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DELTA REPORT

10-Q

AVT - AVNET INC

10-Q - DECEMBER 28, 2024 COMPARED TO 10-Q - SEPTEMBER 28, 2024

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TOTAL DELTAS 516

█ CHANGES 178

█ DELETIONS 153

█ ADDITIONS 185

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 **September** **December** 28, 2024

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 **October 25, 2024** **January 24, 2025**, the total number of shares outstanding of the registrant's Common Stock was **86,940,948** **86,504,562** shares, net of treasury shares.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

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

September 28, 2024	June 29, 2024	December 28, 2024	June 29, 2024
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	(Thousands, except share amounts)		(Thousands, except share amounts)	
	September 28, 2024	June 29, 2024	December 28, 2024	June 29, 2024
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 267,521	\$ 310,941	\$ 172,136	\$ 310,941
Receivables	4,575,854	4,391,187	4,421,428	4,391,187
Inventories	5,614,102	5,468,730	5,252,466	5,468,730
Prepaid and other current assets	221,767	199,694	226,326	199,694
Total current assets	10,679,244	10,370,552	10,072,356	10,370,552
Property, plant and equipment, net	584,119	568,169	564,348	568,169
Goodwill	818,858	780,984	773,656	780,984
Operating lease assets	211,736	208,971	202,617	208,971
Other assets	303,607	280,471	329,954	280,471
Total assets	\$ 12,597,564	\$ 12,209,147	\$ 11,942,931	\$ 12,209,147
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term debt	\$ 524,055	\$ 492,711	\$ 2,604	\$ 492,711
Accounts payable	3,588,033	3,345,510	3,626,333	3,345,510
Accrued expenses and other	580,257	573,055	523,628	573,055
Short-term operating lease liabilities	55,538	53,993	53,495	53,993
Total current liabilities	4,747,883	4,465,269	4,206,060	4,465,269
Long-term debt	2,430,730	2,406,629	2,567,379	2,406,629
Long-term operating lease liabilities	175,330	173,886	165,813	173,886
Other liabilities	205,886	237,859	159,776	237,859
Total liabilities	7,559,829	7,283,643	7,099,028	7,283,643
Commitments and contingencies (Note 6)				
Shareholders' equity:				

Common stock \$1.00 par; authorized 300,000,000 shares; issued 87,253,739 shares and 89,045,996 shares, respectively	87,254	89,046		
Common stock \$1.00 par; authorized 300,000,000 shares; issued 86,326,061 shares and 89,045,996 shares, respectively			86,326	89,046
Additional paid-in capital	1,736,027	1,721,369	1,746,774	1,721,369
Retained earnings	3,533,854	3,601,812	3,541,790	3,601,812
Accumulated other comprehensive loss	(319,400)	(486,723)	(530,987)	(486,723)
Total shareholders' equity	5,037,735	4,925,504	4,843,903	4,925,504
Total liabilities and shareholders' equity	\$ 12,597,564	\$ 12,209,147	\$ 11,942,931	\$ 12,209,147

See notes to consolidated financial statements.

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

	First Quarters Ended			
	September 28, 2024		September 30, 2023	
	(Thousands, except per share amounts)			
Sales	\$ 5,604,152	\$ 6,335,648		
Cost of sales	4,996,785	5,587,542		
Gross profit	607,367	748,106		
Selling, general and administrative expenses	438,791	487,286		
Restructuring, integration, and other expenses	26,351	7,051		
Operating income	142,225	253,769		
Other (expense) income, net	(3,043)	5,960		
Interest and other financing expenses, net	(64,444)	(70,796)		
Gain on legal settlements and other	—	86,499		
Income before taxes	74,738	275,432		
Income tax expense	15,782	66,164		
Net income	<u>\$ 58,956</u>	<u>\$ 209,268</u>		
 Earnings per share:				
Basic	\$ 0.67	\$ 2.29		
Diluted	<u>\$ 0.66</u>	<u>\$ 2.25</u>		
 Shares used to compute earnings per share:				
Basic	88,092	91,495		
Diluted	89,392	93,178		
Cash dividends paid per common share	\$ 0.33	\$ 0.31		
 Second Quarters Ended				
December 28, 2024		December 30, 2023		
(Thousands, except per share amounts)				

Sales	\$ 5,663,384	\$ 6,204,914	\$ 11,267,536	\$ 12,540,562
Cost of sales	5,067,332	5,498,730	10,064,118	11,086,273
Gross profit	596,052	706,184	1,203,418	1,454,289
Selling, general and administrative expenses	436,931	464,692	875,722	951,977
Restructuring, integration, and other expenses	3,794	5,235	30,145	12,286
Operating income	155,327	236,257	297,551	490,026
Other expense, net	(2,645)	(8,397)	(5,687)	(2,437)
Interest and other financing expenses, net	(62,399)	(74,302)	(126,843)	(145,098)
Gain on legal settlements and other	—	—	—	86,499
Income before taxes	90,283	153,558	165,021	428,990
Income tax expense	3,030	35,627	18,812	101,791
Net income	<u><u>\$ 87,253</u></u>	<u><u>\$ 117,931</u></u>	<u><u>\$ 146,209</u></u>	<u><u>\$ 327,199</u></u>
Earnings per share:				
Basic	\$ 1.00	\$ 1.31	\$ 1.67	\$ 3.60
Diluted	<u><u>\$ 0.99</u></u>	<u><u>\$ 1.28</u></u>	<u><u>\$ 1.65</u></u>	<u><u>\$ 3.54</u></u>
Shares used to compute earnings per share:				
Basic	86,846	90,253	87,469	90,874
Diluted	<u><u>88,327</u></u>	<u><u>91,792</u></u>	<u><u>88,859</u></u>	<u><u>92,485</u></u>
Cash dividends paid per common share	<u><u>\$ 0.33</u></u>	<u><u>\$ 0.31</u></u>	<u><u>\$ 0.66</u></u>	<u><u>\$ 0.62</u></u>

See notes to consolidated financial statements.

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

	First Quarters Ended			
	September 28,		September 30,	
	2024	2023	(Thousands)	
Net income	\$ 58,956	\$ 209,268		
Other comprehensive income (loss), net of tax:				
Foreign currency translation and other	185,833	(107,036)		
Cross-currency swap	(19,610)	11,808		
Pension adjustments	1,100	1,467		
Total other comprehensive income (loss), net of tax	167,323	(93,761)		
Total comprehensive income, net of tax	<u><u>\$ 226,279</u></u>	<u><u>\$ 115,507</u></u>		
Second Quarters Ended				
	December 28,	December 30,		
	2024	2023	2024	2023
(Thousands)				
Net income	\$ 87,253	\$ 117,931	\$ 146,209	\$ 327,199
Other comprehensive (loss) income, net of tax:				

Foreign currency translation and other	(252,742)	169,163	(66,909)	62,127
Cross-currency swap	40,485	(24,199)	20,875	(12,391)
Pension adjustments	670	725	1,770	2,192
Total other comprehensive (loss) income, net of tax	(211,587)	145,689	(44,264)	51,928
Total comprehensive (loss) income, net of tax	\$ (124,334)	\$ 263,620	\$ 101,945	\$ 379,127

See notes to consolidated financial statements.

