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 January 1, 2022

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

For the transition period from _____ to _____

Commission File #1-4224

AVNET, INC.

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	**11-1890605** (IRS Employer Identification No.)
2211 South 47th Street, Phoenix, Arizona (Address of principal executive offices)	**85034** (Zip Code)

(480) 643-2000
(Registrant’s telephone number, including area code.)

N/A
(Former name, former address and former fiscal year, if changed since last report.)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which registered:
Common stock, par value $1.00 per share	AVT	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☑	Accelerated Filer ☐
Non-accelerated Filer ☐	Smaller Reporting Company ☐
Emerging Growth Company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of January 19, 2022, the total number of shares outstanding of the registrant’s Common Stock was 98,963,138 shares, net of treasury shares.

AVNET, INC. AND SUBSIDIARIES
INDEX

PART I

FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	January 1, 2022	July 3, 2021
	(Thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 167,818	$ 199,691
Receivables	4,077,707	3,576,130
Inventories	3,542,723	3,236,837
Prepaid and other current assets	155,963	150,763
Total current assets	7,944,211	7,163,421
Property, plant and equipment, net	338,199	368,452
Goodwill	823,728	838,105
Intangible assets, net	19,271	28,539
Operating lease assets	248,020	265,988
Other assets	207,441	260,917
Total assets	$ 9,580,870	$ 8,925,422
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 350,000	$ 23,078
Accounts payable	2,693,696	2,401,357
Accrued expenses and other	588,581	572,457
Short-term operating lease liabilities	56,228	58,346
Total current liabilities	3,688,505	3,055,238
Long-term debt	1,144,592	1,191,329
Long-term operating lease liabilities	221,294	239,838
Other liabilities	323,253	354,833
Total liabilities	5,377,644	4,841,238
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Common stock $1.00 par; authorized 300,000,000 shares; issued 98,430,306 shares and 99,601,393 shares, respectively	98,430	99,601
Additional paid-in capital	1,642,521	1,622,160
Retained earnings	2,686,018	2,516,170
Accumulated other comprehensive loss	(223,743)	(153,747)
Total shareholders' equity	4,203,226	4,084,184
Total liabilities and shareholders' equity	$ 9,580,870	$ 8,925,422

See notes to consolidated financial statements.

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

	Second Quarters Ended		Six Months Ended	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
	(Thousands, except per share amounts)			
Sales	$ 5,865,217	$ 4,668,172	$ 11,449,912	$ 9,391,232
Cost of sales	5,152,182	4,156,919	10,077,185	8,363,899
Gross profit	713,035	511,253	1,372,727	1,027,333
Selling, general and administrative expenses	501,363	442,084	987,540	913,241
Restructuring, integration and other expenses	—	11,948	5,272	38,369
Operating income	211,672	57,221	379,915	75,723
Other income (expense), net	1,737	(1,333)	1,327	(20,831)
Interest and other financing expenses, net	(21,630)	(21,485)	(44,474)	(43,787)
Income before taxes	191,779	34,403	336,768	11,105
Income tax expense	40,958	15,240	74,629	10,831
Net income	$ 150,821	$ 19,163	$ 262,139	$ 274
Earnings per share:				
Basic	$ 1.52	$ 0.19	$ 2.64	$ 0.00
Diluted	$ 1.50	$ 0.19	$ 2.60	$ 0.00
Shares used to compute earnings per share:				
Basic	99,032	98,937	99,340	98,917
Diluted	100,286	99,932	100,701	99,897
Cash dividends paid per common share	$ 0.24	$ 0.21	$ 0.48	$ 0.42

See notes to consolidated financial statements.

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

	Second Quarters Ended		Six Months Ended	
	January 1, 2022	**January 2, 2021**	**January 1, 2022**	**January 2, 2021**
		(Thousands)		
Net income	$ 150,821	$ 19,163	$ 262,139	$ 274
Other comprehensive income, net of tax:				
Foreign currency translation and other	(48,982)	120,000	(78,018)	210,373
Pension adjustments, net	4,010	3,983	8,022	13,606
Total comprehensive income	$ 105,849	$ 143,146	$ 192,143	$ 224,253

See notes to consolidated financial statements.

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

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

	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
				(Thousands)		
Balance, June 27, 2020	98,793	$ 98,793	$ 1,594,140	$ 2,421,845	$ (388,380)	$ 3,726,398
Net loss	—	—	—	(18,889)	—	(18,889)
Translation adjustments and other	—	—	—	—	90,373	90,373
Pension liability adjustments, net	—	—	—	—	9,623	9,623
Cash dividends	—	—	—	(20,756)	—	(20,756)
Effects of new accounting principles, net	—	—	—	(14,480)	—	(14,480)
Stock-based compensation	51	51	5,191	—	—	5,242
Balance, October 3, 2020	98,844	98,844	1,599,331	2,367,720	(288,384)	3,777,511
Net income	—	—	—	19,163	—	19,163
Translation adjustments and other	—	—	—	—	120,000	120,000
Pension liability adjustments, net	—	—	—	—	3,983	3,983
Cash dividends	—	—	—	(20,756)	—	(20,756)
Stock-based compensation	18	18	10,814	—	—	10,832
Balance, January 2, 2021	98,862	$ 98,862	$ 1,610,145	$ 2,366,127	$ (164,401)	$ 3,910,733

See notes to consolidated financial statements.

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

	Six Months Ended	
	January 1, 2022	January 2, 2021
	(Thousands)	
Cash flows from operating activities:		
Net income	$ 262,139	$ 274
Non-cash and other reconciling items:		
Depreciation	43,876	44,002
Amortization	8,964	30,474
Amortization of operating lease assets	27,426	28,111
Deferred income taxes	(4,451)	(311)
Stock-based compensation	19,556	15,331
Impairments	—	15,166
Other, net	10,281	17,004
Changes in (net of effects from businesses acquired and divested):		
Receivables	(558,702)	(94,831)
Inventories	(359,755)	51,185
Accounts payable	328,574	130,768
Accrued expenses and other, net	(41,117)	(29,779)
Net cash flows (used) provided by operating activities	(263,209)	207,394
Cash flows from financing activities:		
Borrowings under accounts receivable securitization, net	190,400	11,800
Borrowings (repayments) under senior unsecured credit facility, net	109,669	(239,430)
Repayments under bank credit facilities and other debt, net	(1,550)	(1,480)
Repurchases of common stock	(45,570)	—
Dividends paid on common stock	(47,642)	(41,512)
Other, net	(6,069)	(2,301)
Net cash flows provided (used) for financing activities	199,238	(272,923)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(22,116)	(30,022)
Acquisitions of assets and businesses	—	(18,371)
Other, net	68,270	725
Net cash flows provided (used) for investing activities	46,154	(47,668)
Effect of currency exchange rate changes on cash and cash equivalents	(14,056)	12,492
Cash and cash equivalents:		
— decrease	(31,873)	(100,705)
— at beginning of period	199,691	477,038
— at end of period	$ 167,818	$ 376,333

See notes to consolidated financial statements.

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

1. Basis of presentation and new accounting pronouncements

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments necessary to present fairly Avnet, Inc. and its consolidated subsidiaries' (collectively, the "Company" or "Avnet") financial position, results of operations, comprehensive income and cash flows. All such adjustments are of a normal recurring nature.

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 3, 2021.

Fiscal year

The Company operates on a "52/53 week" fiscal year, and fiscal 2022 contains 52 weeks compared to fiscal 2021, which contained 53 weeks. As a result, the first six months of fiscal 2022, contained 26 weeks compared to the first six months of fiscal 2021, which contained 27 weeks.

Recently adopted accounting pronouncements

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)* ("ASU No. 2019-12"), which simplifies income tax accounting, eliminates certain exceptions within ASC Topic 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. Most amendments within ASU No. 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company's adoption of ASU No. 2019-12 beginning the first quarter of fiscal 2022 did not have a material impact on the Company's consolidated financial statements.

Recently issued accounting pronouncements

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU No. 2020-04"), which provides optional guidance to ease the potential burden in accounting for reference rate reform on financial reporting. The new guidance provides optional expedients and exceptions for applying GAAP to transactions affected by reference rate reform if certain criteria are met. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope* ("ASU No. 2021-01"), to clarify certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting to apply to derivatives that are affected by the discounting transition. Both ASU No. 2020-04 and ASU No. 2021-01 are effective upon issuance through December 31, 2022. The Company is currently evaluating the effects of adopting the provisions of ASU No. 2020-04 and ASU No. 2021-01, but does not currently expect a material impact on the Company's consolidated financial statements.

