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 October 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 October 21, 2022, the total number of shares outstanding of the registrant's Common Stock was 91,517,297 shares, net of treasury shares.

AVNET, INC. AND SUBSIDIARIES
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PART I

FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	October 1, 2022	July 2, 2022
	(Thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 80,881	$ 153,693
Receivables	4,591,020	4,301,002
Inventories	4,654,985	4,244,148
Prepaid and other current assets	183,019	177,783
Total current assets	9,509,905	8,876,626
Property, plant and equipment, net	300,068	315,204
Goodwill	703,828	758,833
Operating lease assets	226,960	227,138
Other assets	227,645	210,731
Total assets	$ 10,968,406	$ 10,388,532
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 513,000	$ 174,422
Accounts payable	3,466,620	3,431,683
Accrued expenses and other	624,959	591,020
Short-term operating lease liabilities	54,612	54,529
Total current liabilities	4,659,191	4,251,654
Long-term debt	1,825,514	1,437,400
Long-term operating lease liabilities	196,908	199,418
Other liabilities	267,458	307,300
Total liabilities	6,949,071	6,195,772
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Common stock $1.00 par; authorized 300,000,000 shares; issued 92,328,956 shares and 95,701,630 shares, respectively	92,329	95,702
Additional paid-in capital	1,665,846	1,656,907
Retained earnings	2,934,205	2,921,399
Accumulated other comprehensive loss	(673,045)	(481,248)
Total shareholders' equity	4,019,335	4,192,760
Total liabilities and shareholders' equity	$ 10,968,406	$ 10,388,532

See notes to consolidated financial statements.

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

	First Quarters Ended	
	October 1, 2022	October 2, 2021
	(Thousands, except per share amounts)	
Sales	$ 6,750,133	$ 5,584,695
Cost of sales	5,981,960	4,925,002
Gross profit	768,173	659,693
Selling, general and administrative expenses	477,636	486,178
Restructuring, integration and other expenses	—	5,272
Operating income	290,537	168,243
Other income (expense), net	323	(409)
Interest and other financing expenses, net	(45,098)	(22,844)
Income before taxes	245,762	144,990
Income tax expense	61,501	33,672
Net income	$ 184,261	$ 111,318
Earnings per share:		
Basic	$ 1.96	$ 1.12
Diluted	$ 1.93	$ 1.10
Shares used to compute earnings per share:		
Basic	94,051	99,647
Diluted	95,636	101,116
Cash dividends paid per common share	$ 0.29	$ 0.24

See notes to consolidated financial statements.

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

	First Quarters Ended	
	October 1, 2022	October 2, 2021
	(Thousands)	
Net income	$ 184,261	$ 111,318
Other comprehensive income (loss), net of tax:		
Foreign currency translation and other	(201,663)	(29,036)
Pension adjustments, net	9,866	4,012
Total comprehensive (loss) income	$ (7,536)	$ 86,294

See notes to consolidated financial statements.

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

	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
				(Thousands)		
Balance, July 2, 2022	95,702	$ 95,702	$ 1,656,907	$ 2,921,399	$ (481,248)	$ 4,192,760
Net income	—	—	—	184,261	—	184,261
Translation adjustments and other	—	—	—	—	(201,663)	(201,663)
Pension liability adjustments, net	—	—	—	—	9,866	9,866
Cash dividends	—	—	—	(26,998)	—	(26,998)
Repurchases of common stock	(3,445)	(3,445)	—	(144,457)	—	(147,902)
Stock-based compensation	72	72	8,939	—	—	9,011
Balance, October 1, 2022	92,329	$ 92,329	$ 1,665,846	$ 2,934,205	$ (673,045)	$ 4,019,335

	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

See notes to consolidated financial statements.