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

	Accumulated					
	Common	Common	Additional	Retained	Other	Total
	Stock- Shares	Stock- Amount	Paid-In Capital			
				(Thousands)		
Balance, June 29, 2024	89,046	\$ 89,046	\$ 1,721,369	\$ 3,601,812	\$ (486,723)	\$ 4,925,504
Net income	—	—	—	58,956	—	58,956
Other comprehensive income	—	—	—	—	167,323	167,323
Cash dividends	—	—	—	(28,861)	—	(28,861)
Repurchases of common stock	(1,888)	(1,888)	—	(98,053)	—	(99,941)
Stock-based compensation	96	96	14,658	—	—	14,754
Balance, September 28, 2024	87,254	\$ 87,254	\$ 1,736,027	\$ 3,533,854	\$ (319,400)	\$ 5,037,735
Accumulated						
	Common	Common	Additional	Retained	Other	Total
	Stock- Shares	Stock- Amount	Paid-In Capital			
				(Thousands)		
Balance, June 29, 2024	89,046	\$ 89,046	\$ 1,721,369	\$ 3,601,812	\$ (486,723)	\$ 4,925,504
Net income	—	—	—	58,956	—	58,956
Other comprehensive income	—	—	—	—	167,323	167,323
Cash dividends	—	—	—	(28,861)	—	(28,861)
Repurchases of common stock	(1,888)	(1,888)	—	(98,053)	—	(99,941)
Stock-based compensation	96	96	14,658	—	—	14,754
Balance, September 28, 2024	87,254	87,254	1,736,027	\$ 3,533,854	(319,400)	5,037,735
Net income	—	—	—	87,253	—	87,253
Other comprehensive loss	—	—	—	—	(211,587)	(211,587)
Cash dividends	—	—	—	(28,559)	—	(28,559)
Repurchases of common stock	(947)	(947)	—	(50,758)	—	(51,705)
Stock-based compensation	19	19	10,747	—	—	10,766
Balance, December 28, 2024	86,326	\$ 86,326	\$ 1,746,774	\$ 3,541,790	\$ (530,987)	\$ 4,843,903

	Accumulated					
	Common Stock- Shares	Common Stock- Amount	Additional Paid-In Capital	Retained Earnings	Other Comprehensive (Loss) Income	Total Shareholders' Equity
	(Thousands)					
Balance, July 1, 2023	91,504	\$ 91,504	\$ 1,691,334	\$ 3,378,212	\$ (409,381)	\$ 4,751,669
Net income	—	—	—	209,268	—	209,268
Other comprehensive loss	—	—	—	—	(93,761)	(93,761)
Cash dividends	—	—	—	(28,320)	—	(28,320)
Repurchases of common stock	(559)	(559)	—	(26,484)	—	(27,043)
Stock-based compensation	39	39	10,731	—	—	10,770
Balance, September 30, 2023	90,984	\$ 90,984	\$ 1,702,065	\$ 3,532,676	\$ (503,142)	\$ 4,822,583
	Accumulated					
	Common Stock- Shares	Common Stock- Amount	Additional Paid-In Capital	Retained Earnings	Other Comprehensive (Loss) Income	Total Shareholders' Equity
	(Thousands)					
Balance, July 1, 2023	91,504	\$ 91,504	\$ 1,691,334	\$ 3,378,212	\$ (409,381)	\$ 4,751,669
Net income	—	—	—	209,268	—	209,268
Other comprehensive loss	—	—	—	—	(93,761)	(93,761)
Cash dividends	—	—	—	(28,320)	—	(28,320)
Repurchases of common stock	(559)	(559)	—	(26,484)	—	(27,043)
Stock-based compensation	39	39	10,731	—	—	10,770
Balance, September 30, 2023	90,984	\$ 90,984	\$ 1,702,065	\$ 3,532,676	\$ (503,142)	\$ 4,822,583
Net income	—	—	—	117,931	—	117,931
Other comprehensive income	—	—	—	—	145,689	145,689
Cash dividends	—	—	—	(27,817)	—	(27,817)
Repurchases of common stock	(1,255)	(1,255)	—	(58,595)	—	(59,850)
Stock-based compensation	31	31	11,816	—	—	11,847
Balance, December 30, 2023	89,760	\$ 89,760	\$ 1,713,881	\$ 3,564,195	\$ (357,453)	\$ 5,010,383

See notes to consolidated financial statements.

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

First Quarters Ended		Six Months Ended	
September 28, 2024	September 30, 2023	December 28, 2024	December 30, 2023

	(Thousands)		(Thousands)	
Cash flows from operating activities:				
Net income	\$ 58,956	\$ 209,268	\$ 146,209	\$ 327,199
Non-cash and other reconciling items:				
Depreciation and amortization	19,883	21,517	36,912	42,727
Amortization of operating lease assets	13,926	13,271	27,345	26,205
Deferred income taxes	(17,572)	5,575	(40,713)	12,599
Stock-based compensation	10,987	9,355	20,986	19,951
Other, net	19,337	(20,171)	20,958	27,181
Changes in (net of effects from businesses acquired and divested):				
Receivables	(94,393)	30,190	(59,604)	287,320
Inventories	(29,230)	(371,604)	162,328	(610,008)
Accounts payable	213,610	111,489	312,861	(78,082)
Accrued expenses and other, net	(89,179)	(50,184)	(183,130)	(138,667)
Net cash flows provided by (used for) operating activities	106,325	(41,294)	444,152	(83,575)
Cash flows from financing activities:				
Borrowings (repayments) under accounts receivable securitization, net	27,900	(92,100)		
Borrowings under accounts receivable securitization, net			84,900	58,600
(Repayments) borrowings under senior unsecured credit facility, net	(11,353)	243,613	(321,769)	272,747
Repayments under bank credit facilities and other debt, net	(824)	(133)		
(Repayments) borrowings under bank credit facilities and other debt, net			(70,793)	30,752
Repurchases of common stock	(99,995)	(24,324)	(152,199)	(86,027)
Dividends paid on common stock	(28,861)	(28,320)	(57,420)	(56,138)
Other, net	3,766	1,414	4,534	2,665
Net cash flows (used for) provided by financing activities	(109,367)	100,150	(512,747)	222,599
Cash flows from investing activities:				
Purchases of property, plant and equipment	(31,776)	(76,089)	(61,135)	(158,088)
Other, net	330	300	347	373
Net cash flows used for investing activities	(31,446)	(75,789)	(60,788)	(157,715)
Effect of currency exchange rate changes on cash and cash equivalents	(8,932)	7,382	(9,422)	3,311
Cash and cash equivalents:				
— decrease	(43,420)	(9,551)	(138,805)	(15,380)
— at beginning of period	310,941	288,230	310,941	288,230
— at end of period	\$ 267,521	\$ 278,679	\$ 172,136	\$ 272,850

See notes to consolidated financial statements.

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AVNET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 2024 balances to correspond to the fiscal 2025 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 June 29, 2024.

Recently issued accounting pronouncements

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Tax Disclosures* ("ASU No. 2023-09"), which updates income tax disclosures related to the effective income tax rate reconciliation and requires disclosure of income taxes paid by jurisdiction. ASU No. 2023-09 also provides further disclosure comparability. ASU No. 2023-09 will be effective for the Company in fiscal year 2026 and early adoption is permitted. The Company is currently evaluating the impact of adopting ASU No. 2023-09 on its disclosures.

In November 2023, the FASB issued ASU No. 2023-07, *Segment reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU No. 2023-07") requiring enhanced segment disclosures primarily through increased disclosures about significant segment expenses. ASU No. 2023-07 will be effective for the Company in fiscal year 2025, and interim periods beginning in fiscal year 2026 with early adoption permitted. The Company is currently evaluating the impact of adopting ASU No. 2023-07 on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Tax Disclosures* ("ASU No. 2023-09"), which updates income tax disclosures related to the effective income tax rate reconciliation and requires disclosure of income taxes paid by jurisdiction. ASU No. 2023-09 will be effective for the Company in fiscal year 2026 and early adoption is permitted. The Company is currently evaluating the impact of adopting ASU No. 2023-09 on its disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"). The guidance is designed to improve financial reporting by requiring public business entities to disclose additional information about specific expense categories in the financial statement notes at interim and annual reporting periods. ASU No. 2024-03 will be effective for the Company in fiscal year 2028 and early adoption is permitted. The Company is currently evaluating the impact of adopting ASU No. 2024-03 on its disclosures.

