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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**Form 10-Q**

(Mark one)



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

For the quarterly period ended July 1, 2023  
or



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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 0-21272

**Sanmina Corporation**

(Exact name of registrant as specified in its charter)

**DE**

(State or other jurisdiction of  
incorporation or organization)

**77-0228183**

(I.R.S. Employer  
Identification Number)

**2700 N. First St.,**

**San Jose,**

**CA**

**95134**

(Address of principal executive offices)

(Zip Code)

**(408) 964-3500**

(Registrant's telephone number, including area code)

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 [x] 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 [x] 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 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

[x]

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock	SANM	NASDAQ Global Select Market

As of July 26, 2023, there were 57,226,949 shares outstanding of the issuer's common stock, \$0.01 par value per share.

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SANMINA CORPORATION

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**SANMINA CORPORATION**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	As of	
	July 1, 2023	October 1, 2022
	(Restated)	(Unaudited) (In thousands)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 656,588	\$ 529,857
Accounts receivable, net of allowances of approximately \$8 million as of July 1, 2023 and October 1, 2022	1,279,966	1,138,894
Contract assets	459,145	475,721
Inventories	1,489,200	1,684,099
Prepaid expenses and other current assets	68,121	62,044
Total current assets	<u>3,953,020</u>	<u>3,890,615</u>
Property, plant and equipment, net	631,744	575,170
Deferred tax assets	187,434	209,554
Other	185,694	160,192
Total assets	<u>\$ 4,957,892</u>	<u>\$ 4,835,531</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,724,034	\$ 2,041,434
Accrued liabilities	277,515	281,599
Accrued payroll and related benefits	138,815	130,892
Short-term debt, including current portion of long-term debt	17,500	17,500
Total current liabilities	<u>2,157,864</u>	<u>2,471,425</u>
Long-term liabilities:		
Long-term debt	316,552	329,237
Other	217,748	215,333
Total long-term liabilities	<u>534,300</u>	<u>544,570</u>
Contingencies (Note 8)		
Stockholders' equity	2,265,728	1,819,536
Total liabilities and stockholders' equity	<u>\$ 4,957,892</u>	<u>\$ 4,835,531</u>

See accompanying notes to condensed consolidated financial statements.

**SANMINA CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022 (Restated)	July 1, 2023	July 2, 2022 (Restated)
	(Unaudited) (In thousands, except per share data)			
Net sales	\$ 2,207,118	\$ 2,023,361	\$ 6,883,029	\$ 5,694,757
Cost of sales	2,023,910	1,861,176	6,313,246	5,244,780
Gross profit	<u>183,208</u>	<u>162,185</u>	<u>569,783</u>	<u>449,977</u>
Operating expenses:				
Selling, general and administrative	68,828	61,506	192,948	184,798
Research and development	6,719	5,071	18,712	15,320
Restructuring and other	296	3,994	1,731	3,730
Total operating expenses	<u>75,843</u>	<u>70,571</u>	<u>213,391</u>	<u>203,848</u>
Operating income	107,365	91,614	356,392	246,129
Interest income	4,213	540	9,685	1,198
Interest expense	(10,066)	(5,615)	(28,033)	(15,362)
Other expense	(2,508)	(7,774)	(11,988)	(7,110)
Interest and other, net	<u>(8,361)</u>	<u>(12,849)</u>	<u>(30,336)</u>	<u>(21,274)</u>
Income before income taxes	99,004	78,765	326,056	224,855
Provision for income taxes	<u>17,267</u>	<u>1,543</u>	<u>63,898</u>	<u>42,835</u>
Net income before noncontrolling interest	81,737	77,222	\$ 262,158	\$ 182,020
Less: Net income attributable to noncontrolling interest	<u>5,243</u>	<u>—</u>	<u>14,029</u>	<u>—</u>
Net income attributable to common shareholders	<u>\$ 76,494</u>	<u>\$ 77,222</u>	<u>\$ 248,129</u>	<u>\$ 182,020</u>
Net income attributable to common shareholders per share:				
Basic	\$ 1.32	\$ 1.29	\$ 4.28	\$ 2.92
Diluted	\$ 1.28	\$ 1.25	\$ 4.14	\$ 2.83
Weighted average shares used in computing per share amounts:				
Basic	57,987	59,970	57,995	62,404
Diluted	59,592	61,702	59,996	64,292

See accompanying notes to condensed consolidated financial statements.

SANMINA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022 (Restated)	July 1, 2023	July 2, 2022 (Restated)
	(Unaudited) (In thousands)			
Net income before noncontrolling interest	\$ 81,737	\$ 77,222	\$ 262,158	\$ 182,020
Other comprehensive income (loss), net of tax:				
Change in foreign currency translation adjustments	(436)	(3,819)	6,807	(6,935)
Derivative financial instruments:				
Change in net unrealized amount	6,856	(2,497)	14,263	7,243
Amount reclassified into net income before noncontrolling interest	(1,832)	5,351	(11,331)	7,751
Defined benefit plans:				
Changes in unrecognized net actuarial losses and unrecognized transition costs	(58)	719	(966)	1,380
Amortization of actuarial losses and transition costs	222	228	784	708
Total other comprehensive income (loss), net of tax	4,752	(18)	9,557	10,147
Comprehensive income before noncontrolling interest	\$ 86,489	\$ 77,204	\$ 271,715	\$ 192,167
Less: Net income attributable to noncontrolling interest	5,243	—	14,029	—
Comprehensive income attributable to common shareholders	\$ 81,246	\$ 77,204	\$ 257,686	\$ 192,167

See accompanying notes to condensed consolidated financial statements.

**SANMINA CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022 (Restated)	July 1, 2023	July 2, 2022 (Restated)
	(Unaudited) (In thousands)			
<b>Common Stock and Additional Paid-in Capital</b>				
Balance, beginning of period	\$ 6,483,955	\$ 6,359,270	\$ 6,381,348	\$ 6,339,506
Issuances under stock plans	—	72	295	1,474
Stock-based compensation expense	13,317	10,683	37,460	29,045
Repurchases of treasury stock	—	(144)	—	(144)
Sale of noncontrolling interest	—	—	78,169	—
Balance, end of period	<u>6,497,272</u>	<u>6,369,881</u>	<u>6,497,272</u>	<u>6,369,881</u>
<b>Treasury Stock</b>				
Balance, beginning of period	(1,399,666)	(1,229,523)	(1,378,159)	(1,047,202)
Repurchases of treasury stock	(52,072)	(124,293)	(73,579)	(306,614)
Balance, end of period	<u>(1,451,738)</u>	<u>(1,353,816)</u>	<u>(1,451,738)</u>	<u>(1,353,816)</u>
<b>Accumulated Other Comprehensive Income</b>				
Balance, beginning of period	61,130	50,855	56,325	40,690
Other comprehensive income (loss), net of tax	4,752	(18)	9,557	10,147
Balance, end of period	<u>65,882</u>	<u>50,837</u>	<u>65,882</u>	<u>50,837</u>
<b>Accumulated Deficit</b>				
Balance, beginning of period	(3,068,343)	(3,375,564)	(3,239,978)	(3,480,362)
Net income attributable to common shareholders	76,494	77,222	248,129	182,020
Balance, end of period	<u>(2,991,849)</u>	<u>(3,298,342)</u>	<u>(2,991,849)</u>	<u>(3,298,342)</u>
<b>Noncontrolling Interest</b>				
Balance, beginning of period	140,918	—	—	—
Sale of noncontrolling interest	—	—	132,132	—
Net income attributable to noncontrolling interest	5,243	—	14,029	—
Balance, end of period	<u>146,161</u>	<u>—</u>	<u>146,161</u>	<u>—</u>
<b>Total stockholders' equity</b>	<b>\$ 2,265,728</b>	<b>\$ 1,768,560</b>	<b>\$ 2,265,728</b>	<b>\$ 1,768,560</b>
<b>Common Stock Shares Outstanding</b>				
Number of shares, beginning of period	111,285	109,911	110,160	108,734
Issuances under stock plans	43	99	1,168	1,276
Number of shares, end of period	<u>111,328</u>	<u>110,010</u>	<u>111,328</u>	<u>110,010</u>
<b>Treasury Shares</b>				
Number of shares, beginning of period	(53,127)	(49,124)	(52,766)	(44,427)
Repurchases of treasury stock	(982)	(3,096)	(1,343)	(7,793)
Number of shares, end of period	<u>(54,109)</u>	<u>(52,220)</u>	<u>(54,109)</u>	<u>(52,220)</u>

See accompanying notes to condensed consolidated financial statements.

**SANMINA CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine Months Ended	
	July 1, 2023	July 2, 2022
	(Restated)	(Unaudited)
	(In thousands)	
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Net income before noncontrolling interest	\$ 262,158	\$ 182,020
Adjustments to reconcile net income before noncontrolling interest to cash provided by (used in) operating activities:		
Depreciation and amortization	87,716	82,097
Stock-based compensation expense	37,460	29,045
Deferred income taxes	21,232	15,993
Other, net	284	(1,298)
Changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable	(137,712)	(40,276)
Contract assets	16,576	(112,606)
Inventories	199,406	(552,851)
Prepaid expenses and other assets	(27,492)	(13,269)
Accounts payable	(308,579)	507,909
Accrued liabilities	7,262	152,192
Cash provided by operating activities	158,311	248,956
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(153,239)	(90,398)
Proceeds from sales of property, plant and equipment	1,084	8,339
Purchases of investments	(2,000)	(1,700)
Cash used in investing activities	(154,155)	(83,759)
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:</b>		
Holdback paid in connection with previous business combination	(8,558)	—
Repayments of long-term debt	(13,125)	(14,064)
Proceeds from revolving credit facility borrowings	2,426,300	926,500
Repayments of revolving credit facility borrowings	(2,426,300)	(926,500)
Net proceeds from stock issuances	295	1,474
Repurchases of common stock	(73,579)	(306,758)
Proceeds from collection of notes receivable	—	500
Proceeds from sale of noncontrolling interest	215,799	—
Cash provided by (used in) financing activities	120,832	(318,848)
Effect of exchange rate changes	1,743	(3,070)
Increase (decrease) in cash and cash equivalents	126,731	(156,721)
Cash and cash equivalents at beginning of period	529,857	650,026
Cash and cash equivalents at end of period	\$ 656,588	\$ 493,305
Cash paid during the period for:		
Interest, net of capitalized interest	\$ 24,908	\$ 12,155
Income taxes, net of refunds	\$ 45,053	\$ 33,801
Unpaid purchases of property, plant and equipment at the end of period	\$ 25,938	\$ 28,831

See accompanying notes to condensed consolidated financial statements.