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

2. Receivables

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

	January 1, 2022	July 3, 2021
	(Thousands)	
Receivables	$ 4,167,281	$ 3,664,290
Allowance for Credit Losses	(89,574)	(88,160)

The Company had the following activity in the allowance for credit losses during the first six months of fiscal 2022 and 2021:

	January 1, 2022	January 2, 2021
	(Thousands)	
Balance at beginning of the period	$ 88,160	$ 65,018
Effect of adopting credit loss accounting standard	—	17,205
Credit Loss Provisions	8,391	4,438
Credit Loss Recoveries	(321)	(283)
Receivables Write offs	(4,930)	(4,621)
Foreign Currency Effect and Other	(1,726)	3,693
Balance at end of the period	$ 89,574	$ 85,450

3. Goodwill and intangible assets

Goodwill

The following table presents the change in goodwill by reportable segment for the six months ended January 1, 2022.

	Electronic Components	Farnell	Total
		(Thousands)	
Carrying value at July 3, 2021 (1)	$ 310,582	$ 527,523	$ 838,105
Foreign currency translation	(4,980)	(9,397)	(14,377)
Carrying value at January 1, 2022 (1)	$ 305,602	$ 518,126	$ 823,728

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

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

Intangible Assets

The following table presents the Company's acquired intangible assets at January 1, 2022 and July 3, 2021, respectively.

	January 1, 2022			July 3, 2021		
	Acquired Amount	Accumulated Amortization	Net Book Value	Acquired Amount[1]	Accumulated Amortization	Net Book Value
	(Thousands)					
Customer related	$ 318,723	$ (308,131)	$ 10,592	$ 324,416	$ (312,392)	$ 12,024
Trade name	56,103	(48,635)	7,468	57,184	(45,019)	12,165
Technology and other	56,510	(55,299)	1,211	57,809	(53,459)	4,350
	$ 431,336	$ (412,065)	$ 19,271	$ 439,409	$ (410,870)	$ 28,539

(1) Acquired amount reduced by impairment of $17,473 from prior fiscal years.

Intangible asset amortization expense was $3.8 million and $10.4 million for the second quarters of fiscal 2022 and 2021, respectively, and $9.0 million and $30.5 million for the first six months of fiscal 2022 and 2021, respectively.

The following table presents the estimated future amortization expense for the remainder of fiscal 2022 and the next five fiscal years (in thousands):

Fiscal Year	
Remainder of fiscal 2022	$ 6,250
2023	6,525
2024	3,184
2025	1,472
2026	1,472
2027	368
Total	$ 19,271

4. Debt

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

	January 1, 2022	July 3, 2021	January 1, 2022	July 3, 2021
	Interest Rate		Carrying Balance	
Bank credit facilities and other	—	1.24 %	$ —	$ 23,078
Public notes due December 2022	4.88 %	—	350,000	—
Short-term debt			$ 350,000	$ 23,078

Bank credit facilities and other consists primarily of various committed and uncommitted lines of credit and other forms of bank debt with financial institutions utilized primarily to support the working capital requirements of the Company, including its foreign operations.

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

	January 1, 2022	July 3, 2021	January 1, 2022	July 3, 2021
	Interest Rate		Carrying Balance	
Revolving credit facilities:				
Accounts receivable securitization program	0.85 %	—	$ 213,300	$ —
Credit Facility (due June 2023)	1.27 %	—	90,006	—
Public notes due:				
December 2022	—	4.88 %	—	350,000
April 2026	4.63 %	4.63 %	550,000	550,000
May 2031	3.00 %	3.00 %	300,000	300,000
Other long-term debt	0.00 %	1.22 %	161	1,185
Long-term debt before discount and debt issuance costs			1,153,467	1,201,185
Discount and debt issuance costs – unamortized			(8,875)	(9,856)
Long-term debt			$ 1,144,592	$ 1,191,329

In August 2021, the Company amended and extended for two years its trade accounts receivable securitization program (the “Securitization Program”) in the United States with a group of financial institutions. The Securitization Program allows the Company to transfer, on an ongoing revolving basis, an undivided interest in a designated pool of trade accounts receivable, to provide security or collateral for borrowings of up to a maximum of $450 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 $915.6 million and $717.4 million at January 1, 2022, and July 3, 2021, respectively. The Securitization Program contains certain covenants relating to the quality of the receivables sold. Interest on borrowings is calculated using a one-month LIBOR rate plus a spread of 0.75%. The facility fee on the unused balance of the facility is up to 0.35%.

The Company has a five-year $1.25 billion revolving credit facility (the “Credit Facility”) with a syndicate of banks, which expires in June 2023. 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. Subject to certain conditions, the Credit Facility may be increased up to $1.50 billion. Under the Credit Facility, the Company may select from various interest rate options, currencies, and maturities. The Credit Facility contains certain covenants including various limitations on debt incurrence, share repurchases, dividends, investments, and capital expenditures. The Credit Facility also includes financial covenants requiring the Company to maintain minimum interest coverage and leverage ratios, which the Company was in compliance with as of January 1, 2022, and July 3, 2021.

As of January 1, 2022, and July 3, 2021, there were $1.2 million and $1.3 million, respectively, in letters of credit issued under the Credit Facility.

As of January 1, 2022, the carrying value and fair value of the Company’s total debt was $1.49 billion and $1.56 billion, respectively. At July 3, 2021, the carrying value and fair value of the Company’s total debt was $1.21 billion and $1.30 billion, respectively. Fair value for the public notes was estimated based upon quoted market prices 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.

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 16 years. The Company's equipment leases are primarily for automobiles and equipment and are not material to the consolidated financial statements.

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

	Second Quarters Ended		Six Months Ended	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
Operating lease cost	$ 17,129	$ 18,095	$ 34,975	$ 36,497
Variable lease cost	6,733	5,423	12,851	11,711
Total lease cost	$ 23,862	$ 23,518	$ 47,826	$ 48,208

Future minimum operating lease payments as of January 1, 2022, are as follows (in thousands):

Fiscal Year	
Remainder of fiscal 2022	$ 34,027
2023	59,916
2024	43,094
2025	33,862
2026	28,943
Thereafter	133,754
Total future operating lease payments	333,596
Total imputed interest on operating lease liabilities	(56,074)
Total operating lease liabilities	$ 277,522

Other information pertaining to operating leases consists of the following:

	Six Months Ended	
	January 1, 2022	January 2, 2021
Operating Lease Term and Discount Rate		
Weighted-average remaining lease term in years	8.9	9.3
Weighted-average discount rate	3.8 %	3.8 %

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

	Six Months Ended	
	January 1, 2022	January 2, 2021
Supplemental Cash Flow Information:		
Cash paid for operating lease liabilities	$ 29,456	$ 29,157
Operating lease assets obtained from new operating lease liabilities	13,478	28,346

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

6. Derivative financial instruments

Many of the Company's subsidiaries purchase and sell products in currencies other than their functional currencies, which subjects the Company to the risks associated with fluctuations in currency exchange rates. The Company uses economic hedges to reduce this risk utilizing natural hedging (*i.e.*, offsetting receivables and payables in the same foreign currency) and creating offsetting positions through the use of derivative financial instruments (primarily forward foreign exchange contracts typically with maturities of less than 60 days, but no longer than one year). The Company continues to have exposure to foreign currency risks to the extent they are not economically hedged. The Company adjusts any economic hedges to fair value through the consolidated statements of operations primarily within "Other expense, net." The fair value of forward foreign exchange contracts, which are based upon Level 2 criteria under the ASC 820 fair value hierarchy, are classified in the captions "Prepaid and other current assets" or "Accrued expenses and other," as applicable, in the accompanying consolidated balance sheets as of January 1, 2022, and July 3, 2021. The Company's master netting and other similar arrangements with various financial institutions related to derivative financial instruments allow for the right of offset. The Company's policy is to present derivative financial instruments with the same counterparty as either a net asset or liability when the right of offset exists.

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

The Company's foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase from suppliers. The Company's foreign operations transactions are denominated primarily in the following currencies: U.S. Dollar, Euro, British Pound, Japanese Yen, Chinese Yuan, Taiwan Dollar, Canadian Dollar and Mexican Peso. The Company also, to a lesser extent, has foreign operations transactions in other EMEA and Asian foreign currencies.

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

	January 1, 2022	July 3, 2021
	(Thousands)	
Prepaid and other current assets	$ 14,532	$ 15,722
Accrued expenses and other	12,686	23,994

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

	Second Quarters Ended		Six Months Ended	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
	(Thousands)			
Net derivative financial instrument loss	$ (7,012)	$ (2,810)	$ (15,783)	$ (10,627)

Under the Company's economic hedging policies, gains and losses on the derivative financial instruments are classified within the same line item in the consolidated statements of operations as the remeasurement of the underlying assets or liabilities being economically hedged.

7. Commitments and contingencies

From time to time, the Company may become a party to, or be otherwise involved in, various lawsuits, claims, investigations and other legal proceedings arising in the ordinary course of conducting its business. While litigation is subject to inherent uncertainties, management does not anticipate that any such matters will have a material adverse effect on the Company's financial condition, liquidity, or results of operations.

