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

FORM 10-Q

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

For the quarterly period ended December 31, 2022

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

For the transition period from _____ to _____

Commission File #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** (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, former address and former fiscal year, if changed since last report.)

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

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 (§232.405 of this chapter) 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of January 25, 2023, the total number of shares outstanding of the registrant's Common Stock was 91,379,483 shares, net of treasury shares.

AVNET, INC. AND SUBSIDIARIES
INDEX

Table of Contents

PART I

FINANCIAL INFORMATION

Item 1. ***Financial Statements***

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2022	July 2, 2022
	(Thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 324,778	$ 153,693
Receivables	4,789,402	4,301,002
Inventories	4,972,898	4,244,148
Prepaid and other current assets	216,487	177,783
Total current assets	10,303,565	8,876,626
Property, plant and equipment, net	378,269	315,204
Goodwill	755,030	758,833
Operating lease assets	229,537	227,138
Other assets	263,473	210,731
Total assets	$ 11,929,874	$ 10,388,532
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 209,401	$ 174,422
Accounts payable	3,106,667	3,431,683
Accrued expenses and other	688,643	591,020
Short-term operating lease liabilities	52,944	54,529
Total current liabilities	4,057,655	4,251,654
Long-term debt	2,979,823	1,437,400
Long-term operating lease liabilities	198,986	199,418
Other liabilities	263,747	307,300
Total liabilities	7,500,211	6,195,772
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Common stock $1.00 par; authorized 300,000,000 shares; issued 90,735,161 shares and 95,701,630 shares, respectively	90,735	95,702
Additional paid-in capital	1,679,399	1,656,907
Retained earnings	3,088,989	2,921,399
Accumulated other comprehensive loss	(429,460)	(481,248)
Total shareholders' equity	4,429,663	4,192,760
Total liabilities and shareholders' equity	$ 11,929,874	$ 10,388,532

See notes to consolidated financial statements.

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Second Quarters Ended		Six Months Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
	(Thousands, except per share amounts)			
Sales	$ 6,717,521	$ 5,865,217	$ 13,467,654	$ 11,449,912
Cost of sales	5,933,421	5,152,182	11,915,381	10,077,185
Gross profit	784,100	713,035	1,552,273	1,372,727
Selling, general and administrative expenses	485,127	501,363	962,764	987,540
Restructuring, integration and other expenses	—	—	—	5,272
Operating income	298,973	211,672	589,509	379,915
Other income, net	1,476	1,737	1,800	1,327
Interest and other financing expenses, net	(59,020)	(21,630)	(104,118)	(44,474)
Gain on legal settlement (Note 7)	61,705	—	61,705	—
Income before taxes	303,134	191,779	548,896	336,768
Income tax expense	59,248	40,958	120,749	74,629
Net income	$ 243,886	$ 150,821	$ 428,147	$ 262,139
Earnings per share:				
Basic	$ 2.67	$ 1.52	$ 4.62	$ 2.64
Diluted	$ 2.63	$ 1.50	$ 4.55	$ 2.60
Shares used to compute earnings per share:				
Basic	91,192	99,032	92,621	99,340
Diluted	92,755	100,286	94,195	100,701
Cash dividends paid per common share	$ 0.29	$ 0.24	$ 0.58	$ 0.48

See notes to consolidated financial statements.

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Second Quarters Ended		Six Months Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
	(Thousands)			
Net income	$ 243,886	$ 150,821	$ 428,147	$ 262,139
Other comprehensive income (loss), net of tax:				
Foreign currency translation and other	243,252	(48,982)	41,589	(78,018)
Pension adjustments, net	333	4,010	10,199	8,022
Total comprehensive income	$ 487,471	$ 105,849	$ 479,935	$ 192,143

See notes to consolidated financial statements.

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
				(Thousands)		
Balance, July 2, 2022	95,702	$ 95,702	$ 1,656,907	$ 2,921,399	$ (481,248)	$ 4,192,760
Net income	—	—	—	184,261	—	184,261
Translation adjustments and other	—	—	—	—	(201,663)	(201,663)
Pension liability adjustments, net	—	—	—	—	9,866	9,866
Cash dividends	—	—	—	(26,998)	—	(26,998)
Repurchases of common stock	(3,445)	(3,445)	—	(144,457)	—	(147,902)
Stock-based compensation	72	72	8,939	—	—	9,011
Balance, October 1, 2022	92,329	92,329	1,665,846	2,934,205	(673,045)	4,019,335
Net income	—	—	—	243,886	—	243,886
Translation adjustments and other	—	—	—	—	243,252	243,252
Pension liability adjustments, net	—	—	—	—	333	333
Cash dividends	—	—	—	(26,307)	—	(26,307)
Repurchases of common stock	(1,629)	(1,629)	—	(62,795)	—	(64,424)
Stock-based compensation	35	35	13,553	—	—	13,588
Balance, December 31, 2022	90,735	$ 90,735	$ 1,679,399	$ 3,088,989	$ (429,460)	$ 4,429,663

	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
				(Thousands)		
Balance, July 3, 2021	99,601	$ 99,601	$ 1,622,160	$ 2,516,170	$ (153,747)	$ 4,084,184
Net income	—	—	—	111,318	—	111,318
Translation adjustments and other	—	—	—	—	(29,036)	(29,036)
Pension liability adjustments, net	—	—	—	—	4,012	4,012
Cash dividends	—	—	—	(23,893)	—	(23,893)
Repurchases of common stock	(275)	(275)	—	(10,228)	—	(10,503)
Stock-based compensation	10	10	9,507	—	—	9,517
Balance, October 2, 2021	99,336	99,336	1,631,667	2,593,367	(178,771)	4,145,599
Net income	—	—	—	150,821	—	150,821
Translation adjustments and other	—	—	—	—	(48,982)	(48,982)
Pension liability adjustments, net	—	—	—	—	4,010	4,010
Cash dividends	—	—	—	(23,749)	—	(23,749)
Repurchases of common stock	(921)	(921)	—	(34,421)	—	(35,342)
Stock-based compensation	15	15	10,854	—	—	10,869
Balance, January 1, 2022	98,430	$ 98,430	$ 1,642,521	$ 2,686,018	$ (223,743)	$ 4,203,226

See notes to consolidated financial statements.