**SANMINA CORPORATION**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1. Restatement of Condensed Consolidated Financial Statements**

Sanmina Corporation (the “Company” or “Sanmina”) identified misstatements in the unaudited condensed consolidated financial statements for the comparative periods of 2022 in conjunction with an independent investigation conducted by the Audit Committee of the Board of Directors, as further disclosed in the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on May 11, 2023. The comparative periods have been amended and restated to correct for such misstatements. More detailed information related to the amendment and restatement is contained in Amendment No. 1 to the Company’s Annual Report on Form 10-K for the fiscal year ended October 1, 2022 and Amendment No. 1 to the Company’s Form 10-Q for the quarter ended December 31, 2022 as filed with the Securities and Exchange Commission on May 22, 2023.

During the preparation of its unaudited consolidated financial statements for the fiscal quarter ended April 1, 2023, the Company determined that certain personnel in one of its divisions had failed to properly substantiate and update cost estimates for materials and other costs over the life of certain contracts. As a result, the Company conducted an independent investigation (the “Investigation”) under the direction of the Audit Committee of the Company’s Board of Directors (the “Audit Committee”). The division, like other Company divisions, has a stand-alone finance organization, which reports directly to the Company’s finance organization and indirectly to the management of the division. References in the findings below refer solely to this division unless otherwise noted. The Investigation found that:

- In connection with the preparation and review of quarterly contract cost and other estimates, an internal control in the Company’s accounting process for the division’s contracts with customers, certain division personnel made inappropriate and unsupported adjustments to reduce certain cost estimates and failed to appropriately evaluate and increase other cost estimates to reflect cost overruns and other costs associated with delays in completing certain contracts.
- The division had a culture that did not recognize or emphasize the importance of rigor in the division’s quarterly contract estimate review process or its significance to the Company’s internal control over financial reporting and accounting and financial reporting determinations with respect to the division’s contracts with customers. Instead, the division’s tone at the top and other control weaknesses enabled participants in the quarterly contract estimate review process to tolerate, place undue reliance on or otherwise fail to challenge unsupported adjustments and assumptions to contract cost estimates that had been made based on unsubstantiated optimism and/or a desire to avoid adverse outcomes.
- The division had an ineffective finance function that did not provide sufficient oversight on financial accounting and reporting matters or effectively challenge adjustments or other improper practices in the quarterly contract estimate review process.
- Certain division personnel lacked sufficient understanding of the division’s policies and procedures for the quarterly contract estimate review process as well as the relevant cost and contract accounting practices and requirements.
- Certain division personnel provided materially inaccurate and incomplete information to, including in response to inquiries from, Company management and the Company’s internal and independent auditors concerning contract cost estimates and related items.

The “Previously Reported” amounts in the following tables are amounts derived from the Form 10-Q for the period ended July 2, 2022. The amounts in columns labeled “Investigation Adjustments” represent the effect of adjustments resulting from an independent investigation conducted by the Audit Committee of the Board of Directors and the amounts in columns labeled “Other Adjustments” represent the effect of uncorrected misstatements in previously filed financial statements that were not material, individually or in the aggregate, to those previously filed financial statements. The effects of the restatement, including the related income tax effects, have been corrected in all impacted tables and footnotes throughout these condensed consolidated financial statements. The only impact to the Unaudited Condensed Consolidated Statements of Comprehensive Income and Unaudited Condensed Consolidated Statements of Stockholders’ Equity was to net income.

Investigation Adjustments correct misstatements that resulted primarily from 1) increases to estimated costs at completion of a contract that previously did not properly reflect estimated costs remaining to be incurred to complete a contract, 2) reductions in the amount of transaction consideration expected to be received under a contract, and 3) segmentation of contracts that had previously been combined. The adjustments primarily affected net sales, cost of sales, contract assets and inventory.

Other Adjustments primarily correct balance sheet misstatements related to inventory cut-off and advance payments from customers.

The following table presents the impact of the financial statement adjustments on the Company's previously reported Condensed Consolidated Statements of Income for the three and nine months ended July 2, 2022.

	Three Months Ended			Nine Months Ended				
	July 2, 2022		(Unaudited) Investigation Adjustments	Previously Reported		(Unaudited) Investigation Adjustments	July 2, 2022	
	Previously Reported	As Restated		Previously Reported	As Restated		As Restated	
Net sales	\$ 2,019,059	\$ 4,302	\$ 2,023,361	\$ 5,687,914	\$ 6,843	\$ 5,694,757		
Cost of sales	1,853,870	7,306	1,861,176	5,225,789	18,991	5,244,780		
Gross profit	165,189	(3,004)	162,185	462,125	(12,148)	449,977		
Operating expenses:			(In thousands, except per share data)					
Selling, general and administrative	61,506	—	61,506	184,798	—	184,798		
Research and development	5,071	—	5,071	15,320	—	15,320		
Restructuring and other	3,994	—	3,994	3,730	—	3,730		
Total operating expenses	70,571	—	70,571	203,848	—	203,848		
Operating income	94,618	(3,004)	91,614	258,277	(12,148)	246,129		
Interest income	540	—	540	1,198	—	1,198		
Interest expense	(5,615)	—	(5,615)	(15,362)	—	(15,362)		
Other income (expense), net	(7,774)	—	(7,774)	(7,110)	—	(7,110)		
Interest and other, net	(12,849)	—	(12,849)	(21,274)	—	(21,274)		
Income before income taxes	81,769	(3,004)	78,765	237,003	(12,148)	224,855		
Provision for income taxes	2,226	(683)	1,543	45,606	(2,771)	42,835		
Net Income	\$ 79,543	\$ (2,321)	\$ 77,222	\$ 191,397	\$ (9,377)	\$ 182,020		
Net income per share:								
Basic	\$ 1.33	\$ (0.04)	\$ 1.29	\$ 3.07	\$ (0.15)	\$ 2.92		
Diluted	\$ 1.29	\$ (0.04)	\$ 1.25	\$ 2.98	\$ (0.15)	\$ 2.83		
Weighted average shares used in computing per share amounts:								
Basic	59,970	—	59,970	62,404	—	62,404		
Diluted	61,702	—	61,702	64,292	—	64,292		

The following table presents the impact of the financial statement adjustments on the Company's previously reported Condensed Consolidated Balance Sheet as of October 1, 2022.

	As of October 1, 2022			
	Previously Reported	Investigation Adjustments	Other Adjustments	As Restated
	(In thousands)			
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 529,857	\$ —	\$ —	\$ 529,857
Accounts receivable, net of allowances	1,138,894	—	—	1,138,894
Contract assets	503,674	(27,953)	—	475,721
Inventories	1,691,081	(21,705)	14,723	1,684,099
Prepaid expenses and other current assets	62,044	—	—	62,044
Total current assets	3,925,550	(49,658)	14,723	3,890,615
Property, plant and equipment, net	575,170	—	—	575,170
Deferred tax assets	198,588	10,966	—	209,554
Other	160,192	—	—	160,192
Total assets	\$ 4,859,500	\$ (38,692)	\$ 14,723	\$ 4,835,531
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 2,029,534	\$ —	\$ 11,900	\$ 2,041,434
Accrued liabilities	275,735	1,441	4,423	281,599
Accrued payroll and related benefits	130,892	—	—	130,892
Short-term debt, including current portion of long-term debt	17,500	—	—	17,500
Total current liabilities	2,453,661	1,441	16,323	2,471,425
Long-term liabilities:				
Long-term debt	329,237	—	—	329,237
Other	215,333	—	—	215,333
Total long-term liabilities	544,570	—	—	544,570
Contingencies (Note 8)				
Stockholders' equity	1,861,269	(40,133)	(1,600)	1,819,536
Total liabilities and stockholders' equity	\$ 4,859,500	\$ (38,692)	\$ 14,723	\$ 4,835,531

The following table presents the impact of the financial statement adjustments on the Company's previously reported Condensed Consolidated Statements of Cash Flows for the nine month period ended July 2, 2022. There were no adjustments to cash flows provided by (used in) investing or financing activities for the nine month period ended July 2, 2022.

	Nine Months Ended			
	July 2, 2022			
	(Unaudited)			
	Previously Reported	Investigation Adjustments	Other Adjustments	As Restated
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Net income	\$ 191,397	\$ (9,377)	\$ —	\$ 182,020
Adjustments to reconcile net income to cash provided by (used in) operating activities:				
Depreciation and amortization	82,097	—	—	82,097
Stock-based compensation expense	29,045	—	—	29,045
Deferred income taxes	18,522	(2,529)	—	15,993
Other, net	(1,298)	—	—	(1,298)
Changes in operating assets and liabilities, net of amounts acquired:				
Accounts receivable	(39,850)	—	(426)	(40,276)
Contract assets	(110,565)	6,210	(8,251)	(112,606)
Inventories	(559,118)	6,544	(277)	(552,851)
Prepaid expenses and other assets	(13,269)	—	—	(13,269)
Accounts payable	507,632	—	277	507,909
Accrued liabilities	144,363	(848)	8,677	152,192
Cash provided by operating activities	<u>\$ 248,956</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 248,956</u>

#### Note 2. Basis of Presentation

The accompanying condensed consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been omitted pursuant to those rules or regulations. The interim condensed consolidated financial statements are unaudited, but reflect all adjustments, consisting primarily of normal recurring adjustments, that are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended October 1, 2022, included in Amendment No. 1 on Form 10-K/A to the Company's Annual Report on Form 10-K for such fiscal year filed with the SEC on May 22, 2023.

The condensed consolidated financial statements include all accounts of the Company, its wholly-owned subsidiaries and subsidiaries in which it has control. All intra-company accounts and transactions have been eliminated. Noncontrolling interest represents a noncontrolling investor's interest in the results of operations of subsidiaries that the Company controls and consolidates.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ materially from these estimates.

Results of operations for the third quarter of 2023 are not necessarily indicative of the results that may be expected for other interim periods or for the full fiscal year.

The Company operates on a 52 or 53 week year ending on the Saturday nearest September 30. Fiscal 2023 and 2022 are each 52-week years. All references to years relate to fiscal years unless otherwise noted.

