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DELTA REPORT

10-Q

AVT - AVNET INC

10-Q - SEPTEMBER 28, 2024 COMPARED TO 10-Q - MARCH 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	862
CHANGES	254
DELETIONS	368
ADDITIONS	240

REFINITIV

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 March 30, September 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	**11-1890605**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
2211 South 47th Street, Phoenix, Arizona	**85034**
(Address of principal executive offices)	(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 þ 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 April 27, 2024 October 25, 2024, the total number of shares outstanding of the registrant's Common Stock was 90,380,230 86,940,948 shares, net of treasury shares.

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AVNET, INC. AND SUBSIDIARIES

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PART I

FINANCIAL INFORMATION

Item 1. ***Financial Statements***

AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 30, 2024	July 1, 2023	September 28, 2024	June 29, 2024
	(Thousands, except share amounts)		(Thousands, except share amounts)	
ASSETS				
Current assets:				
Cash and cash equivalents	$ 218,473	$ 288,230	$ 267,521	$ 310,941
Receivables	4,315,063	4,763,788	4,575,854	4,391,187
Inventories	5,751,872	5,465,031	5,614,102	5,468,730
Prepaid and other current assets	200,428	233,804	221,767	199,694
Total current assets	10,485,836	10,750,853	10,679,244	10,370,552
Property, plant and equipment, net	561,560	441,557	584,119	568,169
Goodwill	780,506	780,629	818,858	780,984
Operating lease assets	219,572	221,698	211,736	208,971
Other assets	277,763	282,422	303,607	280,471
Total assets	$ 12,325,237	$ 12,477,159	$ 12,597,564	$12,209,147
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term debt	$ 548,519	$ 70,636	$ 524,055	$ 492,711
Accounts payable	3,324,043	3,373,820	3,588,033	3,345,510
Accrued expenses and other	565,047	753,130	580,257	573,055
Short-term operating lease liabilities	55,063	51,792	55,538	53,993
Total current liabilities	4,492,672	4,249,378	4,747,883	4,465,269
Long-term debt	2,406,421	2,988,029	2,430,730	2,406,629
Long-term operating lease liabilities	183,427	190,621	175,330	173,886
Other liabilities	253,620	297,462	205,886	237,859
Total liabilities	7,336,140	7,725,490	7,559,829	7,283,643
Commitments and contingencies (Note 7)				

Commitments and contingencies (Note 6)				
Shareholders' equity:				
Common stock $1.00 par; authorized 300,000,000 shares; issued 90,395,434 shares and 91,504,053 shares, respectively	90,395	91,504		
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
Additional paid-in capital	1,709,747	1,691,334	1,736,027	1,721,369
Retained earnings	3,625,012	3,378,212	3,533,854	3,601,812
Accumulated other comprehensive loss	(436,057)	(409,381)	(319,400)	(486,723)
Total shareholders' equity	4,989,097	4,751,669	5,037,735	4,925,504
Total liabilities and shareholders' equity	$ 12,325,237	$ 12,477,159	$ 12,597,564	$12,209,147

See notes to consolidated financial statements.

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AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Third Quarters Ended		Nine Months Ended		First Quarters Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023	September 28, 2024	September 30, 2023
	(Thousands, except per share amounts)					
	(Thousands, except per share amounts)					
Sales	$ 5,653,591	$ 6,514,619	$18,194,153	$19,982,273	$ 5,604,152	$ 6,335,648
Cost of sales	4,984,318	5,702,771	16,070,591	17,618,151	4,996,785	5,587,542
Gross profit	669,273	811,848	2,123,562	2,364,122	607,367	748,106
Selling, general and administrative expenses	467,275	498,219	1,419,253	1,460,984	438,791	487,286
Restructuring, integration and other expenses	11,847	—	24,132	—		
Restructuring, integration, and other expenses					26,351	7,051
Operating income	190,151	313,629	680,177	903,138	142,225	253,769
Other (expense) income, net	(14,707)	1,653	(17,144)	3,452	(3,043)	5,960

Interest and other financing expenses, net	(73,496)	(71,695)	(218,593)	(175,813)	(64,444)	(70,796)
Gain on legal settlements and other	—	—	86,499	61,705	—	86,499
Income before taxes	101,948	243,587	530,939	792,482	74,738	275,432
Income tax expense	13,114	56,161	114,906	176,910	15,782	66,164
Net income	$ 88,834	$ 187,426	$ 416,033	$ 615,572	$ 58,956	$ 209,268
Earnings per share:						
Basic	$ 0.98	$ 2.05	$ 4.59	$ 6.67	$ 0.67	$ 2.29
Diluted	$ 0.97	$ 2.03	$ 4.52	$ 6.58	$ 0.66	$ 2.25
Shares used to compute earnings per share:						
Basic	90,430	91,436	90,726	92,226	88,092	91,495
Diluted	91,256	92,456	92,075	93,616	89,392	93,178
Cash dividends paid per common share	$ 0.31	$ 0.29	$ 0.93	$ 0.87	$ 0.33	$ 0.31

See notes to consolidated financial statements.

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AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Third Quarters Ended		Nine Months Ended		First Quarters Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023	September 28, 2024	September 30, 2023
	(Thousands)					
	(Thousands)					
Net income	$ 88,834	$ 187,426	$ 416,033	$ 615,572	$ 58,956	$ 209,268
Other comprehensive income (loss), net of tax:						
Foreign currency translation and other	(89,686)	60,082	(27,559)	101,671	185,833	(107,036)
Cross-currency swap	11,107	(15,407)	(1,284)	(15,407)	(19,610)	11,808

Pension adjustments	(25)	387	2,167	10,586	1,100	1,467
Total other comprehensive (loss) income, net of tax	(78,604)	45,062	(26,676)	96,850		
Total other comprehensive income (loss), net of tax					167,323	(93,761)
Total comprehensive income, net of tax	$ 10,230	$ 232,488	$ 389,357	$ 712,422	$ 226,279	$ 115,507

See notes to consolidated financial statements.