2. Working capital

Receivables

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

	September 28, 2024	June 29, 2024	December 28, June 29, 2024	2024
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	(Thousands)		(Thousands)	
Receivables	\$ 4,688,102	\$ 4,499,691	\$ 4,531,785	\$ 4,499,691
Allowance for Credit Losses	\$ (112,248)	\$ (108,504)	\$ (110,357)	\$ (108,504)

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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 **quarters** **six months** of fiscal 2025 and fiscal 2024:

	September 28, 2024	September 30, 2023	December 28, 2024	December 30, 2023
Balance at beginning of the period	\$ 108,504	\$ 112,843	\$ 108,504	\$ 112,843
Credit Loss Provisions	1,552	4,157	5,717	6,564
Credit Loss Recoveries	10	(364)	3	(940)
Receivables Write Offs	(1,170)	(959)	(2,371)	(3,885)
Foreign Currency Effect and Other	3,352	(2,188)	(1,496)	1,225
Balance at end of the period	\$ 112,248	\$ 113,489	\$ 110,357	\$ 115,807

Inventories

The Company's inventories are primarily comprised of electronic components purchased from the Company's suppliers, which are available for sale to customers in the normal course of the Company's electronic component distribution business.

Classified within inventories are electronic components held for supply chain service engagements (components) where the Company is acting as an agent on behalf of a customer or in some cases the component supplier. Given that these supply chain services involve purchasing, warehousing and providing logistics services for components as part of the services, the Company classifies the underlying components within inventories on the consolidated balance sheets. Components held for supply chain services where the Company is acting as an agent represented approximately **6%** **7%** of inventories as of **September 28, 2024** **December 28, 2024**, and **approximately 7%** of inventories as of **June 29, 2024**.

3. Goodwill

The following table presents the change in goodwill by reportable segment for the first quarter ended September 28, 2024, **six months of fiscal 2025**.

	Electronic Components	Farnell	Total		Electronic Components	Farnell	Total
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	(Thousands)			(Thousands)		
Carrying value at June 29, 2024 (1)	\$ 295,957	\$ 485,027	\$ 780,984	\$ 295,957	\$ 485,027	\$ 780,984
Foreign currency translation	8,111	29,763	37,874	(2,686)	(4,642)	(7,328)
Carrying value at September 28, 2024 (1)	<u>\$ 304,068</u>	<u>\$ 514,790</u>	<u>\$ 818,858</u>			
Carrying value at December 28, 2024 (1)				\$ 293,271	\$ 480,385	\$ 773,656

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

4. Debt

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

	December 28, 2024	June 29, 2024	December 28, 2024	June 29, 2024
	Interest Rate		Carrying Balance	
Revolving credit facilities:				
Accounts receivable securitization program	—	6.19 %	\$ —	\$ 415,100
Other short-term debt	4.74 %	5.43 %	2,604	77,611
Short-term debt			\$ 2,604	\$ 492,711

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

4. Debt

Short-term Other short-term debt consists 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):

September 28, 2024	June 29, 2024	September 28, 2024	June 29, 2024	December 28, 2024	June 29, 2024	December 28, 2024	June 29, 2024

	Interest Rate		Carrying Balance		Interest Rate		Carrying Balance	
Revolving credit facilities:								
Accounts receivable securitization program (due December 2024)	5.70 %	6.19 %	\$ 443,000	\$ 415,100				
Other short-term debt	4.62 %	5.43 %	\$ 81,055	\$ 77,611				
Short-term debt			\$ 524,055	\$ 492,711				
Accounts receivable securitization program (due December 2026)					5.21 %	—	\$ 500,000	\$ 500,000
Credit Facility (due August 2027)					5.19 %	5.05 %	406,808	74,900
Other long-term debt					4.74 %	4.74 %	20,834	20,834
Public notes due:								
April 2026					4.63 %	4.63 %	550,000	550,000
March 2028					6.25 %	6.25 %	500,000	500,000
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							2,577,642	2,418,228
Discount and debt issuance costs – unamortized							(10,263)	(11,599)
Long-term debt							\$ 2,567,379	\$ 2,406,629

The In December 2024, the Company has 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, which is now due in December 2026. 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 \$700 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 \$1.01 billion at September 28, 2024 December 28, 2024, and June 29, 2024, respectively. The Securitization Program contains certain covenants relating to the quality of the receivables sold.

Other short-term debt consists 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):

	September 28,	June 29,	September 28,	June 29,
	2024	2024	2024	2024
	Interest Rate		Carrying Balance	
Revolving credit facilities:				
Credit Facility (due August 2027)	5.05 %	5.05 %	\$ 768,612	\$ 745,480
Other long-term debt	4.74 %	4.74 %	\$ 23,059	\$ 22,748
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
March 2028	6.25 %	6.25 %	\$ 500,000	\$ 500,000
Long-term debt before discount and debt issuance costs			\$ 2,441,671	\$ 2,418,228
Discount and debt issuance costs – unamortized			(10,941)	(11,599)
Long-term debt			\$ 2,430,730	\$ 2,406,629

The Company has a five-year \$1.50 billion revolving credit facility (the "Credit Facility") with a syndicate of banks, which expires in August December 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 September 28, 2024 December 28, 2024, and June 29, 2024, there were \$0.9 million in letters of credit issued under the Credit Facility. Under the Credit Facility, the Company

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

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 September 28, 2024 December 28, 2024, and June 29, 2024.

In January 2025, the Company extended the Credit Facility until January 2030 and made an amendment to one of the covenants associated with the limitations on certain payments.

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

As of September 28, 2024 December 28, 2024, the carrying value and fair value of the Company's total debt was \$2.95 billion. \$2.57 billion and \$2.53 billion, respectively. At June 29, 2024, the carrying value and fair value of the Company's total debt was \$2.90 billion and \$2.85 billion, respectively. Fair value for public notes was estimated based on 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. Derivative financial instruments

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

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

on the derivative financial instruments are classified within the same line item in the consolidated statements of operations as the remeasurement of the underlying assets or liabilities being economically hedged.

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

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

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

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

	September 28, 2024	June 29, 2024	December 28, 2024	June 29, 2024
Economic hedges				
Prepaid and other current assets				
Accrued expenses and other	\$ 11,990	\$ 12,116	\$ 10,067	\$ 12,116
Cross-currency swap	\$ 17,073	\$ 16,957	\$ 14,274	\$ 16,957
Other liabilities	\$ 35,851	\$ 16,241	—	\$ 16,241
Other assets			\$ 4,634	—

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

	First Quarters Ended		Second Quarters Ended		Six Months Ended	
	September 28, 2024	September 30, 2023	December 28, 2024	December 30, 2023	December 28, 2024	December 30, 2023

		(Thousands)					
Economic hedges	Other (expense) income, net	\$ 24,037	\$ (2,103)	Other expense, net	\$ (11,712)	\$ (18,631)	\$ 12,325
Cross currency swap	Interest and other financing expense, net	\$ 701	\$ 1,013	Interest and other financing expense, net	\$ 1,298	\$ 1,223	\$ 1,999
							\$ 2,236

6. 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 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 **September 28, 2024** **December 28, 2024**, and June 29, 2024, the Company had aggregate estimated liabilities of \$13.7 million and \$17.2 million, respectively, classified within accrued expenses and other for such compliance-related matters that were reasonably estimable as of such dates.