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	December 31, 2022	January 1, 2022
	(Thousands)	
Cash flows from operating activities:		
Net income	$ 428,147	$ 262,139
Non-cash and other reconciling items:		
Depreciation	39,411	43,876
Amortization	4,294	8,964
Amortization of operating lease assets	26,414	27,426
Deferred income taxes	(15,581)	(4,451)
Stock-based compensation	21,338	19,556
Other, net	7,199	10,281
Changes in (net of effects from businesses acquired and divested):		
Receivables	(469,650)	(558,702)
Inventories	(686,884)	(359,755)
Accounts payable	(341,210)	328,574
Accrued expenses and other, net	20,021	(41,117)
Net cash flows used for operating activities	(966,501)	(263,209)
Cash flows from financing activities:		
Borrowings under accounts receivable securitization, net	352,200	190,400
Borrowings under senior unsecured credit facility, net	1,132,245	109,669
Borrowings (repayments) under bank credit facilities and other debt, net	47,712	(1,550)
Repurchases of common stock	(221,282)	(45,570)
Dividends paid on common stock	(53,304)	(47,642)
Other, net	(1,048)	(6,069)
Net cash flows provided by financing activities	1,256,523	199,238
Cash flows from investing activities:		
Purchases of property, plant and equipment	(111,436)	(22,116)
Other, net	(16,279)	68,270
Net cash flows (used) provided by investing activities	(127,715)	46,154
Effect of currency exchange rate changes on cash and cash equivalents	8,778	(14,056)
Cash and cash equivalents:		
— increase (decrease)	171,085	(31,873)
— at beginning of period	153,693	199,691
— at end of period	$ 324,778	$ 167,818

See notes to consolidated financial statements.

AVNET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of presentation and new accounting pronouncements

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments necessary to present fairly Avnet, Inc. and its consolidated subsidiaries' (collectively, the "Company" or "Avnet") financial position, results of operations, comprehensive income and cash flows. All such adjustments are of a normal recurring nature. Certain reclassifications have been made to fiscal 2022 balances to correspond to the fiscal 2023 consolidated financial statement presentation.

Preparing financial statements in accordance with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results may differ from these estimates and assumptions.

Interim results of operations do not necessarily indicate the results to be expected for the full fiscal year. The information included in this Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2022.

Recently adopted accounting pronouncements

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU No. 2021-08"), which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with Topic 606 as if it had originated the contracts. The Company's early adoption of ASU 2021-08 at the beginning of fiscal year 2023 did not have an impact on the Company's Consolidated Financial Statements as the Company did not have any business combinations in the first six months of fiscal 2023.

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 disclosure of key terms of the programs, including a description of the payment terms, payment timing and assets pledged as security or other forms of guarantees provided to the finance provider or intermediary. Other requirements include the disclosure of the amount that remains unpaid as of the end of the reporting period, a description of where these obligations are presented in the balance sheet and a rollforward of the obligations during the annual period. The guidance is effective for the Company in the first quarter of fiscal 2024, except for the rollforward, which is effective in fiscal 2025. Early adoption is permitted. The Company is currently evaluating any impact from adoption of this pronouncement.

2. Receivables

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

	December 31, 2022	July 2, 2022
	(Thousands)	
Receivables	$ 4,895,907	$ 4,414,904
Allowance for Credit Losses	(106,505)	(113,902)

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

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

	December 31, 2022	January 1, 2022
	(Thousands)	
Balance at beginning of the period	$ 113,902	$ 88,160
Credit Loss Provisions	4,803	8,391
Credit Loss Recoveries	(456)	(321)
Receivables Write Offs	(12,476)	(4,930)
Foreign Currency Effect and Other	732	(1,726)
Balance at end of the period	$ 106,505	$ 89,574

3. Goodwill and intangible assets

Goodwill

The following table presents the change in goodwill by reportable segment for the six months ended December 31, 2022.

	Electronic Components	Farnell	Total
		(Thousands)	
Carrying value at July 2, 2022 (1)	$ 291,526	$ 467,307	$ 758,833
Foreign currency translation	569	(4,372)	(3,803)
Carrying value at December 31, 2022 (1)	$ 292,095	$ 462,935	$ 755,030

(1) Includes accumulated impairments of $1,482,677 from prior fiscal years.

Intangible Assets

The net book value of intangible assets were $8.2 million as of December 31, 2022, which is not material to the consolidated financial statements. Intangible asset amortization expense was $1.5 million and $3.8 million for the second quarters of fiscal 2023 and 2022, respectively, and $4.3 million and $9.0 million for the first six months of fiscal 2023 and 2022, respectively.

4. Debt

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

	December 31, 2022	July 2, 2022	December 31, 2022	July 2, 2022
	Interest Rate		Carrying Balance	
Other short-term debt	4.85 %	2.09 %	$ 209,401	$ 174,422
Short-term debt			$ 209,401	$ 174,422

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.

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

	December 31, 2022	July 2, 2022	December 31, 2022	July 2, 2022
	Interest Rate		Carrying Balance	
Revolving credit facilities:				
Accounts receivable securitization program (due December 2024)	5.21 %	2.55 %	$ 650,000	$ 297,800
Credit Facility (due August 2027)	4.37 %	—	1,189,742	—
Public notes due:				
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
Long-term debt before discount and debt issuance costs			2,989,742	1,447,800
Discount and debt issuance costs – unamortized			(9,919)	(10,400)
Long-term debt			$ 2,979,823	$ 1,437,400

In December 2022, the Company amended and extended for two years 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 a maximum of $650 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 $1.28 billion and $1.12 billion at December 31, 2022, and July 2, 2022, respectively. The Securitization Program contains certain covenants relating to the quality of the receivables sold.

In August 2022, the Company amended and extended its five-year $1.25 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. As of December 31, 2022, and July 2, 2022, there were $1.0 million and $1.2 million, respectively, in letters of credit issued under the Credit Facility. Subject to certain conditions, the Credit Facility may be increased up to $1.50 billion through an amendment, which the Company obtained in November 2022. 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 December 31, 2022, and July 2, 2022.

As of December 31, 2022, the carrying value and fair value of the Company's total debt was $3.19 billion and $3.08 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).

5. 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 and equipment and are not material to the consolidated financial statements.

