all reasonable and documented out-of-pocket costs, fees and expenses in connection with the preparation, execution and delivery of this Amendment (including the reasonable fees and expenses of counsel to the Agent).

(d) Counterparts. This Amendment may be executed in any number of counterparts, each such counterpart constituting an original and all of which when taken together shall constitute one and the same instrument.

(e) Severability. Any provision contained in this Amendment which is held to be inoperative, unenforceable or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable or invalid without affecting the remaining provisions of this Amendment in that jurisdiction or the operation, enforceability or validity of such provision in any other jurisdiction.

(f) GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

(g) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY

MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY ORIGINATOR PURSUANT TO THIS AMENDMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their respective duly authorized officers as of the date first written above.

AVNET RECEIVABLES CORPORATION,  
As Buyer and as Seller

By: /s/ Ken Jacobson  
Name Ken Jacobson  
Title President and Treasurer

AVNET, INC., as Originator and as Servicer

By: /s/ Joseph Burke  
Name Joseph Burke  
Title Vice President and Treasurer

WELLS FARGO BANK, N.A.,  
as a Company and as a Financial Institution

By: /s/ Chance Hausler  
Name: Chance Hausler  
Title: Director

WELLS FARGO BANK, N.A.,  
as Agent

By: /s/ Chance Hausler  
Name: Chance Hausler  
Title: Director

TRUST BANK,  
as a Company and as a Financial Institution

By: /s/ Paul Cornely  
Name: Paul Cornely  
Title: Vice President

LIBERTY STREET FUNDING LLC.,  
as a Company

By: /s/ Kevin J. Corrigan  
Name: Kevin J. Corrigan  
Title: Vice President

THE BANK OF NOVA SCOTIA,  
as a Financial Institution

By: /s/ Doug Noe  
Name: Doug Noe  
Title: Managing Director

BANK OF AMERICA, N.A.  
as a Company and as a Financial Institution

By:           /s/ Ross Glynn            
Name: Ross Glynn  
Title: Vice President

Schedule A

COMMITMENTS, COMPANY PURCHASE LIMITS  
AND RELATED FINANCIAL INSTITUTIONS

**Commitments of Financial Institutions**

<u>Financial Institution</u>	<u>Commitment</u>
Wells Fargo Bank, National Association	\$225,000,000
Bank of America, N.A.	\$225,000,000
Truist Bank	\$125,000,000
The Bank of Nova Scotia	\$127,500,000*

\* Reflects 2.00% additional commitment availability for being in a Purchaser Group with a CP Company.

**Company Purchase Limits and  
Related Financial Institutions of Companies**

<u>Company</u>	<u>Company Purchase Limit</u>	<u>Related Financial Institution(s)</u>
Wells Fargo Bank, National Association	\$225,000,000	Wells Fargo Bank, National Association
Bank of America, N.A.	\$225,000,000	Bank of America, N.A.
Truist Bank	\$125,000,000	Truist Bank
Liberty Street Funding LLC	\$125,000,000	The Bank of Nova Scotia

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Schedule B

SPECIAL INCREMENTAL PURCHASE

The terms of the Special Incremental Purchase are set forth on this Schedule B.

Purchase Price:	\$45,000,000
Date of Purchase:	May 12, 2023
Requested Discount Rate:	Benchmark

The Purchase Price will be allocated among the Financial Institutions on a non-ratable basis as follows:

<b>Financial Institution</b>	<b>Share of Purchase Price</b>	<b>Outstanding Capital (after giving effect to Special Incremental Purchase and Reallocation Payments/Receipts)</b>
Wells Fargo Bank, National Association	\$0	\$223,392,857.14
Bank of America, N.A.	\$0	\$223,392,857.14
Truist Bank	\$0	\$124,107,142.86
The Bank of Nova Scotia	\$45,000,000	\$124,107,142.86

In connection with the Incremental Purchase to be made on the above listed "Date of Purchase" (the "Purchase Date"), Seller hereby certifies that the following statements are true on the date hereof, and will be true on the Purchase Date (before and after giving effect to such Special Incremental Purchase):

(i) the representations and warranties of Seller set forth in Section 5.1 of the Receivables Purchase Agreement are true and correct on and as of the Purchase Date as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from the proposed Incremental Purchase, that will constitute an Amortization Event or a Potential Amortization Event;

(iii) the Facility Termination Date has not occurred, the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%; and

(iv) the amount of Aggregate Capital is \$695,000,000 after giving effect to the Incremental Purchase to be made on the Purchase Date

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