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

	First Quarters Ended	
	October 1, 2022	October 2, 2021
	(Thousands)	
Cash flows from operating activities:		
Net income	$ 184,261	$ 111,318
Non-cash and other reconciling items:		
Depreciation	19,640	21,833
Amortization	2,755	5,210
Amortization of operating lease assets	13,141	13,751
Deferred income taxes	(7,296)	(3,259)
Stock-based compensation	8,924	9,178
Other, net	8,224	2,603
Changes in (net of effects from businesses acquired and divested):		
Receivables	(419,852)	(169,992)
Inventories	(559,044)	(73,971)
Accounts payable	120,938	85,217
Accrued expenses and other, net	(16,840)	(32,856)
Net cash flows used for operating activities	(645,149)	(30,968)
Cash flows from financing activities:		
Borrowings under accounts receivable securitization, net	152,200	59,300
Borrowings under senior unsecured credit facility, net	701,987	118,716
Repayments under bank credit facilities and other debt, net	(85,432)	(734)
Repurchases of common stock	(152,408)	(9,566)
Dividends paid on common stock	(26,998)	(23,893)
Other, net	(964)	(1,337)
Net cash flows provided by financing activities	588,385	142,486
Cash flows from investing activities:		
Purchases of property, plant and equipment	(28,208)	(12,025)
Other, net	7,303	318
Net cash flows used for investing activities	(20,905)	(11,707)
Effect of currency exchange rate changes on cash and cash equivalents	4,857	(401)
Cash and cash equivalents:		
— (decrease) increase	(72,812)	99,410
— at beginning of period	153,693	199,691
— at end of period	$ 80,881	$ 299,101

See notes to consolidated financial statements.

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

1. Basis of presentation and new accounting pronouncements

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

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

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

Recently adopted accounting pronouncements

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

Recently issued accounting pronouncements

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities (subtopic 405-50): Supplier Finance Programs* ("ASU No. 2022-04") to enhance the transparency of certain supplier finance programs to allow financial statement users to understand the effect on working capital, liquidity and cash flows. The new pronouncement requires disclosure of key terms of the programs, including a description of the payment terms, payment timing and assets pledged as security or other forms of guarantees provided to the finance provider or intermediary. Other requirements include the disclosure of the amount that remains unpaid as of the end of the reporting period, a description of where these obligations are presented in the balance sheet and a rollforward of the obligation during the annual period. The guidance is effective for the Company in the first quarter of fiscal 2024, except for the rollforward, which is effective in fiscal 2025. Early adoption is permitted. The Company is currently evaluating any impact from adoption of this pronouncement.

2. Receivables

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

	October 1, 2022	July 2, 2022
	(Thousands)	
Receivables	$ 4,697,643	$ 4,414,904
Allowance for Credit Losses	(106,623)	(113,902)

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

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

	October 1, 2022	October 2, 2021
	(Thousands)	
Balance at beginning of the period	$ 113,902	$ 88,160
Credit Loss Provisions	1,442	4,174
Credit Loss Recoveries	(216)	(276)
Receivables Write Offs	(3,378)	(3,193)
Foreign Currency Effect and Other	(5,127)	(947)
Balance at end of the period	$ 106,623	$ 87,918

3. Goodwill and intangible assets

Goodwill

The following table presents the change in goodwill by reportable segment for the first quarter ended October 1, 2022.

	Electronic Components	Farnell	Total
		(Thousands)	
Carrying value at July 2, 2022 (1)	$ 291,526	$ 467,307	$ 758,833
Foreign currency translation	(11,780)	(43,225)	(55,005)
Carrying value at October 1, 2022 (1)	$ 279,746	$ 424,082	$ 703,828

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

Intangible Assets

The net book value of intangible assets were $9.6 million as of October 1, 2022 and is not material to the consolidated financial statements. Intangible asset amortization expense was $2.8 million and $5.2 million for the first quarters of fiscal 2023 and 2022, respectively.

4. Debt

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

	October 1, 2022	July 2, 2022	October 1, 2022	July 2, 2022
	Interest Rate		Carrying Balance	
Accounts receivable securitization program (due August 2023)	3.89 %	—	$ 450,000	$ —
Other short-term debt	4.39 %	2.09 %	63,000	174,422
Short-term debt			$ 513,000	$ 174,422

The Company has a trade accounts receivable securitization program (the "Securitization Program") in the United States with a group of financial institutions. The Securitization Program allows the Company to transfer, on an ongoing revolving basis, an undivided interest in a designated pool of trade accounts receivable, to provide security or collateral for borrowings of up to 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 $1.25 billion and $1.12 billion at October 1, 2022, and July 2, 2022, respectively. The Securitization Program contains certain covenants relating to the quality of the receivables sold.