### Note 3. Revenue Recognition

The Company is a leading global provider of integrated manufacturing solutions, components, products and repair, logistics and after-market services. For purposes of determining when to recognize revenue, and in what amount, the Company applies a 5-step model: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Company satisfies a performance obligation. Each of these steps may involve the use of significant judgments, as discussed below.

#### *Step 1 - Identify the Contract with a Customer*

A contract is defined as an agreement between two parties that creates enforceable rights and obligations. The Company generally enters into a master supply agreement ("MSA") with its customers that provides the framework under which business will be conducted, and pursuant to which a customer will issue purchase orders or other binding documents to specify the quantity, price and delivery requirements for products or services the customer wishes to purchase. The Company generally considers its contract with a customer to be a firm commitment, consisting of the combination of an MSA and a purchase order or any other similar binding document.

#### *Step 2 - Identify the Performance Obligations in the Contract*

A performance obligation is a promised good or service that is material in the context of the contract and is both capable of being distinct (customer can benefit from the good or service on its own or together with other readily available resources) and distinct within the context of the contract (separately identifiable from other promises). The Company reviews its contracts to identify promised goods or services and then evaluates such items to determine which of those items are performance obligations. The majority of the Company's contracts have a single performance obligation since the promise to transfer an individual good or service is not separately identifiable from other promises in the contract. The Company's performance obligations generally have an expected duration of one year or less.

#### *Step 3 - Determine the Transaction Price*

The Company's contracts with its customers may include certain forms of variable consideration such as early payment discounts, volume discounts and shared cost savings. The Company includes an estimate of variable consideration when determining the transaction price and the appropriate amount of revenue to be recognized. This estimate is limited to an amount which will not result in a significant reversal of revenue in a future period. Factors considered in the Company's estimate of variable consideration are the potential amount subject to these contract provisions, historical experience and other relevant facts and circumstances.

#### *Step 4 - Allocate the Transaction Price to the Performance Obligations in the Contract*

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. In the event that more than one performance obligation is identified in a contract, the Company is required to allocate a portion of the transaction price to each performance obligation. This allocation would generally be based on the relative standalone price of each performance obligation, which most often would represent the price at which the Company would sell similar goods or services separately.

#### *Step 5 - Recognize Revenue When (or as) a Performance Obligation is Satisfied*

The Company is required to assess whether control of a product or services promised under a contract is transferred to the customer at a point-in-time or over time as the product is being manufactured or the services are being provided. If the criteria in ASC 606 for recognizing revenue on an over time basis are not met, revenue must be recognized at the point-in-time determined by the Company at which its customer obtains control of a product or service.

The Company has determined that revenue for the majority of its contracts is required to be recognized on an over time basis. This determination is based on the fact that 1) the Company does not have an alternative use for the end products it manufactures for its customers and has an enforceable right to payment, including a reasonable profit, for work-in-progress upon a customer's cancellation of a contract for convenience or 2) the Company's customer simultaneously receives and consumes the benefits provided by the Company's services. For these contracts, revenue is recognized on an over time basis using the cost-to-cost method (ratio of costs incurred to date to total estimated costs at completion) which the Company believes best depicts the transfer of control to the customer. At least 94% of the Company's revenue is recognized on an over time basis,

which is as products are manufactured or services are performed. Because of this, and the fact that there is no work-in-process or finished goods inventory associated with contracts for which revenue is recognized on an over-time basis, 99% or more of the Company's inventory at the end of a given period is in the form of raw materials. For contracts for which revenue is required to be recognized at a point-in-time, the Company recognizes revenue when it has transferred control of the related goods, which generally occurs upon shipment or delivery of the goods to the customer.

Application of the cost-to-cost method for government contracts in the Company's Defense and Aerospace division requires the use of significant judgments with respect to estimated materials, labor and subcontractor costs included in the total estimated costs at completion. Additionally, the Company evaluates whether contract modifications for claims have been approved and, if so, estimates the amount, if any, of variable consideration that can be included in the transaction price of the contract. This division is an operating segment whose results are combined with eleven other operating segments and reported under Components, Products and Services ("CPS") for segment reporting purposes. During the nine months ended July 1, 2023, CPS revenue and gross profit were \$1 billion and \$155 million, respectively.

Estimates of materials, labor and subcontractor costs expected to be incurred to satisfy a performance obligation are updated on a quarterly basis. These estimates consider costs incurred to date and estimated costs to be incurred over the remaining expected period of performance to satisfy a performance obligation. Such estimates are reviewed each quarter by a group of employees that includes representatives from numerous functions such as engineering, materials, contracts, manufacturing, program management, finance and senior management. If a change in estimate is deemed necessary, the impact of the change is recognized in the period of change. Additionally, contract modifications for claims are assessed each quarter to determine whether the claims have been approved. If it is determined that a claim has been approved, the amount of the claim, if any, that can be included in transaction price is estimated considering a number of factors such as the length of time expected to lapse until uncertainty about the claim has been resolved and the extent to which our experience with claims for similar contracts has predictive value.

#### **Contract Assets**

A contract asset is recognized when the Company has recognized revenue, but has not issued an invoice to its customer for payment. Contract assets are classified separately on the condensed consolidated balance sheets and transferred to accounts receivable when rights to payment become unconditional. Because of the Company's short manufacturing cycle times, the transfer from contract assets to accounts receivable generally occurs within the next fiscal quarter.

#### **Other**

Taxes assessed by governmental authorities that are both imposed on and concurrent with a specific revenue-producing transaction, and are collected by the Company from a customer, are excluded from revenue.

Shipping and handling costs associated with outbound freight after control of a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of sales.

The Company applies the following practical expedients or policy elections under ASC 606:

- The promised amount of consideration under a contract is not adjusted for the effects of a significant financing component because, at inception of a contract, the Company expects the period between when a good or service is transferred to a customer and when the customer pays for that good or service will generally be one year or less.
- The Company has elected not to disclose information about remaining performance obligations that have original expected durations of one year or less, which is substantially all of the Company's remaining performance obligations.
- Incremental costs of obtaining a contract are not capitalized if the period over which such costs would be amortized to expense is less than one year.

## Disaggregation of Revenue

In the following table, revenue is disaggregated by segment, market sector and geography.

Segments:	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022 (Restated)	July 1, 2023	July 2, 2022 (Restated)
	(In thousands)			
IMS	\$ 1,811,530	\$ 1,617,858	\$ 5,657,800	\$ 4,584,185
CPS	395,588	405,503	1,225,229	1,110,572
Total	\$ 2,207,118	\$ 2,023,361	\$ 6,883,029	\$ 5,694,757
End Markets:				
Industrial, Defense, Medical and Automotive	\$ 1,344,068	\$ 1,221,989	\$ 4,045,939	\$ 3,434,221
Communications Networks and Cloud Infrastructure	863,050	801,372	2,837,090	2,260,536
Total	\$ 2,207,118	\$ 2,023,361	\$ 6,883,029	\$ 5,694,757
Geography:				
Americas (1)	\$ 1,131,925	\$ 989,172	\$ 3,380,454	\$ 2,687,304
APAC	743,372	739,084	2,511,205	2,144,534
EMEA	331,821	295,105	991,370	862,919
Total	\$ 2,207,118	\$ 2,023,361	\$ 6,883,029	\$ 5,694,757

(1) Mexico represents approximately 70% and 60% of the Americas revenue and the U.S. represents approximately 30% and 40% of the Americas revenue for the nine months ended July 1, 2023 and July 2, 2022, respectively.

## Note 4. Financial Instruments

### Fair Value Measurements

#### *Fair Value of Financial Instruments*

The fair values of cash equivalents (represents 23% of cash and cash equivalents), accounts receivable, accounts payable and short-term debt approximate carrying values due to the short-term duration of these instruments. Additionally, the fair value of variable rate long-term debt approximates carrying value as of July 1, 2023.

#### *Assets and Liabilities Measured at Fair Value on a Recurring Basis*

The Company's primary financial assets and financial liabilities measured at fair value on a recurring basis are deferred compensation plan assets and defined benefit plan assets, which are both measured using Level 1 inputs. Deferred compensation plan assets were \$40 million and \$37 million as of July 1, 2023 and October 1, 2022, respectively. Defined benefit plan assets were \$17 million as of October 1, 2022 and are measured at fair value only in the fourth quarter of each year. Other financial assets and financial liabilities measured at fair value on a recurring basis include foreign exchange contracts and interest rate swaps, which are both measured using Level 2 inputs. Foreign exchange contracts were not material as of July 1, 2023 or October 1, 2022.

#### *Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis*

Other non-financial assets, such as goodwill and other long-lived assets, are measured at fair value as of the date such assets are acquired or in the period an impairment is recorded.

#### *Offsetting Derivative Assets and Liabilities*

The Company has entered into master netting arrangements with each of its derivative counterparties that allows net settlement of derivative assets and liabilities under certain conditions, such as multiple transactions with the same currency maturing on the same date. The Company presents its derivative assets and derivative liabilities on a gross basis on the condensed consolidated balance sheets. The amount that the Company had the right to offset under these netting arrangements was not material as of July 1, 2023 or October 1, 2022.

#### **Derivative Instruments**

##### *Foreign Exchange Rate Risk*

The Company is exposed to certain risks related to its ongoing business operations. The primary risk managed by using derivative instruments is foreign currency exchange risk.

Forward contracts on various foreign currencies are used to manage foreign currency risk associated with forecasted foreign currency transactions and certain monetary assets and liabilities denominated in non-functional currencies. The Company's primary foreign currency cash flows are in China, Mexico and India.

The Company had the following outstanding foreign currency forward contracts that were entered into to hedge foreign currency exposures:

	As of	
	July 1, 2023	October 1, 2022
Derivatives Designated as Accounting Hedges:		
Notional amount (in thousands)	\$ 127,484	\$ 123,172
Number of contracts	50	50
Derivatives Not Designated as Accounting Hedges:		
Notional amount (in thousands)	\$ 407,290	\$ 531,558
Number of contracts	43	43

The Company utilizes foreign currency forward contracts to hedge certain operational ("cash flow") exposures resulting from changes in foreign currency exchange rates. Such exposures generally result from (1) forecasted non-functional currency sales and (2) forecasted non-functional currency materials, labor, overhead and other expenses. These contracts are designated as cash flow hedges for accounting purposes and are generally one to two months in duration but, by policy, may be up to twelve months in duration.