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

	Second Quarters Ended		Six Months Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
Operating lease cost	$ 16,917	$ 17,129	$ 33,482	$ 34,975
Variable lease cost	5,715	6,733	12,028	12,851
Total lease cost	$ 22,632	$ 23,862	$ 45,510	$ 47,826

Future minimum operating lease payments as of December 31, 2022, are as follows (in thousands):

Fiscal Year	
Remainder of fiscal 2023	$ 32,757
2024	53,201
2025	42,838
2026	33,816
2027	22,376
Thereafter	114,900
Total future operating lease payments	299,888
Total imputed interest on operating lease liabilities	(47,958)
Total operating lease liabilities	$ 251,930

Other information pertaining to operating leases consists of the following:

	Six Months Ended	
	December 31, 2022	January 1, 2022
Operating Lease Term and Discount Rate		
Weighted-average remaining lease term in years	8.4	8.9
Weighted-average discount rate	3.8 %	3.8 %

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

	Six Months Ended	
	December 31, 2022	January 1, 2022
Supplemental Cash Flow Information:		
Cash paid for operating lease liabilities	$ 28,463	$ 29,456
Operating lease assets obtained from new operating lease liabilities	29,640	13,478

6. 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. 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 Company adjusts any economic hedges to fair value through the consolidated statements of operations primarily within "Other income, net." The fair value of forward foreign exchange contracts, which are based upon Level 2 criteria under the ASC 820 fair value hierarchy, are classified in the captions "Prepaid and other current assets" or "Accrued expenses and other," as applicable, in the accompanying consolidated balance sheets as of December 31, 2022, and July 2, 2022. 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.

The Company generally does not hedge its investments in its foreign operations. The Company does not enter derivative financial instruments for trading or speculative purposes and monitors the financial stability and credit standing of its counterparties.

The Company's 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 fair values of forward foreign currency exchange contracts not receiving hedge accounting treatment recorded in the Company's consolidated balance sheets are as follows:

	December 31, 2022	July 2, 2022
	(Thousands)	
Prepaid and other current assets	$ 59,693	$ 24,907
Accrued expenses and other	36,536	29,663

The amounts recorded to other (expense) income, net, related to derivative financial instruments for economic hedges are as follows:

	Second Quarters Ended		Six Months Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
	(Thousands)			
Net derivative financial instrument gain (loss)	$ 11,543	$ (7,012)	$ 11,184	$ (15,783)

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.

7. 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.

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 December 31, 2022, and July 2, 2022, the Company had aggregate estimated liabilities of $14.7 million classified within accrued expenses and other for such compliance-related matters that were reasonably estimable as of such dates.

Gain on Legal Settlement

During the second quarter of fiscal 2023, the Company recorded a gain on legal settlement of $61.7 million in connection with the settlement of claims filed against certain manufacturers of capacitors. As of December 31, 2022, the Company has received $51.2 million in cash related to these settlements, which were classified as operating cash flows in the Company’s Consolidated Statements of Cash Flows.

8. Income taxes

The Company’s effective tax rate on its income before taxes was 19.5% in the second quarter of fiscal 2023. During the second quarter of fiscal 2023, the Company’s effective tax rate was favorably impacted primarily by (i) decreases to unrecognized tax benefit reserves, partially offset by (ii) the mix of income in higher tax jurisdictions.

During the second quarter of fiscal 2022, the Company’s effective tax rate on its income before taxes was 21.4%. During the second quarter of fiscal 2022, there were no individual items impacting the Company’s effective tax rate.

For the first six months of fiscal 2023, the Company’s effective tax rate on its income before taxes was 22.0%. The effective tax rate for the first six months of fiscal 2023 was unfavorably impacted primarily by (i) the mix of income in higher tax jurisdictions, partially offset by (ii) decreases to unrecognized tax benefit reserves.

During the first six months of fiscal 2022, the Company’s effective tax rate on its income before taxes was 22.2%. The effective tax rate for the first six months of fiscal 2022 was unfavorably impacted primarily by increases to valuation allowances.

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

9. Pension plan

The Company has a noncontributory defined benefit pension plan that covers substantially all current or former U.S. employees (the “Plan”). Components of net periodic pension cost for the Plan was as follows:

	Second Quarters Ended		Six Months Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
	(Thousands)			
Service cost	$ 3,004	$ 3,751	$ 6,008	$ 7,503
Total net periodic pension cost within selling, general and administrative expenses	3,004	3,751	6,008	7,503
Interest cost	6,683	3,947	13,365	7,894
Expected return on plan assets	(12,215)	(12,284)	(24,430)	(24,568)
Amortization of prior service cost	1	1	2	2
Recognized net actuarial loss	618	4,086	1,235	8,172
Total net periodic pension benefit within other income, net	(4,913)	(4,250)	(9,828)	(8,500)
Net periodic pension benefit	$ (1,909)	$ (499)	$ (3,820)	$ (997)

The Company made $4.0 million of contributions during the first six months of fiscal 2023 and expects to make additional contributions to the Plan of $4.0 million in the remainder of fiscal 2023.

10. Shareholders’ equity

Share repurchase program

In May 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 in the open market or through privately negotiated transactions. The timing and actual number of shares repurchased will depend on a variety of factors such as share price, expected liquidity, expected compliance with financial debt convents, corporate and regulatory requirements, and prevailing market conditions. During the second quarter of fiscal 2023, the Company repurchased 1.6 million shares under this program for a total cost of $64.4 million. As of December 31, 2022, the Company had $319.0 million remaining under its share repurchase authorization.

Common stock dividend

In November 2022, the Company’s Board of Directors approved a dividend of $0.29 per common share and dividend payments of $26.3 million were made in December 2022.

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

11. Earnings per share

	Second Quarters Ended		Six Months Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
	(Thousands, except per share data)			
Numerator:				
Net income	$ 243,886	$ 150,821	$ 428,147	$ 262,139
Denominator:				
Weighted average common shares for basic earnings per share	91,192	99,032	92,621	99,340
Net effect of dilutive stock-based compensation awards	1,563	1,254	1,574	1,361
Weighted average common shares for diluted earnings per share	92,755	100,286	94,195	100,701
Basic earnings per share	$ 2.67	$ 1.52	$ 4.62	$ 2.64
Diluted earnings per share	$ 2.63	$ 1.50	$ 4.55	$ 2.60
Stock options excluded from earnings per share calculation due to an anti-dilutive effect	174	927	174	880

12. Additional cash flow information

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

	Six Months Ended	
	December 31, 2022	January 1, 2022
	(Thousands)	
Non-cash Investing Activities:		
Capital expenditures incurred but not paid	$ 11,086	$ 5,547
Non-cash Financing Activities:		
Unsettled share repurchases	—	$ 275
Supplemental Cash Flow Information:		
Interest	$ 110,167	$ 49,192
Income tax net payments	110,401	74,889

Included in cash and cash equivalents as of December 31, 2022, and July 2, 2022, was $4.4 million and $5.4 million, respectively, of cash equivalents, which was primarily comprised of investment grade money market funds and overnight time deposits.

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

13. Segment information

Electronic Components ("EC") and Farnell ("Farnell") are the Company's reportable segments ("operating groups"). EC markets and sells (i) semiconductors, (ii) interconnect, passive and electromechanical devices, and (iii) integrated components, to a diverse customer base serving many end-markets. Farnell distributes electronic components and industrial products to a diverse customer base utilizing multi-channel sales and marketing resources.