Gain on Legal Settlements and Other

During the first **quarter** **six months** of fiscal 2024, the Company recorded a gain on legal settlements and other of \$86.5 million in connection with the settlements of claims filed against certain manufacturers of capacitors, which was also realized in cash that same quarter.

7. Income taxes

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

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

The Company's effective tax rate on its income before taxes was **21.1% 3.4%** in the **first second** quarter of fiscal 2025. During the **first second** quarter of fiscal 2025, the Company's effective tax rate was **unfavorably favorably** impacted primarily by (i) increases to unrecognized tax benefit reserves and audit settlements, (ii) the mix of income in higher tax jurisdictions, and (iii) increases to valuation allowances, partially offset by (iv) increases in tax attribute carryforwards.

During the **first second** quarter of fiscal 2024, the Company's effective tax rate on its income before taxes was **24.0% 23.2%**. During the **first second** quarter of fiscal 2024, the Company's effective tax rate was unfavorably impacted primarily by (i) increases to unrecognized tax benefit reserves, **net** (ii) U.S. state taxes, partially offset by (iii) the mix of **settlements**, **income in lower tax foreign jurisdictions**.

For the first six months of fiscal 2025, the Company's effective tax rate on its income before taxes was **11.4%**. The effective tax rate for the first six months of fiscal 2025 was favorably impacted primarily by (i) increases in tax attribute carryforwards, partially offset by (ii) the mix of income in higher tax jurisdictions, and (iii) increases to valuation allowances.

During the first six months of fiscal 2024, the Company's effective tax rate on its income before taxes was **23.7%**. The effective tax rate for the first six months of fiscal 2024 was unfavorably impacted primarily by (i) increases to unrecognized tax benefit reserves, (ii) U.S. state taxes, and (iii) the mix of income in higher tax foreign jurisdictions.

The Pillar Two rules published by the Organization for Economic Co-operation and Development (OECD) are effective for the Company in fiscal year 2025. The **company** **Company** does not expect Pillar Two taxes to have a significant impact on its income tax expense and is closely monitoring the potential impacts of further legislation, regulatory guidance, and regulations issued in the countries in which the Company does business.

8. Pension plan

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

First Quarters Ended		Second Quarters Ended		Six Months Ended	
September 28, 2024	September 30, 2023	December 28, 2024	December 30, 2023	December 28, 2024	December 30, 2023
(Thousands)					

	(Thousands)					
Service cost within selling, general and administrative expenses	\$ 2,870	\$ 2,563	\$ 2,870	\$ 2,563	\$ 5,740	\$ 5,126
Interest cost	6,183	6,145	6,183	6,144	12,366	12,289
Expected return on plan assets	(10,438)	(9,985)	(10,439)	(9,985)	(20,877)	(19,970)
Amortization of prior service cost	1	1				
Recognized net actuarial loss	1,285	56				
Total net periodic pension benefit within other (expense) income, net	(2,969)	(3,783)				
Recognized net actuarial loss and other		1,287	56	2,573	113	
Total net periodic pension benefit within other expense, net		(2,969)	(3,785)	(5,938)	(7,568)	
Net periodic pension benefit	\$ (99)	\$ (1,220)	\$ (99)	\$ (1,222)	\$ (198)	\$ (2,442)

The Company made \$4.0 million of contributions during the first **quarter** **six** months of fiscal 2025 and expects to make additional contributions to the Plan of \$4.0 million in the remainder of fiscal 2025.

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

9. Shareholders' equity

Share repurchase program

In August 2024, the Company's Board of Directors approved an increase in the Company's existing share repurchase plan. With this increase, the Company is authorized to repurchase up to an aggregate of \$600 million of common stock. During the **first** **second** quarter of fiscal 2025, the Company repurchased **1.9 million** **0.9 million** shares for a total cost of **\$99.0 million** **\$51.2 million**, excluding excise tax. As of **September 28, 2024** **December 28, 2024**, the Company had **\$566.6 million** **\$515.4 million** remaining under its increased share repurchase authorization.

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

Common stock dividend

In **August** **November** 2024, the Company's Board of Directors approved a dividend of \$0.33 per common share and dividend payments of **\$28.9 million** **\$28.6 million** were made in **September** **December** 2024.

10. Earnings per share

	First Quarters Ended		Second Quarters Ended		Six Months Ended	
	September 28, 2024	September 30, 2023	December 28, 2024	December 30, 2023	December 28, 2024	December 30, 2023

	(Thousands, except per share data)			(Thousands, except per share data)		
	Net income	Weighted average common shares for basic earnings per share	Net effect of dilutive stock-based compensation awards	Weighted average common shares for diluted earnings per share	Basic earnings per share	Diluted earnings per share
Numerator:						
Net income	\$ 58,956	\$ 209,268	\$ 87,253	\$ 117,931	\$ 146,209	\$ 327,199
Denominator:						
Weighted average common shares for basic earnings per share	88,092	91,495	86,846	90,253	87,469	90,874
Net effect of dilutive stock-based compensation awards	1,300	1,683	1,481	1,539	1,390	1,611
Weighted average common shares for diluted earnings per share	89,392	93,178	88,327	91,792	88,859	92,485
Basic earnings per share	\$ 0.67	\$ 2.29	\$ 1.00	\$ 1.31	\$ 1.67	\$ 3.60
Diluted earnings per share	\$ 0.66	\$ 2.25	\$ 0.99	\$ 1.28	\$ 1.65	\$ 3.54
Stock options excluded from earnings per share calculation due to an anti- dilutive effect	—	122	—	122	—	122

11. Additional cash flow information

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

	First Quarters Ended		(Thousands)
	September 28, 2024	September 30, 2023	
Non-cash Investing Activities:			
Capital expenditures incurred but not paid	\$ 15,514	\$ 13,967	
Non-cash Financing Activities:			
Unsettled share repurchases	\$ 1,011	\$ 2,718	

Supplemental Cash Flow Information:			
Interest	\$ 71,856	\$ 81,446	
Income tax payments, net	\$ 75,716	\$ 78,357	

Included in cash and cash equivalents as of September 28, 2024, and June 29, 2024, was \$21.3 million and \$14.1 million, respectively, of cash equivalents, which was primarily comprised of investment grade money market funds and overnight time deposits.

	Six Months Ended	
	December 28,	December 30,
	2024	2023
(Thousands)		
Non-cash Investing Activities:		
Capital expenditures incurred but not paid	\$ 16,456	\$ 27,049
Supplemental Cash Flow Information:		
Interest	\$ 152,752	\$ 175,701
Income tax payments, net	\$ 118,687	\$ 128,843

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

Included in cash and cash equivalents as of December 28, 2024, and June 29, 2024, was \$3.4 million and \$14.1 million, respectively, of cash equivalents, which was primarily comprised of investment grade money market funds and overnight time deposits.

12. Segment information

Electronic Components ("EC") and Earnell ("Earnell") are the Company's reportable segments ("operating groups").

