



Avnet Reports Third Quarter Fiscal 2021 Financial Results

April 28, 2021

Sales of \$4.9 billion, up 14% year over year with diluted EPS of \$1.07

Adjusted diluted EPS of \$0.74, up 95% year over year

Operating margin expansion across all regions, including Farnell

PHOENIX--(BUSINESS WIRE)--Apr. 28, 2021-- Avnet, Inc. (Nasdaq: [AVT](#)) today announced results for its third quarter ended April 3, 2021.

Fiscal Third Quarter Key Financial Highlights:

- Sales of \$4.9 billion, up from \$4.7 billion sequentially and compared to \$4.3 billion in the prior year quarter. Sales exceeded guidance, driven by broad end-market strength.
 - On a constant currency basis, sales grew 10.7% year over year and 4.8% sequentially.
 - Excluding Texas Instruments from both periods, sales grew 22% in constant currency year over year.
- GAAP diluted earnings per share of \$1.07, compared with a GAAP diluted loss per share of \$1.29 in the prior year quarter.
 - Non-GAAP adjusted diluted earnings per share of \$0.74, compared with \$0.38 earnings per share in the prior year quarter.
- GAAP operating margin was up 447 basis points to 1.8% compared with negative 2.7% in the prior year quarter.
 - Adjusted operating margin of 2.3% increased 62 basis points from 1.6% in the prior year quarter.
- Farnell operating margins increased sequentially 154 basis points to 6.0%.
- Sales of Texas Instruments' products were less than \$2 million compared with \$400.6 million in the prior year quarter.
- As expected, cash used for operations totaled \$9.9 million in the quarter as strong demand drives investment in working capital.

CEO Commentary

"In the third quarter, the impact of our back-to-basics strategy resulted in strong execution and performance across all regions," said Avnet Chief Executive Officer Phil Gallagher. "As we continue to navigate supply constraints, extended lead times and a shifting operating environment, our deep relationships with our partners and tight management of our backlog will continue to be of utmost importance. Our prioritization of these relationships and focus on execution to date have put Avnet on a more linear growth path. Further, our ability to enhance value through demand creation for our partners has continued to contribute to our success at the center of the technology supply chain. We remain confident in our ability to execute and create value for our customers and suppliers."

Key Financial Metrics

(\$ in millions, except per share data)

Third Quarter Results (GAAP)

| | Mar – 21 | Mar – 20 | Change Y/Y | Dec – 20 | Change Q/Q |
|---|------------|------------|------------|------------|------------|
| Sales | \$ 4,916.7 | \$ 4,309.8 | 14.1 % | \$ 4,668.2 | 5.3 % |
| Operating Income (Loss) | 87.7 | (115.8) | 175.7 % | 57.2 | 53.2 % |
| Operating Income (Loss) Margin | 1.8 % | (2.7) % | 447 bps | 1.2 % | 55 bps |
| Diluted Earnings (Loss) Per Share (EPS) | \$ 1.07 | \$ (1.29) | 182.9 % | \$ 0.19 | 463.2 % |

Third Quarter Results (Non-GAAP)⁽¹⁾

| | Mar – 21 | | Mar – 20 | | Change Y/Y | | Dec – 20 | | Change Q/Q | |
|---|------------|---|------------|---|------------|-----|------------|---|------------|-----|
| Sales | \$ 4,916.7 | | \$ 4,309.8 | | 14.1 | % | \$ 4,668.2 | | 5.3 | % |
| Adjusted Operating Income | 110.5 | | 70.4 | | 57.1 | % | 79.6 | | 38.9 | % |
| Adjusted Operating Income Margin | 2.3 | % | 1.6 | % | 62 | bps | 1.7 | % | 55 | bps |
| Adjusted Diluted Earnings Per Share (EPS) | \$ 0.74 | | \$ 0.38 | | 94.7 | % | \$ 0.48 | | 54.2 | % |

Segment and Geographical Mix

| | Mar – 21 | | Mar – 20 | | Change Y/Y | | Dec – 20 | | Change Q/Q | |
|----------------------------------|------------|---|------------|---|------------|-----|------------|---|------------|-----|
| Electronic Components (EC) Sales | \$ 4,520.6 | | \$ 3,974.7 | | 13.7 | % | \$ 4,342.4 | | 4.1 | % |
| EC Operating Income Margin | 2.6 | % | 2.1 | % | 49 | bps | 2.4 | % | 23 | bps |
| Farnell Sales | \$ 396.1 | | \$ 335.1 | | 18.2 | % | \$ 325.8 | | 21.6 | % |
| Farnell Operating Income Margin | 6.0 | % | 7.0 | % | (95) | bps | 4.5 | % | 154 | bps |
| Americas Sales | \$ 1,161.0 | | \$ 1,203.6 | | (3.5) | % | \$ 1,101.5 | | 5.4 | % |
| EMEA Sales | 1,585.6 | | 1,512.5 | | 4.8 | % | 1,346.3 | | 17.8 | % |
| Asia Sales | 2,170.1 | | 1,593.7 | | 36.2 | % | 2,220.4 | | (2.3) | % |

TI Sales

| | Mar – 21 | | Mar – 20 | | Change Y/Y | | Dec – 20 | | Change Q/Q | |
|----------------------|----------|--|----------|--|------------|---|----------|--|------------|---|
| Sales of TI Products | \$ 1.7 | | \$ 400.6 | | (99.6) | % | \$ 49.6 | | (96.7) | % |

(1) A reconciliation of non-GAAP financial measures to GAAP financial measures is presented in the “Non-GAAP Financial Information” section of this press release.