	Second Quarters Ended		Six Months Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
	(Thousands)			
Sales:				
Electronic Components	$ 6,309,494	$ 5,424,349	$ 12,633,717	$ 10,553,846
Farnell	408,027	440,868	833,937	896,066
	6,717,521	5,865,217	13,467,654	11,449,912
Operating income:				
Electronic Components	$ 296,709	$ 188,904	$ 563,962	$ 351,366
Farnell	36,905	60,189	88,516	109,781
	333,614	249,093	652,478	461,147
Corporate	(33,100)	(33,625)	(58,669)	(66,925)
Restructuring, integration and other expenses	—	—	—	(5,272)
Amortization of acquired intangible assets and other	(1,541)	(3,796)	(4,300)	(9,035)
Operating income	$ 298,973	$ 211,672	$ 589,509	$ 379,915
Sales, by geographic area:				
Americas (1)	$ 1,681,177	$ 1,391,567	$ 3,360,079	$ 2,650,377
EMEA (2)	2,255,878	1,840,789	4,385,418	3,588,368
Asia (3)	2,780,466	2,632,861	5,722,157	5,211,167
Sales	$ 6,717,521	$ 5,865,217	$ 13,467,654	$ 11,449,912

(1) Includes sales from the United States of $1.57 billion and $1.29 billion for the second quarters ended December 31, 2022, and January 1, 2022, respectively. Includes sales from the United States of $3.13 billion and $2.45 billion for the first six months of fiscal 2023 and 2022, respectively.

(2) Includes sales from Germany and Belgium of $956.5 million and $392.7 million, respectively, for the second quarter ended December 31, 2022; and $1.86 billion and $745.0 million, respectively, for the first six months of fiscal 2023. Includes sales from Germany and Belgium of $740.0 million and $330.7 million, respectively, for the second quarter ended January 1, 2022; and $1.44 billion and $638.3 million, respectively, for the first six months of fiscal 2022.

(3) Includes sales from China (including Hong Kong), Taiwan and Singapore of $891.5 million, $1.19 billion and $360.9 million, respectively, for the second quarter ended December 31, 2022; and $1.85 billion, $2.46 billion and $754.9 million, respectively, for the first six months of fiscal 2023. Includes sales from China (including Hong Kong), Taiwan and Singapore of $863.0 million, $1.13 billion and $323.5 million, respectively, for the second quarter ended January 1, 2022; and $1.69 billion, $2.33 billion and $587.5 million, respectively, for the first six months of fiscal 2022.

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

	December 31, 2022	July 2, 2022
	(Thousands)	
Property, plant, and equipment, net, by geographic area:		
Americas [1]	$ 105,691	$ 115,422
EMEA [2]	244,710	170,128
Asia	27,868	29,654
Property, plant, and equipment, net	$ 378,269	$ 315,204

(1) Includes property, plant and equipment, net, of $103.0 million and $112.4 million as of December 31, 2022, and July 2, 2022, respectively, in the United States.

(2) Includes property, plant and equipment, net, of $142.6 million, $80.6 million and $16.0 million in Germany, the United Kingdom and Belgium, respectively, as of December 31, 2022; and $67.6 million, $79.8 million and $16.7 million in Germany, the United Kingdom and Belgium, respectively, as of July 2, 2022.

14. Restructuring expenses

During fiscal 2022 and prior, the Company incurred restructuring expenses related to various restructuring actions. The remaining restructuring liabilities established during fiscal 2022 and prior were not material as of December 31, 2022.

This Quarterly 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 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 in this Quarterly Report or in documents incorporated by reference in this Quarterly Report. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties. The following important factors, in addition to those discussed elsewhere in this Quarterly Report, and the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2022, 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, including supply shortages; relationships with key suppliers and allocations of products by suppliers, including increased non-cancellable/non-returnable orders; accounts receivable defaults; 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, sanctions and trade restrictions, 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, terrorist attacks, natural and weather-related disasters, pandemics and health related crisis, warehouse modernization and relocation efforts; risks related to cyber security 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.

Item 2. ***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 quarter ended December 31, 2022, this *Management's Discussion and Analysis of Financial Condition and Results of Operations* ("MD&A") should be read in conjunction with the consolidated financial statements, including the related notes, appearing in Item 1 of this Quarterly Report on Form 10-Q, as well as the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2022.

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 Europe, the Middle East and Africa ("EMEA") and Asia/Pacific ("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) and (ii) 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:

	Second Quarters Ended		Six Months Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
	(Thousands)			
Operating income	$ 298,973	$ 211,672	$ 589,509	$ 379,915
Restructuring, integration and other expenses	—	—	—	5,272
Amortization of acquired intangible assets and other	1,541	3,796	4,300	9,035
Adjusted operating income	$ 300,514	$ 215,468	$ 593,809	$ 394,222

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.

OVERVIEW

Organization

Avnet, Inc. and its consolidated subsidiaries (collectively, the “Company” or “Avnet”), is a leading global technology distributor and solutions provider. Avnet has served customers’ evolving needs for an entire century. Avnet supports customers at each stage of a product’s lifecycle, from idea to design and from prototype to production. Avnet’s position at the center of the technology value chain enables it 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. Founded in 1921, the Company works with suppliers in every major technology segment to serve customers in more than 140 countries.

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) EMEA, and (iii) Asia. A summary of each operating group is provided in Note 13, “Segment information” to the Company’s consolidated financial statements included in this Quarterly Report on Form 10-Q.

Results of Operations

Executive Summary

Sales of $6.72 billion in the second quarter of fiscal 2023 were 14.5% higher than the prior year second quarter sales of $5.87 billion. Excluding the impact of changes in foreign currency, sales increased 21.1% as compared to sales in the prior year second quarter.

Gross profit margin of 11.7% decreased 49 basis points compared to 12.2% in the second quarter of fiscal 2022. This decrease is primarily due to differences in product and customer sales mix.

Operating income of $299.0 million was $87.3 million higher than the second quarter of fiscal 2022. Operating income margin was 4.5% in the second quarter of fiscal 2023, as compared to 3.6% in the prior year second quarter. Adjusted operating income margin was 4.5% in the second quarter of fiscal 2023 as compared to 3.7% in the second quarter of fiscal 2022, an increase of 80 basis points. The increase in adjusted operating income margin is primarily the result of the increase in sales and the operating leverage realized from those higher sales.

Sales

The following table presents sales growth rates for the second quarter and six months of fiscal 2023 as compared to fiscal 2022 by geographic region and by operating group.