First Quarters Ended	Second Quarters Ended	Six Months Ended
September 28, 2024	December 28, 2024	December 28, 2024
September 30, 2023	December 30, 2023	December 30, 2023

	(Thousands)		(Thousands)	
Sales				
Electronic Components	\$ 5,257,058	\$ 5,914,405	\$ 5,317,815	\$ 5,812,118
Farnell	347,094	421,243	345,569	392,796
	<u>5,604,152</u>	<u>6,335,648</u>	<u>5,663,384</u>	<u>6,204,914</u>

Operating income:								
Electronic Components	\$ 197,369	\$ 272,751	\$ 181,622	\$ 247,899	\$ 378,990	\$ 520,650		
Farnell	1,859	17,671	3,477	15,710	5,336	33,382		
	199,228	290,422	185,099	263,609	384,326	554,032		
Corporate expenses	(30,284)	(28,724)	(25,612)	(21,405)	(55,896)	(50,130)		
Restructuring, integration, and other expenses	(26,351)	(7,051)	(3,794)	(5,235)	(30,145)	(12,286)		
Amortization of acquired intangible assets	(368)	(878)	(366)	(712)	(734)	(1,590)		
Operating income	\$ 142,225	\$ 253,769	\$ 155,327	\$ 236,257	\$ 297,551	\$ 490,026		
Sales, by geographic area:								
Americas	\$ 1,329,884	\$ 1,573,521	\$ 1,368,798	\$ 1,588,508	\$ 2,698,682	\$ 3,162,029		
EMEA	1,668,169	2,308,051	1,582,805	2,113,550	3,250,975	4,421,601		
Asia	2,606,099	2,454,076	2,711,781	2,502,856	5,317,879	4,956,932		
Sales	\$ 5,604,152	\$ 6,335,648	\$ 5,663,384	\$ 6,204,914	\$ 11,267,536	\$ 12,540,562		

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

13. Restructuring expenses

Fiscal 2025

During fiscal 2025, the Company executed certain restructuring actions to reduce future operating expenses including specific restructuring actions to reduce expenses within the Farnell operating group. The following table presents the activity during the first **quarter six months** of fiscal 2025 related to the restructuring liabilities established during fiscal 2025:

	Facility			Asset				Facility			Asset		
	Severance	Exit Costs	Impairments	Total	Severance	Exit Costs	Impairments	Total	Severance	Exit Costs	Impairments	Total	

Fiscal 2025	(Thousands)						(Thousands)					
	restructuring expenses	\$ 3,353	\$ 5,228	\$ 14,904	\$ 23,485	\$ 7,679	\$ 5,329	\$ 14,904	\$ 27,912			

Cash payments	(1,684)	(5,217)	—	(6,901)	(4,309)	(5,318)	—	(9,627)
Non-cash amounts	—	(11)	(14,904)	(14,915)	(1,463)	(11)	(14,904)	(16,378)
Other, principally foreign currency translation	30	—	—	30	(52)	—	—	(52)
Balance at September 28, 2024	\$ 1,699	\$ —	\$ —	\$ 1,699				
Balance at December 28, 2024					\$ 1,855	\$ —	\$ —	\$ 1,855

Severance expense recorded in the first **quarter six months** of fiscal 2025 related to the reduction, or planned reduction, of **approximately 40 over 150** employees, primarily in operations, distribution centers, and business support functions. Of the **\$23.5**

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

million \$27.9 million in restructuring expenses recorded in the first **quarter six months** of fiscal 2025, **\$2.7 million \$3.4 million** related to EC, and **\$20.8 million \$24.5 million** related to Farnell. The Company expects the majority of the remaining amounts to be paid by the end of **2024, fiscal 2025**.

Fiscal 2024

During fiscal 2024, the Company incurred restructuring expenses primarily related to headcount reductions including from the planned closure of certain distribution centers intended to reduce future operating expenses. The Company expects the majority of the remaining amounts to be paid by the end of fiscal 2025. The following table presents the activity during the first **quarter six months** of fiscal 2025 related to the remaining restructuring liabilities established during fiscal 2024:

	Severance (Thousands)	Severance (Thousands)
Balance at June 29, 2024	\$ 23,838	\$ 23,838
Cash payments	(7,023)	(10,155)
Changes in estimates, net	(127)	(2,459)
Other, principally foreign currency translation	40	5
Balance at September 28, 2024	\$ 16,728	
Balance at December 28, 2024		\$ 11,229

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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. Many of these statements can be found by looking for words like "continue," "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 June 29, 2024, 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; competitive pressures among distributors of electronic components; an industry down-cycle in semiconductors; relationships with key suppliers and allocations of products by suppliers; accounts receivable defaults; risks relating to the Company's international sales and operations, including risks relating to repatriating 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 crises, 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, and 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.

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 **September 28, 2024** December 28, 2024, 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 June 29, 2024.

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:

- "Adjusted operating income," which is operating income excluding (i) restructuring, integration, and other expenses, and (ii) amortization of acquired intangible assets.

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

First Quarters Ended		Second Quarters Ended		Six Months Ended	
September 28, 2024	September 30, 2023	December 28, 2024	December 30, 2023	December 28, 2024	December 30, 2023

(Thousands)						
Operating income	\$ 142,225	\$ 253,769	\$ 155,327	\$ 236,257	\$ 297,551	\$ 490,026
Restructuring, integration, and other expenses	26,351	7,051	3,794	5,235	30,145	12,286
Amortization of acquired intangible assets	368	878	366	712	734	1,590
Adjusted operating income	<u>\$ 168,944</u>	<u>\$ 261,698</u>	<u>\$ 159,487</u>	<u>\$ 242,204</u>	<u>\$ 328,430</u>	<u>\$ 503,902</u>

Management believes that providing this additional information is useful to financial statement users to better assess and understand operating performance, especially when comparing results with prior periods or forecasting performance for future periods, primarily because management typically monitors the business with and without 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 in conjunction with results presented in accordance with GAAP.

OVERVIEW

Organization

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

Avnet has two primary operating groups — Electronic Components ("EC") and 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. EC markets, sells, and distributes (i) semiconductors, (ii) interconnect, passive and electromechanical components, and (iii) other integrated and embedded 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.

Industry outlook

The global electronic components market has a history of cyclical downturns followed by periods of increased demand. Beginning in the second half of calendar year 2023, the industry began to experience a downturn marked by a decrease in sales due to a combination of elevated customer inventory levels and lower underlying demand for electronic components. As a result, the Company has seen elevated inventory levels and decreased sales, resulting in lower operating income. The duration of the current downturn is uncertain, although the Company had year over year sales growth in the Asia region during the first quarter of fiscal 2025. The Company expects sales in the second quarter of fiscal 2025 to be down 4% to up 2% as down 11%, compared to the first quarter of fiscal 2025.

Additionally, the Company's inventories relative to its sales are higher than they have historically been as a result of this industry downturn. The Company has and may in the future purchase additional inventories from electronic component suppliers, even in an industry downturn, if the Company believes the purchase will benefit the Company's financial or strategic business objectives.

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Results of Operations

	Quarters Ended				Six Months Ended			
	Q2 2025	Q2 2024	Variance	Variance %	Q2 2025	Q2 2024	Variance	Variance %
	Quarters Ended				(\$ in millions, unless otherwise stated)			
	Q1 2025	Q1 2024	Variance	Variance %	Q1 2025	Q1 2024	Variance	Variance %
Sales	\$ 5,604	\$ 6,336	\$ (731)	(11.6)%	\$ 5,663	\$ 6,205	\$ (542)	(8.7)%
Gross profit	607	748	(141)	(18.8)%	596	706	(110)	(15.6)
Selling, general and administrative expenses	439	487	(48)	(10.0)%	437	465	(28)	(6.0)
Restructuring, integration, and other expenses	26	7	19	273.7 %	4	5	(1)	(27.5)
Operating income	142	254	(112)	(44.0)%	155	236	(81)	(34.3)
<i>Adjusted operating income</i>	<i>169</i>	<i>262</i>	<i>(93)</i>	<i>(35.4)%</i>	<i>159</i>	<i>242</i>	<i>(83)</i>	<i>(34.2)%</i>