The Company is also currently subject to various pending and potential legal matters and investigations relating to compliance with governmental laws and regulations. For certain of these matters, it is not possible to determine the ultimate outcome, and the Company cannot reasonably estimate the maximum potential exposure or the range of possible loss, particularly regarding to matters in early stages. The Company currently believes that the resolution of such matters will not have a material adverse effect on the Company's financial position or liquidity, but could possibly be material to its results of operations in any single reporting period.

As of January 1, 2022, and July 3, 2021, the Company had aggregate estimated liabilities of $14.7 million classified within accrued expenses and other for such compliance-related matters that were reasonably estimable as of such dates.

During the first six months of fiscal 2021, the Company recorded a gain on legal settlement of $8.2 million, which is classified as a component of Restructuring, integration and other expenses.

8. Income taxes

The Company's effective tax rate on its income before taxes was 21.4% in the second quarter of fiscal 2022. During the second quarter of fiscal 2022, there were no individually material items impacting the Company's effective tax rate.

During the second quarter of fiscal 2021, the Company's effective tax rate on its income before taxes was 44.3%. During the second quarter of fiscal 2021, the Company's effective tax rate was unfavorably impacted primarily by increases to valuation allowances, partially offset by the mix of income in lower tax jurisdictions.

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

During the first six months of fiscal 2021, the Company's effective tax rate on its income before taxes was 97.5%. The effective tax rate for the first six months of fiscal 2021 was unfavorably impacted primarily by increases to valuation allowances, partially offset by the mix of income in lower tax jurisdictions.

In January 2022, the U.S. Treasury published new regulations impacting foreign tax credit utilization. The Company is still evaluating this new tax regulation and the impact to income tax expense, which could have a significant impact on income expense in the third quarter of fiscal 2022.

9. Pension plan

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

	Second Quarters Ended		Six Months Ended	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
	(Thousands)			
Service cost	$ 3,751	$ 3,937	$ 7,503	$ 7,875
Total net periodic pension cost within selling, general and administrative expenses	3,751	3,937	7,503	7,875
Interest cost	3,947	3,976	7,894	7,952
Expected return on plan assets	(12,284)	(12,420)	(24,568)	(24,840)
Amortization of prior service cost	1	76	2	151
Recognized net actuarial loss	4,086	5,151	8,172	10,302
Total net periodic pension benefit within other expense, net	(4,250)	(3,217)	(8,500)	(6,435)
Net periodic pension (benefit) cost	$ (499)	$ 720	$ (997)	$ 1,440

The Company made $8.0 million of contributions during the first six months of fiscal 2022 and expects to make additional contributions to the Plan of up to $8.0 million in the remainder of fiscal 2022.

10. Shareholders' equity

Share repurchase program

In August 2019, the Company's Board of Directors amended the Company's existing share repurchase program, increasing the cumulative total of authorized share repurchases to $2.95 billion of common stock in the open market or through privately negotiated transactions. The timing and actual number of shares repurchased will depend on a variety of factors such as share price, expected liquidity, expected compliance with financial debt convents, corporate and regulatory requirements, and prevailing market conditions. During the second quarter ended January 1, 2022, the Company repurchased 0.9 million shares under this program for a total cost of $35.3 million. As of January 1, 2022, the Company had $423.1 million remaining under its share repurchase authorization.

Common stock dividend

In November 2021, the Company's Board of Directors approved a dividend of $0.24 per common share and dividend payments of $23.7 million were made in December 2021.

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

11. Earnings per share

	Second Quarters Ended		Six Months Ended	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
	(Thousands, except per share data)			
Numerator:				
Net income	$ 150,821	$ 19,163	$ 262,139	$ 274
Denominator:				
Weighted average common shares for basic earnings per share	99,032	98,937	99,340	98,917
Net effect of dilutive stock-based compensation awards	1,254	995	1,361	980
Weighted average common shares for diluted earnings per share	100,286	99,932	100,701	99,897
Basic earnings per share	$ 1.52	$ 0.19	$ 2.64	$ 0.00
Diluted earnings per share	$ 1.50	$ 0.19	$ 2.60	$ 0.00
Stock options excluded from earnings per share calculation due to anti-dilutive effect	927	1,046	880	1,237

12. Additional cash flow information

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

	Six Months Ended	
	January 1, 2022	January 2, 2021
	(Thousands)	
Non-cash Investing Activities:		
Capital expenditures incurred but not paid	$ 5,547	$ 4,359
Non-cash Financing Activities:		
Unsettled share repurchases	$ 275	—
Supplemental Cash Flow Information:		
Interest	$ 49,192	$ 50,507
Income tax net payments	74,889	51,835

Included in cash and cash equivalents as of January 1, 2022, and July 3, 2021, was $2.8 million and $3.8 million, respectively, of cash equivalents, which was primarily comprised of investment grade money market funds and overnight time deposits.

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

13. Segment information

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

	Second Quarters Ended		Six Months Ended	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
	(Thousands)			
Sales:				
Electronic Components	$ 5,424,349	$ 4,342,386	$ 10,553,846	$ 8,724,535
Farnell	440,868	325,786	896,066	666,697
	5,865,217	4,668,172	11,449,912	9,391,232
Operating income:				
Electronic Components	$ 188,904	$ 103,922	$ 351,366	$ 188,362
Farnell	60,189	14,592	109,781	26,551
	249,093	118,514	461,147	214,913
Corporate	(33,625)	(38,928)	(66,925)	(70,229)
Restructuring, integration and other expenses	—	(11,948)	(5,272)	(38,369)
Amortization of acquired intangible assets and other	(3,796)	(10,417)	(9,035)	(30,592)
Operating income	$ 211,672	$ 57,221	$ 379,915	$ 75,723
Sales, by geographic area:				
Americas [1]	$ 1,391,567	$ 1,101,450	$ 2,650,377	$ 2,307,145
EMEA [2]	1,840,789	1,346,347	3,588,368	2,827,020
Asia/Pacific [3]	2,632,861	2,220,375	5,211,167	4,257,067
Sales	$ 5,865,217	$ 4,668,172	$ 11,449,912	$ 9,391,232

(1) Includes sales from the United States of $1.29 billion and $1.03 billion for the second quarters ended January 1, 2022, and January 2, 2021, respectively. Includes sales from the United States of $2.45 billion and $2.16 billion for the first six months of fiscal 2022 and 2021, respectively.

(2) Includes sales from Germany and Belgium of $740.0 million and $330.7 million, respectively, for the second quarter ended January 1, 2022; and $1.44 billion and $638.3 million, respectively, for the first six months of fiscal 2022. Includes sales from Germany and Belgium of $520.8 million and $255.0 million, respectively, for the second quarter ended January 2, 2021; and $1.10 billion and $549.4 million, respectively, for the first six months of fiscal 2021.

(3) Includes sales from China (including Hong Kong), Taiwan and Singapore of $863.0 million, $1.13 billion and $323.5 million, respectively, for the second quarter ended January 1, 2022; and $1.69 billion, $2.33 billion and $587.5 million, respectively, for the first six months of fiscal 2022. Includes sales from China (including Hong Kong), Taiwan and Singapore of $666.0 million, $1.07 billion and $252.6 million, respectively, for the second quarter ended January 2, 2021; and $1.30 billion, $1.99 billion and $524.6 million, respectively, for the first six months of fiscal 2021.

	January 1, 2022	July 3, 2021
	(Thousands)	
Property, plant, and equipment, net, by geographic area:		
Americas [1]	$ 130,397	$ 146,042
EMEA [2]	175,339	185,753
Asia/Pacific	32,463	36,657
Property, plant, and equipment, net	$ 338,199	$ 368,452

(1) Includes property, plant and equipment, net, of $127.1 million and $142.7 million as of January 1, 2022, and July 3, 2021, respectively, in the United States.

(2) Includes property, plant and equipment, net, of $70.4 million, $82.5 million and $18.9 million in Germany, the United Kingdom and Belgium, respectively, as of January 1, 2022; and $77.9 million, $83.5 million and $20.9 million in Germany, the United Kingdom and Belgium, respectively, as of July 3, 2021.

14. Restructuring expenses

During fiscal 2021 and prior, the Company incurred restructuring expenses related to various restructuring actions intended to achieve planned synergies from acquired businesses and to reduce future operating expenses. The following table presents the activity during the first six months of fiscal 2022 related to the remaining restructuring liabilities established during fiscal 2021 and prior:

	Severance	Facility and Contract Exit Costs	Total
		(Thousands)	
Balance at July 3, 2021	$ 35,099	$ 4,863	$ 39,962
Cash payments	(14,720)	(2,032)	(16,752)
Changes in estimates, net	(3,747)	875	(2,872)
Other, principally foreign currency translation	(640)	(45)	(685)
Balance at January 1, 2022	$ 15,992	$ 3,661	$ 19,653

The Company expects the majority of the remaining amounts to be paid by the end of fiscal 2022.

