
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

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

Date of Report (Date of earliest event reported) **April 27, 2022**

AVNET, INC.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation)

1-4224
(Commission
File Number)

11-1890605
(IRS Employer
Identification No.)

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

85034
(Zip Code)

(480) 643-2000

(Registrant's telephone number, including area code.)

N/A

(Former name or former address, if changed since last report.)

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

| <u>Title of each class</u> | <u>Trading Symbol</u> | <u>Name of each exchange on which registered:</u> |
|--|-----------------------|---|
| Common stock, par value \$1.00 per share | AVT | NASDAQ Global Select Market |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02 Results of Operations and Financial Condition.

On April 27, 2022, Avnet, Inc. (the “Company”) issued a press release announcing its third quarter results of operations for fiscal 2022. A copy of the press release is attached hereto as Exhibit 99.1.

The information in this Current Report on Form 8-K and the exhibit attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933 except as shall be expressly set forth in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following materials are attached as exhibits to this Current Report on Form 8-K:

| Exhibit Number | Description |
|---------------------------|---|
| 99.1 | Press Release, dated April 27, 2022. |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101). |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 27, 2022

AVNET, INC.

By: /s/ Thomas Liguori

Name: Thomas Liguori

Title: Chief Financial Officer



Avnet Reports Third Quarter Fiscal 2022 Financial Results

Third quarter sales of \$6.5 billion, up 32% year over year and 11% sequentially

Diluted EPS of \$1.84 and adjusted diluted EPS of \$2.15

Electronic Components and Farnell operating margins increased to 4.4% and 14.9%, respectively

PHOENIX – April 27, 2022 – Avnet, Inc. (Nasdaq: [AVT](#)) today announced results for its third quarter ended April 2, 2022.

Commenting on the Company's financial results, Avnet Chief Executive Officer Phil Gallagher stated, "We are pleased to report another strong quarter of sales and operating margin growth. Farnell achieved record operating margin as our continued investments in inventory breadth and e-commerce capabilities continue to pay off. Supported by increased sales, the Americas expanded operating margins for the fifth consecutive quarter. Growing demand for supply chain orchestration is driving strong financial performance across our global business. Looking ahead to the fourth quarter, amid the backdrop of geopolitical uncertainty, we continue to anticipate a favorable demand environment and expect to sustain strong margins from our recently implemented operating improvements."

Fiscal Third Quarter Key Financial Highlights:

- Sales of \$6.5 billion, up from \$5.9 billion sequentially and \$4.9 billion in the prior year quarter.
 - On a constant currency basis, sales grew 35.7% year over year and 11.4% sequentially.
 - GAAP diluted earnings per share of \$1.84, compared with \$1.07 in the prior year quarter.
 - Non-GAAP adjusted diluted earnings per share of \$2.15, compared with \$0.74 in the prior year quarter.
 - Farnell operating margins increased 123 basis points sequentially to 14.9%.
 - Electronic Components operating margins increased 92 basis points sequentially to 4.4%, supported by growth in EMEA and the Americas and better than expected results in Asia.
 - Returned \$25.6 million to shareholders in dividends, with the dividend payout increasing 23.8% year over year.
-

Key Financial Metrics

(\$ in millions, except per share data)