For derivative instruments that are designated and qualify as cash flow hedges, the Company excludes time value from its assessment of hedge effectiveness and recognizes the amount of time value in earnings over the life of the derivative instrument. Gains or losses on the derivative not caused by changes in time value are recorded in Accumulated Other Comprehensive Income ("AOCI"), a component of equity, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The amount of gain or loss recognized in Other Comprehensive Income on derivative instruments and the amount of gain or loss reclassified from AOCI into income were not material for any period presented herein.

The Company enters into short-term foreign currency forward contracts to hedge currency exposures associated with certain monetary assets and liabilities denominated in non-functional currencies. These contracts have maturities of up to two months and are not designated as accounting hedges. Accordingly, these contracts are marked-to-market at the end of each period with unrealized gains and losses recorded in other expense, in the condensed consolidated statements of income. The amount of gains or losses associated with these forward contracts was not material for any period presented herein. From an economic perspective, the objective of the Company's hedging program is for gains and losses on forward contracts to substantially offset gains and losses on the underlying hedged items. In addition to the contracts disclosed in the table above, the Company has numerous contracts that have been closed from an economic and financial accounting perspective and will settle early in the first month of the following quarter. Since these offsetting contracts do not expose the Company to risk of fluctuations in exchange rates, these contracts have been excluded from the above table.

## Interest Rate Risk

The Company enters into forward interest rate swap agreements with independent counterparties to partially hedge the variability in cash flows due to changes in the Secured Overnight Financing Rate (“SOFR”), which is the benchmark interest rate associated with anticipated variable rate borrowings. These interest rate swaps have maturity dates of December 1, 2023 and September 27, 2027 and effectively convert a portion of the Company’s variable interest rate obligations to fixed interest rate obligations. These swaps are accounted for as cash flow hedges under ASC Topic 815, *Derivatives and Hedging*. Interest rate swaps with an aggregate notional amount of \$650 million and \$350 million were outstanding as of July 1, 2023 and October 1, 2022, respectively. The aggregate effective interest rate of these swaps as of July 1, 2023 was approximately 4.6%. The interest rate swaps portfolio had a value of \$10 million and \$6 million as of July 1, 2023 and October 1, 2022, respectively, of which the majority is included in prepaid expenses and other current assets and the remaining amount is included in other long-term liabilities on the condensed consolidated balance sheets.

## Note 5. Debt

Long-term debt consisted of the following:

	As of	
	July 1, 2023	October 1, 2022
	(In thousands)	
Term loan due 2027, net of issuance costs	\$ 334,052	\$ 346,737
Less: Current portion of Term Loan	17,500	17,500
<b>Long-term debt</b>	<b>\$ 316,552</b>	<b>\$ 329,237</b>

Term Loan maturities by fiscal year are as follows:

	As of	
	July 1, 2023	October 1, 2022
	(In thousands)	
Remainder of 2023		\$ 4,375
2024		13,125
2025		17,500
2026		21,875
2027		280,000
	<b>\$</b>	<b>336,875</b>

## Revolving Credit Facility

During the fourth quarter of 2022, the Company entered into a Fifth Amended and Restated Credit Agreement (the “Credit Agreement”), that provides for an \$800 million revolving credit facility and drew a \$350 million secured term loan (“Term Loan Due 2027”). Subject to the satisfaction of certain conditions, including obtaining additional commitments from existing and/or new lenders, the Company may increase the revolving commitment up to an additional \$200 million.

Loans under the Credit Agreement bear interest, at the Company's option, at either the SOFR or a base rate, in each case plus a spread determined based on the Company's credit rating. Interest on the loans is payable quarterly in arrears with respect to base rate loans and at the end of an interest period (or at three-month intervals if the interest period exceeds three months) in the case of SOFR loans. The outstanding principal amount of all loans under the Credit Agreement, including, the Term Loan Due 2027, together with accrued and unpaid interest, is due on September 27, 2027. The Company is required to repay a portion of the principal amount of the Term Loan Due 2027 equal to 1.25% of the principal in quarterly installments.

On May 17, 2023, as a result of the Company's failure to timely file its Form 10-Q for the quarter ended April 1, 2023, the Company was in technical default with respect to certain covenants within its Credit Agreement. The Company filed the Form 10-Q on May 22, 2023 within the stated cure period of 15 calendar days and was no longer in default.

Certain of the Company's domestic subsidiaries are guarantors under the Credit Agreement. The Company and the subsidiary guarantors' obligations under the Credit Agreement are secured by a lien on substantially all of their respective

assets (excluding real property), including cash, accounts receivable and the shares of certain Company subsidiaries, subject to certain exceptions.

As of July 1, 2023, there were no borrowings and \$13 million of letters of credit outstanding under the Credit Agreement.

#### *Foreign Short-term Borrowing Facilities*

As of July 1, 2023, certain foreign subsidiaries of the Company had a total of \$73 million of uncommitted short-term borrowing facilities available, under which no borrowings were outstanding.

#### *Debt Covenants*

The Credit Agreement requires the Company to comply with certain financial covenants, namely a maximum consolidated leverage ratio and a minimum interest coverage ratio, in both cases measured on the basis of a trailing 12-month look-back period. In addition, the Company's debt agreements contain a number of restrictive covenants, including restrictions on incurring additional debt, making investments and other restricted payments, selling assets and paying dividends, subject to certain exceptions. The Company was in compliance with these covenants as of July 1, 2023.

#### **Note 6. Leases**

The Company's leases consist primarily of operating leases for buildings and land and have initial lease terms of up to 44 years. Certain of these leases contain an option to extend the lease term for additional periods or to terminate the lease after an initial non-cancelable term. Renewal options are considered in the measurement of the Company's initial lease liability and corresponding right-of-use ("ROU") assets only if it is reasonably certain that the Company will exercise such options. Leases with lease terms of twelve months or less are not recorded on the Company's balance sheet.

ROU assets and lease liabilities are as follows:

	As of	
	July 1, 2023	October 1, 2022
	(In thousands)	
Other assets	\$ 98,288	\$ 79,495
Accrued liabilities	\$ 21,366	\$ 16,695
Other long-term liabilities	64,552	48,566
Total lease liabilities	\$ 85,918	\$ 65,261
Weighted average remaining lease term (in years)	10.88	15.74
Weighted average discount rate	3.82 %	2.40 %

Lease expense and supplemental cash flow information related to operating leases are as follows:

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
	(In thousands)			
Operating lease expense (1)	\$ 8,976	\$ 6,009	\$ 26,541	\$ 17,779
Cash paid for operating lease liabilities			\$ 18,023	\$ 14,566

(1) Includes immaterial amounts of short-term leases, variable lease costs and sublease income.

Future lease payments under non-cancelable operating leases as of July 1, 2023, by fiscal year, are as follows:

	<b>Operating Leases</b> (In thousands)
Remainder of 2023	\$ 6,187
2024	23,998
2025	21,258
2026	16,876
2027	13,624
Thereafter	13,113
Total lease payments	95,056
Less: imputed interest	9,138
<b>Total</b>	<b>\$ 85,918</b>

#### Note 7. Accounts Receivable Sale Program

The Company is a party to a Receivable Purchase Agreement (the “RPA”) with certain third-party banking institutions for the sale of trade receivables generated from sales to certain customers, subject to acceptance by, and a funding commitment from, the banks that are party to the RPA. Trade receivables sold pursuant to the RPA are serviced by the Company.

In addition to the RPA, the Company has the option to participate in trade receivables sales programs that have been implemented by certain of the Company’s customers, as in effect from time to time. The Company does not service trade receivables sold under these other programs.

Under each of the programs noted above, the Company sells its entire interest in a trade receivable for 100% of face value, less a discount. During the nine months ended July 1, 2023 and July 2, 2022, the Company sold approximately \$2 billion and \$1 billion, respectively, of accounts receivable under these programs. Upon sale, these receivables are removed from the condensed consolidated balance sheets and cash received is presented as cash provided by operating activities in the condensed consolidated statements of cash flows. Discounts on sold receivables were \$16 million and \$2 million for the nine months ended July 1, 2023 and July 2, 2022, respectively. As of July 1, 2023 and October 1, 2022, \$172 million and \$194 million, respectively, of accounts receivable sold under the RPA and subject to servicing by the Company remained outstanding and had not yet been collected. The Company’s sole risk with respect to receivables it services, is with respect to commercial disputes regarding such receivables. Commercial disputes include billing errors, returns and similar matters. To date, the Company has not been required to repurchase any receivable it has sold due to a commercial dispute. Additionally, the Company is required to remit amounts collected as the servicer under the RPA on a weekly basis to the financial institutions that purchased the receivables. As of July 1, 2023 and October 1, 2022, \$58 million and \$49 million, respectively, had been collected but not yet remitted. This amount is classified in accrued liabilities on the condensed consolidated balance sheets.

#### Note 8. Contingencies

From time to time, the Company is a party to litigation, claims and other contingencies, including environmental, regulatory and employee matters and examinations and investigations by governmental agencies, which arise in the ordinary course of business. The Company records a contingent liability when it is probable that a loss has been incurred and the amount of loss is reasonably estimable in accordance with ASC Topic 450, *Contingencies*, or other applicable accounting standards. As of July 1, 2023 and October 1, 2022, the Company had estimated liabilities of \$34 million and \$38 million, respectively, for environmental matters, warranty, litigation and other contingencies (excluding reserves for uncertain tax positions), which the Company believes are adequate. However, there can be no assurance that the Company’s reserves will be sufficient to settle these contingencies. Such reserves are included in accrued liabilities and other long-term liabilities on the condensed consolidated balance sheets.

## **Legal Proceedings**

### *Environmental Matters*

The Company is subject to various federal, state, local and foreign laws and regulations and administrative orders concerning environmental protection, including those addressing the discharge of pollutants into the environment, the management and disposal of hazardous substances, the cleanup of contaminated sites, the materials used in products, and the recycling, treatment and disposal of hazardous waste. As of July 1, 2023, the Company had been named in a lawsuit and several administrative orders alleging that certain of its current and former sites sent waste for disposal that contributed to groundwater contamination, which require further management and care. One such order demands that the Company and other alleged defendants, fund continued post-closure care and remediation at four properly permitted former hazardous waste landfills located in Northern California to which the Company may have sent wastewater in the past. The Company is participating with a working group of a number of other alleged defendants in a pending settlement of this matter and has reserved its estimated exposure for this matter as of July 1, 2023, which amount is immaterial.