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with respect to the financial condition, results of operations and business of the Company. You can find many of these statements by looking for words like "believes," "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 3, 2021, could affect the Company's future results of operations, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements: the scope and duration of the COVID-19 pandemic and its impact on global economic systems, access to financial markets, and the Company's employees, operations, customers, and supply chain; competitive pressures among distributors of electronic components; an industry down-cycle in semiconductors; relationships with key suppliers and allocations of products by suppliers; risks relating to the Company's international sales and operations, including risks relating to the ability to repatriate cash, foreign currency fluctuations, duties and taxes, and compliance with international and U.S. laws; risks relating to acquisitions, divestitures and investments; adverse effects on the Company's supply chain, operations of its distribution centers, shipping costs, third-party service providers, customers and suppliers, including as a result of issues caused by natural and weather-related disasters, pandemics and health related crisis, or warehouse modernization and relocation efforts; risks related to cyber-attacks, other privacy and security incidents, and information systems failures, including related to current or future implementations, integrations or upgrades; general economic and business conditions (domestic, foreign and global) affecting the Company's operations and financial performance and, indirectly, the Company's credit ratings, debt covenant compliance, liquidity, and access to financing; constraints on employee retention and hiring; geopolitical events; and legislative or regulatory changes affecting the Company's businesses.

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

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

For a description of the Company's critical accounting policies and an understanding of Avnet and the significant factors that influenced the Company's performance during the quarter ended January 1, 2022, this *Management's Discussion and Analysis of Financial Condition and Results of Operations* ("MD&A") should be read in conjunction with the consolidated financial statements, including the related notes, appearing in Item 1 of this Quarterly Report on Form 10-Q, as well as the Company's Annual Report on Form 10-K for the fiscal year ended July 3, 2021. The Company operates on a "52/53 week" fiscal year and fiscal 2022 contains 52 weeks compared to 53 weeks in fiscal 2021. As a result, the first six months of fiscal 2022 contained 26 weeks and the first six months of fiscal 2021 contained 27 weeks. This extra week in the first six months of fiscal 2021, which occurred in the first quarter of fiscal 2021, impacts the year-over-year analysis in this MD&A.

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, 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:

- Sales adjusted for certain items that impact the year-over-year analysis, which includes the impact of certain acquisitions by adjusting Avnet's prior periods to include the sales of acquired businesses, as if the acquisitions had occurred at the beginning of the earliest period presented. In addition, fiscal 2021 sales are adjusted for the estimated impact of the extra week of sales in the first quarter of fiscal 2021 due to it being a 14-week quarter, as discussed above. Additionally, the Company has adjusted sales for the impact of the termination of the Texas Instruments ("TI") distribution agreement between fiscal years. Sales taking into account these adjustments are referred to as "organic sales."

- Operating income excluding (i) restructuring, integration and other expenses, (see *Restructuring*, *Integration and Other Expenses* in this MD&A), and (ii) amortization of acquired intangible assets is referred to as "adjusted operating income."

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

	Second Quarters Ended		Six Months Ended	
	January 1, 2022	January 2, 2021	January 1, 2022	January 2, 2021
	(Thousands)			
Operating income	$ 211,672	$ 57,221	$ 379,915	$ 75,723
Restructuring, integration and other expenses	—	11,948	5,272	38,369
Amortization of acquired intangible assets and other	3,796	10,417	9,035	30,592
Adjusted operating income	$ 215,468	$ 79,586	$ 394,222	$ 144,684

Management believes that providing this additional information is useful to readers to better assess and understand operating performance, especially when comparing results with prior periods or forecasting performance for future periods, primarily because management typically monitors the business both including and excluding these adjustments to GAAP results. Management also uses these non-GAAP measures to establish operational goals and, in many cases, for measuring performance for compensation purposes. However, any analysis of results on a non-GAAP basis should be used as a complement to, and in conjunction with, results presented in accordance with GAAP.

OVERVIEW

Organization

Avnet, Inc. and its consolidated subsidiaries (collectively, the "Company" or "Avnet"), is a leading global technology distributor and solutions provider. Avnet has served customers' evolving needs for an entire century. Avnet supports customers at each stage of a product's lifecycle, from idea to design and from prototype to production. Avnet's position at the center of the technology value chain enables it to accelerate the design and supply stages of product development so customers can realize revenue faster. Decade after decade, Avnet helps its customers and suppliers around the world realize the transformative possibilities of technology. Founded in 1921, the Company works with suppliers in every major technology segment to serve customers in more than 140 countries.

Avnet has two primary operating groups — Electronic Components ("EC") and Farnell ("Farnell"). Both operating groups have operations in each of the three major economic regions of the world: (i) the Americas, (ii) EMEA, and (iii) Asia. A summary of each operating group is provided in Note 13, "Segment information" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q.

Results of Operations

Executive Summary

Sales of $5.87 billion in the second quarter of fiscal 2022 were 25.6% higher than the prior year second quarter sales of $4.67 billion. Excluding the impact of changes in foreign currency, sales increased 27.4% as compared to sales in the prior year second quarter.

Gross profit margin of 12.2% increased 121 basis points compared to 11.0% in the second quarter of fiscal 2021. This increase is primarily due to strong overall demand for electronic components and improvements in product, customer mix, and geographic regional sales mix.

Operating income of $211.7 million was $154.5 million higher than the second quarter of fiscal 2021. Operating income margin was 3.6% in the second quarter of fiscal 2022, as compared to 1.2% in the prior year second quarter. The increase in operating income margin is the result of increases in sales and in gross profit margin, partially offset by an increase in selling, general and administrative expenses. Adjusted operating income margin was 3.7% in the second quarter of fiscal 2022 as compared to 1.7% in the second quarter of fiscal 2021, an increase of 197 basis points. This increase in adjusted operating income margin is primarily due to the increases in sales and gross margin, partially offset by increases in selling, general and administrative expenses.

Sales

Reported sales were the same as organic sales in the second quarter and first six months of fiscal 2022. The following table presents the reconciliation of reported sales to organic sales for the second quarter and first six months of fiscal 2021 by geographic region and by operating group.

	Quarter Ended			Six Months Ended				
	Sales As Reported and Organic Q2-Fiscal 2021	TI Sales Q2-Fiscal 2021(1)	Organic Sales Adj for TI Q2-Fiscal 2021(1)	Sales As Reported Q2-Fiscal 2021	Estimated Extra Week in Fiscal 2021(2)	Organic Sales Q2-Fiscal 2021	TI Sales Q2-Fiscal 2021(1)	Organic Sales Adj for TI Q2-Fiscal 2021(1)
	(Thousands)							
Avnet	$ 4,668,172	$ 49,568	$ 4,618,604	$ 9,391,232	$ 306,000	$ 9,085,232	$ 290,552	$ 8,794,680
Avnet by region								
Americas	$ 1,101,450	$ 13,969	$ 1,087,481	$ 2,307,145	$ 77,000	$ 2,230,145	$ 82,469	$ 2,147,676
EMEA	1,346,347	20,839	1,325,508	2,827,020	97,000	2,730,020	123,749	2,606,271
Asia	2,220,375	14,760	2,205,615	4,257,067	132,000	4,125,067	84,334	4,040,733
Avnet by operating group								
EC	$ 4,342,386	$ 49,568	$ 4,292,818	$ 8,724,535	$ 284,000	$ 8,440,535	$ 290,552	$ 8,149,983
Farnell	325,786	—	325,786	666,697	22,000	644,697	—	644,697

(1) Sales adjusted for the impact of the termination of the Texas Instruments ("TI") distribution agreement.

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

The following table presents reported and organic sales growth rates for the second quarter and first six months of fiscal 2022 as compared to fiscal 2021 by geographic region and by operating group.