| Third Quarter Results (GAAP) | | | | | |
|---|------------|------------|------------|------------|------------|
| | Mar – 22 | Mar – 21 | Change Y/Y | Dec – 21 | Change Q/Q |
| Sales | \$ 6,488.1 | \$ 4,916.7 | 32.0 % | \$ 5,865.2 | 10.6 % |
| Operating Income | 274.4 | 87.7 | 213.0 % | 211.7 | 29.6 % |
| Operating Income Margin | 4.2 % | 1.8 % | 245 bps | 3.6 % | 62 bps |
| Diluted Earnings Per Share (EPS) | \$ 1.84 | \$ 1.07 | 72.0 % | \$ 1.50 | 22.7 % |
| Third Quarter Results (Non-GAAP) ⁽¹⁾ | | | | | |
| | Mar – 22 | Mar – 21 | Change Y/Y | Dec – 21 | Change Q/Q |
| Sales | \$ 6,488.1 | \$ 4,916.7 | 32.0 % | \$ 5,865.2 | 10.6 % |
| Adjusted Operating Income | 303.7 | 110.5 | 174.8 % | 215.5 | 41.0 % |
| Adjusted Operating Income Margin | 4.7 % | 2.3 % | 243 bps | 3.7 % | 101 bps |
| Adjusted Diluted Earnings Per Share (EPS) | \$ 2.15 | \$ 0.74 | 190.5 % | \$ 1.51 | 42.4 % |
| Segment and Geographical Mix | | | | | |
| | Mar – 22 | Mar – 21 | Change Y/Y | Dec – 21 | Change Q/Q |
| Electronic Components (EC) Sales | \$ 6,019.1 | \$ 4,520.6 | 33.2 % | \$ 5,424.3 | 11.0 % |
| EC Operating Income Margin | 4.4 % | 2.6 % | 178 bps | 3.5 % | 92 bps |
| Farnell Sales | \$ 469.0 | \$ 396.1 | 18.4 % | \$ 440.9 | 6.4 % |
| Farnell Operating Income Margin | 14.9 % | 6.0 % | 886 bps | 13.7 % | 123 bps |
| Americas Sales | \$ 1,627.2 | \$ 1,161.0 | 40.2 % | \$ 1,391.5 | 16.9 % |
| EMEA Sales | 2,185.7 | 1,585.6 | 37.9 % | 1,840.8 | 18.7 % |
| Asia Sales | 2,675.2 | 2,170.1 | 23.3 % | 2,632.9 | 1.6 % |

(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.

Outlook for the Fourth Quarter of Fiscal 2022 Ending on July 2, 2022

| | Guidance Range | Midpoint |
|-------------------------------------|-----------------|----------|
| Sales | \$6.0B – \$6.4B | \$6.2B |
| Adjusted Diluted EPS ⁽¹⁾ | \$1.90 – \$2.00 | \$1.95 |

(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, the current state of COVID restrictions and geopolitical events. The above guidance excludes amortization of intangibles, the possibility of increased COVID restrictions, any additional expense associated with the Russian-Ukraine conflict and certain income tax adjustments. The above guidance assumes an effective tax rate of between 21% and 25%. The above guidance assumes 99 million average diluted shares outstanding and currency exchange rates versus the U.S. Dollar as shown in the table below:

| | Q4 Fiscal 2022 Guidance | Q3 Fiscal 2022 | Q4 Fiscal 2021 |
|------|-------------------------------|-------------------|-------------------|
| Euro | \$1.08 | \$1.12 | \$1.20 |
| GBP | \$1.30 | \$1.34 | \$1.40 |

Today's Conference Call and Webcast Details

Avnet will host a quarterly webcast and teleconference today at 1:30 p.m. PT and 4:30 p.m. ET 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 26, 2022 at 5:00 p.m. ET, and can be accessed by dialing: 877-660-6853 or 201-612-7415 and using Conference ID: 13726985.

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," "projected," "plans," "expects," "anticipates," "should," "will," "may," "estimates" or similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties. 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 July 3, 2021 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: geopolitical events and military conflicts; pandemics and other health-related crises, including COVID-19; 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, inflation, 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 military conflicts, natural and weather-related disasters, pandemics and health related crisis, warehouse modernization and relocation efforts; risks related to cyber-attacks, other privacy and security incidents and information systems failures, 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, liquidity and access to financing; constraints on employee retention and hiring; 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

As a leading global technology distributor and solutions provider, Avnet has served customers' evolving needs for an entire century. We support customers at each stage of a product's lifecycle, from idea to design and from prototype to production. Our unique position at the center of the technology value chain enables us to accelerate the design and supply stages of product development so customers can realize revenue faster. Decade after decade, Avnet helps its customers and suppliers around the world realize the transformative possibilities of technology. Learn more about Avnet at www.avnet.com. (AVT_IR)