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AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accu O Compr (Loss)
	(Thousands)						(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					
Balance, June 29, 2024							89,046	$89,046	$1,721,369	$3,601,812	$
Net income	—	—	—	117,931	—	117,931	—	—	—	58,956	
Other comprehensive income	—	—	—	—	145,689	145,689	—	—	—	—	
Cash dividends	—	—	—	(27,817)	—	(27,817)	—	—	—	(28,861)	
Repurchases of common stock	(1,255)	(1,255)	—	(58,595)	—	(59,850)	(1,888)	(1,888)	—	(98,053)	
Stock-based compensation	31	31	11,816	—	—	11,847	96	96	14,658	—	
Balance, December 30, 2023	89,760	89,760	1,713,881	3,564,195	(357,453)	5,010,383					
Net income	—	—	—	88,834	—	88,834					
Other comprehensive loss	—	—	—	—	(78,604)	(78,604)					
Cash dividends	—	—	—	(28,017)	—	(28,017)					
Stock-based compensation	635	635	(4,134)	—	—	(3,499)					
Balance, March 30, 2024	90,395	$90,395	$1,709,747	$3,625,012	$ (436,057)	$ 4,989,097					
Balance, September 28, 2024							87,254	$87,254	$1,736,027	$3,533,854	$

	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accu O Compr (Loss)

				(Thousands)						(Thousands)	
Balance, July 2, 2022	95,702	$95,702	$1,656,907	$2,921,399	$ (481,248)	$ 4,192,760					
Balance, July 1, 2023							91,504	$91,504	$1,691,334	$3,378,212	$
Net income	—	—	—	184,261	—	184,261	—	—	—	209,268	
Other comprehensive loss	—	—	—	—	(191,797)	(191,797)	—	—	—	—	
Cash dividends	—	—	—	(26,998)	—	(26,998)	—	—	—	(28,320)	
Repurchases of common stock	(3,445)	(3,445)	—	(144,457)	—	(147,902)	(559)	(559)	—	(26,484)	
Stock-based compensation	72	72	8,939	—	—	9,011	39	39	10,731	—	
Balance, October 1, 2022	92,329	92,329	1,665,846	2,934,205	(673,045)	4,019,335					
Net income	—	—	—	243,886	—	243,886					
Other comprehensive income	—	—	—	—	243,585	243,585					
Cash dividends	—	—	—	(26,307)	—	(26,307)					
Repurchases of common stock	(1,629)	(1,629)	—	(62,795)	—	(64,424)					
Stock-based compensation	35	35	13,553	—	—	13,588					
Balance, December 31, 2022	90,735	90,735	1,679,399	3,088,989	(429,460)	4,429,663					
Net income	—	—	—	187,426	—	187,426					
Other comprehensive income	—	—	—	—	45,062	45,062					
Cash dividends	—	—	—	(26,503)	—	(26,503)					
Stock-based compensation	679	679	(726)	—	—	(47)					
Balance, April 1, 2023	91,414	$91,414	$1,678,673	$3,249,912	$ (384,398)	$ 4,635,601					
Balance, September 30, 2023							90,984	$90,984	$1,702,065	$3,532,676	$

See notes to consolidated financial statements.

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

	Nine Months Ended		First Quarters Ended	
	March 30, 2024	April 1, 2023	September 28, 2024	September 30, 2023
	(Thousands)		(Thousands)	
Cash flows from operating activities:				
Net income	$ 416,033	$ 615,572	$ 58,956	$ 209,268
Non-cash and other reconciling items:				
Depreciation and amortization	64,151	65,039	19,883	21,517
Amortization of operating lease assets	40,181	39,962	13,926	13,271
Deferred income taxes	12,895	(11,053)	(17,572)	5,575
Stock-based compensation	27,150	30,057	10,987	9,355
Other, net	7,932	7,986	19,337	(20,171)
Changes in (net of effects from businesses acquired and divested):				
Receivables	424,437	(320,097)	(94,393)	30,190
Inventories	(311,104)	(1,033,381)	(29,230)	(371,604)
Accounts payable	(23,247)	(331,352)	213,610	111,489
Accrued expenses and other, net	(242,698)	(10,974)	(89,179)	(50,184)
Net cash flows provided by (used for) operating activities	415,730	(948,241)	106,325	(41,294)
Cash flows from financing activities:				
Issuance of notes, net of discounts	—	498,615		
Borrowings (repayments) under accounts receivable securitization, net	(80,100)	261,000	27,900	(92,100)
Borrowings (repayments) under senior unsecured credit facility, net	(49,057)	763,991		
Borrowings (repayments) under bank credit facilities and other debt, net	22,884	(90,256)		
(Repayments) borrowings under senior unsecured credit facility, net			(11,353)	243,613
Repayments under bank credit facilities and other debt, net			(824)	(133)
Repurchases of common stock	(86,027)	(221,282)	(99,995)	(24,324)
Dividends paid on common stock	(84,154)	(79,807)	(28,861)	(28,320)
Other, net	(8,033)	(9,814)	3,766	1,414
Net cash flows (used for) provided by financing activities	(284,487)	1,122,447	(109,367)	100,150
Cash flows from investing activities:				
Purchases of property, plant and equipment	(200,210)	(137,804)	(31,776)	(76,089)
Other, net	629	(16,326)	330	300
Net cash flows used for investing activities	(199,581)	(154,130)	(31,446)	(75,789)

Effect of currency exchange rate changes on cash and cash equivalents	(1,419)	12,168	(8,932)	7,382
Cash and cash equivalents:				
— (decrease) increase	(69,757)	32,244		
— decrease			(43,420)	(9,551)
— at beginning of period	288,230	153,693	310,941	288,230
— at end of period	$ 218,473	$ 185,937	$ 267,521	$ 278,679

See notes to consolidated financial statements.

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AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of presentation and new accounting pronouncements

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments necessary to present fairly Avnet, Inc. and its consolidated subsidiaries' (collectively, the "Company" or "Avnet") financial position, results of operations, comprehensive income, and cash flows. All such adjustments are of a normal recurring nature. Certain reclassifications have been made to fiscal 2023 2024 balances to correspond to the fiscal 2024 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 July 1, 2023 June 29, 2024.

Recently adopted accounting pronouncements

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

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") which improves requiring enhanced segment disclosure requirements, 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.

2. Working capital

Receivables

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

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

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2. Working capital

Receivables

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

	March 30, 2024	July 1, 2023
	(Thousands)	
Receivables	$ 4,427,588	$ 4,876,631
Allowance for Credit Losses	$ (112,525)	$ (112,843)

The Company had the following activity in the allowance for credit losses during the first nine months quarters of fiscal 2024 2025 and fiscal 2023: 2024:

	March 30, 2024	April 1, 2023
	(Thousands)	
Balance at beginning of the period	$ 112,843	$ 113,902
Credit Loss Provisions	7,920	9,079
Credit Loss Recoveries	(812)	(140)
Receivables Write Offs	(6,784)	(14,868)
Foreign Currency Effect and Other	(642)	2,249
Balance at end of the period	$ 112,525	$ 110,222

	September 28, 2024	September 30, 2023
	(Thousands)	
Balance at beginning of the period	$ 108,504	$ 112,843
Credit Loss Provisions	1,552	4,157
Credit Loss Recoveries	10	(364)
Receivables Write Offs	(1,170)	(959)
Foreign Currency Effect and Other	3,352	(2,188)
Balance at end of the period	$ 112,248	$ 113,489

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 an Original Equipment Manufacturer a customer or in some cases the component supplier. Given that these supply chain services involve purchasing, warehousing and warehousing 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 11% 6% of inventories as of March 30, 2024 September 28, 2024, and approximately 8% 7% of inventories as of July 1, 2023 June 29, 2024.