	Quarter Ended			Six Months Ended				
	Sales as Reported and Organic Year-Year % Change	Sales As Reported and Organic Year-Year % Change in Constant Currency	Organic Sales Adj for TI Year-Year % Change in Constant Currency(1)	Sales As Reported Year-Year % Change	Sales As Reported Year-Year % Change in Constant Currency	Organic Sales Year-Year % Change	Organic Sales Year-Year % Change in Constant Currency	Organic Sales Adj for TI Year-Year % Change in Constant Currency(1)
Avnet	25.6 %	27.4 %	28.8 %	21.9 %	22.4 %	26.0 %	26.5 %	30.7 %
Avnet by region								
Americas	26.3 %	26.3 %	28.0 %	14.9 %	14.9 %	18.8 %	18.8 %	23.4 %
EMEA	36.7	41.7	43.9	26.9	28.2	31.4	32.7	39.1
Asia	18.6	19.4	20.2	22.4	22.7	26.3	26.7	29.3
Avnet by operating group								
EC	24.9 %	26.8 %	28.2 %	21.0 %	21.6 %	25.0 %	25.6 %	30.1 %
Farnell	35.3	35.8	35.8	34.4	32.8	39.0	37.3	37.3

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

Sales of $5.87 billion for the second quarter of fiscal 2022 were up $1.20 billion, or 25.6%, from the prior year second quarter sales of $4.67 billion. Sales in constant currency in the second quarter of fiscal 2022 increased by 27.4% year over year. Organic sales in constant currency excluding TI sales in the second quarter of fiscal 2022 were 28.8% higher than sales in the second quarter of fiscal 2021, reflecting sales growth in both operating groups across all regions driven by strong demand globally for electronic components.

EC sales of $5.42 billion in the second quarter of fiscal 2022 increased $1.08 billion or 24.9% from the prior year second quarter sales of $4.34 billion. On an organic basis, EC sales excluding TI increased 28.2% year over year in constant currency, reflecting sales growth in all three regions. The increase in sales in the Company's EC operating group is primarily due to improvements in overall market demand and stronger demand, especially in the transportation and industrial sectors.

Farnell sales for the second quarter of fiscal 2022 were $440.9 million, an increase of $115.1 million or 35.3% from the prior year second quarter sales of $325.8 million. Sales in constant currency increased 35.8% year over year. These increases were primarily a result of increased market demand in all three regions.

Sales for the first six months of fiscal 2022 were $11.45 billion, an increase of $2.06 billion as compared to sales of $9.39 billion for the first six months of fiscal 2021. The increase in sales is primarily the result of increased sales in both operating groups across all regions driven by strong demand globally for electronic components.

As a result of the recent termination of the Company's distribution agreement between Maxim Integrated Products, Inc. ("Maxim") and the Electronic Components operating group, the Company may experience lower sales and gross profit in the future if the impact of the termination is not offset by sales growth, gross margin improvements or operating cost reductions. Sales from Maxim products represented approximately 3% of total sales in fiscal 2021.

Gross Profit

Gross profit for the second quarter of fiscal 2022 was $713.0 million, an increase of $201.8 million, or 39.5%, from the second quarter of fiscal 2021 gross profit of $511.3 million. Gross profit margin increased to 12.2% (or 121 basis points) from the second quarter of fiscal 2021 gross profit margin of 11.0%, driven by increases in gross profit margin in both operating groups primarily due to strong demand for electronic components that resulted in favorable pricing environment and geographic region sales mix. Sales in the higher gross profit margin western regions represented approximately 55% of sales in the second quarter of fiscal 2022, as compared to 52% during the second quarter of fiscal 2021.

Gross profit and gross profit margin was $1.37 billion and 12.0%, respectively, for the first six months of fiscal 2022 as compared with $1.03 billion and 10.9%, respectively, for the first six months of fiscal 2021.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A expenses") were $501.4 million in the second quarter of fiscal 2022, an increase of $59.3 million, or 13.4%, from the second quarter of fiscal 2021. The year-over-year increase in SG&A expenses was primarily due to increases in costs to support sales growth, increased costs related to inflation including merit pay increases for employees, and to a lesser extent the impact of foreign currency due to the weakening of the U.S. Dollar.

Metrics that management monitors with respect to its operating expenses are SG&A expenses as a percentage of sales and as a percentage of gross profit. In the second quarter of fiscal 2022, SG&A expenses were 8.6% of sales and 70.3% of gross profit, as compared with 9.5% and 86.5%, respectively, in the second quarter of fiscal 2021. The decrease in SG&A expenses as a percentage of gross profit primarily results from operating leverage created from higher sales, increases in gross profit margin, and lower amortization expense, partially offset by increases in SG&A expenses primarily to support sales volumes.

SG&A expenses for the first six months of fiscal 2022 were $987.5 million, or 8.6% of sales, as compared with $913.2 million, or 9.7% of sales, in the first six months of fiscal 2021. SG&A expenses as a percentage of gross profit for the first six months of fiscal 2022 were 71.9% as compared with 88.9% in the first six months of fiscal 2021. The decrease in SG&A expenses as a percentage of gross profit primarily results from operating leverage created from higher sales, increase in gross profit margin, and lower amortization expense.

Restructuring, Integration, and Other Expenses

The Company did not incur any restructuring, integration and other expenses during the second quarter of fiscal 2022. During the first six months of fiscal 2022, the Company recorded restructuring, integration and other expenses of $5.3 million, substantially all of which was related to integration costs.

Operating Income

Operating income for the second quarter of fiscal 2022 was $211.7 million, an increase of $154.5 million, from the second quarter of fiscal 2021 operating income of $57.2 million. Adjusted operating income for the second quarter of fiscal 2022 was $215.5 million, an increase of $135.9 million, or 170.7%, from the second quarter of fiscal 2021. The year-over-year increase in adjusted operating income was primarily driven by the increase in sales and in gross profit margin, partially offset by an increase in SG&A expenses.

EC operating income margin increased 109 basis points year over year to 3.5% and Farnell operating income margin increased 917 basis points year over year to 13.7%.

Operating income for the first six months of fiscal 2022 was $379.9 million, an increase of $304.2 million, from the operating income of $75.7 million during the first six months of fiscal 2021. Adjusted operating income for the first six months of fiscal 2022 was $394.2 million, an increase of $249.5 million, or 172.5%, from the first six months of fiscal 2021. The year-over-year increase in adjusted operating income was primarily driven by the increase in sales and in gross profit margin.

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

Interest and other financing expenses in the second quarter of fiscal 2022 was $21.6 million, an increase of $0.1 million, or 0.7%, as compared with interest and other financing expenses of $21.5 million in the second quarter of fiscal 2021. Interest and other financing expenses in the first six months of fiscal 2022 was $44.5 million, a decrease of $0.7 million, or 1.6%, as compared with interest and other financing expenses of $43.8 million in the first six months of fiscal 2021.

During the second quarter of fiscal 2022, the Company had $1.7 million of other income as compared with $1.3 million of other expense in the second quarter of fiscal 2021. During the first six months of fiscal 2022, the Company had $1.3 million of other income as compared with $20.8 million of other expense in the first six months of fiscal 2021. The year-over-year differences in other expense was primarily due to the equity investment impairment expense included in the other expense in the first six months of fiscal 2021, and differences in foreign currency exchange rates between the second quarters and first six months of fiscal 2022 and fiscal 2021.

Income Tax

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

During the second quarter of fiscal 2021, the Company’s effective tax rate on its income before taxes was 44.3%. During the second quarter of fiscal 2021, the Company’s effective tax rate was unfavorably impacted primarily by increases to valuation allowances, partially offset by the mix of income in lower tax jurisdictions.

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

During the first six months of fiscal 2021, the Company’s effective tax rate on its income before taxes was 97.5%. The effective tax rate for the first six months of fiscal 2021 was unfavorably impacted primarily by increases to valuation allowances, partially offset by the mix of income in lower tax jurisdictions.

In January 2022, the U.S. Treasury published new regulations impacting foreign tax credit utilization. The Company is still evaluating this new tax regulation and the impact to income tax expense, which could have a significant impact on income expense in the third quarter of fiscal 2022.

Net Income

As a result of the factors described in the preceding sections of this MD&A, the Company's net income for the second quarter of fiscal 2022 was $150.8 million, or $1.50 per share on a diluted basis, as compared with $19.2 million, or $0.19 per share on a diluted basis, in the second quarter of fiscal 2021.

As a result of the factors described in the preceding sections of this MD&A, the Company's net income for the first six months of fiscal 2022 was $262.1 million, or $2.60 per share on a diluted basis, as compared with $0.3 million, or $0.00 per share on a diluted basis, in the first six months of fiscal 2021.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Cash Flow from Operating Activities

During the first six months of fiscal 2022, the Company used $263.2 million of cash flow for operations compared to $207.4 million of cash generated from operations in the first six months of fiscal 2021. These operating cash flows were comprised of: (i) cash flow generated from net income, adjusted for the impact of non-cash and other items, which includes depreciation and amortization expenses, deferred income taxes, stock-based compensation expense, amortization of operating lease assets, and other non-cash items, and (ii) cash flows used for, or generated from, working capital and other, excluding cash and cash equivalents. Cash used for working capital and other was $631.0 million during the first six months of fiscal 2022, including increases in accounts receivable of $558.7 million and in inventories of $359.8 million both to support sales growth in the first six months of fiscal 2022, and a decrease in accrued expenses and other of $41.1 million, partially offset by an increase in accounts payable of $328.6 million. Comparatively, cash generated from working capital and other was $57.3 million during the first six months of fiscal 2021, including an increase in accounts payable of $130.8 million, and a decrease in inventories of $51.2 million, partially offset by an increase in accounts receivable of $94.8 million, and a decrease in accrued expenses and other of $29.8 million.