Investor Relations Contacts

Joe Burke, 480-643-7431
Joseph.Burke@avnet.com

Media Relations Contact

Jeanne Forbis, 480-643-7499
Jeanne.Forbis@Avnet.com

AVNET, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | <u>Third Quarters Ended</u> | | <u>Nine Months Ended</u> | |
|---|------------------------------------|--------------------------|--------------------------|--------------------------|
| | <u>April 2, 2022</u> | <u>April 3, 2021</u> | <u>April 2, 2022</u> | <u>April 3, 2021</u> |
| | (Thousands, except per share data) | | | |
| Sales | \$ 6,488,143 | \$ 4,916,714 | \$ 17,938,055 | \$ 14,307,945 |
| Cost of sales | 5,675,110 | 4,348,364 | 15,752,295 | 12,712,262 |
| Gross profit | 813,033 | 568,350 | 2,185,760 | 1,595,683 |
| Selling, general and administrative expenses | 512,364 | 463,092 | 1,499,904 | 1,376,333 |
| Russian-Ukraine conflict related expenses | 26,261 | — | 26,261 | — |
| Restructuring, integration and other expenses | — | 17,574 | 5,272 | 55,943 |
| Operating income | 274,408 | 87,684 | 654,323 | 163,407 |
| Other (expense) income, net | (469) | 4,779 | 858 | (16,052) |
| Interest and other financing expenses, net | (25,914) | (22,342) | (70,388) | (66,128) |
| Income before taxes | 248,025 | 70,121 | 584,793 | 81,227 |
| Income tax expense (benefit) | 64,608 | (37,363) | 139,237 | (26,532) |
| Net income | <u>\$ 183,417</u> | <u>\$ 107,484</u> | <u>\$ 445,556</u> | <u>\$ 107,759</u> |
| Earnings per share: | | | | |
| Basic | <u>\$ 1.86</u> | <u>\$ 1.08</u> | <u>\$ 4.50</u> | <u>\$ 1.09</u> |
| Diluted | <u>\$ 1.84</u> | <u>\$ 1.07</u> | <u>\$ 4.44</u> | <u>\$ 1.08</u> |
| Shares used to compute earnings per share: | | | | |
| Basic | <u>98,659</u> | <u>99,542</u> | <u>99,113</u> | <u>99,125</u> |
| Diluted | <u>99,486</u> | <u>100,247</u> | <u>100,296</u> | <u>100,013</u> |
| Cash dividends paid per common share | <u>\$ 0.26</u> | <u>\$ 0.21</u> | <u>\$ 0.74</u> | <u>\$ 0.63</u> |

AVNET, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

| | April 2, 2022 | July 3, 2021 |
|---|--------------------------|-------------------------|
| (Thousands) | | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 199,457 | \$ 199,691 |
| Receivables | 4,164,573 | 3,576,130 |
| Inventories | 3,680,821 | 3,236,837 |
| Prepaid and other current assets | 172,792 | 150,763 |
| Total current assets | 8,217,643 | 7,163,421 |
| Property, plant and equipment, net | 323,420 | 368,452 |
| Goodwill | 805,384 | 838,105 |
| Intangible assets, net | 15,975 | 28,539 |
| Operating lease assets | 245,149 | 265,988 |
| Other assets | 174,102 | 260,917 |
| Total assets | \$ 9,781,673 | \$ 8,925,422 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt | \$ 424,182 | \$ 23,078 |
| Accounts payable | 2,968,845 | 2,401,357 |
| Accrued expenses and other | 616,079 | 572,457 |
| Short-term operating lease liabilities | 56,682 | 58,346 |
| Total current liabilities | 4,065,788 | 3,055,238 |
| Long-term debt | 922,041 | 1,191,329 |
| Long-term operating lease liabilities | 216,609 | 239,838 |
| Other liabilities | 320,515 | 354,833 |
| Total liabilities | 5,524,953 | 4,841,238 |
| Shareholders' equity | 4,256,720 | 4,084,184 |
| Total liabilities and shareholders' equity | \$ 9,781,673 | \$ 8,925,422 |