Other (expense) income, net	(3)	6	(9)	(151.1)%								
Other expense, net					(3)	(8)	6	(68.5)	(6)	(2)	(3)	133.4
Interest and other financing expenses, net	(64)	(71)	6	(9.0)%	(62)	(74)	12	(16.0)	(127)	(145)	18	(12.6)
Gain on legal settlements and other	—	86	(86)	(100.0)%	—	—	—	—	—	86	(86)	(100.0)
Income tax expense	16	66	(50)	(76.2)%	3	36	(33)	(91.5)	19	102	(83)	(81.5)
Net income	59	209	(150)	(71.8)%	87	118	(31)	(26.0)	146	327	(181)	(55.3)
Diluted earnings per share	0.66	2.25	(1.59)	(70.7)%	0.99	1.28	(0.29)	(22.7)	1.65	3.54	(1.89)	(53.4)
Other Metrics												
Gross profit margin	10.8 %	11.8 %	(97)bps	(1.0)%	10.5 %	11.4 %	(86)bps	(0.9)%	10.7 %	11.6 %	(92)bps	(0.9)%
Operating income margin	2.5 %	4.0 %	(147)bps	(1.5)%	2.7 %	3.8 %	(107)bps	(1.1)%	2.6 %	3.9 %	(127)bps	(1.3)%
Adjusted operating income margin	3.0 %	4.1 %	(112)bps	(1.1)%	2.8 %	3.9 %	(108)bps	(1.1)%	2.9 %	4.0 %	(111)bps	(1.1)%
Effective tax rate	21.1 %	24.0 %	(290)bps	(2.9)%	3.4 %	23.2 %	(1,984)bps	(19.8)%	11.4 %	23.7 %	(1,233)bps	(12.3)%

Sales

The following table presents the percentage change in sales for the second quarter and first quarter six months of fiscal 2025 as compared to the second quarter and first six months fiscal 2024, by geographic region and operating group.

	Quarter Ended September 28, 2024		Quarter Ended December 28, 2024		Six Months Ended							
			Sales		Sales							
			Year-Year %		Year-Year %							
	Sales		Sales		Sales							
	Year-Year %		Year-Year %		Year-Year %							
	Change	Constant	Change	Constant	Change	Constant						
Change	Currency		Change	Currency	Change	Currency						
Avnet		(11.6)%		(11.7)%		(8.7)%		(8.6)%		(10.2)%		(10.1)%
Avnet by region												
Americas			(15.5)%		(15.5)%			(13.8)%		(13.8)%		(14.7)%
EMEA			(27.7)%		(28.4)%			(25.1)%		(25.0)%		(26.5)%
Asia			6.2 %		6.4 %			8.4 %		8.6 %		7.3 %
Avnet by operating group												
EC			(11.1)%		(11.2)%			(8.5)%		(8.3)%		(9.8)%
Farnell			(17.6)%		(18.2)%			(12.0)%		(12.5)%		(14.9)%

During the second quarter and first half of fiscal 2025, both operating groups continued to experience a cyclical downturn resulting in lower demand for the Company's products. Sales of \$5.60 billion \$5.66 billion for the first second quarter of fiscal 2025 decreased \$731.5 million \$541.5 million, or 11.6% 8.7%, as compared to \$6.34 billion \$6.20 billion for the same quarter last year, primarily due to year. Sales for the first six months of fiscal 2025 were \$11.27 billion, a decrease of \$1.27 billion as compared to reduced demand sales of \$12.54 billion for electronic components resulting from the current market downturn in the electronic components industry. first six months of fiscal 2024.

EC sales of \$5.26 billion \$5.32 billion in the first second quarter of fiscal 2025 decreased \$657.3 million \$494.3 million, or 11.1% 8.5%, from the prior year first second quarter sales of \$5.91 billion \$5.81 billion, with the Americas and EMEA regions contributing to the decrease offset by sales growth in the Asia region. The decrease in sales is primarily due to sales volume decreases due to the market downturn in the electronic components industry and, to a lesser extent, an unfavorable product mix of lower priced electronic components.

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Farnell sales for the first second quarter of fiscal 2025 were \$347.1 million \$345.6 million, reflecting a decrease of \$74.1 million \$47.2 million, or 17.6% 12.0%, compared to the same period in the prior year. Farnell sales in constant currency for the first quarter of fiscal 2025 decreased by 18.2% year over year. The decrease in sales in the first second quarter of fiscal 2025 is primarily due to lower demand for on-the-board electronic components.

Gross Profit

The Company's gross profit and gross profit margin are primarily affected by sales volume, and product mix, and geographic sales mix. Gross profit for the first second quarter of fiscal 2025 was \$140.7 million \$110.1 million, or 18.8% 15.6% lower than the first second quarter of fiscal 2024. This decrease is primarily due to sales volume decreases in both operating groups and to a lesser extent from the decline in gross profit margin in each operating group.

Gross profit margin decreased by 97.86 basis points to 10.8% 10.5% for the first second quarter of fiscal 2025 when compared to the first second quarter of fiscal 2024. The decrease in gross profit margin is primarily due to shifts in geographic sales mix mix, partially offset by increases in gross margin from certain supplier engagements. Sales in the higher gross profit margin western regions represented approximately 53% 52% of sales in the first second quarter of fiscal 2025, versus 61% 60% of sales during the first second quarter of fiscal 2024.

EC gross profit margin decreased year over year largely due to the change in geographic mix and from an increase in product mix to lower margin electronic components. mix. Farnell gross profit margin decreased year over year, primarily due to lower sales of higher margin on-the-board electronic components.

Gross profit and gross profit margin were \$1.20 billion and 10.7%, respectively, for the first six months of fiscal 2025 as compared with \$1.45 billion and 11.6%, respectively, for the first six months of fiscal 2024.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses ("SG&A expenses") decreased \$48.5 million \$27.8 million or 10.0% 6.0% from the first second quarter of fiscal 2024. The decrease in SG&A expenses is primarily due to decreases in variable operating expenses associated with the decrease in sales volumes discussed above and from restructuring actions taken by the Company, slightly offset by the impact of changes in foreign currency translation rates.

Management monitors SG&A expenses as a percentage of sales and as a percentage of gross profit. In the first second quarter of fiscal 2025, SG&A expenses were 7.8% 7.7% of sales and 72.2% 73.3% of gross profit, as compared with 7.7% 7.5% and 65.1% 65.8%, respectively, in the first second quarter of fiscal 2024. The year-over-year increases in SG&A expenses as a percentage of both sales and gross profit are primarily due to the decrease in sales and gross profit without a proportional reduction in SG&A expenses, resulting in lower operating leverage.

SG&A expenses for the first six months of fiscal 2025 were \$875.7 million, or 7.8% of sales, as compared with \$952.0 million, or 7.6% of sales, in the first six months of fiscal 2024. SG&A expenses as a percentage of gross profit for the first six months of fiscal 2025 were 72.8% as compared with 65.5% in the first six months of fiscal 2024.

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Restructuring, Integration, and Other Expenses

In fiscal 2024, the Company initiated a restructuring plan to improve operating income by reducing SG&A expenses including within the Farnell operating group. In the **first** **second** quarter of fiscal 2025, these efforts continued, leading to **\$23.5 million** **\$4.0 million** in restructuring, integration, and other expenses primarily for Farnell. Additionally, the Company incurred **\$2.9 million** in distribution center start-up integration costs, primarily in EC EMEA.