In June 2008, the Company was named by the Orange County Water District in a suit alleging that a predecessor company's actions at a plant the Company sold in 1998 contributed to polluted groundwater managed by the plaintiff. The complaint seeks recovery of compensatory and other damages, as well as declaratory relief, for the payment of costs necessary to investigate, monitor, remediate, abate and contain contamination of groundwater. In April 2013, all claims against the Company were dismissed. The plaintiff appealed this dismissal and the Court of Appeal reversed the judgment in August 2017, remanding the case back to the Superior Court of California for trial. The trial against the Company and several other defendants commenced in April 2021 and the submission of evidence concluded in May 2022. On April 3, 2023, the Court published a statement of decision finding the Company and other remaining defendants liable for certain past investigation costs incurred by the plaintiff. The Company believes a loss in this matter is probable and has recorded its estimated loss as of July 1, 2023. There will be subsequent proceedings to assess the Company's and other defendants' liability for the plaintiff's future remediation and other costs, including attorneys' fees. It is probable that the Company will record additional losses in connection with this matter, and it is reasonably possible that the amount of such additional losses will be material. However, the Company is unable to estimate the amount of such additional losses or a range of losses. The Company intends to continue defending the case vigorously and to seek appellate review at the appropriate time.

### *Other Matters*

In December 2019, the Company sued a former customer, Dialight plc ("Dialight"), in the United States District Court for the Southern District of New York to collect approximately \$10 million in unpaid accounts receivable and net obsolete inventory obligations. Later the same day, Dialight commenced its own action in the same court. Dialight's complaint, which asserts claims for fraudulent inducement, breach of contract and willful misconduct, alleges that the Company fraudulently misrepresented its capabilities to induce Dialight to enter into a Manufacturing Services Agreement (the "Dialight MSA"), and then breached its obligations contained in the Dialight MSA relating to quality, on-time delivery and supply chain management. Dialight seeks compensatory and punitive damages that it contends exceed \$200 million, but the Company believes Dialight's claimed damages are vastly overstated and are subject to a contractual limitation of liability that limits any Dialight recovery to less than \$2 million. In an Opinion and Order dated March 14, 2023, the Court granted in part the Company's motion for partial summary judgment and dismissed Dialight's willful misconduct claim. The Company continues to vigorously prosecute its claims against Dialight. Further, the Company strongly disagrees with Dialight's allegations and is defending against Dialight's remaining claims vigorously. No trial date has been set in this matter.

In May 2023, the Company and its SCI Technology, Inc. subsidiary ("SCI") received Civil Investigative Demands ("CIDs") from the United States Department of Justice ("DOJ") pursuant to the civil False Claims Act ("FCA"). The stated purpose of the CIDs—a form of subpoena requiring responses to written interrogatories and the production of documents relating to certain contracts, projects, proposals and business activities of SCI going back to 2010—is to determine whether there is or has been a violation of the FCA with respect to the provision of products and services to the government. These CIDs supplement several CIDs relating to the same subject matter served upon SCI and certain current and former SCI and Sanmina employees beginning in August 2020, pursuant to which SCI has been producing documents and information and the current and former employees have provided or will provide oral testimony. To date, neither the Company nor SCI has been served with a complaint in this matter. The Company has been, and is, cooperating with the DOJ and continues to produce documents and other information responsive to the CIDs. The Company is unable to predict the ultimate outcome in this matter, although a loss currently is not considered to be probable or estimable.

For each of the pending matters noted above, the Company is unable to reasonably estimate a range of possible loss at this time.

In addition, from time to time, the Company may become involved in routine legal proceedings, demands, claims, threatened litigation and regulatory inquiries and investigations that arise in the normal course of our business. The Company records liabilities for such matters when a loss becomes probable and the amount of loss can be reasonably estimated. The ultimate outcome of any litigation is uncertain and unfavorable outcomes could have a negative impact on the Company's results of operations and financial condition.

#### Note 9. Income Tax

The Company estimates its annual effective income tax rate at the end of each quarterly period. The estimate takes into account the geographic mix of expected pre-tax income (loss), expected total annual pre-tax income (loss), enacted changes in tax laws, implementation of tax planning strategies and possible outcomes of audits and other uncertain tax positions. To the extent there are fluctuations in any of these variables during a period, the provision for income taxes may vary.

The Company's provision for income taxes for the three months ended July 1, 2023 and July 2, 2022 was \$17 million (17% of income before taxes) and \$2 million (2% of income before taxes), respectively. Income tax expense for the three months ended July 1, 2023 and July 2, 2022 included the recognition of tax benefits of approximately \$5 million and \$15 million, respectively, that resulted from the release of certain foreign tax reserves due to lapse of time and expiration of statutes of limitations.

The Company's provision for income taxes for the nine months ended July 1, 2023 and July 2, 2022 was \$64 million (20% of income before taxes) and \$43 million (19% of income before taxes), respectively. Income tax expense was higher for the nine months ended July 1, 2023 primarily due to an increase in profit before tax.

#### Note 10. Stockholders' Equity

##### Accumulated Other Comprehensive Income

Accumulated other comprehensive income, net of tax as applicable, consisted of the following:

	As of	
	July 1, 2023	October 1, 2022
	(In thousands)	
Foreign currency translation adjustments	\$ 70,736	\$ 63,929
Unrealized holding gains on derivative financial instruments	7,044	4,112
Unrecognized net actuarial losses and transition costs for benefit plans	(11,898)	(11,716)
Total	\$ 65,882	\$ 56,325

##### Stock Repurchase Program

During the nine months ended July 1, 2023 and July 2, 2022, the Company repurchased 1 million and 7 million shares of its common stock for \$51 million and \$293 million, respectively, under stock repurchase programs authorized by the Board of Directors. These programs have no expiration dates and the timing of repurchases will depend upon capital needs to support the growth of the Company's business, market conditions and other factors. Although stock repurchases are intended to increase stockholder value, they also reduce the Company's liquidity. During the third quarter of 2023, the Company's Board of Directors authorized the repurchase of up to \$200 million of the Company's common stock in the open market or in negotiated private transactions. As of July 1, 2023, an aggregate of \$312 million remained available under these programs.

In addition to the repurchases discussed above, the Company withheld 0.4 million and 0.4 million shares of its common stock during the nine months ended July 1, 2023 and July 2, 2022, respectively, in settlement of employee tax withholding obligations due upon the vesting of restricted stock units. The Company paid \$22 million and \$13 million for the nine months ended July 1, 2023 and July 2, 2022, respectively, to applicable tax authorities in connection with these repurchases.

## Note 11. Business Segment, Geographic and Customer Information

ASC Topic 280, *Segment Reporting*, establishes standards for reporting information about operating segments, products and services, geographic areas of operations and major customers. Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker or decision-making group in deciding how to allocate resources and in assessing performance.

The Company's operations are managed as two businesses: Integrated Manufacturing Solutions ("IMS") and CPS. The Company's CPS business consists of multiple operating segments which do not meet the quantitative threshold for being presented individually as reportable segments. Therefore, financial information for these operating segments is presented in a single category entitled "CPS" and the Company has only one reportable segment - IMS.

The following table presents revenue and a measure of segment gross profit used by management to allocate resources and assess performance of operating segments:

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
	(In thousands)			
Gross sales:				
IMS	\$ 1,821,819	\$ 1,624,760	\$ 5,689,432	\$ 4,607,895
CPS	419,156	432,058	1,308,326	1,191,743
Intersegment revenue	(33,857)	(33,457)	(114,729)	(104,881)
Net sales	<u><u>\$ 2,207,118</u></u>	<u><u>\$ 2,023,361</u></u>	<u><u>\$ 6,883,029</u></u>	<u><u>\$ 5,694,757</u></u>
Gross profit:				
IMS	\$ 152,059	\$ 118,359	\$ 429,855	\$ 333,648
CPS	37,036	47,801	154,564	128,393
Total	189,095	166,160	584,419	462,041
Unallocated items (1)	(5,887)	(3,975)	(14,636)	(12,064)
Total	<u><u>\$ 183,208</u></u>	<u><u>\$ 162,185</u></u>	<u><u>\$ 569,783</u></u>	<u><u>\$ 449,977</u></u>

(1) For purposes of evaluating segment performance, management excludes certain items from its measure of gross profit. These items consist of stock-based compensation expense, amortization of intangible assets, litigation settlements and investigation costs.

Net sales by geographic segment, determined based on the country in which a product is manufactured, were as follows:

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
	(In thousands)			
<b>Net sales:</b>				
Americas (1)	\$ 1,131,925	\$ 989,172	\$ 3,380,454	\$ 2,687,304
APAC	743,372	739,084	2,511,205	2,144,534
EMEA	331,821	295,105	991,370	862,919
Total	<u>\$ 2,207,118</u>	<u>\$ 2,023,361</u>	<u>\$ 6,883,029</u>	<u>\$ 5,694,757</u>

(1) Mexico represents approximately 70% and 60% of the Americas revenue and the U.S. represents approximately 30% and 40% of the Americas revenue for the nine months ended July 1, 2023 and July 2, 2022, respectively.

Percentage of net sales represented by ten largest customers	47 %	48 %	49 %	49 %
Number of customers representing 10% or more of net sales	1	1	1	2

## Note 12. Earnings Per Share

Basic and diluted per share amounts are calculated by dividing net income attributable to common shareholders by the weighted average number of shares of common stock outstanding during the period, as follows:

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
	(In thousands, except per share data)			
<b>Numerator:</b>				
Net income attributable to common shareholders	\$ 76,494	\$ 77,222	\$ 248,129	\$ 182,020
<b>Denominator:</b>				
Weighted average common shares outstanding	57,987	59,970	57,995	62,404
Effect of dilutive stock options and restricted stock units	1,605	1,732	2,001	1,888
Denominator for diluted earnings per share	<u>59,592</u>	<u>61,702</u>	<u>59,996</u>	<u>64,292</u>
<b>Net income attributable to common shareholders per share:</b>				
Basic	\$ 1.32	\$ 1.29	\$ 4.28	\$ 2.92
Diluted	\$ 1.28	\$ 1.25	\$ 4.14	\$ 2.83

Weighted-average dilutive securities that were excluded from the above calculation because their inclusion would have had an anti-dilutive effect under ASC Topic 260, *Earnings per Share*, due to application of the treasury stock method were not material for any period presented.