AVNET, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | Nine Months Ended | |
|--|-------------------|-------------------|
| | April 2, 2022 | April 3, 2021 |
| | (Thousands) | |
| Cash flows from operating activities: | | |
| Net income | \$ 445,556 | \$ 107,759 |
| Non-cash and other reconciling items: | | |
| Depreciation | 65,719 | 67,462 |
| Amortization | 12,034 | 35,730 |
| Amortization of operating lease assets | 40,298 | 42,054 |
| Deferred income taxes | 1,423 | 11,510 |
| Stock-based compensation | 28,638 | 22,293 |
| Impairments | — | 15,166 |
| Other, net | 47,667 | 7,558 |
| Changes in (net of effects from businesses acquired and divested): | | |
| Receivables | (880,957) | (405,700) |
| Inventories | (549,999) | 63,017 |
| Accounts payable | 628,822 | 224,151 |
| Accrued expenses and other, net | 141,381 | 6,526 |
| Net cash flows (used) provided by operating activities | <u>(19,418)</u> | <u>197,526</u> |
| Cash flows from financing activities: | | |
| Borrowings under accounts receivable securitization, net | 57,400 | — |
| Repayments under senior unsecured credit facility, net | — | (232,347) |
| Borrowings (repayments) under bank credit facilities and other debt, net | 117,982 | (2,192) |
| Repurchases of common stock | (88,952) | — |
| Dividends paid on common stock | (73,253) | (62,400) |
| Other, net | (16,853) | (11,455) |
| Net cash flows used for financing activities | <u>(3,676)</u> | <u>(308,394)</u> |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (33,679) | (39,001) |
| Acquisitions of assets and businesses | — | (18,371) |
| Proceeds from liquidation of Company owned life insurance policies | 84,343 | — |
| Other, net | 724 | 6,201 |
| Net cash flows provided (used) for investing activities | <u>51,388</u> | <u>(51,171)</u> |
| Effect of currency exchange rate changes on cash and cash equivalents | (28,528) | 7,750 |
| Cash and cash equivalents: | | |
| — decrease | (234) | (154,289) |
| — at beginning of period | 199,691 | 477,038 |
| — at end of period | <u>\$ 199,457</u> | <u>\$ 322,749</u> |

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 before income taxes, (v) adjusted income tax expense (benefit), (vi) adjusted diluted earnings per share, 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, Russian-Ukraine conflict related 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, Russian-Ukraine conflict related 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. Adjustments to income tax expense (benefit) and

the effective income tax rate include the effect of changes in tax laws, 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 (loss) 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.

| | Fiscal Year to Date 2022* | Quarters Ended | | |
|--|---|-------------------|---------------------|---------------------|
| | | April 2, 2022* | January 1, 2022* | October 2, 2021* |
| | (\$ in thousands, except per share amounts) | | | |
| GAAP selling, general and administrative expenses | \$ 1,499,904 | \$ 512,364 | \$ 501,363 | 486,178 |
| Amortization of intangible assets and other | (12,109) | (3,074) | (3,796) | (5,239) |
| Adjusted operating expenses | 1,487,795 | 509,290 | 497,567 | 480,939 |
| GAAP operating income | \$ 654,323 | \$ 274,408 | \$ 211,672 | 168,243 |
| Restructuring, integration and other expenses | 5,272 | - | - | 5,272 |
| Russian-Ukraine conflict related expenses | 26,261 | 26,261 | - | - |
| Amortization of intangible assets and other | 12,109 | 3,074 | 3,796 | 5,239 |
| Adjusted operating income | 697,965 | 303,743 | 215,468 | 178,754 |
| GAAP income before income taxes | \$ 584,793 | \$ 248,025 | \$ 191,779 | 144,990 |
| Restructuring, integration and other expenses | 5,272 | - | - | 5,272 |
| Russian-Ukraine conflict related expenses | 26,261 | 26,261 | - | - |
| Amortization of intangible assets and other | 12,109 | 3,074 | 3,796 | 5,239 |
| Other expenses | 441 | - | - | 441 |
| Adjusted income before income taxes | 628,876 | 277,360 | 195,575 | 155,942 |
| GAAP income tax expense | \$ 139,237 | \$ 64,608 | \$ 40,958 | 33,672 |
| Restructuring, integration and other expenses | 1,012 | - | - | 1,012 |
| Russian-Ukraine conflict related expenses | 6,836 | 6,836 | - | - |
| Amortization of intangible assets and other | 2,369 | 667 | 704 | 998 |
| Other expenses | 136 | - | - | 136 |
| Income tax (expense) benefit items, net | (8,766) | (8,613) | 2,917 | (3,070) |
| Adjusted income tax expense | 140,824 | 63,498 | 44,579 | 32,748 |
| GAAP net income | \$ 445,556 | \$ 183,417 | \$ 150,821 | 111,318 |
| Restructuring, integration and other expenses (net of tax) | 4,260 | - | - | 4,260 |
| Russian-Ukraine conflict related expenses (net of tax) | 19,425 | 19,425 | - | - |
| Amortization of intangible assets and other (net of tax) | 9,740 | 2,407 | 3,092 | 4,241 |
| Other expenses (net of tax) | 305 | - | - | 305 |
| Income tax expense (benefit) items, net | 8,766 | 8,613 | (2,917) | 3,070 |
| Adjusted net income | 488,052 | 213,862 | 150,996 | 123,194 |
| GAAP diluted earnings per share | \$ 4.44 | \$ 1.84 | \$ 1.50 | 1.10 |
| Restructuring, integration and other expenses (net of tax) | 0.04 | - | - | 0.04 |
| Russian-Ukraine conflict related expenses (net of tax) | 0.19 | 0.20 | - | - |
| Amortization of intangible assets and other (net of tax) | 0.10 | 0.02 | 0.03 | 0.04 |
| Other expenses (net of tax) | 0.00 | - | - | 0.00 |
| Income tax expense (benefit) items, net | 0.09 | 0.09 | (0.03) | 0.03 |
| Adjusted diluted EPS | 4.87 | 2.15 | 1.51 | 1.22 |