CFO Commentary

“In the third quarter, we grew our top line by 14% year over year and expanded operating margins for the third consecutive quarter, demonstrating the increasing value we provide to customers and suppliers as well as our continued strong execution,” said Avnet Chief Financial Officer Tom Liguori. “Over the past year, our team has successfully implemented a number of measures to strengthen our financial profile. As a more nimble and efficient organization that is investing across its business lines and geographies, Avnet is in a better position today to deliver for all stakeholders in this dynamic market.”

Additional Third Quarter Fiscal 2021 Highlights

- Returned \$21 million to shareholders with dividends paid during the quarter.
- Awarded Best Global Performance and Best Asia Performance Awards by Amphenol.
- Partnered with ON Semiconductor to establish a framework to help OEMs more rapidly develop end-to-end IoT solutions.
- Kicked off 100th year anniversary celebration with the launch of Avnet’s Centennial Central platform, which details Avnet’s 100-year journey to date. To learn more, visit <https://www.centennialcentral.com/>.

Outlook for the Fourth Quarter of Fiscal 2021 Ending on July 3, 2021

| | Guidance Range | Midpoint |
|-------------------------------------|-----------------------|-----------------|
| Sales | \$4.7B – \$5.1B | \$4.9B |
| Non-GAAP Diluted EPS ⁽¹⁾ | \$0.71 – \$0.77 | \$0.74 |

⁽¹⁾ A reconciliation of non-GAAP guidance to GAAP guidance is presented in the “Non-GAAP Financial Information” section of this press release.

The above guidance is based upon current market conditions and inventory availability. It excludes amortization of intangibles, any potential restructuring, integration, and other expenses and certain income tax adjustments. The above guidance assumes 100 million average diluted shares outstanding and average U.S. Dollar to Euro and GBP currency exchange rates are as shown below:

Q4 Fiscal

| | 2021 | Q3 Fiscal | Q4 Fiscal |
|------|-----------------|------------------|------------------|
| | Guidance | 2021 | 2020 |
| Euro | \$1.20 | \$1.20 | \$1.10 |
| GBP | \$1.38 | \$1.38 | \$1.24 |

Today’s Conference Call and Webcast Details

Avnet will host a quarterly webcast and teleconference today at 1:30 p.m. PDT and 4:30 p.m. EDT to discuss its financial results and provide a corporate update. The webcast can be accessed via Avnet’s Investor Relations web page at: <https://ir.avnet.com>.

Those who would still like to participate in the live call can dial 877-407-8112 or 201-689-8840. A replay of the conference call will be available for 90 days, through July 28 at 5:00 p.m. EDT, and can be accessed by dialing: 877-660-6853 or 201-612-7415 and using Conference ID: 13716605.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, results of operations and business of the Company. You can find many of these statements by looking for words like “believes,” “plans,” “expects,” “anticipates,” “should,” “will,” “may,” “estimates” or similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties. You should understand that the following important factors, in addition to those discussed elsewhere in the Company’s Annual Report on Form 10-K for the fiscal year ended June 27, 2020 and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, could affect the Company’s future results of operations, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements: the scope and duration of the COVID-19 pandemic and its impact on global economic systems, access to financial markets and the Company’s employees, operations, customers, and supply chain; competitive pressures among distributors of electronic components; an industry down-cycle in semiconductors; relationships with key suppliers and allocations of products by suppliers; risks relating to the Company’s international sales and operations, including risks relating to the ability to repatriate cash, foreign currency fluctuations, duties and taxes, and compliance with international and U.S. laws; risks relating to acquisitions, divestitures and investments; adverse effects on the Company’s supply chain, operations of its distribution centers, shipping costs, third-party service providers, customers and suppliers, including as a result of issues caused by natural and weather-related disasters, pandemics and health related crisis, social unrest or warehouse modernization and relocation efforts; risks related to cyber-attacks, other privacy and security incidents and information systems, including related to current or future implementations, integrations or upgrades; general economic and business conditions (domestic, foreign and global) affecting the Company’s operations and financial performance and, indirectly, the Company’s credit ratings, debt covenant compliance, and liquidity and access to financing; geopolitical events, including the uncertainty caused by the United Kingdom’s exit from, and agreement for a new partnership with, the European Union; and legislative or regulatory changes affecting the Company’s businesses.