### Note 13. Stock-Based Compensation

Stock-based compensation expense was recognized as follows:

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
	(In thousands)			
Cost of sales	\$ 4,518	\$ 3,724	\$ 12,785	\$ 10,455
Selling, general and administrative	8,588	6,819	24,034	18,230
Research and development	211	140	641	360
Total	<u>\$ 13,317</u>	<u>\$ 10,683</u>	<u>\$ 37,460</u>	<u>\$ 29,045</u>

During the second quarter of 2023, the Company's stockholders approved the reservation of an additional 1 million shares of common stock for future issuance under the Company's 2019 Equity Incentive Plan. As of July 1, 2023, an aggregate of 6 million shares of common stock were authorized for future issuance under the Company's stock plans, of which 3 million of such shares were issuable upon exercise of outstanding options and delivery of shares upon vesting of restricted stock units and 3 million shares of common stock were available for future grant.

#### Restricted and Performance Stock Units

The Company grants restricted stock units ("RSUs") and restricted stock units with performance conditions ("PSUs") to executive officers, directors and certain other employees. These units vest over periods ranging from one year to four years and/or upon achievement of specified performance criteria, with associated compensation expense recognized ratably over the vesting period.

Generally, the Company's PSUs vest contingent on achievement of cumulative non-GAAP earnings per share measured over three fiscal years. If a minimum threshold is not achieved during the measurement period, the PSUs will be cancelled. If the minimum threshold is achieved or exceeded, the number of shares of common stock that will be issued will range from 70% to 130% of the number of PSUs granted, depending on the extent of performance. Additionally, the number of shares that vest may be adjusted up or down by up to 15% based on the Company's total shareholder return relative to that of its peer group over this same period.

Activity with respect to the Company's RSUs and PSUs was as follows:

	Number of Shares (In thousands)	Weighted-Average Grant Date Fair Value (\$)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (\$) (In thousands)
Outstanding as of October 1, 2022	3,280	37.11	1.35	155,049
Granted	952	59.88		
Vested/Forfeited/Cancelled	(1,309)	36.09		
Outstanding as of July 1, 2023	<u>2,923</u>	44.98	1.38	172,287
Expected to vest as of July 1, 2023	<u>2,592</u>	44.51	1.33	152,789

As of July 1, 2023, unrecognized compensation expense of \$82 million is expected to be recognized over a weighted average period of 1.4 years.

### Note 14. Strategic Transaction

#### India Joint Venture

On October 3, 2022 ("Transaction Date"), the Company completed a joint venture transaction pursuant to a Share Subscription and Purchase Agreement (the "SSPA") and a Joint Venture and Shareholders' Agreement (the "Shareholders' Agreement") previously entered into with Reliance Strategic Business Ventures Limited ("RSBVL"), a wholly owned subsidiary of Reliance Industries Limited. Pursuant to the SSPA and the Shareholders' Agreement, the parties established

Sanmina SCI India Private Limited (“SIPL”), the Company’s existing Indian manufacturing entity, as a joint venture to engage in manufacturing in India of telecommunications equipment, data center and internet equipment, medical equipment, clean technology equipment and other high-tech equipment. This partnership leverages the Company’s advanced manufacturing experience and RSBVL’s expertise and leadership in the Indian business ecosystem. In addition to supporting the Company’s current customer base, the joint venture will create a state-of-the-art ‘Manufacturing Technology Center of Excellence’ that will serve as an incubation center to support the product development and hardware start-up ecosystem in India, as well as promote research and innovation of leading-edge technologies.

As a result of the transaction, RSBVL acquired shares of SIPL for approximately \$216 million of cash such that RSBVL holds 50.1% of the outstanding shares of SIPL and the Company holds the remaining 49.9% of the outstanding shares of SIPL. In connection with RSBVL’s investment, the Company and RSBVL entered into a management services contract pursuant to which the Company has the unilateral ability to make the significant financial and operating decisions made in the ordinary course of SIPL’s business.

In accordance with ASC 810, *Consolidation*, the Company is required to consolidate entities in which it has a controlling financial interest. The Company determined the voting interest model was applicable under ASC 810 and concluded that, despite not having a majority ownership interest, the Company has a controlling financial interest in SIPL through the management services contract. Therefore, the Company has, by contract, the unilateral ability to control the significant decisions made in the ordinary course of SIPL’s business. Because the Company has a controlling financial interest in SIPL, it consolidates SIPL. However, the Company periodically assesses whether any changes in facts and circumstances have occurred that could require the Company to deconsolidate SIPL.

The Company recognized a noncontrolling interest of \$132 million and an increase in additional paid-in-capital of \$84 million in the condensed consolidated financial statements in connection with the sale of shares of SIPL to RSBVL as of the Transaction Date. SIPL’s cash and cash equivalents balance of \$167 million as of July 1, 2023 is not available for general corporate purposes and must be retained in SIPL to fund SIPL’s operations.

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

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to our expectations for future events and time periods. All statements other than statements of historical fact are statements that could be deemed to be forward-looking statements, including any statements regarding trends in future revenue or results of operations, gross margin, operating margin, expenses, earnings or losses from operations, or cash flow; any statements of the plans, strategies and objectives of management for future operations and the anticipated benefits of such plans, strategies and objectives; any statements regarding future economic conditions or performance; any statements regarding litigation or pending investigations, claims or disputes; any statements regarding the timing of closing of, future cash outlays for, and benefits of acquisitions and other strategic transactions, including our Indian joint venture; any statements regarding expected restructuring costs and benefits; any statements concerning the adequacy of our current liquidity and the availability of additional sources of liquidity; any statements regarding the potential impact of the COVID-19 pandemic on our business, results of operations and financial condition; any statements regarding the potential impact of supply chain shortages and inflation on our business; any statements regarding the future impact of tariffs and export controls on our business; any statements relating to the expected impact of accounting pronouncements not yet adopted; any statements regarding future repurchases of our common stock; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Generally, the words "anticipate," "believe," "plan," "expect," "future," "intend," "may," "will," "should," "estimate," "predict," "potential," "continue" and similar expressions identify forward-looking statements. Our forward-looking statements are based on current expectations, forecasts and assumptions and are subject to risks and uncertainties, including those contained in Part II, Item 1A of this report. As a result, actual results could vary materially from those suggested by the forward-looking statements. We undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to filing this report with the Securities and Exchange Commission (the "SEC"). Investors and others should note that Sanmina announces material financial information to our investors using our investor relations website (<http://ir.sanmina.com/investor-relations/overview/default.aspx>), SEC filings, press releases, public conference calls and webcasts. We use these channels to communicate with our investors and the public about Sanmina, its products and services and other issues. It is possible that the information we post on our investor relations website could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in Sanmina to review the information we post on our investor relations website. The contents of our investor relations website are not incorporated by reference into this quarterly report on Form 10-Q or in any other report or document we file with the SEC.

Sanmina Corporation and its subsidiaries ("Sanmina", the "Company", "we" or "us") operate on a 52 or 53 week year ending on the Saturday nearest September 30. Fiscal 2023 and 2022 are each 52-week years. All references to years relate to fiscal years unless otherwise noted.

### **Overview**

We are a leading global provider of integrated manufacturing solutions, components, products and repair, logistics and after-market services. Our revenue is generated from sales of our products and services primarily to original equipment manufacturers ("OEMs") that serve the industrial, medical, defense and aerospace, automotive, communications networks and cloud infrastructure markets.

Our operations are managed as two businesses:

1. Integrated Manufacturing Solutions ("IMS"). Our IMS segment consists of printed circuit board assembly and test, high-level assembly and test and direct-order-fulfillment.
2. Components, Products and Services ("CPS"). Components include printed circuit boards, backplanes and backplane assemblies, cable assemblies, fabricated metal parts, precision machined parts, and plastic injected molded parts. Products include memory solutions from our Viking Technology division; high-performance storage platforms for hyperscale and enterprise solutions from our Viking Enterprise Solutions ("VES") division; optical, radio frequency ("RF") and microelectronic ("microE") design and manufacturing services from Advanced Microsystems Technologies; defense and aerospace products from SCI Technology; and cloud-based manufacturing execution software from our 42Q division. Services include design, engineering and logistics and repair.

Our only reportable segment for financial reporting purposes is IMS, which represented approximately 80% of our total revenue for the nine months ended July 1, 2023. Our CPS business consists of multiple operating segments which do not

individually meet the quantitative thresholds for being presented as reportable segments. Therefore, financial information for these operating segments is combined and presented in a single category entitled “Components, Products and Services”.

#### *Trends and Uncertainties*

Our strategy is to leverage our comprehensive product and service offerings, advanced technologies and global capabilities to further penetrate diverse end markets that we believe offer significant growth opportunities and have complex products that require higher value-added services. We believe this strategy differentiates us from our competitors and will help drive more sustainable revenue growth and provide opportunities for us to ultimately achieve operating margins that exceed industry standards.

There are many challenges to successfully executing our strategy. For example, we compete with a number of companies in each of our key end markets, including companies that are much larger than we are and smaller companies that focus on a particular niche. Although we believe we are well-positioned in each of our key end markets and seek to differentiate ourselves from our competitors, competition remains intense and profitably growing our revenues has been challenging. Additionally, although the effects of the COVID-19 pandemic have decreased, our business has been and continues to be impacted by the cascading effects of the pandemic on the global supply chain and macroeconomic challenges such as inflation and market volatility. Over the past few quarters, global supply chain constraints have led to inflation in prices of some components we acquire, as well as labor and operating costs. Although some of the supply chain challenges have eased, we expect the macroeconomic challenges to continue in the near future. Although we have been able to partially mitigate the impacts of inflation through our contractual pricing rights with customers, further pricing increases may result in a decline in our future profitability.

A small number of customers have historically generated a significant portion of our net sales. Sales to our ten largest customers have typically represented approximately 50% of our net sales. One customer represented 10% or more of our net sales for the three months ended July 1, 2023 and July 2, 2022 and nine months ended July 1, 2023. Two customers represented 10% or more of our net sales for the nine months ended July 2, 2022.

We typically generate about 80% of our net sales from products manufactured in our foreign operations. The concentration of foreign operations has resulted primarily from a desire on the part of many of our customers to manufacture in lower cost locations in Asia, Latin America and Eastern Europe.

Historically, we have had substantial recurring sales to existing customers. We typically enter into supply agreements with our major OEM customers. These agreements generally have terms ranging from three to five years and cover the manufacture of a range of products. Under these agreements, a customer typically purchases its requirements for specific products in particular geographic areas from us. However, these agreements generally do not obligate the customer to purchase minimum quantities of products, which can have the effect of reducing revenue and profitability. In addition, some customer contracts contain cost reduction objectives, which can also have the effect of reducing revenue from such customers.