As a result of these initiatives, the Company recorded total restructuring, integration, and other expense in the **first** **second** quarter of fiscal 2025 of **\$26.4 million** **\$3.8 million** comprised of severance and other employee-related expenses of **\$3.4 million** **\$4.3 million**, **\$0.1 million** of facility exit costs primarily related to an office closure in the Americas, **\$1.7 million** of integration and other costs, and a benefit of **\$2.3 million** for **reductions** changes in estimates for costs associated with prior year restructuring actions. The after-tax impact of approximately **40** restructuring, integration, and other expenses were **\$2.7 million** and **\$0.03** per share on a diluted basis.

During the first six months of fiscal 2025, the Company incurred restructuring, integration, and other expense costs of **\$30.1 million**. Restructuring expenses consisted of severance and other employee-related expenses of **\$7.7 million** for reduction of over 150 employees across the Company, **\$5.2 million** **\$5.3 million** of facility exit costs primarily related to an office closure in the Americas, **\$14.9 million** of asset impairments, and **\$2.9 million** **\$4.7 million** of integration and other costs, costs, and a benefit of **\$2.5 million** for changes in estimates for costs associated with prior year restructuring actions. The after-tax impact of restructuring, integration, and other expenses were **\$19.7 million** **\$22.3 million** and **\$0.22** **\$0.25** per share on a diluted basis.

Comparatively, the Company recorded restructuring, integration, and other expenses of **\$7.1 million** **\$5.2 million** and **\$12.3 million** during the **second** quarter and **first** **quarter** **six months** of fiscal 2024, consisting of severance costs of **\$2.7 million**, and other expenses of **\$4.4 million**, respectively.

See Note 13 "Restructuring expenses" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q.

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Operating Income

Operating income for the **first** **second** quarter of fiscal 2025 was **\$142.2 million** **\$155.3 million**, a decrease of **\$111.5 million** **\$80.9 million** or **44.0%** **34.3%**, year over year. Operating income margin for the **first** **second** quarter of fiscal 2025 was **2.5%** **2.7%**, a decrease of **147** **107** basis points compared to **4.0%** **3.8%** in the **first** **second** quarter of fiscal 2024. The decreases in operating income and operating income margin are primarily due to the decrease in gross profit primarily from lower sales without a proportionate decrease in SG&A expenses, and restructuring,

integration and other expenses, as discussed above. Adjusted operating income for the **first** quarter of fiscal 2025 was **\$168.9 million**, a decrease of **\$92.8 million** **\$82.7 million**, or **35.4%** **34.2%**. Adjusted operating income margin for the second quarter of fiscal 2025 was 2.8% compared to 3.9% in the second quarter of fiscal 2024.

Comparing the **first** quarter of fiscal 2025 to the **first** quarter of fiscal 2024, EC operating income decreased **27.6%** **26.7%** to **\$197.4 million** **\$181.6 million**, and EC operating income margin decreased **86** **85** basis points to **3.8%** **3.4%**, with decreases a decrease in the **EMEA** region offset by improvements in the Americas and **EMEA** regions offset by an improvement in the **Asia** region. Farnell operating income decreased **89.5%** **77.9%** to **\$1.9 million** **\$3.5 million** in the **first** quarter of fiscal 2025 and Farnell operating income margin decreased **366** **299** basis points year over year to **0.5%** **1.0%**. The decreases in operating income and operating income margin in both operating groups are due to the decrease in gross profit primarily from lower sales without a proportionate decrease in SG&A expenses. **Corporate**

Operating income for the first six months of fiscal 2025 was \$297.6 million, a decrease of \$192.5 million, from the first six months of fiscal 2024 operating expenses were \$30.3 million income of \$490.0 million. The year-over-year decrease in operating income was primarily due to the decrease in sales, and lower gross profit margin, partially offset by the favorable impact from foreign currency exchange rates. Adjusted operating income for the first six months of fiscal 2025 was \$328.4 million, a decrease of \$175.5 million or 34.8% from the first six months of fiscal 2024. Operating income margin was 2.6% in the first quarter six months of fiscal 2025, an increase a decrease of 5.4% when 127 basis points compared with \$28.7 million to 3.9% in the prior year first quarter of fiscal 2024. six months.

Interest and Other Financing Expenses, Net and Other (Expense) Income, Expense, Net

Interest and other financing expenses in the second quarter of fiscal 2025 were \$62.4 million, a decrease of \$11.9 million as compared to \$74.3 million in the second quarter of fiscal 2024. Interest and other financing expenses in the first quarter six months of fiscal 2025 were **\$64.4 million** **\$126.8 million**, a decrease of **\$6.4 million** **\$18.3 million**, as compared to **\$70.8 million** with interest and other

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financing expenses of **\$145.1 million** in the first quarter six months of fiscal 2024. The decrease in interest and other financing expenses in the second quarter and first quarter six months of fiscal 2025 compared to fiscal 2024 is primarily a result of lower outstanding borrowings and average borrowing rates.

The Company had other expenses of **\$3.0 million** **\$2.6 million** in the **first** quarter of fiscal 2025 compared to other income expenses of **\$6.0 million** **\$8.4 million** in the **first** quarter of fiscal 2024. The increase Company had other expenses of **\$5.7 million** in the first six months of fiscal 2025, compared to other expenses of **\$2.4 million** in the first six months of fiscal 2024. The decrease in other expenses in the second quarter and the increase in the first quarter six months of fiscal 2025 is primarily due to differences in foreign currency translation losses.

Gain on Legal Settlements and other

During the first quarter six months of fiscal 2024, the Company recorded a gain on legal settlements and other of \$86.5 million in connection with the settlements of claims filed against certain manufacturers of capacitors.

Income Tax

Income tax expenses were **\$15.8 million** for the second quarter and first quarter six months of fiscal 2025 were \$3.0 million and \$18.8 million, respectively, reflecting an effective tax rate of **21.1%** compared to **\$66.2 million** **3.4%** and **11.4%**, respectively. In comparison, for the second quarter and first six months of fiscal 2024, income tax expense were \$35.6 million and \$101.8 million, respectively, reflecting an effective tax rate of **24.0%** **23.2%** and **23.7%**, respectively. The decrease in the first effective tax rate for the second quarter of fiscal 2024. 2025 as compared to the second quarter of fiscal 2024 was primarily due to the increases in tax attribute carryforwards and decreases to unrecognized tax benefit reserves. The decrease in the effective tax rate for the first quarter six months of fiscal 2025 as compared to the first quarter six months of fiscal 2024 was primarily due to the increases in tax attribute carryforwards, partially offset by the mix of income in higher

tax jurisdictions. See Note 7 "Income taxes" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q.

Net Income

As a result of the factors described above, the Company's net income for the **first** **second** quarter of fiscal 2025 was **\$59.0 million** **\$87.3 million**, or **\$0.66** **\$0.99** per share on a diluted basis, as compared with **\$209.3 million** **\$117.9 million**, or **\$2.25** **\$1.28** per share on a diluted basis, in the second quarter of fiscal 2024.

As a result of the factors described above, the Company's net income for the first six months of fiscal 2025 was **\$146.2 million**, or **\$1.65** per share on a diluted basis, as compared with **\$327.2 million**, or **\$3.54** per share on a diluted basis, in the first **quarter** **six months** of fiscal 2024.

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LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Operating Activities

Net cash provided by operating activities was **\$106.3 million** **\$444.2 million** for the first **quarter** **six months** of fiscal 2025, compared to net cash used by operating activities of **\$41.3 million** **\$83.6 million** for the first **quarter** **six months** of fiscal 2024. The **\$147.6 million** **\$527.7 million** increase in net cash provided by operating activities year over year is primarily due to improvements in cash used for working capital and other as working capital levels have begun to be more in line with sales, offset by lower cash provided by net income. Cash generated from working capital and other was **\$0.8 million** **\$232.5 million** during the first **quarter** **six months** of fiscal 2025, compared to cash used of **\$280.1 million** **\$539.4 million** during the first **quarter** **six months** of fiscal 2024, with the difference attributable primarily to **inventories**. During **reductions in inventory** and the **first quarter timing** of fiscal 2025, the Company used less cash to purchase **payments for inventory** due to **inventory levels already being elevated and because of lower sales**. **purchases**. The Company also had increases in accounts receivable due to timing of sales and collections when compared to the prior year. The Company received \$86.1 million of cash from legal settlements during the first **quarter** **six months** of fiscal 2024.