Any forward-looking statement speaks only as of the date on which that statement is made. Except as required by law, the Company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

About Avnet

Avnet is a global electronic components distributor with extensive design, product, marketing and supply chain expertise for customers and suppliers at every stage of the product lifecycle. For the past 100 years, Avnet has helped its customers and suppliers around the world realize the transformative possibilities of technology. Learn more about Avnet at www.avnet.com. (AVT_IR)

AVNET, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS**(UNAUDITED)**

| | Third Quarters Ended | | Nine Months Ended | |
|--|---|------------------|--------------------------|------------------|
| | April 3, | March 28, | April 3, | March 28, |
| | 2021 | 2020 | 2021 | 2020 |
| | (Thousands, except per share data) | | | |
| Sales | \$ 4,916,714 | \$ 4,309,818 | \$ 14,307,945 | \$ 13,474,632 |
| Cost of sales | 4,348,364 | 3,790,885 | 12,712,262 | 11,886,247 |
| Gross profit | 568,350 | 518,933 | 1,595,683 | 1,588,385 |
| Selling, general and administrative expenses | 463,092 | 469,646 | 1,376,333 | 1,391,024 |
| Goodwill and long-lived asset impairment expense | — | 145,836 | — | 145,836 |
| Restructuring, integration and other expenses | 17,574 | 19,211 | 55,943 | 58,073 |
| Operating income (loss) | 87,684 | (115,760) | 163,407 | (6,548) |
| Other income (expense), net | 4,779 | (12,608) | (16,052) | (9,640) |
| Interest and other financing expenses, net | (22,342) | (29,718) | (66,128) | (97,254) |
| Income (loss) before taxes | 70,121 | (158,086) | 81,227 | (113,442) |
| Income tax benefit | (37,363) | (29,425) | (26,532) | (30,200) |
| Net income (loss) | \$ 107,484 | \$ (128,661) | \$ 107,759 | \$ (83,242) |
| Earnings (loss) per share: | | | | |
| Basic | \$ 1.08 | \$ (1.29) | \$ 1.09 | \$ (0.82) |
| Diluted | \$ 1.07 | \$ (1.29) | \$ 1.08 | \$ (0.82) |
| Shares used to compute earnings per share: | | | | |
| Basic | 99,542 | 99,479 | 99,125 | 101,013 |
| Diluted | 100,247 | 99,479 | 100,013 | 101,013 |

| | | | | |
|--------------------------------------|---------|---------|---------|---------|
| Cash dividends paid per common share | \$ 0.21 | \$ 0.21 | \$ 0.63 | \$ 0.63 |
|--------------------------------------|---------|---------|---------|---------|

AVNET, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

April 3, June 27,

2021 2020

(Thousands)

ASSETS

Current assets:

| | | |
|---------------------------|------------|------------|
| Cash and cash equivalents | \$ 322,749 | \$ 477,038 |
|---------------------------|------------|------------|

| | | |
|------------------|-----------|-----------|
| Receivables, net | 3,365,677 | 2,928,386 |
|------------------|-----------|-----------|

| | | |
|-------------|-----------|-----------|
| Inventories | 2,760,156 | 2,731,988 |
|-------------|-----------|-----------|

| | | |
|----------------------------------|---------|---------|
| Prepaid and other current assets | 156,023 | 191,394 |
|----------------------------------|---------|---------|

| | | |
|----------------------|-----------|-----------|
| Total current assets | 6,604,605 | 6,328,806 |
|----------------------|-----------|-----------|

| | | |
|------------------------------------|---------|---------|
| Property, plant and equipment, net | 381,083 | 404,607 |
|------------------------------------|---------|---------|

| | | |
|----------|---------|---------|
| Goodwill | 838,460 | 773,734 |
|----------|---------|---------|

| | | |
|------------------------|--------|--------|
| Intangible assets, net | 33,770 | 65,437 |
|------------------------|--------|--------|

| | | |
|------------------------|---------|---------|
| Operating lease assets | 275,662 | 275,917 |
|------------------------|---------|---------|

| | | |
|--------------|---------|---------|
| Other assets | 232,335 | 256,696 |
|--------------|---------|---------|

| | | |
|--------------|--------------|--------------|
| Total assets | \$ 8,365,915 | \$ 8,105,197 |
|--------------|--------------|--------------|

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

| | | |
|-----------------|------------|-------|
| Short-term debt | \$ 300,043 | \$ 51 |
|-----------------|------------|-------|

| | | |
|------------------|-----------|-----------|
| Accounts payable | 2,001,743 | 1,754,078 |
|------------------|-----------|-----------|

| | | |
|--|--------------|--------------|
| Accrued expenses and other | 526,974 | 472,924 |
| Short-term operating lease liabilities | 57,182 | 53,313 |
| Total current liabilities | 2,885,942 | 2,280,366 |
| Long-term debt | 895,913 | 1,424,791 |
| Long-term operating lease liabilities | 250,108 | 253,719 |
| Other liabilities | 396,065 | 419,923 |
| Total liabilities | 4,428,028 | 4,378,799 |
| Shareholders' equity | 3,937,887 | 3,726,398 |
| Total liabilities and shareholders' equity | \$ 8,365,915 | \$ 8,105,197 |