* May not foot/cross foot due to rounding.

| | Fiscal Year 2021* | Quarters Ended | | | |
|---|----------------------|---|------------------|--------------------|--------------------|
| | | July 3, 2021 | April 3, 2021 | January 2, 2021 | October 3, 2020 |
| | | (\$ in thousands, except per share amounts) | | | |
| GAAP selling, general and administrative expenses | \$ 1,874,831 | \$ 498,497 | \$ 463,092 | \$ 442,084 | \$ 471,158 |
| Amortization of intangible assets and other | (41,245) | (5,370) | (5,283) | (10,417) | (20,175) |
| Adjusted operating expenses | 1,833,586 | 493,127 | 457,809 | 431,667 | 450,983 |
| GAAP operating income | \$ 281,408 | \$ 118,001 | \$ 87,684 | \$ 57,221 | \$ 18,502 |
| Restructuring, integration and other expenses | 84,391 | 28,449 | 17,574 | 11,948 | 26,420 |
| Amortization of intangible assets and other | 41,245 | 5,370 | 5,283 | 10,417 | 20,175 |
| Adjusted operating income | 407,044 | 151,820 | 110,541 | 79,586 | 65,097 |
| GAAP income (loss) before income taxes | \$ 172,929 | \$ 91,701 | \$ 70,121 | \$ 34,403 | \$ (23,297) |
| Restructuring, integration and other expenses | 84,391 | 28,449 | 17,574 | 11,948 | 26,420 |
| Amortization of intangible assets and other | 41,245 | 5,370 | 5,283 | 10,417 | 20,175 |
| Other expenses - equity investment impairments and other | 20,413 | 5,139 | - | 51 | 15,223 |
| Adjusted income before income taxes | 318,978 | 130,659 | 92,978 | 56,819 | 38,521 |
| GAAP income tax expense (benefit) | \$ (20,185) | \$ 6,346 | \$ (37,363) | \$ 15,240 | \$ (4,408) |
| Restructuring, integration and other expenses | 17,468 | 6,172 | 4,118 | 2,577 | 4,601 |
| Amortization of intangible assets and other | 9,099 | 1,025 | 1,008 | 2,037 | 5,029 |
| Other expenses - equity investment impairments and other | 90 | 38 | - | 26 | 26 |
| Income tax benefit (expense) items, net | 41,275 | 4,091 | 50,682 | (10,788) | (2,710) |
| Adjusted income tax expense | 47,747 | 17,672 | 18,445 | 9,092 | 2,538 |
| GAAP net income (loss) | \$ 193,114 | \$ 85,355 | \$ 107,484 | \$ 19,163 | \$ (18,889) |
| Restructuring, integration and other expenses (net of tax) | 66,923 | 22,277 | 13,456 | 9,371 | 21,819 |
| Amortization of intangible assets and other (net of tax) | 32,146 | 4,345 | 4,275 | 8,380 | 15,146 |
| Other expenses - equity investment impairments and other (net of tax) | 20,323 | 5,101 | - | 25 | 15,197 |
| Income tax (benefit) expense items, net | (41,275) | (4,091) | (50,682) | 10,788 | 2,710 |
| Adjusted net income | 271,231 | 112,987 | 74,533 | 47,727 | 35,983 |
| GAAP diluted earnings (loss) per share | \$ 1.93 | \$ 0.85 | \$ 1.07 | \$ 0.19 | \$ (0.19) |
| Restructuring, integration and other expenses (net of tax) | 0.67 | 0.22 | 0.13 | 0.09 | 0.22 |
| Amortization of intangible assets and other (net of tax) | 0.32 | 0.04 | 0.04 | 0.09 | 0.15 |
| Other expenses - equity investment impairments and other (net of tax) | 0.20 | 0.05 | - | 0.00 | 0.15 |
| Income tax (benefit) expense items, net | (0.41) | (0.04) | (0.50) | 0.11 | 0.03 |
| Adjusted diluted EPS | 2.71 | 1.12 | 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.