Cash Flow from Financing Activities

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

During the first six months of fiscal 2021, the Company received net proceeds of $11.8 million under the Securitization Program and made a net repayment of $239.4 million under the Credit Facility. During the first six months of fiscal 2021, the Company paid dividends on common stock of $41.5 million.

Cash Flow from Investing Activities

During the first six months of fiscal 2022, the Company used $22.1 million for capital expenditures compared to $30.0 million for capital expenditures in the first six months of fiscal 2021. Additionally, during the first six months of fiscal 2022, the $67.6 million received from other investing activities was substantially all related to the liquidation of Company owned life insurance policies. During the first six months of fiscal 2021, the Company paid $18.4 million for an asset acquisition.

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 3, 2021. 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 January 1, 2022. The Company was in compliance with all covenants under the Credit Facility and the Securitization Program as of January 1, 2022, and July 3, 2021.

The Company has various lines of credit, financing arrangements, and other forms of bank debt in the U.S. and various foreign locations to fund the short-term working capital, foreign exchange, overdraft, and letter of credit needs of its wholly owned subsidiaries. Outstanding borrowings under such forms of debt at the end of second quarter of fiscal 2022 was $90.2 million.

As an alternative form of financing 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.

Liquidity

The Company held cash and cash equivalents of $167.8 million as of January 1, 2022, of which $106.4 million was held outside the United States. As of July 3, 2021, the Company held cash and cash equivalents of $199.7 million, of which $150.5 million was held outside of the United States.

As of the end of the second quarter of fiscal 2022, the Company had a combined total borrowing capacity of $1.70 billion under the Credit Facility and the Securitization Program. There were no borrowings outstanding and $1.2 million in letters of credit issued under the Credit Facility, and $213.3 million outstanding under the Securitization Program, resulting in approximately $1.49 billion of total availability as of January 1, 2022. Availability under the Securitization Program is subject to the Company having sufficient eligible trade accounts receivable in the United States to support desired borrowings.

During the second quarter and first six months of fiscal 2022, the Company had an average daily balance outstanding of approximately $520.3 million and $436.7 million, respectively, under the Credit Facility and approximately $275.7 million and $207.6 million, respectively, under the Securitization Program.

During periods of weakening demand in the electronic components industry, the Company typically generates cash from operating activities. Conversely, the Company is more likely to use operating cash flows for working capital requirements during periods of higher growth. The Company used $379.7 million in cash flows for operating activities over the trailing four fiscal quarters ended January 1, 2022.

Liquidity is subject to many factors, such as normal business operations and general economic, financial, competitive, legislative, and regulatory factors that are beyond the Company's control. To the extent the cash balances held in foreign locations cannot be remitted back to the U.S. in a tax efficient manner, those cash balances are generally used for ongoing working capital, 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.

The Company continually monitors and reviews its liquidity position and funding needs. Management believes that the Company’s ability to generate operating cash flows 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. The Company may also renew or replace expiring debt arrangements in the future and management believes the Company will have adequate access to capital markets, if needed. The Company has historically generated operating cash flows and believes it will have the ability to do so in the future.

As of January 1, 2022, the Company may repurchase up to an aggregate of $423.1 million of shares of the Company’s common stock through a $2.95 billion share repurchase program approved by the Board of Directors. The Company may repurchase stock from time to time at the discretion of management, subject to strategic considerations, market conditions and other factors. The Company may terminate or limit the share repurchase program at any time without prior notice. During the second quarter of fiscal 2022, the Company repurchased $35.3 million of common stock.

The Company has historically paid quarterly cash dividends on shares of its common stock, and future dividends are subject to approval by the Board of Directors. During the second quarter of fiscal 2022, the Board of Directors approved a dividend of $0.24 per share, which resulted in $23.7 million of dividend payments during the quarter.

Recently Issued Accounting Pronouncements

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

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

The Company seeks to reduce earnings and cash flow volatility associated with changes in foreign currency exchange rates by entering into financial arrangements that are intended to provide an economic hedge against all or a portion of the risks associated with such volatility. The Company continues to have exposure to such risks to the extent they are not economically hedged.

See Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, in the Company’s Annual Report on Form 10-K for the fiscal year ended July 3, 2021, 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 3, 2021, as the Company continues to economically hedge the majority of its foreign currency exchange exposures. Thus, any increase or decrease in fair value of the Company’s forward foreign currency exchange contracts is generally offset by an opposite effect on the related economically hedged position. For interest rate risk, the Company continues to maintain a combination of fixed and variable rate debt to mitigate the exposure to fluctuations in market interest rates.

See *Liquidity and Capital Resources — Financing Transactions* appearing in Item 2 of this Quarterly Report on Form 10-Q for further discussion of the Company’s financing transactions and capital structure. As of January 1, 2022, approximately 80% of the Company’s debt bears interest at a fixed rate and 20% 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 $0.8 million decrease in income before income taxes in the Company’s consolidated statement of operations for the second quarter of fiscal 2022.

Item 4. ***Controls and Procedures***

The Company's management, including its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the reporting period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company's disclosure controls and procedures are effective such that material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

During the second quarter of fiscal 2022, there were no changes to the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. ***Legal Proceedings***

Pursuant to SEC regulations, including but not limited to Item 103 of Regulation S-K, the Company regularly assesses the status of and developments in pending environmental and other legal proceedings to determine whether any such proceedings should be identified specifically in this discussion of legal proceedings, and has concluded that no particular pending legal proceeding requires public disclosure. Based on the information known to date, management believes that the Company has appropriately accrued in its consolidated financial statements for its share of the estimable costs of environmental and other legal proceedings.

The Company is also currently subject to various pending and potential legal matters and investigations relating to compliance with governmental laws and regulations, including import/export and environmental matters. The Company currently believes that the resolution of such matters will not have a material adverse effect on the Company's financial position or liquidity, but could possibly be material to its results of operations in any single reporting period.

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

The discussion of the Company's business and operations should be read together with the risk factors contained in Item 1A of its Annual Report on Form 10-K for the fiscal year ended July 3, 2021, 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 January 1, 2022, there have been no material changes to the risk factors set forth in the Company's Annual Report on Form 10-K for the fiscal year ended July 3, 2021.

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

In August 2019, the Company's Board of Directors amended the Company's existing share repurchase program, increasing the cumulative total of authorized share repurchases to $2.95 billion of the Company's common stock. The following table includes the Company's monthly purchases of the Company's common stock during the second quarter of fiscal 2022, under the share repurchase program, which is part of a publicly announced plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs
October 3 – October 30	249,905	$ 37.49	249,905	$ 449,120,000
October 31 – November 27	176,081	$ 39.10	176,081	$ 442,234,000
November 28 – January 1	495,481	$ 38.52	495,481	$ 423,148,000

Item 6. ***Exhibits***

Exhibit Number	Exhibit
10.1*	Amendment No. 2 to the Amended and Restated Credit Agreement, dated December 21, 2021, among Avnet, Inc., Avnet Holding Europe BVBA and Bank of America, N.A., as administrative agent.
10.2	Avnet, Inc. 2021 Stock Compensation and Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 19, 2021).
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

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

SIGNATURE

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

Date: January 28, 2022

AVNET, INC.

By: /s/ THOMAS LIGUORI

Thomas Liguori

Chief Financial Officer

Exhibit 10.1

AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT (LIBOR TRANSITION)

THIS AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT (LIBOR TRANSITION) (this "Agreement") is made and entered into as of December 21, 2021 by and among **AVNET, INC.** a New York corporation (the "Company"), **AVNET HOLDING EUROPE BVBA** (a "Borrower" and, together with the Company, the "Borrowers") and **BANK OF AMERICA, N.A.**, as Administrative Agent (in such capacity, the "Administrative Agent").

RECITALS

WHEREAS, the Borrowers, the lenders from time to time party thereto (the "Lenders"), and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swingline Lender have entered into that certain Amended and Restated Credit Agreement dated as of June 28, 2018 (as amended by that certain Amendment No. 1 to Amended and Restated Credit Agreement, dated as of August 4, 2020, and as further amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement");

WHEREAS, certain loans and/or other extensions of credit under the Credit Agreement denominated in Sterling, Japanese Yen, and Euros (collectively, the "Impacted Currencies") incur or are permitted to incur interest, fees, commissions or other amounts based on the London Interbank Offered Rate as administered by the ICE Benchmark Administration ("LIBOR") in accordance with the terms of the Credit Agreement; and

WHEREAS, pursuant to Section 3.03(c) of the Credit Agreement, the applicable parties under the Credit Agreement have determined in accordance with the Credit Agreement that LIBOR for the Impacted Currencies should be replaced with a successor rate in accordance with the Credit Agreement and, in connection therewith, the Administrative Agent has determined that certain conforming changes are necessary or advisable.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein (including on any Appendix attached hereto) shall have the meanings provided to such terms in the Credit Agreement, as amended by this Agreement.