AVNET, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

Nine Months Ended

April 3, 2021 March 28, 2020

(Thousands)

Cash flows from operating activities:

| | | |
|-------------------|------------|--------------|
| Net income (loss) | \$ 107,759 | \$ (83,242) |
|-------------------|------------|--------------|

Non-cash and other reconciling items:

| | | |
|--|--------|-----------|
| Depreciation | 67,462 | 75,535 |
| Amortization | 35,730 | 62,240 |
| Amortization of operating lease assets | 42,054 | 46,560 |
| Deferred income taxes | 11,510 | (42,529) |
| Stock-based compensation | 22,293 | 20,757 |
| Goodwill, long-lived asset and other impairments | 15,166 | 145,836 |

| | | |
|---|------------|------------|
| Other, net | 7,558 | 36,548 |
| Changes in (net of effects from businesses acquired and divested): | | |
| Receivables | (405,700) | 150,095 |
| Inventories | 63,017 | 227,996 |
| Accounts payable | 224,151 | (112,923) |
| Accrued expenses and other, net | 6,526 | (84,263) |
| Net cash flows provided by operating activities | 197,526 | 442,610 |
| Cash flows from financing activities: | | |
| Repayments under accounts receivable securitization, net | — | (127,400) |
| Repayments under senior unsecured credit facility, net | (232,347) | (1,194) |
| Repayments under bank credit facilities and other debt, net | (2,192) | (1,639) |
| Repurchases of common stock | — | (235,830) |
| Dividends paid on common stock | (62,400) | (63,235) |
| Other, net | (11,455) | (15,132) |
| Net cash flows used for financing activities | (308,394) | (444,430) |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (39,001) | (61,156) |
| Acquisitions of assets | (18,371) | (51,509) |
| Other, net | 6,201 | (12,547) |
| Net cash flows used for investing activities | (51,171) | (125,212) |
| Effect of currency exchange rate changes on cash and cash equivalents | 7,750 | (16,418) |
| Cash and cash equivalents: | | |
| — decrease | (154,289) | (143,450) |
| — at beginning of period | 477,038 | 546,105 |
| — at end of period | \$ 322,749 | \$ 402,655 |

Non-GAAP Financial Information

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the United States ("GAAP"), the Company also discloses certain non-GAAP financial information including (i) adjusted operating income, (ii) adjusted operating expenses, (iii) adjusted other income (expense), (iv) adjusted income tax expense, (v) adjusted income from continuing operations, (vi) adjusted diluted earnings per share from continuing operations, and (vii) sales adjusted for the impact of significant acquisitions and other items (as defined in the Organic Sales section of this document).

There are also references to the impact of foreign currency in the discussion of the Company's results of operations. When the U.S. Dollar strengthens and the stronger exchange rates of the current year are used to translate the results of operations of Avnet's subsidiaries denominated in foreign currencies, the resulting impact is a decrease in U.S. Dollars of reported results. Conversely, when the U.S. Dollar weakens and the weaker exchange rates of the current year are used to translate the results of operations of Avnet's subsidiaries denominated in foreign currencies, the resulting impact is an increase in U.S. Dollars of reported results. In the discussion of the Company's results of operations, results excluding this impact are referred to as "constant currency." Management believes organic sales and sales in constant currency are useful measures for evaluating current period performance as compared with prior periods and for understanding underlying trends. In order to determine the translation impact of changes in foreign currency exchange rates on sales, income or expense items for subsidiaries reporting in currencies other than the U.S. Dollar, the Company adjusts the average exchange rates used in current periods to be consistent with the average exchange rates in effect during the comparative period.

Management believes that operating income and operating expenses adjusted for restructuring, integration and other expenses, goodwill and intangible asset impairment expenses and amortization of acquired intangible assets and other, are useful measures to help investors better assess and understand the Company's operating performance. This is especially the case when comparing results with previous periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of Avnet's normal operating results or non-cash in nature. Management analyzes operating income and operating expenses without the impact of these items as an indicator of ongoing margin performance and underlying trends in the business. Management also uses these non-GAAP measures to establish operational goals and, in most cases, for measuring performance for compensation purposes. Management measures operating income for its reportable segments excluding restructuring, integration and other expenses, goodwill and intangible asset impairment expenses and amortization of acquired intangible assets and other.

Additional non-GAAP metrics management uses is adjusted operating income margin, which is defined as adjusted operating income (as defined above) divided by sales.

Management also believes income tax expense (benefit), net income and diluted earnings (loss) per share adjusted for the impact of the items described above and certain items impacting other income (expense) and income tax expense (benefit) are useful to investors because they provide a measure of the Company's net profitability on a more comparable basis to historical periods and provide a more meaningful basis for forecasting future performance. Adjustment to income tax expense (benefit) and the effective income tax rate include the effect of changes in tax laws including recent tax law changes in the U.S., certain changes in valuation allowances and unrecognized tax benefits, income tax audit settlements and adjustments to the adjusted interim effective tax rate based upon the expected annual adjusted effective tax rate. Additionally, because of management's focus on generating shareholder value, of which net profitability is a primary driver, management believes net income and diluted earnings (loss) per share excluding the impact of these items provides an important measure of the Company's net profitability for the investing public.