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

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

	October 1, 2022	July 2, 2022	October 1, 2022	July 2, 2022
	Interest Rate		Carrying Balance	
Revolving credit facilities:				
Accounts receivable securitization program (due August 2023)	—	2.55 %	$ —	$ 297,800
Credit Facility (due August 2027)	3.45 %	—	685,632	—
Public notes due:				
April 2026	4.63 %	4.63 %	550,000	550,000
May 2031	3.00 %	3.00 %	300,000	300,000
June 2032	5.50 %	5.50 %	300,000	300,000
Long-term debt before discount and debt issuance costs			1,835,632	1,447,800
Discount and debt issuance costs – unamortized			(10,118)	(10,400)
Long-term debt			$ 1,825,514	$ 1,437,400

In August 2022, the Company amended and extended its five-year $1.25 billion revolving credit facility (the "Credit Facility") with a syndicate of banks, which expires in August 2027. It consists of revolving credit facilities and the issuance of up to $200.0 million of letters of credit and up to $300.0 million of loans in certain approved currencies. As of October 1, 2022, and July 2, 2022, there were $1.1 million and $1.2 million, respectively, in letters of credit issued under the Credit Facility. Subject to certain conditions, the Credit Facility may be increased up to $1.50 billion. 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 leverage ratios, which the Company was in compliance with as of October 1, 2022, and July 2, 2022.

As of October 1, 2022, the carrying value and fair value of the Company's total debt was $2.34 billion and $2.22 billion, respectively. At July 2, 2022, the carrying value and fair value of the Company's total debt was $1.61 billion and $1.55 billion, respectively. Fair value for the public notes was estimated based upon quoted market prices 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.

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

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

	First Quarters Ended	
	October 1, 2022	October 2, 2021
Operating lease cost	$ 16,566	$ 17,847
Variable lease cost	6,313	6,118
Total lease cost	$ 22,879	$ 23,965

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

Fiscal Year	
Remainder of fiscal 2023	$ 48,296
2024	50,028
2025	39,406
2026	30,797
2027	20,424
Thereafter	110,738
Total future operating lease payments	299,689
Total imputed interest on operating lease liabilities	(48,169)
Total operating lease liabilities	$ 251,520

Other information pertaining to operating leases consists of the following:

	First Quarters Ended	
	October 1, 2022	October 2, 2021
Operating Lease Term and Discount Rate		
Weighted-average remaining lease term in years	8.5	9.0
Weighted-average discount rate	3.9 %	3.8 %

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

	First Quarters Ended	
	October 1, 2022	October 2, 2021
Supplemental Cash Flow Information:		
Cash paid for operating lease liabilities	$ 14,062	$ 14,826
Operating lease assets obtained from new operating lease liabilities	20,796	7,578

6. Derivative financial instruments

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

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

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

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

	October 1, 2022	July 2, 2022
	(Thousands)	
Prepaid and other current assets	$ 39,336	$ 24,907
Accrued expenses and other	41,087	29,663

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

	First Quarters Ended	
	October 1, 2022	October 2, 2021
	(Thousands)	
Net derivative financial instrument loss	$ (359)	$ (8,771)

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.

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

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 October 1, 2022, and July 2, 2022, the Company had aggregate estimated liabilities of $14.7 million classified within accrued expenses and other for such compliance-related matters that were reasonably estimable as of such dates.

8. Income taxes

The Company's effective tax rate on its income before taxes was 25.0% in the first quarter of fiscal 2023. During the first quarter of fiscal 2023, the Company's effective tax rate was unfavorably impacted primarily by (i) increases to unrecognized tax benefit reserves and (ii) the mix of income in higher tax jurisdictions.

During the first quarter of fiscal 2022, the Company's effective tax rate on its income before taxes was 23.2%. The Company's effective tax rate was unfavorably impacted primarily by increases to valuation allowances.