3. Goodwill

The following table presents the change in goodwill by reportable segment for the first nine months quarter ended March 30, 2024 September 28, 2024.

	Electronic Components	Farnell	Total	Electronic Components	Farnell	Total
		(Thousands)			(Thousands)	
Carrying value at July 1, 2023 (1)	$ 296,829	$ 483,800	$ 780,629			
Carrying value at June 29, 2024 (1)				$ 295,957	$ 485,027	$ 780,984
Foreign currency translation	(467)	344	(123)	8,111	29,763	37,874
Carrying value at March 30, 2024 (1)	$ 296,362	$ 484,144	$ 780,506			
Carrying value at September 28, 2024 (1)				$ 304,068	$ 514,790	$ 818,858

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

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AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

4. Debt

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

	March 30, 2024	**July 1, 2023**	**March 30, 2024**	**July 1, 2023**	**September 28, 2024**	**June 29, 2024**	**September 28, 2024**	**June 29, 2024**
	Interest Rate		**Carrying Balance**		**Interest Rate**		**Carrying Balance**	
Revolving credit facilities:								
Accounts receivable securitization program (due December 2024)	6.18 %	—	$ 475,700	$ —	5.70 %	6.19 %	$ 443,000	$415,100
Other short-term debt	5.61 %	5.08 %	72,819	70,636	4.62 %	5.43 %	81,055	77,611
Short-term debt			$ 548,519	$ 70,636			$ 524,055	$492,711

The Company has a trade accounts receivable securitization program (the “Securitization Program”) in the United States with a group of financial institutions. The Securitization Program allows the Company to transfer, on an ongoing revolving basis, an undivided interest in a designated pool of trade accounts receivable, to provide security or collateral for borrowings of up to $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 $1.13 billion $1.01 billion and $1.27 billion $1.05 billion at March 30, 2024 September 28, 2024, and July 1, 2023 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, 2024	June 29, 2024	September 28, 2024	June 29, 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

	March 30, 2024	July 1, 2023	March 30, 2024	July 1, 2023
	Interest Rate		Carrying Balance	
Revolving credit facilities:				
Accounts receivable securitization program	—	5.99 %	$ —	$ 555,800
Credit Facility	5.25 %	4.85 %	745,128	796,552
Other long-term debt	4.74 %	—	23,599	—
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			2,418,727	3,002,352
Discount and debt issuance costs – unamortized			(12,306)	(14,323)
Long-term debt			$ 2,406,421	$ 2,988,029

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The Company has a five-year $1.50 billion revolving credit facility (the “Credit Facility”) with a syndicate of banks, which expires in August 2027. It consists of revolving credit facilities and the issuance of up to $200.0 million of letters of credit and up to $300.0 million of loans in certain approved currencies. As of March 30, 2024September 28, 2024, and July 1, 2023June 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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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 March 30, 2024 September 28, 2024, and July 1, 2023 June 29, 2024.

As of March 30, 2024 September 28, 2024, the carrying value and fair value of the Company's total debt was $2.95 billion and $2.90 billion, respectively. . At July 1, 2023 June 29, 2024, the carrying value and fair value of the Company's total debt was $3.06 $2.90 billion and $2.98 billion $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. Leases

Substantially all the Company's leases are classified as operating leases and are predominately related to real property for distribution centers, office space, and integration facilities with a lease term of up to 14 years. The Company's equipment leases are primarily for automobiles and distribution center equipment and are not material to the consolidated financial statements.

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

	Third Quarters Ended		Nine Months Ended	
	March 30, 2024	**April 1, 2023**	**March 30, 2024**	**April 1, 2023**
Operating lease cost	$ 17,199	$ 14,354	$ 46,904	$ 47,836
Variable lease cost	6,459	5,043	22,303	17,071
Total lease cost	$ 23,658	$ 19,397	$ 69,207	$ 64,907

Future minimum operating lease payments as of March 30, 2024, are as follows (in thousands):

Fiscal Year	
Remainder of fiscal 2024	$ 17,512
2025	58,941
2026	47,946
2027	29,411
2028	23,191
Thereafter	102,416
Total future operating lease payments	279,417
Total imputed interest on operating lease liabilities	(40,927)
Total operating lease liabilities	$ 238,490

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Other information pertaining to operating leases consists of the following:

	Nine Months Ended	
	March 30, 2024	April 1, 2023
Operating Lease Term and Discount Rate		
Weighted-average remaining lease term in years	7.7	8.4
Weighted-average discount rate	3.8 %	3.8 %
Supplemental Cash Flow Information (in thousands)		
Cash paid for operating lease liabilities	$ 42,996	$ 43,030
Operating lease assets obtained from new operating lease liabilities	$ 42,544	$ 34,318

6. 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 foreign operations transactions are denominated primarily in the following currencies: U.S. Dollar, Euro, British Pound, Japanese Yen, Chinese Yuan, Taiwan Dollar, Canadian Dollar, and Mexican Peso. The Company also, to a lesser extent, has foreign operations transactions in other EMEA and Asian foreign currencies.

The Company uses economic hedges to reduce this risk utilizing natural hedging (*i.e.*, offsetting receivables and payables in the same foreign currency) and creating offsetting positions using derivative financial instruments (primarily forward foreign exchange contracts typically with maturities of less than 60 days, but no longer than one year). The Company continues to have exposure to foreign currency risks to the extent they are not economically hedged. The fair value of forward foreign exchange contracts is based 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.

In fiscal 2023, the The Company entered into 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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The locations and fair values of the Company's derivative financial instruments in the Company's consolidated balance sheets are as follows:

	March 30, 2024	July 1, 2023	September 28, 2024	June 29, 2024
	(Thousands)		(Thousands)	
Economic hedges				
Prepaid and other current assets	$ 8,456	$ 69,104	$ 11,990	$ 12,116
Accrued expenses and other	$ 12,144	$ 68,594	$ 17,073	$ 16,957
Cross-currency swap				
Other liabilities	$ 24,134	$ 22,849	$ 35,851	$ 16,241

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

		Third Quarters Ended		Nine Months Ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
		(Thousands)			
Economic hedges	Other (expense) income, net	$ (1,134)	$ 18,359	$ (21,867)	$ 29,543
Cross currency swap	Interest and other financing expense, net	$ 1,116	$ (524)	$ 3,352	$ (524)

		First Quarters Ended	
		September 28, 2024	September 30, 2023
		(Thousands)	
Economic hedges	Other (expense) income, net	$ 24,037	$ (2,103)
Cross currency swap	Interest and other financing expense, net	$ 701	$ 1,013

7. 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 March 30, 2024 September 28, 2024, and July 1, 2023 June 29, 2024, the Company had aggregate estimated liabilities of $17.2 million $13.7 million and $22.7 million $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 nine months quarter of fiscal 2024, and the first nine months of fiscal 2023, the Company recorded a gain on legal settlements and other of $86.5 million and $61.7 million, respectively, $86.5 million in connection with the settlement settlements of claims filed against certain manufacturers of capacitors. During the first nine months of fiscal 2024 and fiscal 2023, the Company received $90.7 million and $51.2 million, respectively, in cash related to these settlements, which were classified as operating cash flows in the Company's Consolidated Statements of Cash Flows.