Over the past several years, the U.S., China, the E.U. and several other countries imposed tariffs impacting certain imported products. Although our customers are generally liable to us for reimbursement of tariffs we pay on components imported for the manufacture of their products, there can be no assurance that we will be successful in recovering all of the tariffs that are owed to us. Unrecovered tariffs paid on behalf of our customers reduce our gross margins. Also, although we are required to pay tariffs upon importation of components, we may not recover these amounts from customers until sometime later, which adversely impacts our operating cash flow in a given period. However, the net impact of tariffs, after recovery from customers, has not been, and is not expected to be, material to us.

Overall, we strive to manage the challenges posed by the economy and competition, by focusing on improving our operations, building flexibility and efficiencies in our processes and adjusting our business models to changing circumstances. Given that maintaining low costs is the cornerstone of our success and growth, we are proactively handling cost impacts through a combination of well-calibrated pricing actions and targeted cost-saving measures to enhance overall value.

#### **Critical Accounting Policies and Estimates**

Management's discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). We review the accounting policies used in reporting our financial results on a regular basis. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, net sales and expenses and related disclosure of contingent liabilities. On an ongoing basis, we evaluate the process used to develop estimates related to accounts receivable, inventories, income taxes, environmental matters, litigation and other contingencies, as well as estimates related to costs expected to be incurred to satisfy performance

obligations under long-term contracts and variable consideration related to such contracts. We base our estimates on historical experience and on various other assumptions that we believe are reasonable for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ materially from these estimates.

A complete description of our critical accounting policies and estimates is contained in Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for such fiscal year filed with the SEC on May 22, 2023.

## Results of Operations

### Key Operating Results

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
	(In thousands)			
Net sales	\$ 2,207,118	\$ 2,023,361	\$ 6,883,029	\$ 5,694,757
Gross profit	\$ 183,208	\$ 162,185	\$ 569,783	\$ 449,977
Operating income	\$ 107,365	\$ 91,614	\$ 356,392	\$ 246,129
Net income attributable to common shareholders	\$ 76,494	\$ 77,222	\$ 248,129	\$ 182,020

### Net Sales

Sales by end market were as follows (dollars in thousands):

	Three Months Ended			Nine Months Ended			
	July 1, 2023	July 2, 2022	Increase/(Decrease)	July 1, 2023	July 2, 2022	Increase/(Decrease)	
	(Restated)			(Restated)			
Industrial, Medical, Defense and Automotive	\$ 1,344,068	\$ 1,221,989	\$ 122,079	10.0 %	\$ 4,045,939	\$ 3,434,221	\$ 611,718 17.8 %
Communications Networks and Cloud Infrastructure	863,050	801,372	61,678	7.7 %	2,837,090	2,260,536	576,554 25.5 %
Total	\$ 2,207,118	\$ 2,023,361	\$ 183,757	9.1 %	\$ 6,883,029	\$ 5,694,757	\$ 1,188,272 20.9 %

Net sales increased 9.1% in the three months ended July 1, 2023 compared to the three months ended July 2, 2022 and 20.9% in the nine months ended July 1, 2023 compared to the nine months ended July 2, 2022. Sales in both our industrial, medical, defense and automotive end market, as well as our communications networks and cloud infrastructure end market, increased in both periods primarily as a result of improved material availability resulting from easing of supply chain challenges, ramp up of new programs and overall stronger demand.

### Gross Margin

Gross margin increased to 8.3% for the three months ended July 1, 2023 from 8.0% for the three months ended July 2, 2022. IMS gross margin increased to 8.3% for the three months ended July 1, 2023, from 7.3% for the three months ended July 2, 2022, primarily due to operating efficiencies from increased volume. CPS gross margin decreased to 8.8% for the three months ended July 1, 2023 from 11.1% for the three months ended July 2, 2022, primarily due to loss recognized on certain fixed-price customer contracts, the effect of which was partially offset by improved operating efficiencies and a favorable product mix.

Gross margin increased to 8.3% for the nine months ended July 1, 2023 from 7.9% for the nine months ended July 2, 2022. IMS gross margin increased to 7.6% for the nine months ended July 1, 2023 from 7.2% for the nine months ended July 2, 2022, primarily due to operating efficiencies from higher volume. CPS gross margin increased to 11.8% for the nine months ended July 1, 2023 from 10.8% for the nine months ended July 2, 2022, primarily due to improved operating efficiencies and a favorable product mix, which was partially offset by losses on certain fixed-price customer contracts.

We have experienced fluctuations in gross margin in the past and may continue to do so in the future. Fluctuations in our gross margins may also be caused by a number of other factors, including:

- the impacts of supply chain constraints on our operations, the operations of our suppliers and on our customers' businesses;
- capacity utilization which, if lower, results in lower margins due to fixed costs being absorbed by lower volumes;
- changes in the mix of high and low margin products demanded by our customers;
- competition in the EMS industry and pricing pressures from OEMs due to greater focus on cost reduction;
- the amount of our provisions for excess and obsolete inventory, including those associated with distressed customers;
- levels of operational efficiency and production yields;
- our performance on long-term contracts, including our ability to recover claims for cost overruns; and
- our ability to transition the location of and ramp manufacturing and assembly operations when requested by a customer in a timely and cost-effective manner.

#### ***Selling, General and Administrative***

Selling, General and Administrative expenses increased \$7 million, from \$62 million, or 3.0% of net sales, in the three months ended July 2, 2022 to \$69 million, or 3.1% of net sales, in the three months ended July 1, 2023. Selling, General and Administrative expenses increased \$8 million, from \$185 million, or 3.2% of net sales, in the nine months ended July 2, 2022 to \$193 million, or 2.8% of net sales, in the nine months ended July 1, 2023. The increase for both periods was primarily due to an increase in our deferred compensation liability resulting from an increase in the market value of participant accounts and higher professional fees.

#### ***Research and Development***

Research and Development expenses increased \$2 million, from \$5 million, or 0.3% of net sales, in the three months ended July 2, 2022 to \$7 million, or 0.3% of net sales, in the three months ended July 1, 2023. Research and Development expenses increased \$4 million, from \$15 million, or 0.3% of net sales, in the nine months ended July 2, 2022 to \$19 million, or 0.3% of net sales, in the nine months ended July 1, 2023. The increase for both periods was primarily due to higher outside service costs for additional design support on projects and higher material costs.

#### ***Restructuring and other***

Restructuring and other expenses decreased \$4 million, from \$4 million in the three months ended July 2, 2022 to \$0.3 million in the three months ended July 1, 2023 and decreased \$2 million, from \$4 million in the nine months ended July 2, 2022 to \$2 million in the nine months ended July 1, 2023. The decrease in both periods was primarily due to an increase in our environmental remediation liability for a former site in the third quarter of 2022 and an equipment impairment related to a ceased operation incurred in the second quarter of 2022. The decrease for the nine months ended July 2, 2022 was partially offset by a gain of \$5 million during the first quarter of 2022, primarily from the sale of a certain real property.

#### ***Interest Income***

Interest income for the three months ended July 1, 2023 and July 2, 2022 was \$4 million and \$1 million, respectively. Interest income for the nine months ended July 1, 2023 and July 2, 2022 was \$10 million and \$1 million, respectively. The increases for the three and nine months ended July 1, 2023 were primarily due to interest earned on investments purchased with a portion of the cash proceeds received from the sale of an equity interest related to a joint venture transaction that closed on October 3, 2022 as well as higher interest earned on cash deposits.

#### ***Interest Expense***

Interest expense for the three months ended July 1, 2023 and July 2, 2022 was \$10 million and \$6 million, respectively. Interest expense for the nine months ended July 1, 2023 and July 2, 2022 was \$28 million and \$15 million, respectively. The increases for the three and nine months ended July 1, 2023 were primarily due to higher utilization of our

revolving credit facility and higher interest rates during the three and nine months ended July 1, 2023 compared to the same periods in 2022.

#### **Other Expense**

Other expense for the three months ended July 1, 2023 and July 2, 2022, was \$3 million and \$8 million, respectively. The decrease in other expense was primarily due to a gain of \$2 million in the market value of participant investment accounts in our deferred compensation plan in the three months ended July 1, 2023 compared to a loss of \$5 million in the same period in 2022, partially offset by an increase in fees relating to accounts receivable factoring.

Other expense for the nine months ended July 1, 2023 and July 2, 2022 was \$12 million and \$7 million, respectively. The increase in other expense for the nine months ended July 1, 2023 was primarily due to a \$14 million increase in fees relating to accounts receivable factoring due to increased amounts factored compared to the same period in 2022, the impact of a strengthening of the US dollar against other key currencies in which our expenses are denominated compared to the same period in 2022, and an increase in exposure to the Indian Rupee, which strengthened in 2023 compared to the prior period, as a result of our receipt of consideration in that currency from a joint venture transaction that closed in the first quarter of 2023. These increases were partially offset by a \$10 million increase in the market value of participant investment accounts in our deferred compensation plan compared to the same period in 2022.

#### **Provision for Income Taxes**

Our provision for income taxes for the three months ended July 1, 2023 and July 2, 2022 was \$17 million (17% of income before taxes) and \$2 million (2% of income before taxes), respectively. Income tax expense for the three months ended July 1, 2023 and July 2, 2022 included the recognition of tax benefits of approximately \$5 million and \$15 million, respectively, that resulted from the release of certain foreign tax reserves due to lapse of time and expiration of statutes of limitations.

Our provision for income taxes for the nine months ended July 1, 2023 and July 2, 2022 was \$64 million (20% of income before taxes) and \$43 million (19% of income before taxes), respectively. Income tax expense was higher for the nine months ended July 1, 2023 primarily due to an increase in profit before tax.