	Quarter Ended		Six Months Ended	
	Sales Year-Year % Change	Sales Year-Year % Change in Constant Currency	Sales Year-Year % Change	Sales Year-Year % Change in Constant Currency
Avnet	14.5 %	21.1 %	17.6 %	24.9 %
Avnet by region				
Americas	20.8 %	20.8 %	26.8 %	26.8 %
EMEA	22.6	37.6	22.2	39.9
Asia	5.6	9.3	9.8	13.4
Avnet by operating group				
EC	16.3 %	22.8 %	19.7 %	27.0 %
Farnell	(7.5)	(0.1)	(6.9)	0.8

Sales of $6.72 billion for the second quarter of fiscal 2023 were up $852.3 million, or 14.5%, from the prior year second quarter sales of $5.87 billion. Sales in constant currency in the second quarter of fiscal 2023 increased by 21.1% year over year, reflecting sales growth across all regions driven by continued strong demand for electronic components.

EC sales of $6.31 billion in the second quarter of fiscal 2023 increased $885.1 million or 16.3% from the prior year second quarter sales of $5.42 billion. EC sales increased 22.8% year over year in constant currency, reflecting sales growth in all three regions. The increase in sales in the Company's EC operating group is primarily due to overall stronger market demand for electronic components, including in the transportation, industrial and aerospace and defense sectors.

Farnell sales for the second quarter of fiscal 2023 were $408.0 million, a decrease of $32.8 million or 7.5% from the prior year second quarter sales of $440.9 million primarily as a result of supply constraints of certain single board computers and from foreign currency translation.

Sales for the first six months of fiscal 2023 were $13.47 billion, an increase of $2.02 billion as compared to sales of $11.45 billion for the first six months of fiscal 2022 driven by strong demand across all regions.

Gross Profit

Gross profit for the second quarter of fiscal 2023 was $784.1 million, an increase of $71.1 million, or 10.0%, from the second quarter of fiscal 2022 gross profit of $713.0 million. Gross profit margin decreased to 11.7% or 49 basis points from the second quarter of fiscal 2022 gross profit margin of 12.2%, primarily due to differences in product and customer sales mix.

Gross profit and gross profit margin was $1.55 billion and 11.5%, respectively, for the first six months of fiscal 2023 as compared with $1.37 billion and 12.0%, respectively, for the first six months of fiscal 2022.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A expenses") were $485.1 million in the second quarter of fiscal 2023, a decrease of $16.2 million, or 3.2%, from the second quarter of fiscal 2022. The year-over-year decrease in SG&A expenses was primarily a result of foreign currency translation from the strengthening of the U.S. Dollar, partially offset by increases in SG&A primarily to support increased sales volumes.

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 the second quarter of fiscal 2023, SG&A expenses were 7.2% of sales and 61.9% of gross profit, as compared with 8.6% and 70.3%, respectively, in the second quarter of fiscal 2022. The decrease in SG&A expenses as a percentage of sales and gross profit primarily results from operating leverage created from higher sales without a significant increase in SG&A expenses.

SG&A expenses for the first six months of fiscal 2023 were $962.8 million, or 7.1% of sales, as compared with $987.5 million, or 8.6% of sales, in the first six months of fiscal 2022. SG&A expenses as a percentage of gross profit for the first six months of fiscal 2023 were 62.0% as compared with 71.9% in the first six months of fiscal 2022.

Operating Income

Operating income for the second quarter of fiscal 2023 was $299.0 million, an increase of $87.3 million, from the second quarter of fiscal 2022 operating income of $211.7 million. The year-over-year increase in operating income was primarily driven by the increase in sales and lower SG&A expenses, partially offset by a decline in gross profit margin. Adjusted operating income for the second quarter of fiscal 2023 was $300.5 million, an increase of $85.0 million, or 39.5%, from the second quarter of fiscal 2022.

EC operating income margin increased 122 basis points year over year to 4.7% and Farnell operating income margin decreased 461 basis points year over year to 9.0%. EC's improvement in operating income margin is a result of increased sales and lower overall SG&A expenses year over year, partially offset by a lower gross profit margin. The decrease in operating income margin at Farnell is primarily driven by a combination of lower sales and a lower gross profit margin, partially offset by lower operating expenses.

Operating income for the first six months of fiscal 2023 was $589.5 million, an increase of $209.6 million, from the first six months of fiscal 2022 operating income of $379.9 million. The year-over-year increase in operating income was primarily driven by the increase in sales and lower SG&A expenses, partially offset by a lower gross profit margin. Adjusted operating income for the first six months of fiscal 2023 was $593.8 million, an increase of $199.6 million, or 50.6%, from the first six months of fiscal 2022.

Interest and Other Financing Expenses, Net

Interest and other financing expenses in the second quarter of fiscal 2023 was $59.0 million, an increase of $37.4 million, as compared with interest and other financing expenses of $21.6 million in the second quarter of fiscal 2022. Interest and other financing expenses in the first six months of fiscal 2023 was $104.1 million, an increase of $59.6 million, as compared with interest and other financing expenses of $44.5 million in the first six months of fiscal 2022. The increases in interest and other financing expenses in the second quarter and first six months of fiscal 2023 compared to the second quarter and first six months of fiscal 2022 is primarily a result of higher outstanding borrowings and increases in average borrowing rates during the first six months of fiscal 2023 as compared to the first six months of fiscal 2022.

Gain on Legal Settlement

During the second quarter of fiscal 2023, the Company recorded a gain on legal settlement of $61.7 million before tax, $47.2 million after tax and $0.51 per share on a diluted basis in connection with the settlement of claims filed against certain manufacturers of capacitors.

Income Tax

The Company's effective tax rate on its income before taxes was 19.5% in the second quarter of fiscal 2023. During the second quarter of fiscal 2023, the Company's effective tax rate was favorably impacted primarily by (i) decreases to unrecognized tax benefit reserves, partially offset by (ii) the mix of income in higher tax jurisdictions.

During the second quarter of fiscal 2022, the Company’s effective tax rate on its income before taxes was 21.4%. During the second quarter of fiscal 2022, there were no individual items impacting the Company’s effective tax rate.

For the first six months of fiscal 2023, the Company’s effective tax rate on its income before taxes was 22.0%. The effective tax rate for the first six months of fiscal 2023 was unfavorably impacted primarily by (i) the mix of income in higher tax jurisdictions, partially offset by (ii) decreases to unrecognized tax benefit reserves.

During the first six months of fiscal 2022, the Company’s effective tax rate on its income before taxes was 22.2%. The effective tax rate for the first six months of fiscal 2022 was unfavorably impacted primarily by increases to valuation allowances.