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Financing Activities

Net **borrowings** **repayments** of debt totaled **\$15.7 million** **\$307.7 million** during the first **quarter** **six months** of fiscal 2025, including net proceeds of \$27.9 million under the Securitization Program, offset by net repayments of **\$11.4 million** **\$321.8 million** under the Credit Facility and **\$0.8 million** **\$70.8 million** for other **debt**, offset by net proceeds of \$84.9 million under the Securitization Program. This compares to **\$151.4 million** **\$362.1 million** of net borrowing during the first **quarter** **six months** of the prior fiscal year. The Company paid cash dividends to shareholders of **\$0.33** **\$0.66** per share, or **\$28.9 million** **\$57.4 million**, during the first **quarter** **six months** of fiscal 2025 as compared to **\$0.31** **\$0.62** per share, or **\$28.3 million** **\$56.1 million**, during the first **quarter** **six months** of fiscal 2024. The Company has repurchased **\$100.0 million** **\$152.2 million** of common stock under the share repurchase plan during the first **quarter** **six months** of fiscal 2025 compared to **\$24.3 million** **\$86.0 million** in the same period of the prior year.

Investing Activities

The Company's purchases of property, plant and equipment decreased during the first quarter six months of fiscal 2025 by **\$44.3 million** **\$97.0 million**, when compared to the same period in fiscal 2024, primarily due to distribution center investments in EMEA in the first quarter six months of fiscal 2024.

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 June 29, 2024. 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 **September 28, 2024**, **December 28, 2024**. The Company was in compliance with all covenants under the Credit Facility and the Securitization Program as of **September 28, 2024** **December 28, 2024**, and June 29, 2024.

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, capital expenditure, and letter of credit needs of its wholly owned subsidiaries. Outstanding borrowings under such forms of debt at the end of **first** **second** quarter of fiscal 2025 was **\$0.10 billion** **\$23.4 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

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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 **\$267.5 million** **\$172.1 million** as of **September 28, 2024** **December 28, 2024**, of which **\$230.1 million** **\$145.1 million** was held outside the United States. As of June 29, 2024, the Company held cash and cash equivalents of \$310.9 million, of which \$179.6 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 generated **\$837.6 million** **\$1.22 billion** in cash flows from operating activities over the trailing four fiscal quarters ended **September 28, 2024** **December 28, 2024**.

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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. Cash balances held in foreign locations that cannot be remitted back to the U.S. in a tax efficient manner 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 **first** **second** quarter of fiscal 2025, the Company had a combined total borrowing capacity of **\$2.20 billion** **\$2.00 billion** under the Credit Facility and the Securitization Program. There were **\$768.6 million** **\$406.8 million** of borrowings outstanding and \$0.9 million in letters of credit issued under the Credit Facility, and **\$443.0 million** **\$500.0 million** outstanding under the Securitization Program, resulting in approximately **\$824.7 million** **\$1.09 billion** of total committed availability as of **September 28, 2024** **December 28, 2024**. Availability under the Securitization Program is subject to the Company having sufficient eligible trade accounts receivable in the United States to support desired borrowings. **The Company expects to amend and extend the Securitization Program during the second quarter of fiscal 2025 in the normal course of business.**

During the **second** quarter and first **quarter** **six months** of fiscal 2025, the Company had an average daily balance outstanding of approximately **\$1.09 billion** **\$1.04 billion** and **\$1.06 billion**, respectively, under the Credit Facility, and approximately **\$468.4 million** **\$498.9 million** and **\$483.6 million**, respectively, under the Securitization Program. The Company also has average borrowings that are higher than quarter end borrowings from various lines of credit, financing arrangements, and other forms of bank debt in the U.S. and various foreign locations.

As of **September 28, 2024** **December 28, 2024**, the Company may repurchase up to an aggregate of **\$566.6 million** **\$515.4 million** of shares of the Company's common stock through the share repurchase program approved by the Board of Directors. The Company may repurchase stock from time to time at the discretion of management, subject to strategic considerations, market conditions (including share price), and other factors. The Company may terminate or limit the share repurchase program at any time without prior notice. During the **first** **second** quarter of fiscal 2025, the Company repurchased **\$99.0 million** **\$51.2 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 **first** **second** quarter of fiscal 2025, the Board of Directors approved a dividend of \$0.33 per share, which resulted in **\$28.9 million** **\$28.6 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 interest rates and foreign currency exchange rates through financial arrangements that are intended to provide an economic hedge against the risks associated with such volatility. The Company continues to have exposure to such risks to the extent they are not economically hedged.

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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 June 29, 2024, 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 June 29, 2024, as the Company continues to economically hedge the majority of its foreign currency exchange exposures. Thus, any increase or decrease in the 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 September 28, 2024 December 28, 2024, approximately 56% 65% of the Company's debt bears interest at a fixed rate and 44% 35% 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 \$3.2 million \$2.3 million decrease in income before income taxes in the Company's consolidated statement of operations for the first second quarter of fiscal 2025.

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 first second quarter of fiscal 2025, 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 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

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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.

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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 June 29, 2024, 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 **September 28, 2024** **December 28, 2024**, 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 June 29, 2024.

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

The Company's Board of Directors approved the repurchase plan of up to an aggregate of \$600 million of common stock including the increase approved in August 2024. The following table includes the Company's monthly purchases of the Company's common stock, excluding excise tax, during the **first** **second** quarter of fiscal 2025, under the share repurchase program, which is part of publicly announced plans.

Period	Total Number of Shares Purchased			Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs		Total Number of Shares Purchased			Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs	
	Total Number of Shares Purchased	Average Price Paid per Share	Shares Purchased as Part of Publicly Announced Plans or Programs	Value of Shares That May Yet Be Purchased under the Plans or Programs		Total Number of Shares Purchased	Average Price Paid per Share	Shares Purchased as Part of Publicly Announced Plans or Programs	Value of Shares That May Yet Be Purchased under the Plans or Programs	
June 30 –										
July 27	760,000	\$ 52.41	760,000	\$ 113,902,000						
July 28 –										
August 24	633,171	\$ 52.76	633,171	\$ 592,316,000						
August 25 –										
September 28	494,386	\$ 52.01	494,386	\$ 566,605,000						
September 29 –										
October 26					314,125	\$ 54.15		314,125	\$ 549,596,000	
October 27 –										
November 23					295,862	\$ 53.80		295,862	\$ 533,680,000	
November 24 –										
December 28					336,760	\$ 54.25		336,760	\$ 515,412,000	

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Item 6. Exhibits

Exhibit Number	Exhibit
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.

[Table of Contents](#)**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: **November 1, 2024** January 31, 2025

AVNET, INC.

By: /s/ KENNETH A. JACOBSON

Kenneth A. Jacobson

Chief Financial Officer

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: **November 1, 2024** January 31, 2025

/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: **November 1, 2024** January 31, 2025

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

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 September 28, 2024December 28, 2024 (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: November 1, 2024January 31, 2025

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

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

In connection with the Quarterly Report on Form 10-Q for the period ended September 28, 2024December 28, 2024 (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: November 1, 2024January 31, 2025

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

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