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 in December 2020, organic sales growth rates have also been adjusted to exclude sales of TI products.

Reported sales were the same as organic sales for the third quarter and first nine months of fiscal 2022. 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 As Reported and Organic Q3-Fiscal 2021 | TI Sales Q3-Fiscal 2021 ⁽¹⁾ | Organic Sales Adj for TI Q3-Fiscal 2021 ⁽¹⁾ | Sales As Reported Q3-Fiscal 2021 | Estimated Extra Week in Fiscal 2021 ⁽²⁾ | Organic Sales Q3-Fiscal 2021 | TI Sales Q3-Fiscal 2021 ⁽¹⁾ | Organic Sales Adj for TI Q3-Fiscal 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 2022 compared to fiscal 2021.

| | Quarter Ended | | | Nine Months Ended | | | | |
|------------------|--------------------------------------|---|---|--------------------------------------|---|----------------------------------|---|---|
| | Sales As Reported Year-Year % Change | Sales As Reported Year-Year % Change in Constant Currency | Organic Sales Adj for TI Year-Year % Change in Constant Currency ⁽¹⁾ | Sales As Reported Year-Year % Change | Sales As Reported Year-Year % Change in Constant Currency | Organic Sales Year-Year % Change | Organic Sales Year-Year % Change in Constant Currency | Organic Sales Adj for TI Year-Year % Change in Constant Currency ⁽¹⁾ |
| Avnet | 32.0 % | 35.7 % | 35.7 % | 25.4 % | 26.9 % | 28.1 % | 29.6 % | 32.4 % |
| Avnet by region | | | | | | | | |
| Americas | 40.2 % | 40.2 % | 40.2 % | 23.3 % | 23.3 % | 26.1 % | 26.1 % | 29.3 % |
| EMEA | 37.9 | 47.6 | 47.7 | 30.9 | 35.0 | 33.8 | 38.0 | 42.1 |
| Asia | 23.3 | 24.5 | 24.5 | 22.7 | 23.3 | 25.3 | 25.9 | 27.6 |
| Avnet by segment | | | | | | | | |
| EC | 33.2 % | 36.9 % | 36.9 % | 25.1 % | 26.7 % | 27.9 % | 29.5 % | 32.5 % |
| Farnell | 18.4 | 21.8 | 21.8 | 28.4 | 28.6 | 31.2 | 31.3 | 31.3 |