Any analysis of results and outlook on a non-GAAP basis should be used as a complement to, and in conjunction with, results presented in accordance with GAAP. All amounts below relate to Avnet's continuing operations.

| | Fiscal | Quarters Ended | | |
|---|--|-----------------------|-------------------|-------------------|
| | Year to Date | April 3, | January 2, | October 3, |
| | 2021* | 2021 | 2021 | 2020 |
| | <i>(\$ in thousands, except per share amounts)</i> | | | |
| GAAP selling, general and administrative expenses | \$ 1,376,333 | \$ 463,092 | \$ 442,084 | \$ 471,158 |
| Amortization of intangible assets and other | (35,875) | (5,283) | (10,417) | (20,175) |
| Adjusted operating expenses | 1,340,458 | 457,809 | 431,667 | 450,983 |

| | | | | |
|---|--------------|--------------|-----------|--------------|
| GAAP operating income | \$ 163,407 | \$ 87,684 | \$ 57,221 | \$ 18,502 |
| Restructuring, integration and other expenses | 55,943 | 17,574 | 11,948 | 26,420 |
| Amortization of intangible assets and other | 35,875 | 5,283 | 10,417 | 20,175 |
| Adjusted operating income | 255,225 | 110,541 | 79,586 | 65,097 |
| GAAP income (loss) before income taxes | \$ 81,227 | \$ 70,121 | \$ 34,403 | \$ (23,297) |
| Restructuring, integration and other expenses | 55,943 | 17,574 | 11,948 | 26,420 |
| Amortization of intangible assets and other | 35,875 | 5,283 | 10,417 | 20,175 |
| Other expenses - equity investment impairments | 15,274 | - | 51 | 15,223 |
| Adjusted income before income taxes | 188,319 | 92,978 | 56,819 | 38,521 |
| GAAP income tax expense (benefit) | \$ (26,532) | \$ (37,363) | \$ 15,240 | \$ (4,408) |
| Restructuring, integration and other expenses | 11,296 | 4,118 | 2,577 | 4,601 |
| Amortization of intangible assets and other | 8,074 | 1,008 | 2,037 | 5,029 |
| Other expenses - equity investment impairments | 52 | - | 26 | 26 |
| Income tax benefit (expense) items, net | 37,184 | 50,682 | (10,788) | (2,710) |
| Adjusted income tax expense | 30,074 | 18,445 | 9,092 | 2,538 |
| GAAP net income (loss) | \$ 107,759 | \$ 107,484 | \$ 19,163 | \$ (18,889) |
| Restructuring, integration and other expenses (net of tax) | 44,647 | 13,456 | 9,371 | 21,819 |
| Amortization of intangible assets and other (net of tax) | 27,801 | 4,275 | 8,380 | 15,146 |
| Other expenses - equity investment impairments (net of tax) | 15,222 | - | 25 | 15,197 |
| Income tax (benefit) expense items, net | (37,184) | (50,682) | 10,788 | 2,710 |
| Adjusted net income | 158,245 | 74,533 | 47,727 | 35,983 |
| GAAP diluted earnings (loss) per share | \$ 1.08 | \$ 1.07 | \$ 0.19 | \$ (0.19) |
| Restructuring, integration and other expenses (net of tax) | 0.44 | 0.13 | 0.09 | 0.22 |

| | | | | |
|---|---------|---------|------|------|
| Amortization of intangible assets and other (net of tax) | 0.28 | 0.04 | 0.09 | 0.15 |
| Other expenses - equity investment impairments (net of tax) | 0.15 | - | 0.00 | 0.15 |
| Income tax (benefit) expense items, net | (0.37) | (0.50) | 0.11 | 0.03 |
| Adjusted diluted EPS | 1.58 | 0.74 | 0.48 | 0.36 |

* May not foot/cross foot due to rounding and differences in average diluted shares between quarterly periods compared to the fiscal year to date.