During the first quarter of fiscal 2024, the Company reached an $86.5 million settlement with a manufacturer of capacitors, which was also realized in cash that same quarter. This settlement is included in the gains on legal settlements discussed above.

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

8 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 12.9% 21.1% in the third first quarter of fiscal 2024. 2025. During the third first quarter of fiscal 2024, the Company's effective tax rate was favorably impacted primarily by (i) decreases to unrecognized tax benefit reserves net of settlements and (ii) the mix of income in lower tax foreign jurisdictions.

During the third quarter of fiscal 2023, the Company's effective tax rate on its income before taxes was 23.1%. During the third quarter of fiscal 2023, 2025, the Company's effective tax rate was unfavorably impacted primarily by (i) the impact of U.S state taxes 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 (iii) decreases to unrecognized (iv) increases in tax benefit reserves net of settlements. attribute carryforwards.

For During the first nine months quarter of fiscal 2024, the Company's effective tax rate on its income before taxes was 21.6% 24.0%. The During the first quarter of fiscal 2024, the Company's effective tax rate for the first nine months of fiscal 2024 was unfavorably impacted primarily by (i) the impact increases to unrecognized tax benefit reserves net of settlements, (ii) U.S. state taxes, partially offset by (ii) decreases to valuation allowances.

During the first nine months of fiscal 2023, the Company's effective tax rate on its income before taxes was 22.3%. The effective tax rate for the first nine months of fiscal 2023 was unfavorably impacted primarily by (i) and (iii) the mix of income in higher tax jurisdictions and (ii) the impact of U.S. state taxes, partially offset by (iii) decreases to unrecognized tax benefit reserves net of settlements. jurisdictions.

The Pillar Two rules published by the Organization for Economic Co-operation and Development (OECD) has introduced a framework to implement a global minimum corporate tax of 15%, referred to as Pillar Two. It is uncertain whether are effective for the U.S. will enact legislation to adopt Pillar Two. Pillar Two rules have been enacted in certain countries where the Company has operations and those will be effective in fiscal year 2025. The Company is currently evaluating the application, implementation, and tax impact of the company does not expect Pillar Two rules for reporting taxes to have a significant impact on its income tax expense and compliance purposes. is closely monitoring the potential impacts of further legislation, regulatory guidance, and regulations issued in the countries in which the Company does business.

9. 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:

	Third Quarters Ended		Nine Months Ended		First Quarters Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023	September 28, 2024	September 30, 2023
	(Thousands)				(Thousands)	
Service cost within selling, general and administrative expenses	$ 2,563	$ 3,003	$ 7,689	$ 9,011	$ 2,870	$ 2,563
Interest cost	6,145	6,682	18,434	20,047	6,183	6,145
Expected return on plan assets	(9,986)	(12,215)	(29,956)	(36,645)	(10,438)	(9,985)
Amortization of prior service cost	1	1	3	3	1	1
Recognized net actuarial loss	56	617	167	1,852	1,285	56

Total net periodic pension benefit within other (expense) income, net	(3,784)	(4,915)	(11,352)	(14,743)	(2,969)	(3,783)
Net periodic pension benefit	$ (1,221)	$ (1,912)	$ (3,663)	$ (5,732)	$ (99)	$ (1,220)

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

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 quarter of fiscal 2025, the Company repurchased 1.9 million shares for a total cost of $99.0 million, excluding excise tax. As of September 28, 2024, the Company had $566.6 million remaining under its increased share repurchase authorization.

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Common stock dividend

In August 2024, the Company’s Board of Directors approved a dividend of $0.33 per common share and dividend payments of $28.9 million were made in September 2024.

10. Earnings per share

	First Quarters Ended	
	September 28, 2024	September 30, 2023
	(Thousands, except per share data)	
Numerator:		
Net income	$ 58,956	$ 209,268
Denominator:		
Weighted average common shares for basic earnings per share	88,092	91,495
Net effect of dilutive stock-based compensation awards	1,300	1,683
Weighted average common shares for diluted earnings per share	89,392	93,178
Basic earnings per share	$ 0.67	$ 2.29
Diluted earnings per share	$ 0.66	$ 2.25
Stock options excluded from earnings per share calculation due to an anti-dilutive effect	—	122

11. Additional cash flow information

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

	First Quarters Ended	
	September 28, 2024	September 30, 2023
	(Thousands)	
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.

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The Company made $6.0 million of contributions during the first nine months of fiscal 2024 and expects to make additional contributions to the Plan of $2.0 million in the fourth quarter of fiscal 2024.

10. Shareholders' equity

Share repurchase program

During the third quarter of fiscal 2024, the Company did not repurchase any shares under this program. As of March 30, 2024, the Company had $232.5 million remaining under its share repurchase authorization.

Common stock dividend

In February 2024, the Company's Board of Directors approved a dividend of $0.31 per common share and dividend payments of $28.0 million were made in March 2024.

11. Earnings per share 12. Segment information

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

	First Quarters Ended	
	September 28, 2024	September 30, 2023
	(Thousands)	
Sales		

Electronic Components	$ 5,257,058	$ 5,914,405
Farnell	347,094	421,243
	5,604,152	6,335,648
Operating income:		
Electronic Components	$ 197,369	$ 272,751
Farnell	1,859	17,671
	199,228	290,422
Corporate expenses	(30,284)	(28,724)
Restructuring, integration, and other expenses	(26,351)	(7,051)
Amortization of acquired intangible assets	(368)	(878)
Operating income	$ 142,225	$ 253,769
Sales, by geographic area:		
Americas	$ 1,329,884	$ 1,573,521
EMEA	1,668,169	2,308,051
Asia	2,606,099	2,454,076
Sales	$ 5,604,152	$ 6,335,648