2. Agreement. Notwithstanding any provision of the Credit Agreement or the other Loan Documents to the contrary, the parties hereto hereby agree that the terms set forth on Appendix A shall apply solely to the Impacted Currencies. For the avoidance of doubt, to the extent provisions in the Credit Agreement apply to the Impacted Currencies and such provisions are not specifically addressed by Appendix A, the provisions in the Credit Agreement shall continue to apply to the Impacted Currencies.

3. Conflict with Loan Documents. In the event of any conflict between the terms of this Agreement and the terms of the Credit Agreement or the other Loan Documents, the terms hereof shall control.

4. Representations and Warranties. Each of the Borrowers represents and warrants to the Administrative Agent and the Lenders, as of the date hereof, as follows:

(a) this Agreement has been duly executed and delivered by each Borrower, and this Agreement, the Credit Agreement and each other Loan Document (in each case, as amended hereby) constitutes a legal, valid and binding obligation of such Borrower, enforceable against such Borrower in accordance with its terms, except as may be limited by applicable Debtor Relief Laws and general principles of equity, regardless of whether considered in a proceeding in equity or at law;

(b) the representations and warranties of (i) the Borrowers contained in Article V of the Credit Agreement and (ii) each Loan Party contained in each other Loan Document to which such Loan Party is a party or in any document furnished at any time under or in connection with the Credit Agreement or any other Loan Document (including any Designated Borrower Request and Assumption Agreement), shall be true and correct in all material respects (unless such representation or warranty is already qualified by materiality or Material Adverse Effect, in which case it shall be true and correct in all respects) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (unless such representation or warranty is already qualified by materiality or Material Adverse Effect, in which case it shall be true and correct in all respects) as of such earlier date, and except that the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01;

(c) after giving effect to this Agreement, no Default or Event of Default has occurred and is continuing.

5. Conditions Precedent. This Agreement shall become effective upon receipt by the Administrative Agent of counterparts of this Agreement, properly executed by the Borrowers and the Administrative Agent.

6. Payment of Expenses. The Borrowers agree to pay, in accordance with and subject to the limitations in Section 10.04 of the Credit Agreement, all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation, execution, delivery and administration of this Agreement and the other related Loan Documents.

7. Miscellaneous.

(a) The Loan Documents, and the obligations of the Borrowers under the Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Agreement is a Loan Document.

(b) Each Borrower (i) acknowledges and consents to all of the terms and conditions of this Agreement, (ii) affirms all of its obligations under the Loan Documents and (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Loan Documents, in each case except as specifically set forth herein.

(c) This Agreement may be in the form of an electronic record (in ".pdf" form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts shall be one and the same

Agreement. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed Agreement which has been converted into electronic form (such as scanned into ".pdf" format), or an electronically signed Agreement converted into another format, for transmission, delivery and/or retention.

(d) Any provision of this Agreement held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(e) The terms of the Credit Agreement with respect to governing law, submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

[remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BORROWERS:

AVNET, INC.

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

AVNET HOLDING EUROPE BVBA

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

ADMINISTRATIVE AGENT:

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

By: /s/ Ronaldo Naval
Name: Ronaldo Naval
Title: Vice President

Appendix A

TERMS APPLICABLE TO AFFECTED ALTERNATIVE CURRENCY LOANS

1. Defined Terms. The following terms shall have the meanings set forth below:

"Administrative Agent's Office" means, with respect to any currency, the Administrative Agent's address and, as appropriate, account specified in the Credit Agreement with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify the Borrowers and the Lenders.

"Affected Alternative Currency" means each of the following currencies: Sterling, Japanese Yen, and Euros.

"Affected Alternative Currency Daily Rate" means, for any day, with respect to any extension of credit under the Credit Agreement denominated in Sterling, the rate per annum equal to SONIA determined pursuant to the definition thereof plus the SONIA Adjustment; provided, that, if any Affected Alternative Currency Daily Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. Any change in an Affected Alternative Currency Daily Rate shall be effective from and including the date of such change without further notice.

"Affected Alternative Currency Daily Rate Loan" means a Loan that bears interest at a rate based on the definition of "Affected Alternative Currency Daily Rate." All Affected Alternative Currency Daily Rate Loans must be denominated in an Affected Alternative Currency.

"Affected Alternative Currency Loan" means an Affected Alternative Currency Daily Rate Loan or an Affected Alternative Currency Term Rate Loan, as applicable.

"Affected Alternative Currency Term Rate" means, for any Interest Period, with respect to any extension of credit under the Credit Agreement:

(a) denominated in Euros, the rate per annum equal to the Euro Interbank Offered Rate ("EURIBOR"), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the day that is two TARGET Days preceding the first day of such Interest Period with a term equivalent to such Interest Period; and

(b) denominated in Japanese Yen, the rate per annum equal to the Tokyo Interbank Offer Rate ("TIBOR"), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the day that is two Business Days preceding the first day of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by the Administrative Agent; provided that, to the extent such market practice is not administratively feasible for the Administrative Agent, then such date shall be such other day as otherwise reasonably determined by the Administrative Agent) with a term equivalent to such Interest Period;

provided, that, if any Affected Alternative Currency Term Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

"Affected Alternative Currency Term Rate Loan" means a Loan that bears interest at a rate based on the definition of "Affected Alternative Currency Term Rate." All Affected Alternative Currency Term Rate Loans must be denominated in an Affected Alternative Currency.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located; provided that

(a) if such day relates to any interest rate settings as to an Affected Alternative Currency Loan denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Affected Alternative Currency Loan, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Affected Alternative Currency Loan, means a Business Day that is also a TARGET Day;

(b) if such day relates to any interest rate settings as to an Affected Alternative Currency Loan denominated in (i) Sterling, means a day other than a day banks are closed for general business in London because such day is a Saturday, Sunday or a legal holiday under the Laws of the United Kingdom; and (ii) Japanese Yen, means a day other than when banks are closed for general business in Japan; and

(c) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Euro in respect of an Affected Alternative Currency Loan denominated in a currency other than Euro, or any other dealings in any currency other than Euro to be carried out pursuant to this Agreement in respect of any such Affected Alternative Currency Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

"Conforming Changes" means, with respect to the use, administration of or any conventions associated with SONIA, EURIBOR, TIBOR or any proposed successor rate for any currency, any conforming changes to the definitions of "SONIA", "EURIBOR", "TIBOR", "Interest Period", timing and frequency of determining rates and making payments of interest and other technical or administrative matters (including, for the avoidance of doubt, the definition of "Business Day", timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such applicable rate(s) and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice for such currency (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate for such currency exists, in such other manner of administration as the Administrative Agent determines in consultation with the Company is reasonably necessary in connection with the administration of this Agreement and any other Loan Document).

"Eurocurrency Rate Loans" means a Loan that bears interest at a rate based on the Eurocurrency Rate.

"Interest Payment Date" means, (a) as to any Affected Alternative Currency Daily Rate Loan, the last Business Day of each calendar month and the applicable maturity date set forth in the Credit Agreement and (b) as to any Affected Alternative Currency Term Rate Loan, the last day of each Interest Period applicable to such Loan; provided, however, that if any Interest Period for an Affected Alternative Currency Term Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall be Interest Payment Dates.

"Interest Period" means as to each Affected Alternative Currency Term Rate Loan, the period commencing on the date such Affected Alternative Currency Term Rate Loan is disbursed or converted to or continued as an Affected Alternative Currency Term Rate Loan and ending on the date one, three or six months thereafter (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by the applicable Borrower in its Committed Loan Notice, or such other period that is twelve months or less requested by the applicable Borrower and consented to by all the Lenders; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of an Affected Alternative Currency Term Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period pertaining to an Affected Alternative Currency Term Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date.

"Revaluation Date" means, with respect to any Loan, each of the following: (a) each date of a Committed Borrowing of an Affected Alternative Currency Loan, (b) with respect to an Affected Alternative Currency Daily Rate Loan, each Interest Payment Date, (c) each date of a continuation of an Affected Alternative Currency Term Rate Loan pursuant to the terms of the Credit Agreement, and (d) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require.

"SONIA" means, with respect to any applicable determination date, the Sterling Overnight Index Average Reference Rate published on the fifth Business Day preceding such date on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time); provided however that if such determination date is not a Business Day, SONIA means such rate that applied on the first Business Day immediately prior thereto.

"SONIA Adjustment" means, with respect to SONIA, 0.0326% per annum.