| | Quarters Ended | | | | |
|--|--|-------------|--------------|--------------|---------------|
| | Fiscal Year | June 27, | March 28, | December 29, | September 29, |
| | 2020* | 2020* | 2020* | 2019* | 2019* |
| | <i>(\$ in thousands, except per share amounts)</i> | | | | |
| GAAP selling, general and administrative expenses | \$ 1,842,122 | \$ 451,099 | \$ 469,646 | \$ 464,873 | \$ 456,503 |
| Amortization of intangible assets and other | (81,555) | (18,952) | (21,071) | (21,454) | (20,078) |
| Adjusted operating expenses | 1,760,567 | 432,147 | 448,576 | 443,419 | 436,426 |
| GAAP operating (loss) income | \$(4,628) | \$ 1,920 | \$(115,760) | \$ 46,475 | \$ 62,738 |
| Restructuring, integration and other expenses | 81,870 | 23,796 | 19,211 | 14,265 | 24,598 |
| Goodwill and long-lived asset impairment expenses (benefits) | 144,092 | (1,744) | 145,836 | - | - |
| Amortization of intangible assets and other | 81,555 | 18,952 | 21,071 | 21,454 | 20,078 |
| Adjusted operating income | 302,889 | 42,924 | 70,358 | 82,194 | 107,414 |
| GAAP (loss) income before income taxes | \$(128,107) | \$(16,144) | \$(158,086) | \$ 12,086 | \$ 34,038 |
| Restructuring, integration and other expenses | 81,870 | 23,796 | 19,211 | 14,265 | 24,598 |
| Goodwill and long-lived asset impairment expenses (benefits) | 144,092 | (1,744) | 145,836 | - | - |
| Amortization of intangible assets and other | 81,555 | 18,952 | 21,071 | 21,454 | 20,078 |
| Other expenses and early debt redemption | 21,582 | 2,054 | 15,526 | 4,002 | - |
| Adjusted income before income taxes | 200,992 | 26,914 | 43,558 | 51,807 | 78,713 |

| | | | | | |
|---|--------------|--------------|---------------|----------|-------------|
| GAAP income tax expense (benefit) | \$ (98,574) | \$ (68,304) | \$ (29,425) | \$ 6,870 | \$ (7,714) |
| Restructuring, integration and other expenses | 18,648 | 4,659 | 4,372 | 3,377 | 6,240 |
| Goodwill and long-lived asset impairment expenses | 6,433 | 207 | 6,226 | - | - |
| Amortization of intangible assets and other | 16,119 | 3,613 | 4,307 | 3,964 | 4,235 |
| Other expenses and early debt redemption | 6,238 | 506 | 4,992 | 740 | - |
| Income tax benefit (expense) items, net | 47,655 | 22,996 | 15,119 | (4,071) | 13,611 |
| Adjusted income tax (benefit) expense | (3,481) | (36,323) | 5,591 | 10,880 | 16,372 |
| | | | | | |
| GAAP net (loss) income | \$ (29,533) | \$ 52,160 | \$ (128,661) | \$ 5,216 | \$ 41,752 |
| Restructuring, integration and other expenses (net of tax) | 63,222 | 19,137 | 14,839 | 10,888 | 18,358 |
| Goodwill and long-lived asset impairment expenses (benefits) (net of tax) | 137,659 | (1,951) | 139,610 | - | - |
| Amortization of intangible assets and other (net of tax) | 65,436 | 15,339 | 16,764 | 17,490 | 15,843 |
| Other expenses and early debt redemption (net of tax) | 15,344 | 1,548 | 10,534 | 3,262 | - |
| Income tax (benefit) expense items, net | (47,655) | (22,996) | (15,119) | 4,071 | (13,611) |
| Adjusted net income | 204,473 | 63,237 | 37,967 | 40,927 | 62,341 |
| | | | | | |
| GAAP diluted (loss) earnings per share | \$ (0.29) | \$ 0.53 | \$ (1.29) | \$ 0.05 | \$ 0.40 |
| Restructuring, integration and other expenses (net of tax) | 0.63 | 0.19 | 0.15 | 0.11 | 0.18 |
| Goodwill and long-lived asset impairment expenses (benefits) (net of tax) | 1.37 | (0.02) | 1.39 | - | - |
| Amortization of intangible assets and other (net of tax) | 0.65 | 0.15 | 0.17 | 0.17 | 0.15 |
| Other expenses and early debt redemption (net of tax) | 0.15 | 0.02 | 0.11 | 0.03 | - |
| Income tax (benefit) expense items, net | (0.47) | (0.23) | (0.15) | 0.04 | (0.13) |
| Adjusted diluted EPS | 2.04 | 0.64 | 0.38 | 0.40 | 0.60 |

* May not foot/cross foot due to rounding and differences in average diluted shares between quarterly periods compared to the fiscal year to date.

Sales of TI Products

In December, the termination of the Company's electronic components distribution agreement with Texas Instruments ("TI") was completed. Sales of

TI products by quarter are outlined in the following table:

| | Third Quarter | Second Quarter | First Quarter | Fourth Quarter | Third Quarter |
|----------------------|---------------|----------------|---------------|----------------|---------------|
| | April 3, | January 2, | October 3, | June 27, | March 28, |
| | 2021 | 2021 | 2020 | 2020 | 2020 |
| <i>(in millions)</i> | | | | | |
| Sales of TI Products | \$ 1.7 | \$ 49.6 | \$ 241.0 | \$ 322.5 | \$ 400.6 |

Organic Sales

Organic sales is defined as sales adjusted for the impact of significant acquisitions, divestitures and other items by adjusting Avnet's prior and current periods (if necessary) to include the sales of acquired businesses and exclude the sales of divested businesses as if the acquisitions and divestitures had occurred at the beginning of the earliest period presented. Additionally, fiscal 2021 sales are adjusted for the estimated impact of the extra week of sales in the first quarter of fiscal 2021 due to the 14-week fiscal first quarter and the 53-week fiscal year. Organic sales in constant currency is defined as organic sales (as defined above) excluding the impact of changes in foreign currency exchange rates.