	Third Quarters Ended		Nine Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
	(Thousands, except per share data)			
Numerator:				
Net income	$ 88,834	$ 187,426	$ 416,033	$ 615,572
Denominator:				
Weighted average common shares for basic earnings per share	90,430	91,436	90,726	92,226
Net effect of dilutive stock-based compensation awards	826	1,020	1,349	1,390
Weighted average common shares for diluted earnings per share	91,256	92,456	92,075	93,616
Basic earnings per share	$ 0.98	$ 2.05	$ 4.59	$ 6.67
Diluted earnings per share	$ 0.97	$ 2.03	$ 4.52	$ 6.58
Stock options excluded from earnings per share calculation due to an anti-dilutive effect	122	128	122	146

12. Additional cash flow information

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

	Nine Months Ended	
	March 30, 2024	April 1, 2023
	(Thousands)	
Non-cash Investing Activities:		
Capital expenditures incurred but not paid	$ 13,406	$ 21,322
Supplemental Cash Flow Information:		
Interest	$ 263,735	$ 172,425
Income tax payments, net	$ 173,387	$ 154,997

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

Included in cash and cash equivalents as of March 30, 2024, and July 1, 2023, was $4.9 million and $3.7 million, respectively, of cash equivalents, which was primarily comprised of investment grade money market funds and overnight time deposits.

13. Segment information

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

	Third Quarters Ended		Nine Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
	(Thousands)			
Sales				
Electronic Components	$5,245,771	$6,059,635	$16,972,294	$18,693,353
Farnell	407,820	454,984	1,221,859	1,288,920
	5,653,591	6,514,619	18,194,153	19,982,273
Operating income:				
Electronic Components	$ 216,837	$ 305,244	$ 737,487	$ 869,206
Farnell	16,321	40,911	49,703	129,428
	233,158	346,155	787,190	998,634
Corporate expenses	(30,448)	(31,650)	(80,579)	(90,321)
Restructuring, integration, and other expenses	(11,847)	—	(24,132)	—
Amortization of acquired intangible assets	(712)	(876)	(2,302)	(5,175)
Operating income	$ 190,151	$ 313,629	$ 680,177	$ 903,138
Sales, by geographic area:				
Americas	$1,403,364	$1,714,943	$ 4,565,394	$ 5,075,022
EMEA	2,053,095	2,393,406	6,474,695	6,778,823
Asia	2,197,132	2,406,270	7,154,064	8,128,428
Sales	$5,653,591	$6,514,619	$18,194,153	$19,982,273

14. Restructuring expenses

Fiscal 2024

During fiscal 2024, 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 nine months quarter of fiscal 2024 2025 related to the restructuring liabilities established during fiscal 2024: 2025:

	Severance	Facility Exit Costs	Asset Impairments	Total
		(Thousands)		
Fiscal 2025 restructuring expenses	$ 3,353	$ 5,228	$ 14,904	$ 23,485
Cash payments	(1,684)	(5,217)	—	(6,901)
Non-cash amounts	—	(11)	(14,904)	(14,915)
Other, principally foreign currency translation	30	—	—	30
Balance at September 28, 2024	$ 1,699	$ —	$ —	$ 1,699

	Severance	Other	Total
		(Thousands)	
Fiscal 2024 restructuring expenses	$ 16,578	$ 998	$ 17,576
Cash payments	(6,839)	—	(6,839)
Other, principally foreign currency translation	17	—	17
Balance at March 30, 2024	$ 9,756	$ 998	$ 10,754

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

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Severance expense recorded in the first nine months of fiscal 2024 related to the reduction, or planned reduction, of approximately 400 employees, primarily in operations, warehouse, and business support functions. Of the $17.6 million million in restructuring expenses recorded in the first nine months quarter of fiscal 2024, $3.1 million 2025, $2.7 million related to EC, $9.1 million and $20.8 million related to Farnell, and $5.4 million related to Corporate. Farnell. The Company expects the majority of the remaining severance amounts to be paid by December the end of 2024.

Fiscal 2023

During fiscal 2023, 2024, the Company incurred restructuring expenses primarily related to headcount reductions including from the planned closure of a Farnell certain distribution center centers intended to reduce future operating expenses. The Company expects the majority of the remaining amounts to be paid by December 2024. the end of fiscal 2025. The following table presents the activity during the first nine months quarter of fiscal 2024 2025 related to the remaining restructuring liabilities established during fiscal 2023: 2024:

	Severance	Facility Exit Costs	Total
		(Thousands)	
Balance at July 1, 2023	$ 15,507	$ 504	$ 16,011
Cash payments	(15,316)	—	(15,316)
Other, principally foreign currency translation	126	2	128
Balance at March 30, 2024	$ 317	$ 506	$ 823

	Severance
	(Thousands)
Balance at June 29, 2024	$ 23,838
Cash payments	(7,023)
Changes in estimates, net	(127)
Other, principally foreign currency translation	40
Balance at September 28, 2024	$ 16,728

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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 July 1, 2023 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, including supply shortages; semiconductors; relationships with key suppliers and allocations of products by suppliers, including increased non-cancellable/non-returnable orders; 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 March 30, 2024 September 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 July 1, 2023 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:

	Third Quarters Ended		Nine Months Ended		First Quarters Ended	
	March 30, 2024	**April 1, 2023**	**March 30, 2024**	**April 1, 2023**	**September 28, 2024**	**September 30, 2023**
	(Thousands)					
	(Thousands)					
Operating income	$ 190,151	$ 313,629	$ 680,177	$ 903,138	$ 142,225	$ 253,769
Restructuring, integration and other expenses	11,847	—	24,132	—		
Restructuring, integration, and other expenses					26,351	7,051
Amortization of acquired intangible assets	712	876	2,301	5,175	368	878
Adjusted operating income	$ 202,710	$ 314,505	$ 706,610	$ 908,313	$ 168,944	$ 261,698

Management believes that providing this additional information is useful to financial statement users to better assess and understand operating performance, especially when comparing results with prior periods or forecasting performance for future periods, primarily because management typically monitors the business both including with and excluding 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 as a complement to, and 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 there are some encouraging signs, such as indications of potential sequential the Company had year over year sales growth in the Asia and increases in IP&E orders in EMEA and Farnell. region during the first quarter of fiscal 2025. The Company expects sales in the fourth second quarter of fiscal 2024 2025 to be 3% down 4% to 8% lower than third up 2% as compared to the first quarter sales, which will negatively impact operating income and diluted earnings per share. of fiscal 2025.