Net Income

As a result of the factors described in the preceding sections of this MD&A, the Company’s net income for the second quarter of fiscal 2023 was $243.9 million, or $2.63 per share on a diluted basis, as compared with $150.8 million, or $1.50 per share on a diluted basis, in the second quarter of fiscal 2022.

As a result of the factors described in the preceding sections of this MD&A, the Company’s net income for the first six months of fiscal 2023 was $428.1 million, or $4.55 per share on a diluted basis, as compared with $262.1 million, or $2.60 per share on a diluted basis, in the first six months of fiscal 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Cash Flow from Operating Activities

During the first six months of fiscal 2023, the Company used $966.5 million of cash flow for operations compared to $263.2 million of cash used for operations in the first six months of fiscal 2022. These operating cash flows were comprised of: (i) cash flow generated from net income, adjusted for the impact of non-cash and other items, which includes depreciation and amortization expenses, deferred income taxes, stock-based compensation expense, amortization of operating lease assets, and other non-cash items, and (ii) cash flows used for working capital and other, excluding cash and cash equivalents. Cash used for working capital and other was $1.48 billion during the first six months of fiscal 2023, including increases in accounts receivable of $469.7 million, and in inventories of $686.9 million both to support sales growth in the first six months of fiscal 2023, and a decrease in accounts payable of $341.2 million, partially offset by an increase in accrued expenses and other of $20.0 million. Comparatively, cash used for working capital and other was $631.0 million during the first six months of fiscal 2022, including increases in accounts receivable of $558.7 million and in inventories of $359.8 million, and a decrease in accrued expenses and other of $41.1 million, partially offset by an increase in accounts payable of $328.6 million. Included in accrued liabilities and other, net is $51.2 million of cash received from a gain on legal settlements.

Cash Flow from Financing Activities

During the first six months of fiscal 2023, the Company received net proceeds of $1.13 billion and $352.2 million under the Credit Facility and the Securitization Program, respectively, and $47.7 million under other short-term debt. During the first six months of fiscal 2023, the Company paid dividends on common stock of $53.3 million and repurchased $221.3 million of common stock.

During the first six months of fiscal 2022, the Company received net proceeds of $190.4 million under the Securitization Program, and $109.7 million under the Credit Facility. During the first six months of fiscal 2022, the Company paid dividends on common stock of $47.6 million and repurchased $45.6 million of common stock.

Cash Flow from Investing Activities

During the first six months of fiscal 2023, the Company used $111.4 million for capital expenditures primarily to support a new warehouse being built in EMEA as compared to $22.1 million for capital expenditures in the first six months of fiscal 2022. Included in other, net during the first six months of fiscal 2023 is $23.5 million used for other investing activities.

Contractual Obligations

For a detailed description of the Company's long-term debt and lease commitments for the next five years and thereafter, see *Long-Term Contractual Obligations* appearing in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2022. There are no material changes to this information outside of normal borrowings and repayments of long-term debt and operating lease payments. The Company does not currently have any material non-cancellable commitments for capital expenditures or inventory purchases outside of the normal course of business.

Financing Transactions

See Note 4, "Debt" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on financing transactions including the Credit Facility, the Securitization Program, and other outstanding debt as of December 31, 2022. The Company was in compliance with all covenants under the Credit Facility and the Securitization Program as of December 31, 2022, and July 2, 2022.

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 second quarter of fiscal 2023 was $209.4 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.

Liquidity

The Company held cash and cash equivalents of $324.8 million as of December 31, 2022, of which $230.0 million was held outside the United States. As of July 2, 2022, the Company held 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 $922.6 million in cash flows for operating activities over the trailing four fiscal quarters ended December 31, 2022.

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 the end of the second quarter of fiscal 2023, the Company had a combined total borrowing capacity of $2.15 billion under the Credit Facility and the Securitization Program. There were $1.19 billion of borrowings outstanding and $1.0 million in letters of credit issued under the Credit Facility, and $650.0 million outstanding under the Securitization Program, resulting in approximately $309.3 million of total committed availability as of December 31, 2022. Availability under the Securitization Program is subject to the Company having sufficient eligible trade accounts receivable in the United States to support desired borrowings.

During the second quarter and first six months of fiscal 2023, the Company had an average daily balance outstanding of approximately $1.20 billion and $1.04 billion, respectively, under the Credit Facility and approximately $485.2 million and $464.7 million, respectively, under the Securitization Program.

As of December 31, 2022, the Company may repurchase up to an aggregate of $319.0 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 and other factors. The Company may terminate or limit the share repurchase program at any time without prior notice. During the second quarter of fiscal 2023, the Company repurchased $64.4 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 second quarter of fiscal 2023, the Board of Directors approved a dividend of $0.29 per share, which resulted in $26.3 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.

Recently Issued Accounting Pronouncements

See Note 1, "Basis of presentation and new accounting pronouncements" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q for a description of recently issued accounting pronouncements.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

The Company seeks to reduce earnings and cash flow volatility associated with changes in foreign currency exchange rates by entering into financial arrangements that 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.

See Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, in the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2022, for further discussion of market risks associated with foreign currency exchange rates and interest rates. Avnet's exposure to such risks has not changed materially since July 2, 2022, as the Company continues to economically hedge the majority of its foreign currency exchange exposures. Thus, any increase or decrease in fair value of the Company's forward foreign currency exchange contracts is generally offset by an opposite effect on the related economically hedged position. For interest rate risk, the Company continues to maintain a combination of fixed and variable rate debt to mitigate the exposure to fluctuations in market interest rates.

See *Liquidity and Capital Resources — Financing Transactions* appearing in Item 2 of this Quarterly Report on Form 10-Q for further discussion of the Company's financing transactions and capital structure. As of December 31, 2022, approximately 36% of the Company's debt bears interest at a fixed rate and 64% of the Company's debt bears interest at variable rates. Therefore, a hypothetical 1.0% (100 basis points) increase in interest rates would result in a $5.1 million decrease in income before income taxes in the Company's consolidated statement of operations for the second quarter of fiscal 2023.

Item 4. ***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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q, 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.

During the second 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 15d-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.