As a result of declining sales due to the termination of the TI distribution agreement discussed further above, organic sales growth rates have also been adjusted to exclude sales of TI products.

The following table presents the reconciliation of reported sales to organic sales for the third quarter and first nine months of fiscal 2021.

| | Quarter Ended | | Nine Months Ended | | | | | |
|----------------------|---------------|---------------------|---------------------|-------------|---------------------|-------------|---------------------|---------------------|
| | Sales | Organic | Sales | | | Organic | | |
| | As Reported | Sales | Sales | As Reported | Estimated | Sales | TI Sales | Sales |
| | and Organic | TI Sales | Adj for TI | As Reported | Extra | Sales | TI Sales | Adj for TI |
| | Q3-Fiscal | Q3-Fiscal | Q3-Fiscal | Q3-Fiscal | Week ⁽²⁾ | Q3-Fiscal | Q3-Fiscal | Q3-Fiscal |
| | 2021 | 2021 ⁽¹⁾ | 2021 ⁽¹⁾ | 2021 | 2021 | 2021 | 2021 ⁽¹⁾ | 2021 ⁽¹⁾ |
| <i>(in millions)</i> | | | | | | | | |
| Avnet | \$ 4,916.7 | \$ 1.7 | \$ 4,915.0 | \$ 14,307.9 | \$ 306.0 | \$ 14,001.9 | \$ 292.2 | \$ 13,709.7 |
| Avnet by region | | | | | | | | |
| Americas | \$ 1,161.0 | \$ 0.4 | \$ 1,160.6 | \$ 3,468.1 | \$ 77.0 | \$ 3,391.1 | \$ 82.9 | \$ 3,308.2 |
| EMEA | 1,585.6 | 0.5 | 1,585.1 | 4,412.6 | 97.0 | 4,315.6 | 124.2 | 4,191.4 |
| Asia | 2,170.1 | 0.8 | 2,169.3 | 6,427.2 | 132.0 | 6,295.2 | 85.1 | 6,210.1 |
| Avnet by segment | | | | | | | | |
| EC | \$ 4,520.6 | \$ 1.7 | \$ 4,518.9 | \$ 13,245.1 | \$ 284.0 | \$ 12,961.1 | \$ 292.2 | \$ 12,668.9 |

| | | | | | | | | |
|---------|-------|---|-------|---------|------|---------|---|---------|
| Farnell | 396.1 | — | 396.1 | 1,062.8 | 22.0 | 1,040.8 | — | 1,040.8 |
|---------|-------|---|-------|---------|------|---------|---|---------|

(1) Sales adjusted for the impact of the termination of the TI distribution contract.

(2) The impact of the additional week of sales in the first quarter of fiscal 2021 is estimated.

The following table presents reported and organic sales growth rates for the third quarter and first nine months of fiscal 2021 compared to fiscal 2020.

| | Quarter Ended | | | | Nine Months Ended | | | |
|------------------|---|--|---|--|---|---|---|--|
| | Sales As Reported | | Organic Sales Adj for TI | | Sales As Reported | | Organic Sales Adj for TI | |
| | Year-Year % Change in Constant Currency | Year-Year % Change in Constant Currency ⁽¹⁾ | Year-Year % Change in Constant Currency | Year-Year % Change in Constant Currency ⁽¹⁾ | Year-Year % Change in Constant Currency | Year-Year % Change in Constant Currency | Year-Year % Change in Constant Currency | Year-Year % Change in Constant Currency ⁽¹⁾ |
| Avnet | 14.1 % | 10.7 % | 22.0 % | 6.2 % | 3.9 % | 3.9 % | 1.6 % | 9.5 % |
| Avnet by region | | | | | | | | |
| Americas | (3.5) % | (3.5) % | 4.9 % | (3.8) % | (3.8) % | (6.0) % | (6.0) % | (0.2) % |
| EMEA | 4.8 | (3.4) | 6.5 | 0.1 | (6.0) | (2.1) | (8.2) | (1.8) |
| Asia | 36.2 | 35.0 | 50.3 | 17.7 | 17.0 | 15.3 | 14.6 | 25.4 |
| Avnet by segment | | | | | | | | |
| EC | 13.7 % | 10.5 % | 22.9 % | 6.2 % | 4.0 % | 3.9 % | 1.7 % | 10.4 % |
| Farnell | 18.2 | 12.3 | 12.3 | 6.1 | 2.4 | 3.9 | 0.2 | 0.2 |

(1) Sales growth rates excluding the impact of the termination of the TI distribution agreement.