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Results of Operations

	Quarters Ended			Nine Months Ended		
	Q3 2024	**Q3 2023**	**Variance**	**Q3 2024**	**Q3 2023**	**Variance**

	Quarters Ended									
	Q1 2025	Q1 2024		Variance	Variance %					
	($ in millions, unless otherwise stated)									
Sales	$ 5,654	$ 6,515	$ (861)	$ 18,194	$ 19,982	$(1,788)	$5,604	$6,336	$ (731)	(11.6)%
Gross profit	669	812	(143)	2,124	2,364	(241)	607	748	(141)	(18.8)%
Selling, general and administrative expenses	467	498	(31)	1,419	1,461	(42)	439	487	(48)	(10.0)%
Restructuring, integration and other expenses	12	—	12	24	—	24				
Restructuring, integration, and other expenses							26	7	19	273.7 %
Operating income	190	314	(123)	680	903	(223)	142	254	(112)	(44.0)%
Adjusted operating income							*169*	*262*	*(93)*	*(35.4)%*
Other (expense) income, net	(15)	2	(16)	(17)	3	(21)	(3)	6	(9)	(151.1)%
Interest and other financing expenses, net	(73)	(72)	(2)	(219)	(176)	(43)	(64)	(71)	6	(9.0)%
Gain on legal settlements and other	—	—	—	86	62	25	—	86	(86)	(100.0)%
Income tax expense	13	56	(43)	115	177	(62)	16	66	(50)	(76.2)%
Net income	89	187	(99)	416	616	(200)	59	209	(150)	(71.8)%
Diluted earnings per share	0.97	2.03	(1.06)	4.52	6.58	(2.06)	0.66	2.25	(1.59)	(70.7)%
Other Metrics										
Gross profit margin	11.8 %	12.5 %	(62)bps	11.7 %	11.8 %	(16)bps	10.8 %	11.8 %	(97)bps	(1.0)%
Operating income margin	3.4 %	4.8 %	(145)bps	3.7 %	4.5 %	(78)bps	2.5 %	4.0 %	(147)bps	(1.5)%
Adjusted operating income margin							*3.0 %*	*4.1 %*	*(112)bps*	*(1.1)%*
Effective tax rate	12.9 %	23.1 %	(1,020)bps	21.6 %	22.3 %	(68)bps	21.1 %	24.0 %	(290)bps	(2.9)%

Sales

The following table presents the percentage change in sales decline rates for the third first quarter and first nine months of fiscal 2024 2025 as compared to fiscal 2023, 2024, by geographic region and operating group.

	Quarter Ended	Nine Months Ended
	Quarter Ended	

	March 30, 2024				September 28, 2024	
	Sales Year-Year % Change	Sales Year-Year % Change in Constant Currency	Sales Year-Year % Change	Sales Year-Year % Change in Constant Currency	Sales Year-Year % Change	Sales Year-Year % Change in Constant Currency
Avnet	(13.2)%	(13.0)%	(9.0)%	(9.8)%	(11.6)%	(11.7)%
Avnet by region						
Americas	(18.2)%	(18.2)%	(10.0)%	(10.0)%	(15.5)%	(15.5)%
EMEA	(14.2)	(15.1)	(4.5)	(8.1)	(27.7)%	(28.4)%
Asia	(8.7)	(7.2)	(12.0)	(11.0)	6.2 %	6.4 %
Avnet by operating group						
EC	(13.4)%	(13.1)%	(9.2)%	(10.0)%	(11.1)%	(11.2)%
Farnell	(10.4)	(11.2)	(5.2)	(7.2)	(17.6)%	(18.2)%

Sales of $5.65 billion $5.60 billion for the third first quarter of fiscal 2024 2025 decreased $861.0 million $731.5 million, or 13.2% 11.6%, as compared to $6.51 billion $6.34 billion for the same quarter last year. Sales for the first nine months of fiscal 2024 were $18.19 billion, a decrease of $1.79 billion, or 9.0%, as compared to sales of $19.98 billion for the first nine months of fiscal 2023. The decrease in sales on both a quarterly and year-to-date comparison basis is driven by a reduction in sales volume year, primarily due to reduced demand for electronic components resulting from the on-going current market downturn occurring across in the electronic components industry and, to a lesser extent, an unfavorable product mix of lower priced electronic components. industry.

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EC sales of $5.25 billion $5.26 billion in the third first quarter of fiscal 2024 2025 decreased $813.9 million $657.3 million, or 13.4% 11.1%, from the prior year third first quarter sales of $6.06 billion $5.91 billion, with all three the Americas and EMEA regions contributing to the decrease. 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 third first quarter of fiscal 2024 2025 were $407.8 million $347.1 million, reflecting a decrease of $47.2 million $74.1 million, or 10.4% 17.6%, compared to the same period in the prior year. Farnell sales in constant currency for the third first quarter of fiscal 2024 2025 decreased by 11.2% 18.2% year over year. The decrease in sales in the third first quarter of fiscal 2024 2025 is primarily due to lower demand including lower demand for on-the-board electronic components, partially offset by increases in availability and demand for single board computers. components.

Gross Profit

The Company's gross profit is primarily affected by sales volume and product and geographic sales mix. Gross profit for the third first quarter of fiscal 2024 2025 was $142.6 million $140.7 million, or 17.6% lower than the third quarter of fiscal 2023. Gross profit for the first nine months of fiscal 2024 was $240.6 million, or 10.2% 18.8% lower than the first nine months quarter of fiscal 2023. These decreases are 2024. This decrease is primarily due to sales volume decreases in both operating groups in all three regions. groups.

Gross profit margin decreased by 62 97 basis points to 11.8% 10.8% for the third first quarter of fiscal 2024 when compared to the third quarter of fiscal 2023 and decreased by 16 basis points to 11.7% for the first nine months of fiscal 2024 2025 when compared to the first nine months quarter of fiscal 2023. 2024. The quarter and year to date decreases decrease in gross profit margin are is primarily due to an increase in product mix to lower margin electronic components and, to a lesser extent, shifts in geographic sales mix. Sales in the higher gross profit margin western regions represented approximately 61% 53% of sales in the third first quarter of fiscal 2024, 2025, versus 63% 61% during the third first quarter of fiscal 2023. 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. Farnell gross profit margin decreased year over year, primarily due to lower sales of higher margin on-the-board electronic components.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses ("SG&A expenses") decreased $30.9 million $48.5 million or 6.2% 10.0% from the third first quarter of fiscal 2023 and decreased $41.7 million, or 2.9%, from the first nine months of fiscal 2023. 2024. The quarterly and year-to-date decreases decrease in SG&A expenses are is primarily due to decreases in variable operating expenses associated with the decrease in sales volumes discussed above partially and from restructuring actions, slightly offset by increases in costs due to inflation. Additionally, the first nine months of fiscal 2024 benefited from 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 third first quarter of fiscal 2024, SG&A expenses were 8.3% of sales and 69.8% of gross profit, as compared with 7.6% and 61.4%, respectively, in the third quarter of fiscal 2023. 2025, SG&A expenses were 7.8% of sales and 66.8% 72.2% of gross profit, in the first nine months of fiscal 2024 as compared with 7.3% 7.7% and 61.8% 65.1%, respectively, in the first nine months quarter of fiscal 2023. 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.