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:

	First Quarters Ended	
	October 1, 2022	October 2, 2021
	(Thousands)	
Service cost	$ 3,004	$ 3,752
Total net periodic pension cost within selling, general and administrative expenses	3,004	3,752
Interest cost	6,682	3,947
Expected return on plan assets	(12,215)	(12,284)
Amortization of prior service cost	1	1
Recognized net actuarial loss	617	4,086
Total net periodic pension benefit within other income (expense), net	(4,915)	(4,250)
Net periodic pension benefit	$ (1,911)	$ (498)

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

10. Shareholders' equity

Share repurchase program

In May 2022, the Company's Board of Directors approved a new share repurchase plan with an authorization to repurchase up to an aggregate of $600 million of common stock in the open market or through privately negotiated transactions. The timing and actual number of shares repurchased will depend on a variety of factors such as share price, expected liquidity, expected compliance with financial debt convents, corporate and regulatory requirements, and prevailing market conditions. During the first quarter of fiscal 2023, the Company repurchased 3.4 million shares under this program for a total cost of $147.9 million. As of October 1, 2022, the Company had $383.4 million remaining under its share repurchase authorization.

Common stock dividend

In August 2022, the Company's Board of Directors approved a dividend of $0.29 per common share and dividend payments of $27.0 million were made in September 2022.

11. Earnings per share

	First Quarters Ended	
	October 1, 2022	October 2, 2021
	(Thousands, except per share data)	
Numerator:		
Net income	$ 184,261	$ 111,318
Denominator:		
Weighted average common shares for basic earnings per share	94,051	99,647
Net effect of dilutive stock-based compensation awards	1,585	1,469
Weighted average common shares for diluted earnings per share	95,636	101,116
Basic earnings per share	$ 1.96	$ 1.12
Diluted earnings per share	$ 1.93	$ 1.10
Stock options excluded from earnings per share calculation due to an anti-dilutive effect	146	897

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

12. Additional cash flow information

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

	First Quarters Ended	
	October 1, 2022	October 2, 2021
	(Thousands)	
Non-cash Investing Activities:		
Capital expenditures incurred but not paid	$ 11,916	$ 4,508
Non-cash Financing Activities:		
Unsettled share repurchases	$ 4,449	$ 937
Supplemental Cash Flow Information:		
Interest	$ 32,855	$ 11,636
Income tax net payments	57,426	27,977

Included in cash and cash equivalents as of October 1, 2022, and July 2, 2022, was $4.9 million and $5.4 million, respectively, of cash equivalents, which was primarily comprised of investment grade money market funds and overnight time deposits.

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

13. Segment information

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

	First Quarters Ended	
	October 1, 2022	October 2, 2021
	(Thousands)	
Sales:		
Electronic Components	$ 6,324,223	$ 5,129,497
Farnell	425,910	455,198
	6,750,133	5,584,695
Operating income:		
Electronic Components	$ 267,253	$ 162,462
Farnell	51,611	49,593
	318,864	212,055
Corporate	(25,568)	(33,301)
Restructuring, integration and other expenses	—	(5,272)
Amortization of acquired intangible assets and other	(2,759)	(5,239)
Operating income	$ 290,537	$ 168,243
Sales, by geographic area:		
Americas [(1)]	$ 1,678,903	$ 1,258,811
EMEA [(2)]	2,129,539	1,747,579
Asia [(3)]	2,941,691	2,578,305
Sales	$ 6,750,133	$ 5,584,695

(1) Includes sales from the United States of $1.57 billion and $1.16 billion for the first quarters ended October 1, 2022, and October 2, 2021, respectively.

(2) Includes sales from Germany and Belgium of $906.8 million and $352.3 million, respectively, for the first quarter ended October 1, 2022. Includes sales from Germany and Belgium of $697.1 million and $307.6 million, respectively, for the first quarter ended October 2, 2021.

(3) Includes sales from China (including Hong Kong), Taiwan and Singapore of $959.2 million, $1.27 billion and $394.0 million, respectively, for the first quarter ended October 1, 2022. Includes sales from China (including Hong Kong), Taiwan and Singapore of $826.8 million, $1.20 billion and $264.0 million, respectively, for the first quarter ended October 2, 2021.