Historical Segment Financial Information

Fiscal 2021

| Fiscal | Third Quarter | Second Quarter | First Quarter |
|--------------|---------------|----------------|---------------|
| Year to Date | April 3, | January 2, | October 3, |

| | 2021* | 2021 | 2021 | 2020 |
|--|---------------|------------|------------|------------|
| | (in millions) | | | |
| Sales: | | | | |
| Electronic Components | \$ 13,245.1 | \$ 4,520.6 | \$ 4,342.4 | \$ 4,382.2 |
| Farnell | 1,062.8 | 396.1 | 325.8 | 340.9 |
| Avnet sales | \$ 14,307.9 | \$ 4,916.7 | \$ 4,668.2 | \$ 4,723.1 |
| Operating income: | | | | |
| Electronic Components | \$ 306.9 | \$ 118.6 | \$ 103.9 | \$ 84.4 |
| Farnell | 50.4 | 23.9 | 14.6 | 12.0 |
| | 357.3 | 142.5 | 118.5 | 96.4 |
| Corporate expenses | (102.1) | (31.9) | (39.0) | (31.3) |
| Restructuring, integration and other expenses | (55.9) | (17.6) | (11.9) | (26.4) |
| Amortization of acquired intangible assets and other | (35.9) | (5.3) | (10.4) | (20.2) |
| Avnet operating income | \$ 163.4 | \$ 87.7 | \$ 57.2 | \$ 18.5 |
| Sales by geographic area: | | | | |
| Americas | \$ 3,468.1 | \$ 1,161.0 | \$ 1,101.5 | \$ 1,205.7 |
| EMEA | 4,412.6 | 1,585.6 | 1,346.3 | 1,480.7 |
| Asia | 6,427.2 | 2,170.1 | 2,220.4 | 2,036.7 |
| Avnet sales | \$ 14,307.9 | \$ 4,916.7 | \$ 4,668.2 | \$ 4,723.1 |

* May not foot/cross foot due to rounding

Fiscal Year 2020

Quarters Ended

Fourth Quarter Third Quarter Second Quarter First Quarter

| | Fiscal Year June 27, | | March 28, | December 28, | September 28, |
|--|----------------------|------------|-------------|--------------|---------------|
| | 2020* | 2020* | 2020* | 2019 | 2019 |
| | (in millions) | | | | |
| Sales: | | | | | |
| Electronic Components | \$ 16,340.1 | \$ 3,867.6 | \$ 3,974.7 | \$ 4,203.6 | \$ 4,294.2 |
| Farnell | 1,294.2 | 292.1 | 335.1 | 331.2 | 335.8 |
| Avnet | \$ 17,634.3 | \$ 4,159.7 | \$ 4,309.8 | \$ 4,534.8 | \$ 4,630.0 |
| Operating income (loss): | | | | | |
| Electronic Components | \$ 349.1 | \$ 58.9 | \$ 84.8 | \$ 93.1 | \$ 112.3 |
| Farnell | 75.5 | 10.4 | 23.4 | 20.0 | 21.8 |
| | 424.6 | 69.3 | 108.2 | 113.1 | 134.1 |
| Corporate expenses | (121.6) | (26.3) | (37.8) | (30.9) | (26.7) |
| Restructuring, integration and other expenses | (81.9) | (23.8) | (19.2) | (14.3) | (24.6) |
| Goodwill and long-lived asset impairment expenses | (144.1) | 1.7 | (145.8) | - | - |
| Amortization of acquired intangible assets and other | (81.6) | (19.0) | (21.1) | (21.4) | (20.1) |
| Avnet operating (loss) income | \$ (4.6) | \$ 1.9 | \$ (115.8) | \$ 46.5 | \$ 62.7 |
| Sales by geographic area: | | | | | |
| Americas | \$ 4,755.3 | \$ 1,149.3 | \$ 1,203.6 | \$ 1,186.6 | \$ 1,215.8 |
| EMEA | 5,753.4 | 1,344.2 | 1,512.5 | 1,425.8 | 1,470.9 |
| Asia | 7,125.6 | 1,666.2 | 1,593.7 | 1,922.4 | 1,943.3 |
| Avnet | \$ 17,634.3 | \$ 4,159.7 | \$ 4,309.8 | \$ 4,534.8 | \$ 4,630.0 |

* May not foot/cross foot due to rounding

Guidance Reconciliation

The following table presents the reconciliation of non-GAAP adjusted diluted earnings per share guidance to the expected GAAP diluted earnings per share guidance for the fourth quarter of fiscal 2021.

Low End of High End of
Guidance Range Guidance Range

| | | | | |
|---|---------|---|---------|---|
| Adjusted diluted earnings per share guidance | \$ 0.71 | | \$ 0.77 | |
| Restructuring, integration and other expense (net of tax) | (0.15 |) | (0.10 |) |
| Amortization of intangibles and other (net of tax) | (0.06 |) | (0.03 |) |
| Income tax expense adjustments | (0.05 |) | 0.05 | |
| GAAP diluted earnings per share guidance | \$ 0.45 | | \$ 0.69 | |

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