Restructuring, Integration, and Other Expenses

During the third quarter of In fiscal 2024, the Company implemented initiated a restructuring plan to reduce improve operating income by reducing SG&A expenses at including within the Farnell and deliver $50 million operating group. In the first quarter of fiscal 2025, these efforts continued, leading to $70 million $23.5 million in annual benefits. Additionally, the Company began expense reduction initiatives within EC and for corporate expenses, which are expected to yield additional annual cost savings of between $40 million to $60 million when completed.

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The Company recorded 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 $11.8 million during these initiatives, the third Company recorded total restructuring, integration, and other expense in the first quarter of fiscal 2024, 2025 of $26.4 million comprised of severance and other employee-related expenses of $14.8 million $3.4 million for reductions of approximately 40 employees across the Company, $5.2 million of facility exit costs primarily related to an office closure in headcount, $2.3 million the Americas, $14.9 million of asset impairments, and $2.9 million of integration expense for the consolidation of certain warehouses, and other costs of $0.2 million. Additionally, the Company recorded a reduction of $5.5 million to environmental remediation reserves after entering into a favorable consent decree with a state agency for a certain environmental cleanup matter. costs. The after-tax impact of restructuring, integration, and other expenses were $9.1 million $19.7 million and $0.10 per share on a diluted basis. Approximately half of the planned annual expense reductions were completed by the end of the third quarter of fiscal 2024 and the remaining actions will be completed by the end of fiscal 2024.

During the first nine months of fiscal 2024, the Company incurred restructuring costs of $17.6 million and integration and other expenses of $6.6 million and $5.5 million, respectively. Restructuring expenses consisted of severance and other employee-related expenses of $17.6 million associated with the reduction, or planned reduction of approximately 400 employees predominately in the Company's Farnell operating group, integration costs of $6.6 million related to the Company's consolidation of several smaller warehouses, and other costs of $5.5 million related to certain legal and accounting costs associated with M&A activity that did not lead to a transaction. Additionally, the Company recorded a reduction of $5.6 million, primarily related to environmental remediation reserves as discussed above. The after-tax impact of restructuring, integration, and other expenses were $18.4 million and $0.20 $0.22 per share on a diluted basis.

The Comparatively, the Company expects to incur incremental recorded restructuring, integration, and other expenses in of $7.1 million during the fourth first quarter of fiscal 2024 similar to the amounts incurred in the third quarter consisting of fiscal 2024. severance costs of $2.7 million, and other expenses of $4.4 million.

See Note 14 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 third first quarter of fiscal 2024 2025 was $190.2 million $142.2 million, a decrease of $123.5 million $111.5 million or 39.4% 44.0%, year over year. Operating income margin for the third first quarter of fiscal 2024 2025 was 3.4% 2.5%, a decrease of 145 147 basis points compared to 4.8% 4.0% in the third first quarter of fiscal 2023. On a year-to-date basis, operating income was $680.2 million for the first nine months of fiscal 2024, a decrease of $223.0 million, or 24.7%, from the first nine months of fiscal 2023. Operating income margin was 3.7% in the first nine months of fiscal 2024, a decrease of 78 basis points compared to 4.5% in the first nine months of fiscal 2023. 2024. The decreases in operating income and operating income margin for both the quarter and year-to-date periods are primarily due to the decrease in gross profit primarily from lower sales without a proportionate decrease in SG&A expenses, as discussed above. Additionally, the Company incurred and restructuring, integration and other expenses, during as discussed above. Adjusted operating income for the third first quarter and first nine months of fiscal 2024, whereas there were no such expenses in the third quarter 2025 was $168.9 million, a decrease of $92.8 million, or first nine months of fiscal 2023. Finally, the first nine months of fiscal 2024 benefited from the impact of changes in foreign currency translation rates. 35.4%.

Comparing the third first quarter of fiscal 2025 to the first quarter of fiscal 2024, to the third quarter of fiscal 2023, EC operating income decreased 29.0% 27.6% to $216.8 million $197.4 million, and EC operating income margin decreased 91 86 basis points to 4.1% 3.8%, with all three decreases in the Americas and EMEA regions contributing to offset by an improvement in the decrease. Asia region. Farnell operating income decreased 60.1% 89.5% to $16.3 million $1.9 million in the third first quarter of fiscal 2024 2025 and Farnell operating income margin decreased 499 366 basis points year over year to 4.0% 0.5%. 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 expenses were $30.4 million $30.3 million in the third first quarter of fiscal 2024, a decrease 2025, an increase of 3.8% 5.4% when compared with $31.6 million $28.7 million in the third first quarter of fiscal 2023. 2024.

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

Interest and other financing expenses in the third first quarter of fiscal 2024 2025 were $73.5 million $64.4 million, an increase a decrease of $1.8 million $6.4 million as compared to $71.7 million $70.8 million in the third first quarter of fiscal 2023. Interest and other financing expenses in the first nine months of fiscal 2024 were $218.6 million, an increase of $42.8 million as compared to $175.8 million in the first nine months of fiscal 2023. 2024. The increases decrease in interest and other financing expenses in the third first quarter and first nine months of fiscal 2024 2025 compared to fiscal 2023 are 2024 is primarily a result of higher lower outstanding borrowings and increases in average borrowing rates.

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The Company had other expenses of $14.7 million $3.0 million in the third first quarter of fiscal 2024 2025 compared to other income of $1.7 million $6.0 million in the third first quarter of fiscal 2023. 2024. The $16.4 million increase in other expenses in the third first quarter of fiscal 2024 is primarily due to foreign currency translation losses. The Company had other expenses of $17.1 million in the first nine months of fiscal 2024, compared to other income of $3.5 million in the first nine months of fiscal 2023. The increase in other expenses 2025 is primarily due to foreign currency translation losses.

Gain on Legal Settlements and other

During the first nine months quarter of fiscal 2024, and the first nine months of fiscal 2023, the Company recorded a gain on legal settlements and other of $86.5 million and $61.7 million, respectively, in connection with the settlements of claims filed against certain manufacturers of capacitors.

Income Tax

Income tax expenses were $13.1 million and $114.9 million $15.8 million for the third first quarter and first nine months of fiscal 2024, respectively, 2025, reflecting an effective tax rate of 12.9% and 21.6% 21.1% compared to $66.2 million, respectively. In comparison, for the third quarter and first nine months of fiscal 2023, income tax expenses were $56.2 million and $176.9 million, respectively, reflecting an effective tax rate of 23.1% and 22.3%, respectively. The decrease 24.0% in the effective tax rate for the third first quarter of fiscal 2024 as compared to the third quarter of fiscal 2023 was primarily due to the mix of income in lower tax foreign jurisdictions and decreases to unrecognized tax benefit reserves, net of settlements. 2024. The decrease in the effective tax rate for the first nine months quarter of fiscal 2024 2025 as compared to the first nine months quarter of fiscal 2023 2024 was primarily due to the increases in tax attribute carryforwards, partially offset by the mix of income in lower higher tax foreign jurisdictions, partially offset by increases to unrecognized tax benefit reserves, net of settlements. jurisdictions. See Note 8 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 third quarter of fiscal 2024 was $88.8 million, or $0.97 per share on a diluted basis, as compared with $187.4 million, or $2.03 per share on a diluted basis, in the third quarter of fiscal 2023.