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

	October 1, 2022	July 2, 2022
	(Thousands)	
Property, plant, and equipment, net, by geographic area:		
Americas [(1)]	$ 113,741	$ 115,422
EMEA [(2)]	158,507	170,128
Asia	27,820	29,654
Property, plant, and equipment, net	$ 300,068	$ 315,204

(1) Includes property, plant and equipment, net, of $111.0 million and $112.4 million as of October 1, 2022, and July 2, 2022, respectively, in the United States.

(2) Includes property, plant and equipment, net, of $64.7 million, $72.5 million and $15.1 million in Germany, the United Kingdom and Belgium, respectively, as of October 1, 2022; and $67.6 million, $79.8 million and $16.7 million in Germany, the United Kingdom and Belgium, respectively, as of July 2, 2022.

14. Restructuring expenses

During fiscal 2022 and prior, the Company incurred restructuring expenses related to various restructuring actions. The remaining restructuring liabilities established during fiscal 2022 and prior were not material as of October 1, 2022.

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with respect to the financial condition, results of operations and business of the Company. You can find many of these statements by looking for words like "believes," "projected," "plans," "expects," "anticipates," "should," "will," "may," "estimates," or similar expressions in this Quarterly Report or in documents incorporated by reference in this Quarterly Report. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties. The following important factors, in addition to those discussed elsewhere in this Quarterly Report, and the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2022, and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, could affect the Company's future results of operations, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements: geopolitical events and military conflicts; pandemics and other health-related crises, including COVID-19; competitive pressures among distributors of electronic components; an industry down-cycle in semiconductors, including supply shortages; relationships with key suppliers and allocations of products by suppliers, including increased non-cancellable/non-returnable orders; accounts receivable defaults; risks relating to the Company's international sales and operations, including risks relating to the ability to repatriate cash, foreign currency fluctuations, inflation, duties and taxes, sanctions and trade restrictions, and compliance with international and U.S. laws; risks relating to acquisitions, divestitures and investments; adverse effects on the Company's supply chain, operations of its distribution centers, shipping costs, third-party service providers, customers and suppliers, including as a result of issues caused by military conflicts, terrorist attacks, natural and weather-related disasters, pandemics and health related crisis, warehouse modernization and relocation efforts; risks related to cyber security attacks, other privacy and security incidents, and information systems failures, including related to current or future implementations, integrations or upgrades; general economic and business conditions (domestic, foreign and global) affecting the Company's operations and financial performance and, indirectly, the Company's credit ratings, debt covenant compliance, liquidity, and access to financing; constraints on employee retention and hiring; and legislative or regulatory changes affecting the Company's businesses.

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

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

For a description of the Company's critical accounting policies and an understanding of Avnet and the significant factors that influenced the Company's performance during the quarter ended October 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 2, 2022.

The discussion of the Company's results of operations includes references to the impact of foreign currency translation. When the U.S. Dollar strengthens and the stronger exchange rates are used to translate the results of operations of Avnet's subsidiaries denominated in foreign currencies, the result is a decrease in U.S. Dollars of reported results. Conversely, when the U.S. Dollar weakens, the weaker exchange rates result in an increase in U.S. Dollars of reported results. In the discussion that follows, results excluding this impact, primarily for subsidiaries in Europe, the Middle East and Africa ("EMEA") and Asia/Pacific ("Asia"), are referred to as "constant currency."

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the U.S. ("GAAP"), the Company also discloses certain non-GAAP financial information, including:

- 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. 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:

	First Quarters Ended	
	October 1, 2022	**October 2, 2021**
	(Thousands)	
Operating income	$ 290,537	$ 168,243
Restructuring, integration and other expenses	—	5,272
Amortization of acquired intangible assets and other	2,759	5,239
Adjusted operating income	$ 293,296	$ 178,754

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

OVERVIEW

Organization

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

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

Results of Operations

Executive Summary

Sales of $6.75 billion in the first quarter of fiscal 2023 were 20.9% higher than the prior year first quarter sales of $5.58 billion. Excluding the impact of changes in foreign currency, sales increased 28.9% as compared to sales in the prior year first quarter.

Gross profit margin of 11.4% decreased 43 basis points compared to 11.8% in the first quarter of fiscal 2022. This decrease is primarily due to differences in product and customer mix.