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

Historical Segment Financial Information

| | Fiscal Year to Date 2022* | Fiscal 2022 Quarters Ended | | |
|--|---------------------------------|------------------------------------|--------------------------------------|-------------------------------------|
| | | Third Quarter April 2, 2022* | Second Quarter January 1, 2022 | First Quarter October 2, 2021 |
| (in millions) | | | | |
| Sales: | | | | |
| Electronic Components | \$ 16,572.9 | \$ 6,019.1 | \$ 5,424.3 | \$ 5,129.5 |
| Farnell | 1,365.1 | 469.0 | 440.9 | 455.2 |
| Avnet sales | <u>\$ 17,938.1</u> | <u>\$ 6,488.1</u> | <u>\$ 5,865.2</u> | <u>\$ 5,584.7</u> |
| Operating income: | | | | |
| Electronic Components | \$ 616.4 | \$ 265.0 | \$ 188.9 | \$ 162.4 |
| Farnell | 179.6 | 69.8 | 60.2 | 49.6 |
| | 796.0 | 334.8 | 249.1 | 212.0 |
| Corporate expenses | (98.0) | (31.1) | (33.6) | (33.3) |
| Restructuring, integration and other expenses | (5.3) | - | - | (5.3) |
| Russian-Ukraine conflict related expenses | (26.3) | (26.3) | - | - |
| Amortization of acquired intangible assets and other | (12.1) | (3.1) | (3.8) | (5.2) |
| Avnet operating income | <u>\$ 654.3</u> | <u>\$ 274.4</u> | <u>\$ 211.7</u> | <u>\$ 168.2</u> |
| Sales by geographic area: | | | | |
| Americas | \$ 4,277.6 | \$ 1,627.2 | \$ 1,391.5 | \$ 1,258.8 |
| EMEA | 5,774.1 | 2,185.7 | 1,840.8 | 1,747.6 |
| Asia | 7,886.4 | 2,675.2 | 2,632.9 | 2,578.3 |
| Avnet sales | <u>\$ 17,938.1</u> | <u>\$ 6,488.1</u> | <u>\$ 5,865.2</u> | <u>\$ 5,584.7</u> |

* May not foot/cross foot due to rounding.

| | Fiscal Year 2021* | Fiscal Year 2021 Quarters Ended | | | |
|--|----------------------|------------------------------------|-----------------------------------|--------------------------------------|-------------------------------------|
| | | Fourth Quarter July 3, 2021 | Third Quarter April 3, 2021 | Second Quarter January 2, 2021 | First Quarter October 3, 2020 |
| (in millions) | | | | | |
| Sales: | | | | | |
| Electronic Components | \$ 18,030.5 | \$ 4,785.3 | \$ 4,520.6 | \$ 4,342.4 | \$ 4,382.2 |
| Farnell | 1,504.2 | 441.4 | 396.1 | 325.8 | 340.9 |
| Avnet | <u>\$ 19,534.7</u> | <u>\$ 5,226.7</u> | <u>\$ 4,916.7</u> | <u>\$ 4,668.2</u> | <u>\$ 4,723.1</u> |
| Operating income: | | | | | |
| Electronic Components | \$ 454.8 | \$ 147.8 | \$ 118.6 | \$ 103.9 | \$ 84.4 |
| Farnell | 86.9 | 36.5 | 23.9 | 14.6 | 12.0 |
| | 541.7 | 184.3 | 142.5 | 118.5 | 96.4 |
| Corporate expenses | (134.7) | (32.5) | (31.9) | (39.0) | (31.3) |
| Restructuring, integration and other expenses | (84.4) | (28.4) | (17.6) | (11.9) | (26.4) |
| Amortization of acquired intangible assets and other | (41.2) | (5.4) | (5.3) | (10.4) | (20.2) |
| Avnet operating income | <u>\$ 281.4</u> | <u>\$ 118.0</u> | <u>\$ 87.7</u> | <u>\$ 57.2</u> | <u>\$ 18.5</u> |
| Sales by geographic area: | | | | | |
| Americas | \$ 4,662.5 | \$ 1,194.4 | \$ 1,161.0 | \$ 1,101.5 | \$ 1,205.7 |
| EMEA | 6,149.9 | 1,737.3 | 1,585.6 | 1,346.3 | 1,480.7 |
| Asia | 8,722.3 | 2,295.0 | 2,170.1 | 2,220.4 | 2,036.7 |
| Avnet | <u>\$ 19,534.7</u> | <u>\$ 5,226.7</u> | <u>\$ 4,916.7</u> | <u>\$ 4,668.2</u> | <u>\$ 4,723.1</u> |

* 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 2022.

| | <u>Low End of Guidance Range</u> | <u>High End of Guidance Range</u> |
|--|--------------------------------------|---------------------------------------|
| Adjusted diluted earnings per share guidance | \$ 1.90 | \$ 2.00 |
| Amortization of intangibles and other (net of tax) | (0.02) | (0.03) |
| Income tax expense adjustments | 0.45 | 0.35 |
| GAAP diluted earnings per share guidance | <u>\$ 2.33</u> | <u>\$ 2.32</u> |