As a result of the factors described above, the Company's net income for the first nine months quarter of fiscal 2024 2025 was $416.0 million $59.0 million, or $4.52 $0.66 per share on a diluted basis, as compared with $615.6 million $209.3 million, or $6.58 $2.25 per share on a diluted basis, in the first nine months quarter of fiscal 2023. 2024.

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LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Operating Activities

Net cash provided by operating activities was $499 million $106.3 million for the third first quarter of fiscal 2024. Net cash provided by operating activities was $415.7 million for the first nine months of fiscal 2024, 2025, compared to net cash used by operating activities of $948.2 million $41.3 million for the first nine months quarter of fiscal 2023. 2024. The $1.4 billion $147.6 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 used for generated from working capital and other was $152.6 million $0.8 million during the first nine months quarter of fiscal 2024, 2025, compared to $1.70 billion cash used of $280.1 million during the first nine months quarter of fiscal 2023, 2024, with the difference attributable primarily to inventories. During the first nine months quarter of fiscal 2024, 2025, the Company used less cash for inventories as less to purchase inventory was purchased due to inventory levels already being elevated and because of lower sales. The Company also had decreases increases in accounts receivable due to lower timing of sales and collections when compared to the prior year. The Company received $90.7 million $86.1 million of cash from legal settlements during the first nine months quarter of fiscal 2024 as compared to $51.2 million of cash received from legal settlements during the first nine months of fiscal 2023. 2024.

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Financing Activities

Net repayments borrowings of debt totaled $106.3 million $15.7 million during the first nine months quarter of fiscal 2024, 2025, including the repayment net proceeds of $49.1 million under the Credit Facility and $80.1 million $27.9 million under the Securitization Program, offset by net proceeds repayments of $22.9 million $11.4 million under the Credit Facility and $0.8 million for other debt. This compares to $1.43 billion $151.4 million of net borrowing during the first nine months quarter of the prior fiscal year. The Company paid cash dividends to shareholders of $0.93 $0.33 per share, or $84.2 million $28.9 million, during the first nine months quarter of fiscal 2024 2025 as compared to $0.87 $0.31 per share, or $79.8 million $28.3 million, during the first nine months quarter of fiscal 2023. 2024. The Company has repurchased $86.0 million $100.0 million of common stock under the share repurchase plan through during the third first quarter of fiscal 2024 2025 compared to $221.3 million $24.3 million in the same period of the prior year.

Investing Activities

The Company's purchases of property, plant and equipment increased decreased during the first nine months quarter of fiscal 2024 2025 by $62.4 million $44.3 million, when compared to the same period in fiscal 2023, 2024, primarily due to distribution center investments in EMEA. EMEA in the first quarter 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 July 1, 2023 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 March 30, 2024 September 28, 2024. The Company was in compliance with all covenants under the Credit Facility and the Securitization Program as of March 30, 2024 September 28, 2024, and July 1, 2023 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 third first quarter of fiscal 2024 2025 was $96.4 million $0.10 billion.

As an alternative form of liquidity outside of the United States, the Company sells certain of its trade accounts receivable on a non-recourse basis to financial institutions pursuant to factoring agreements. The Company accounts for

these transactions as sales of receivables and presents cash proceeds as cash provided by operating activities in the consolidated statements of cash flows. Factoring fees for the sales of trade accounts receivable are recorded within "Interest and other financing expenses, net" and were not material to the consolidated financial statements.

Liquidity

The Company held cash and cash equivalents of $218.5 million $267.5 million as of March 30, 2024 September 28, 2024, of which $114.2 million $230.1 million was held outside the United States. As of July 1, 2023 June 29, 2024, the Company held cash and cash equivalents of $288.2 million $310.9 million, of which $194.5 million $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

$650.3 million $837.6 million in cash flows from operating activities over the trailing four fiscal quarters ended March 30, 2024 September 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 third first quarter of fiscal 2024, 2025, the Company had a combined total borrowing capacity of $2.20 billion under the Credit Facility and the Securitization Program. There were $745.1 million $768.6 million of borrowings outstanding and $0.9 million in letters of credit issued under the Credit Facility, and $475.7 million $443.0 million outstanding under the Securitization Program, resulting in approximately $889.7 million $824.7 million of total committed availability as of March 30, 2024 September 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 third first quarter and first nine months of fiscal 2024, 2025, the Company had an average daily balance outstanding of approximately $1.23 billion $1.09 billion under the Credit Facility, and approximately $620.3 million and $619.2 million, respectively, $468.4 million 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 March 30, 2024 September 28, 2024, the Company may repurchase up to an aggregate of $232.5 million $566.6 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 third first quarter of fiscal 2024, 2025, the Company did not repurchase any shares. The Company expects to use cash to repurchase shares during the fourth quarter repurchased $99.0 million of fiscal 2024. 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 third first quarter of fiscal 2024, 2025, the Board of Directors approved a dividend of $0.31 $0.33 per share, which resulted in $28.0 million $28.9 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.

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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.

See Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, in the Company’s Annual Report on Form 10-K for the fiscal year ended July 1, 2023 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 July 1, 2023 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

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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 March 30, 2024 September 28, 2024, approximately 56% of the Company’s debt bears interest at a fixed rate and 44% 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 decrease in income before income taxes in the Company’s consolidated statement of operations for the third first quarter of fiscal 2024. 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 third first quarter of fiscal 2024, 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 July 1, 2023 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 March 30, 2024 September 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 July 1, 2023 June 29, 2024.

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

The Company's Board of Directors has approved the repurchase plan of up to an aggregate of $600 million of common stock. During stock including the third 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 quarter of fiscal 2024, the Company did not repurchase any shares 2025, under the share repurchase program. As program, which is part of March 30, 2024, the Company had $232.5 million remaining under its share repurchase authorization. publicly announced plans.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs
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

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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.

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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: May 3, 2024 November 1, 2024

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: May 3, 2024 November 1, 2024

/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: May 3, 2024 November 1, 2024

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

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q for the period ended March 30, 2024 September 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: May 3, 2024 November 1, 2024

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q for the period ended March 30, 2024 September 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: May 3, 2024 November 1, 2024

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

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