Operating income of $290.5 million was $122.3 million higher than the first quarter of fiscal 2022. Operating income margin was 4.3% in the first quarter of fiscal 2023, as compared to 3.0% in the prior year first quarter. Adjusted operating income margin was 4.4% in the first quarter of fiscal 2023 as compared to 3.2% in the first quarter of fiscal 2022, an increase of 115 basis points. The increase in adjusted operating income margin is primarily the result of the increase in sales and the operating leverage realized from those higher sales.

Sales

Reported sales were the same as organic sales in the first quarter of fiscal 2023 and fiscal 2022. The following table presents sales growth rates for the first quarter of fiscal 2023 as compared to fiscal 2022 by geographic region and by operating group.

	Quarter Ended	
	Sales Year-Year % Change	**Sales Year-Year % Change in Constant Currency**
Avnet	20.9 %	28.9 %
Avnet by region		
Americas	33.4 %	33.4 %
EMEA	21.9	42.4
Asia	14.1	17.5
Avnet by operating group		
EC	23.3 %	31.4 %
Farnell	(6.4)	1.6

Sales of $6.75 billion for the first quarter of fiscal 2023 were up $1.17 billion, or 20.9%, from the prior year first quarter sales of $5.58 billion. Sales in constant currency in the first quarter of fiscal 2023 increased by 28.9% year over year, reflecting sales growth across all regions driven by strong demand and pricing globally for electronic components.

EC sales of $6.32 billion in the first quarter of fiscal 2023 increased $1.19 billion or 23.3% from the prior year first quarter sales of $5.13 billion. EC sales increased 31.4% year over year in constant currency, reflecting sales growth in all three regions. The increase in sales in the Company's EC operating group is primarily due to overall stronger market demand and pricing for electronic components, especially in the transportation, industrial and aerospace and defense sectors.

Farnell sales for the first quarter of fiscal 2023 were $425.9 million, a decrease of $29.3 million or 6.4% from the prior year first quarter sales of $455.2 million primarily as a result of foreign currency translation from the strengthening of the U.S. Dollar. Farnell sales in constant currency increased 1.6% year over year.

Gross Profit

Gross profit for the first quarter of fiscal 2023 was $768.2 million, an increase of $108.5 million, or 16.4%, from the first quarter of fiscal 2022 gross profit of $659.7 million. Gross profit margin decreased to 11.4% or 43 basis points from the first quarter of fiscal 2022 gross profit margin of 11.8%, primarily due to differences in product and customer mix.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A expenses") were $477.6 million in the first quarter of fiscal 2023, a decrease of $8.5 million, or 1.8%, from the first quarter of fiscal 2022. The year-over-year decrease in SG&A expenses was primarily a result of foreign currency translation from the strengthening of the U.S. Dollar, partially offset by increases in SG&A primarily to support increased sales volumes.

Metrics that management monitors with respect to its operating expenses are SG&A expenses as a percentage of sales and as a percentage of gross profit. In the first quarter of fiscal 2023, SG&A expenses were 7.1% of sales and 62.2% of gross profit, as compared with 8.7% and 73.7%, respectively, in the first quarter of fiscal 2022. The decrease in SG&A expenses as a percentage of sales and gross profit primarily results from operating leverage created from higher sales without a significant increase in SG&A expenses.

Operating Income

Operating income for the first quarter of fiscal 2023 was $290.5 million, an increase of $122.3 million, from the first quarter of fiscal 2022 operating income of $168.2 million. The year-over-year increase in operating income was primarily driven by the increase in sales and lower SG&A expenses as a percentage of sales. Adjusted operating income for the first quarter of fiscal 2023 was $293.3 million, an increase of $114.5 million, or 64.1%, from the first quarter of fiscal 2022.

EC operating income margin increased 106 basis points year over year to 4.2% and Farnell operating income margin increased 123 basis points year over year to 12.1%. The improvement in operating income margin is a result of lower overall SG&A expenses year over year.

Interest and Other Financing Expenses, Net

Interest and other financing expenses in the first quarter of fiscal 2023 was $45.1 million, an increase of $22.3 million, as compared with interest and other financing expenses of $22.8 million in the first quarter of fiscal 2022. The increases in interest and other financing expenses in the first quarter of fiscal 2023 compared to the first quarter of fiscal 2022 is primarily a result of higher outstanding borrowings and increases in average borrowing rates during the first quarter of fiscal 2023 as compared to the first quarter of fiscal 2022.