PART II

OTHER INFORMATION

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

The discussion of the Company's business and operations should be read together with the risk factors contained in Item 1A of its Annual Report on Form 10-K for the fiscal year ended July 2, 2022, which describe various risks and uncertainties to which the Company is or may become subject. These risks and uncertainties have the potential to affect the Company's business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. As of December 31, 2022, there have been no material changes to the risk factors set forth in the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2022.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

In May 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 authorization amount includes the amount remaining under the previous share repurchase plan approved in August 2011, as last amended in August 2019. The following table includes the Company's monthly purchases of the Company's common stock during the second quarter of fiscal 2023, under the share repurchase program, which is part of a publicly announced plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs
October 2 – October 29	1,150,198	$ 38.48	1,150,198	$ 339,120,000
October 30 – November 26	479,129	$ 42.08	479,129	$ 318,959,000
November 27 – December 31	—	$ —	—	$ 318,959,000

Item 6. ***Exhibits***

Exhibit Number	Exhibit
10.1	Amendment No. 6 to the Fourth Amended and Restated Receivables Purchase Agreement, dated as of December 16, 2022 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 21, 2022).
10.2*	Amendment No. 1 to 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.
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 of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

** Furnished herewith. The information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to liability under that section, and shall not be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURE

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, thereunto duly authorized.

Date: February 3, 2023

AVNET, INC.

By: /s/ KENNETH A. JACOBSON

Kenneth A. Jacobson

Chief Financial Officer

AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (COMMITMENT INCREASE)

This **AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (COMMITMENT INCREASE)** (this "Amendment") dated as of November 29, 2022, is made among **AVNET, INC.**, a New York corporation (the "Company"), **AVNET HOLDING EUROPE BV**, a Belgian privately held limited liability company ("Avnet Europe" and, together with the Company, the "Borrowers" and each, a "Borrower"), **BANK OF AMERICA, N.A.**, in its capacity as administrative agent for the Lenders (as defined in the Credit Agreement described below) (in such capacity, the "Administrative Agent"), and the Lenders party hereto (each, an "Increasing Lender" and collectively, the "Increasing Lenders"). Each capitalized term used and not otherwise defined in this Amendment has the definition specified in the Credit Agreement described below.

RECITALS:

A. The Borrowers, the Administrative Agent and certain financial institutions party thereto from time to time (the "Lenders") have entered into that certain Second Amended and Restated Credit Agreement dated as of August 2, 2022 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"), pursuant to which the Lenders have made available to the Borrowers a senior revolving credit facility.

B. In accordance with Section 2.15 of the Credit Agreement, the Company has notified the Administrative Agent of a request for an increase in Commitments in the aggregate principal amount of $250,000,000 (the "2022 Commitment Increase"), and pursuant to Section 2.15 of the Credit Agreement, the Increasing Lenders are willing to provide the 2022 Commitment Increase on the Effective Date (as defined below) on the terms set forth herein and in the Credit Agreement and subject to the conditions set forth herein.

C. Pursuant to Section 2.15 of the Credit Agreement, each of the Borrowers, the Administrative Agent and the Increasing Lenders have agreed to the 2022 Commitment Increase and this Amendment as evidenced by each such party's signature to this Amendment.

In consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. 2022 Commitment Increase. Subject to the terms and conditions set forth herein and in reliance upon the representations and warranties set forth herein, as of the Effective Date:

(a) (i) the 2022 Commitment Increase shall be provided by the applicable Increasing Lenders in the amounts set forth on Annex I to this Amendment, (ii) the 2022 Commitment Increase will be made available as Commitments by such applicable Increasing Lenders to the relevant Borrowers on and after the Effective Date, (iii) the aggregate principal amount of the 2022 Commitment Increase constitutes the Maximum Aggregate Commitment Increase under Section 2.15 of the Credit Agreement, with the same pricing and maturity as (as well as all other terms and conditions applicable to) the Aggregate Commitments prior to giving effect to the 2022 Commitment Increase and this Amendment, (iv) the amount of outstanding Loans on the Effective Date will be reallocated by and among the Lenders on the Effective Date by the Administrative Agent to reflect the 2022 Commitment Increase, and the relevant Lenders (at the direction of the Administrative Agent) will make such payments among themselves so that the outstanding Loans are held ratably (and ratably among Interest Periods) by the Lenders on the Effective Date, (v) Schedule 2.01 of the Credit Agreement shall be amended to read in its entirety as set forth on Annex II to this

Amendment, and (vi) the Credit Agreement will be deemed amended to effectuate the foregoing clauses (i) through (v) in accordance with Section 2.15 and Section 10.01 of the Credit Agreement; and

(b) without limiting the foregoing, (i) in connection with the 2022 Commitment Increase, the Administrative Agent shall make such adjustments between and among the applicable Lenders and the Borrowers as are reasonably necessary to effectuate the 2022 Commitment Increase, (ii) in connection with any reallocation of Loans or Interest Periods on the Effective Date, each of the Lenders party hereto consents to any early termination of any Interest Periods in respect of such reallocation and agrees to waive any amounts to which it might otherwise be entitled under Section 3.05 of the Credit Agreement in connection therewith and (iii) each of the Lenders party hereto hereby agrees to waive the ten Business Days' notice requirement under Section 2.15(a) of the Credit Agreement.

Section 2. Effectiveness; Conditions Precedent. This Amendment, and the 2022 Commitment Increase provided in Section 1 hereof, shall become effective as of the date on which the following conditions precedent are satisfied or waived (the "Effective Date"):

(a) the Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, at least one fully executed copy of this Amendment, duly executed by each of the Borrowers, the Administrative Agent and the Increasing Lenders;

(b) the Company shall have delivered to the Administrative Agent a certificate of each Loan Party dated as of the Effective Date signed by a Responsible Officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to the 2022 Commitment Increase, and (B) in the case of the Company, certifying that, before and after giving effect to such increase, (1) the representations and warranties contained in Article V of the Credit Agreement and the other Loan Documents are true and correct on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, except that the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Credit Agreement, and (2) no Default exists;

(c) at least five days prior to the Effective Date, any Borrower that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall have delivered a Beneficial Ownership Certification in relation to such Borrower to each Lender that so requests at least 10 days prior to the Effective Date;

(d) upon the reasonable request of any Lender made at least 10 days prior to the Effective Date, the Borrowers shall have provided to such Lender the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, in each case at least five days prior to the Effective Date;

(e) on or before the Effective Date, to the Person to whom such fees are owing, any fees required to be paid pursuant to this Amendment or the Engagement Letter dated as of November 8, 2022 among the Company and BofA Securities, Inc.; and

(f) the Company shall have paid all reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent required to be paid pursuant to Section 10.04 and invoiced at least one Business Day prior to the Effective Date (provided that the Company shall remain liable for any additional reasonable and documented fees and expenses of such counsel to the Administrative Agent in accordance with Section 10.04).

Without limiting the generality of the provisions in Article IX of the Credit Agreement, for purposes of determining compliance with the conditions specified in this Section, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the date hereof specifying its objection thereto.