"Type" means, with respect to a Committed Loan, its character as a Base Rate Loan, a Eurocurrency Rate Loan, an Affected Alternative Currency Daily Rate Loan or an Affected Alternative Currency Term Rate Loan.

2. Terms Applicable to Affected Alternative Currency Loans. From and after the date hereof, the parties hereto agree as follows:

(a) Affected Alternative Currencies. (i) No Affected Alternative Currency shall be considered a currency for which there is a published LIBOR rate, and (ii) any request for a new Loan denominated in an Affected Alternative Currency, or to continue an existing Loan denominated in an Affected Alternative Currency, shall be deemed to be a request for a new Loan bearing interest at the Affected Alternative Currency Daily Rate or Affected Alternative Currency Term Rate, as applicable; provided, that, to the extent any Loan bearing interest at the Eurocurrency Rate is outstanding on the date hereof, such Loan shall continue to bear interest at the Eurocurrency Rate until the end of the current Interest Period or payment period applicable to such Loan unless, in the case of a Loan that bears interest at a daily floating rate, such daily floating rate is no longer representative or being made available, in which case such Loan shall bear interest at the applicable Affected Alternative Currency Rate immediately upon the effectiveness of this Agreement.

(b) References to Eurocurrency Rate and Eurocurrency Rate Loans in the Credit Agreement and Loan Documents.

(i) References to the Eurocurrency Rate and Eurocurrency Rate Loans in provisions of the Credit Agreement and the other Loan Documents that are not specifically addressed herein (other than the definitions of Eurocurrency Rate and Eurocurrency Rate Loan) shall be deemed to include Affected Alternative Currency Daily Rates, Affected Alternative Currency Term Rates, and Affected Alternative Currency Loans, as applicable.

(ii) For purposes of any requirement for any Borrower to compensate Lenders for losses in the Credit Agreement resulting from any continuation, conversion, payment or prepayment of any Affected Alternative Currency Loan on a day other than the last day of any Interest Period (as defined in the Credit Agreement), references to the Interest Period (as defined in the Credit Agreement) shall be deemed to include any relevant interest payment date or payment period for an Affected Alternative Currency Loan.

(c) Interest Rates. The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of “Affected Alternative Currency Daily Rate”, “Affected Alternative Currency Term Rate” or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rate or the effect of any of the foregoing, or of any Conforming Changes, in each case in the absence of the Administrative Agent’s own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment.

(d) Revaluation Dates. The Administrative Agent shall determine the Dollar Equivalent amounts of Committed Borrowings and Loans denominated in Affected Alternative Currencies. Such Dollar Equivalent shall become effective as of such Revaluation Date and shall be the Dollar Equivalent of such amounts until the next Revaluation Date to occur.

(e) Committed Borrowings and Continuations of Affected Alternative Currency Loans. In addition to any other borrowing requirements set forth in the Credit Agreement:

(i) Affected Alternative Currency Loans. Each Committed Borrowing of Affected Alternative Currency Loans, and each continuation of an Affected Alternative Currency Term Rate Loan shall be made upon the applicable Borrower's irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed promptly by delivery to the Administrative Agent of a Committed Loan Notice. Each such Committed Loan Notice must be received by the Administrative Agent not later than 9:00 a.m. (Pacific time) three Business Days (or four Business Days in the case of a Special Notice Currency) prior to the requested date of any Committed Borrowing or, in the case of Affected Alternative Currency Term Rate Loans, any continuation. Each Committed Borrowing of or continuation of Affected Alternative Currency Loans shall be in a principal amount of the Dollar Equivalent of $5,000,000 or a whole multiple of the Dollar Equivalent of $1,000,000 in excess thereof. Each Committed Loan Notice shall specify (i) the name of the applicable Borrower, (ii) whether the applicable Borrower is requesting a Committed Borrowing or a continuation of Affected Alternative Currency Term Rate Loans, (iii) the requested date of the Committed Borrowing or continuation, as the case may be (which shall be a Business Day), (iv) the currency and principal amount of Loans to be borrowed or continued, (v) the Type of Loans to be borrowed, and (vi) if applicable, the duration of the Interest Period with respect thereto. If the applicable Borrower fails to specify a currency in a Committed Loan Notice requesting a Committed Borrowing, then the Loans so requested shall be made in Dollars. If the applicable Borrower fails to specify a Type of Loan in a Committed Loan Notice or if such Borrower fails to give a timely notice requesting a continuation, then the applicable Loans shall be made as Base Rate Loans denominated in Dollars; provided, however, that in the case of a failure to timely request a continuation of Affected Alternative Currency Term Rate Loans, such Loans shall be continued as Affected Alternative Currency Term Rate Loans in their original currency with an Interest Period of one (1) month. If the applicable Borrower requests a Committed Borrowing of or continuation of Affected Alternative Currency Term Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Except as otherwise specified in the Credit Agreement, no Affected Alternative Currency Loan may be converted into or continued as a Loan denominated in a different currency, but instead must be repaid in the original currency of such Affected Alternative Currency Loan and reborrowed in the other currency.

(ii) Conforming Changes. With respect to any Affected Alternative Currency Rate the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein, in the Credit Agreement or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement, the Credit Agreement or any other Loan Document; provided, that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrowers and the Lenders reasonably promptly after such amendment becomes effective.

(iii) Committed Loan Notice. For purposes of a Committed Borrowing of Affected Alternative Currency Loans, or a continuation of and Affected Alternative Currency Term Rate Loan, the Borrowers shall use the Committed Loan Notice attached hereto as Exhibit A.

(f) Interest.

(i) Subject to the provisions of the Credit Agreement with respect to interest at the Default Rate, (x) each Affected Alternative Currency Daily Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Affected Alternative Currency Daily Rate plus the Applicable Rate; and (y) each Affected Alternative Currency Term Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Affected Alternative Currency Term Rate for such Interest Period plus the Applicable Rate.

(ii) Interest on each Affected Alternative Currency Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified the Credit Agreement. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(g) Computations. All computations of interest for Affected Alternative Currency Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed, or, in the case of interest in respect of Affected Alternative Currency Loans as to which market practice differs from the foregoing, in accordance with such market practice. Interest shall accrue on each Affected Alternative Currency Loans for the day on which the Affected Alternative Currency Loans is made, and shall not accrue on an Affected Alternative Currency Loans, or any portion thereof, for the day on which the Affected Alternative Currency Loans or such portion is paid, provided that any Affected Alternative Currency Loans that is repaid on the same day on which it is made shall, subject to the terms of the Credit Agreement, bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(h) Successor Rates. The provisions in the Credit Agreement addressing the replacement of a current successor rate for a currency shall be deemed to apply to Affected Alternative Currency Loans and SONIA, TIBOR and EURIBOR, as applicable, and the related defined terms shall be deemed to include Sterling, Japanese Yen and Euros and SONIA, TIBOR and EURIBOR, as applicable.

Exhibit A

FORM OF COMMITTED LOAN NOTICE
(Affected Alternative Currency Loans)

Date: ___________, _____[1]

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of June 28, 2018 (as amended by that certain Amendment No. 1 to Amended and Restated Credit Agreement, dated as of August 4, 2020, and as further amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement;" the terms defined therein being used herein as therein defined), among Avnet, Inc. a New York corporation, the Designated Borrowers from time to time party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swingline Lender.

The undersigned hereby requests (select one)[2]:

Indicate: Effective Date	**Indicate**: Committed Borrowing, Conversion or Continuation	**Indicate**: Borrower Name	**Indicate**: Requested Amount	**Indicate**: Currency	**Indicate**: Affected Alternative Currency Daily Rate Loan or Affected Alternative Currency Term Rate Loan	**For Affected Alternative Currency Term Rate Loans Indicate:** Interest Period (e.g., 1, 3 or 6 month interest period)

The Committed Borrowing, if any, requested herein complies with the requirements set forth in the Credit Agreement.

____

[Insert name of Borrower]

[1] Note to Borrower. All requests submitted under a single Committed Loan Notice must be effective on the same date. If multiple effective dates are needed, multiple Committed Loan Notices will need to be prepared and signed.
[2] Note to Borrower. For multiple borrowings, conversions and/or continuations, fill out a new row for each borrowing/conversion and/or continuation.

By: ______________________________
Name: ______________________________
Title: ______________________________

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: January 28, 2022

.

/s/ PHILIP R. GALLAGHER

Philip R. Gallagher

Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Thomas Liguori, 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: January 28, 2022

/s/ THOMAS LIGUORI
Thomas Liguori
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 January 1, 2022 (the “Report”), I, Philip R. Gallagher, Chief Executive Officer of Avnet, Inc. (the “Company”) hereby certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 28, 2022

/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 January 1, 2022 (the "Report"), I, Thomas Liguori, 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: January 28, 2022

/s/ THOMAS LIGUORI
Thomas Liguori
Chief Financial Officer