Income Tax

The Company's effective tax rate on its income before taxes was 25.0% in the first quarter of fiscal 2023. During the first quarter of fiscal 2023, the Company's effective tax rate was unfavorably impacted primarily by (i) increases to unrecognized tax benefit reserves and (ii) the mix of income in higher tax jurisdictions.

During the first quarter of fiscal 2022, the Company's effective tax rate on its income before taxes was 23.2% in the first quarter of fiscal 2022. The Company's effective tax rate was unfavorably impacted primarily by increases to valuation allowances.

Net Income

As a result of the factors described in the preceding sections of this MD&A, the Company's net income for the first quarter of fiscal 2023 was $184.3 million, or $1.93 per share on a diluted basis, as compared with $111.3 million, or $1.10 per share on a diluted basis, in the first quarter of fiscal 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Cash Flow from Operating Activities

During the first quarter of fiscal 2023, the Company used $645.1 million of cash flow for operations compared to $31.0 million of cash used for operations in the first quarter of fiscal 2022. These operating cash flows were comprised of: (i) cash flow generated from net income, adjusted for the impact of non-cash and other items, which includes depreciation and amortization expenses, deferred income taxes, stock-based compensation expense, amortization of operating lease assets, and other non-cash items, and (ii) cash flows used for working capital and other, excluding cash and cash equivalents. Cash used for working capital and other was $874.8 million during the first quarter of fiscal 2023, including increases in accounts receivable of $419.9 million, and in inventories of $559.0 million both to support sales growth in the first quarter of fiscal 2023, and a decrease in accrued expenses and other of $16.8 million, partially offset by an increase in accounts payable of $120.9 million. Comparatively, cash used for working capital and other was $191.6 million during the first quarter of fiscal 2022, including increases in accounts receivable of $170.0 million and in inventories of $74.0 million, and a decrease in accrued expenses and other of $32.9 million, offset by an increase in accounts payable of $85.2 million.

Cash Flow from Financing Activities

During the first quarter of fiscal 2023, the Company received net proceeds of $702.0 million and $152.2 million under the Credit Facility and the Securitization Program, respectively, and a repayment of $85.4 million under the other short-term debt. During the first quarter of fiscal 2023, the Company paid dividends on common stock of $27.0 million and repurchased $152.4 million of common stock.

During the first quarter of fiscal 2022, the Company received net proceeds of $118.7 million under the Credit Facility, and $59.3 million under the Securitization Program. During the first quarter of fiscal 2022, the Company paid dividends on common stock of $23.9 million and repurchased $9.6 million of common stock.

Cash Flow from Investing Activities

During the first quarter of fiscal 2023, the Company used $28.2 million for capital expenditures compared to $12.0 million for capital expenditures in the first quarter of fiscal 2022.

Contractual Obligations

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

Financing Transactions

See Note 4, "Debt" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on financing transactions including the Credit Facility, the Securitization Program, and other outstanding debt as of October 1, 2022. The Company was in compliance with all covenants under the Credit Facility and the Securitization Program as of October 1, 2022, and July 2, 2022.

The Company has various lines of credit, financing arrangements, and other forms of bank debt in the U.S. and various foreign locations to fund the short-term working capital, foreign exchange, overdraft, and letter of credit needs of its wholly owned subsidiaries. Outstanding borrowings under such forms of debt at the end of first quarter of fiscal 2023 was $40.1 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 $80.9 million as of October 1, 2022, of which none was held outside the United States. As of July 2, 2022, the Company held cash and cash equivalents of $153.7 million, of which $60.4 million was held outside of the United States.

During periods of weakening demand in the electronic components industry, the Company typically generates cash from operating activities. Conversely, the Company is more likely to use operating cash flows for working capital requirements during periods of higher growth. The Company used $833.5 million in cash flows for operating activities over the trailing four fiscal quarters ended October 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, including the need to purchase inventories, capital expenditures and other foreign business needs. In addition, local government regulations may restrict the Company's ability to move funds among various locations under certain circumstances. Management does not believe such restrictions would limit the Company's ability to pursue its intended business strategy.