Section 3. **Representations and Warranties.** In order to induce the Administrative Agent and the Increasing Lenders to enter into this Amendment, each of the Borrowers represents and warrants to the Administrative Agent and the Lenders as follows:

(a) The representations and warranties of each Loan Party contained in Article V of the Credit Agreement and in each other Loan Document to which such Loan Party is a party, or in any document furnished at any time under or in connection herewith or therewith (including any Designated Borrower Request and Assumption Agreement), are true and correct in all material respects (without duplication of any materiality qualification included in the terms of any such representation or warranty) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (without duplication of any materiality qualification included in the terms of any such representation or warranty) as of such earlier date, and except that for purposes hereof, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) and (b), respectively, of Section 6.01;

(b) This Amendment has been duly authorized, executed and delivered by each Borrower and constitutes a legal, valid and binding obligation of each Borrower, enforceable against each Borrower in accordance with its terms, except as may be limited by applicable Debtor Relief Laws and general principles of equity, regardless of whether considered in a proceeding in equity or at law; and

(c) As of the date hereof, after giving effect to this Amendment and the 2022 Commitment Increase, no Default or Event of Default has occurred and is continuing.

Section 4. **Entire Agreement**. This Amendment, together with all the other Loan Documents (collectively, the "Relevant Documents"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relating to such subject matter. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other in relation to the subject matter hereof or thereof. None of the terms or conditions of this Amendment may be changed, modified, waived or canceled orally or otherwise, except in writing and in accordance with Section 2.15 and Section 10.01 of the Credit Agreement. This Amendment is a Loan Document.

Section 5. **Full Force and Effect of Agreement**. Except as hereby specifically amended, modified or supplemented, the Credit Agreement and all other Loan Documents are hereby confirmed and ratified in all respects and shall be and remain in full force and effect according to their respective terms. This Amendment shall not be deemed (i) to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Credit Agreement or any other Loan Document other than as expressly set forth herein, (ii) to prejudice any right or rights which the Administrative Agent or the Lenders may now have or may have in the future under or in connection with the Credit Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or modified from time to time other than as expressly set forth herein, or

(iii) to be a commitment or any other undertaking or expression of any willingness to engage in any further discussion with the Company, any Loan Party or any other Person with respect to any other waiver, amendment, modification or any other change to the Credit Agreement or the Loan Documents or any rights or remedies arising in favor of the Lenders or the Administrative Agent, or any of them, under or with respect to any such documents. References in the Credit Agreement to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein", "hereof" or other words of like import) and in any Loan Document to the "Credit Agreement" shall be deemed to be references to the Credit Agreement as modified hereby.

Section 6. **Counterparts**. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 7. **Governing Law; Jurisdiction, Etc**. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York, and shall be further subject to the provisions of Sections 10.14 and 10.15 of the Credit Agreement.

Section 8. **Enforceability**. If any provision of this Amendment is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9. **Successors and Assigns**. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns to the extent such assignees are permitted assignees as provided in Section 10.06 of the Credit Agreement.

Section 10. **Costs and Expenses**. To the extent provided in Section 10.04(a) of the Credit Agreement, the Company agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent (including the reasonable and documented fees and expenses of counsel for the Administrative Agent) in connection with the preparation, execution and delivery of this Amendment and any other related Loan Documents.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

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

BORROWERS:

AVNET, INC.

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

AVNET HOLDING EUROPE BV

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

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Elizabeth Uribe
Name: Elizabeth Uribe
Title: Assistant Vice President

INCREASING LENDERS:

BANK OF AMERICA, N.A.

By: /s/ Erhlich Bautista
Name: Erhlich Bautista
Title: Vice President

BNP PARIBAS

By: /s/ Brendan Heneghan
Name: Brendan Heneghan
Title: Director

By: /s/ Nicolas Doche
Name: Nicolas Doche
Title: Vice President

JPMORGAN CHASE BANK, N.A.

By: /s/ Zachary Quan
Name: Zachary Quan
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ Khrystyna Manko
Name: Khrystyna Manko
Title: Director

TRUIST BANK

By: /s/ Alfonso Brigham
Name: Alfonso Brigham
Title: Director

BANCO SANTANDER, S.A., NEW YORK BRANCH

By: /s/ Andres Barbosa
Name: Andres Barbosa
Title: Managing Director

By: /s/ Rita Walz-Cuccioli
Name: Rita Walz-Cuccioli
Title: Executive Director

COMMERZBANK AG, NEW YORK BRANCH

By: /s/ Mathew Ward
Name: Mathew Ward
Title: Managing Director

By: /s/ Robert Sullivan
Name: Robert Sullivan
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Ilene Hernandez
Name: Ilene Hernandez
Title: Vice President

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Irlen Mak
Name: Irlen Mak
Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Greg Strauss
Name: Greg Strauss
Title: Managing Director

BANK OF CHINA, LOS ANGELES BRANCH

By: /s/ Jason Fu
Name: Jason Fu
Title: SVP

DBS BANK LTD.

By: /s/ Kate Khoo
Name: Kate Khoo
Title: Vice President

KBC BANK NV, NEW YORK BRANCH

By: /s/ Francis Payne
Name: Francis Payne
Title: Managing Director

By: /s/ Nicholas Philippides
Name: Nicholas Philippides
Title: Vice President

STANDARD CHARTERED BANK

By: /s/ Kristopher Tracy
Name: Kristopher Tracy
Title: Director, Financing Solutions

UNICREDIT BANK AG, NEW YORK BRANCH

By: /s/ Christine Macinnes
Name: Christine Macinnes
Title: Director

By: /s/ Laura Shelmerdine
Name: Laura Shelmerdine
Title: Director

THE HUNTINGTON NATIONAL BANK

By: /s/ Scott Pritchett
Name: Scott Pritchett
Title: Assistant Vice President

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Philip R. Gallagher, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: February 3, 2023

/s/ PHILIP R. GALLAGHER
Philip R. Gallagher
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Kenneth A. Jacobson, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: February 3, 2023

/s/ KENNETH A. JACOBSON

Kenneth A. Jacobson
Chief Financial Officer

Exhibit 32.1

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 Quarterly Report on Form 10-Q for the period ended December 31, 2022 (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: February 3, 2023

/s/ PHILIP R. GALLAGHER
Philip R. Gallagher
Chief Executive Officer

Exhibit 32.2

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 Quarterly Report on Form 10-Q for the period ended December 31, 2022 (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: February 3, 2023

/s/ KENNETH A. JACOBSON
Kenneth A. Jacobson
Chief Financial Officer