As of the end of the first quarter of fiscal 2023, the Company had a combined total borrowing capacity of $1.70 billion under the Credit Facility and the Securitization Program. There were $685.6 million of borrowings outstanding and $1.1 million in letters of credit issued under the Credit Facility, and $450.0 million outstanding under the Securitization Program, resulting in approximately $563.2 million of total availability as of October 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 first quarter of fiscal 2023, the Company had an average daily balance outstanding of approximately $882.7 million under the Credit Facility and approximately $444.3 million under the Securitization Program.

As of October 1, 2022, the Company may repurchase up to an aggregate of $383.4 million of shares of the Company's common stock through the share repurchase program approved by the Board of Directors. The Company may repurchase stock from time to time at the discretion of management, subject to strategic considerations, market conditions and other factors. The Company may terminate or limit the share repurchase program at any time without prior notice. During the first quarter of fiscal 2022, the Company repurchased $147.9 million of common stock.

The Company has historically paid quarterly cash dividends on shares of its common stock, and future dividends are subject to approval by the Board of Directors. During the first quarter of fiscal 2023, the Board of Directors approved a dividend of $0.29 per share, which resulted in $27.0 million of dividend payments during the quarter.

The Company continually monitors and reviews its liquidity position and funding needs. Management believes that the Company's ability to generate operating cash flows 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.

Recently Issued Accounting Pronouncements

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

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

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

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

See *Liquidity and Capital Resources — Financing Transactions* appearing in Item 2 of this Quarterly Report on Form 10-Q for further discussion of the Company's financing transactions and capital structure. As of October 1, 2022, approximately 49% of the Company's debt bears interest at a fixed rate and 51% of the Company's debt bears interest at variable rates. Therefore, a hypothetical 1.0% (100 basis points) increase in interest rates would result in a $3.0 million decrease in income before income taxes in the Company's consolidated statement of operations for the first quarter of fiscal 2023.

Item 4. *Controls and Procedures*

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

During the first quarter of fiscal 2023, there were no changes to the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. *Legal Proceedings*

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

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

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

The discussion of the Company’s business and operations should be read together with the risk factors contained in Item 1A of its Annual Report on Form 10-K for the fiscal year ended July 2, 2022, which describe various risks and uncertainties to which the Company is or may become subject. These risks and uncertainties have the potential to affect the Company’s business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. As of October 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 2, 2022.

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

In May 2022, the Company’s Board of Directors approved a new share repurchase plan with an authorization to repurchase up to an aggregate of $600 million of common stock. The authorization amount includes the amount remaining under the previous share repurchase plan approved in August 2011, as last amended in August 2019. The following table includes the Company’s monthly purchases of the Company’s common stock during the first quarter of fiscal 2023, under the share repurchase program, which is part of a publicly announced plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs
July 3 – July 30	1,177,103	$ 43.94	1,177,103	$ 479,569,000
July 31 – August 27	1,145,699	$ 45.56	1,145,699	$ 427,368,000
August 28 – October 1	1,121,937	$ 39.20	1,121,937	$ 383,384,000

Item 6. ***Exhibits***

Exhibit Number	Exhibit
10.1	Letter Agreement between the Company and Kenneth Jacobson as Chief Financial Officer dated August 30, 2022 (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 6, 2022).
10.2	Second Amended and Restated Credit Agreement, dated as of August 2, 2022, among Avnet, Inc., each subsidiary of the Company party thereto, Bank of America, N.A., as the administrative agent, and each lender party thereto (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 3, 2022).
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: October 28, 2022

AVNET, INC.

By: /s/ KENNETH A. JACOBSON

Kenneth A. Jacobson

Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Philip R. Gallagher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avnet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2022

/s/ PHILIP R. GALLAGHER

Philip R. Gallagher
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Kenneth A. Jacobson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avnet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2022

/s/ KENNETH A. JACOBSON

Kenneth A. Jacobson
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q for the period ended October 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: October 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 October 1, 2022 (the "Report"), I, Kenneth A. Jacobson, Chief Financial Officer of Avnet, Inc. (the "Company") hereby certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2022

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