#### **Net Income Attributable to Noncontrolling Interest**

On October 3, 2022 (“Transaction Date”), we completed a joint venture transaction pursuant to a Share Subscription and Purchase Agreement (the “SSPA”) and a Joint Venture and Shareholders’ Agreement (the “Shareholders’ Agreement”) previously entered into with Reliance Strategic Business Ventures Limited (“RSBVL”), a wholly owned subsidiary of Reliance Industries Limited. Pursuant to the SSPA and the Shareholders’ Agreement, the parties established Sanmina SCI India Private Limited (“SIPL”), our existing Indian manufacturing entity, as a joint venture to engage in manufacturing in India of telecommunications equipment, data center and internet equipment, medical equipment, clean technology equipment and other high-tech equipment. This partnership leverages our advanced manufacturing experience and RSBVL’s expertise and leadership in the Indian business ecosystem. In addition to supporting our current customer base, the joint venture will create a state-of-the-art ‘Manufacturing Technology Center of Excellence’ that will serve as an incubation center to support the product development and hardware start-up ecosystem in India, as well as promote research and innovation of leading-edge technologies.

As a result of the transaction, RSBVL acquired shares of SIPL for approximately \$216 million of cash such that RSBVL holds 50.1% of the outstanding shares of SIPL and we hold the remaining 49.9% of the outstanding shares of SIPL. In connection with RSBVL’s investment, we and RSBVL entered into a management services contract pursuant to which we have the unilateral ability to make the significant financial and operating decisions made in the ordinary course of SIPL’s business.

In accordance with ASC 810, Consolidation, we are required to consolidate entities in which we have a controlling financial interest. We determined the voting interest model was applicable under ASC 810 and concluded that, despite not having a majority ownership interest, we have a controlling financial interest in SIPL through the management services contract. Therefore, we have, by contract, the unilateral ability to control the significant decisions made in the ordinary course of SIPL’s business. Because we have a controlling financial interest in SIPL, we consolidate SIPL. However, we periodically assess whether any changes in facts and circumstances have occurred that could require us to deconsolidate SIPL.

Net income attributable to noncontrolling interest for the three and nine months ended July 1, 2023 was \$5 million and \$14 million, respectively.

## Liquidity and Capital Resources

	Nine Months Ended	
	July 1, 2023	July 2, 2022
	(In thousands)	
<b>Net cash provided by (used in):</b>		
Operating activities	\$ 158,311	\$ 248,956
Investing activities	(154,155)	(83,759)
Financing activities	120,832	(318,848)
Effect of exchange rate changes on cash and cash equivalents	1,743	(3,070)
Increase (Decrease) in cash and cash equivalents	\$ 126,731	\$ (156,721)

### Key Working Capital Management Measures

	As of	
	July 1, 2023	October 1, 2022
	(Restated)	
Days sales outstanding (1)		
Contract asset days (2)	51	48
Inventory turns (3)	19	19
Days inventory on hand (4)	5.3	5.0
Accounts payable days (5)	69	73
Cash cycle days (6)	80	90
	59	50

- (1) Days sales outstanding (a measure of how quickly we collect our accounts receivable), or “DSO”, is calculated as the ratio of average accounts receivable, net, to average daily net sales for the quarter.
- (2) Contract asset days (a measure of how quickly we transfer contract assets to accounts receivable) are calculated as the ratio of average contract assets to average daily net sales for the quarter.
- (3) Inventory turns (annualized) (a measure of how quickly we sell inventory) are calculated as the ratio of four times our cost of sales for the quarter to average inventory.
- (4) Days inventory on hand (a measure of how quickly we turn inventory into sales) is calculated as the ratio of average inventory for the quarter to average daily cost of sales for the quarter.
- (5) Accounts payable days (a measure of how quickly we pay our suppliers), or “DPO”, is calculated as the ratio of 365 days divided by accounts payable turns, in which accounts payable turns is calculated as the ratio of four times our cost of sales for the quarter to average accounts payable.
- (6) Cash cycle days (a measure of how quickly we convert investments in inventory to cash) is calculated as days inventory on hand plus days sales outstanding and contract assets days minus accounts payable days.

Cash and cash equivalents were \$657 million at July 1, 2023 and \$530 million at October 1, 2022. This increase was driven largely by our receipt of approximately \$216 million from the sale of shares of SIPL to RSBVL in fiscal 2023. Our cash levels vary during any given quarter depending on the timing of collections from customers and payments to suppliers, borrowings under our credit facilities, sales of accounts receivable under numerous programs we utilize, repurchases of common stock and other factors. Our working capital was \$1.8 billion and \$1.4 billion as of July 1, 2023 and October 1, 2022, respectively.

Net cash provided by operating activities was \$158 million and \$249 million for the nine months ended July 1, 2023 and July 2, 2022, respectively. Cash flows from operating activities consist of: (1) net income before noncontrolling interest adjusted to exclude non-cash items such as depreciation and amortization, deferred income taxes and stock-based compensation expense, and (2) changes in net operating assets, which are comprised of accounts receivable, contract assets, inventories, prepaid expenses and other assets, accounts payable, accrued liabilities and other long-term liabilities. Our working capital

metrics tend to fluctuate from quarter-to-quarter based on factors such as the linearity of our shipments to customers and purchases from suppliers, customer and supplier mix, the extent to which we factor customer receivables and the negotiation of payment terms with customers and suppliers. These fluctuations can significantly affect our cash flows from operating activities.

During the nine months ended July 1, 2023, we generated \$409 million of cash primarily from earnings, excluding non-cash items, and used \$251 million of cash due primarily to an increase in accounts receivable and a decrease in accounts payable, partially offset by a decrease in inventory. Individual components of operating assets and liabilities fluctuate for a number of reasons, including linearity of purchases and sales, the mix of customer and supplier payment terms within our accounts receivable and accounts payable, and the amount and timing of sales of accounts receivable. The increase in accounts receivable was primarily attributable to an increase in business volume. The decrease in inventory was primarily due to our efforts to reduce inventory to more appropriate levels by working with customers to ensure their demand forecasts are reasonable and incorporate the appropriate lead times to secure materials. The decrease in accounts payable was primarily attributable to lower inventory receipts.

Net cash used in investing activities was \$154 million and \$84 million for the nine months ended July 1, 2023 and July 2, 2022, respectively. During the nine months ended July 1, 2023 and July 2, 2022, we used \$153 million and \$90 million, respectively, of cash for capital expenditures.

Net cash provided by (used in) financing activities was \$121 million and \$(319) million for the nine months ended July 1, 2023 and July 2, 2022, respectively. During the nine months ended July 1, 2023, we received \$216 million from sale of shares of SIPL to RSBVL and used \$74 million of cash to repurchase common stock (including \$22 million related to employee tax withholding on vested restricted stock units), repaid \$13 million of long-term debt and paid a final payment of \$9 million in connection with a previous business combination. During the nine months ended July 2, 2022, we used \$307 million of cash to repurchase common stock (including \$13 million related to employee tax withholding on vested restricted stock units) and repaid an aggregate of \$14 million of long-term debt.

#### *Other Liquidity Matters*

During the nine months ended July 1, 2023 and July 2, 2022, we repurchased 1 million and 7 million shares of our common stock for \$51 million and \$293 million, respectively, under stock repurchase programs authorized by the Board of Directors. These programs have no expiration dates and the timing of repurchases will depend upon capital needs to support the growth of our business, market conditions and other factors. Although stock repurchases are intended to increase stockholder value, they also reduce our liquidity. During the third quarter of 2023, our Board of Directors authorized the repurchase of up to \$200 million of our common stock in the open market or in negotiated private transactions. As of July 1, 2023, an aggregate of \$312 million remained available under these programs.

We are a party to a Receivable Purchase Agreement (the “RPA”) with certain third-party banking institutions for the sale of trade receivables generated from sales to certain customers, subject to acceptance by, and a funding commitment from, the banks that are party to the RPA. As of July 1, 2023, a maximum of \$542 million of sold receivables can be outstanding at any point in time under this program, as amended, as required by our Fifth Amended Credit Agreement (the “Credit Agreement”). Additionally, the amount available under the RPA is uncommitted and, as such, is available at the discretion of our third-party banking institutions. Under the Credit Agreement, the percentage of our total accounts receivable that can be sold and outstanding at any time is 50%. Trade receivables sold pursuant to the RPA are serviced by us.

In addition to the RPA, we participate in trade receivables sales programs that have been implemented by certain of our customers, as in effect from time to time. We do not service trade receivables sold under these other programs.

The sale of receivables under all of these programs is subject to the approval of the banks or customers involved and there can be no assurance that we will be able to sell the maximum amount of receivables permitted by these programs when desired.

Under each of the programs noted above, we sell our entire interest in a trade receivable for 100% of face value, less a discount. During the nine months ended July 1, 2023 and July 2, 2022, we sold approximately \$2 billion and \$1 billion, respectively, of accounts receivable under these programs. Upon sale, these receivables are removed from the condensed consolidated balance sheets and cash received is presented as cash provided by operating activities in the condensed consolidated statements of cash flows. Discounts on sold receivables were not material for any period presented. As of July 1, 2023 and October 1, 2022, \$172 million and \$194 million, respectively, of accounts receivable sold under the RPA and subject to servicing by us remained outstanding and had not yet been collected. Our sole risk with respect to receivables we service is with respect to commercial disputes regarding such receivables. Commercial disputes include billing errors, returns and similar

matters. To date, we have not been required to repurchase any receivable we have sold due to a commercial dispute. Additionally, we are required to remit amounts collected as servicer on a weekly basis to the financial institutions that purchased the receivables. As of July 1, 2023 and October 1, 2022, \$58 million and \$49 million, respectively, had been collected but not yet remitted.

In the ordinary course of business, we are or may become party to legal proceedings, claims and other contingencies, including environmental, regulatory, warranty and employee matters and examinations by government agencies. As of July 1, 2023, we had accrued liabilities of \$34 million related to such matters. We cannot accurately predict the outcome of these matters or the amount or timing of cash flows that may be required to defend ourselves or to settle such matters or that these reserves will be sufficient to fully satisfy our contingent liabilities.

As of July 1, 2023, we had a liability of \$51 million for uncertain tax positions. Our estimate of liabilities for uncertain tax positions is based on a number of subjective assessments, including the likelihood of a tax obligation being assessed, the amount of taxes (including interest and penalties) that would ultimately be payable, and our ability to settle any such obligations on favorable terms. Therefore, the amount of future cash flows associated with uncertain tax positions may be significantly higher or lower than our recorded liability and we are unable to reliably estimate when cash settlement may occur.

Our liquidity is largely dependent on changes in our working capital, including sales of accounts receivable under our receivables sales programs and the extension of trade credit by our suppliers, investments in manufacturing inventory, facilities and equipment, repayments of obligations under outstanding indebtedness and repurchases of common stock. We generated \$158 million of cash from operations for the nine months ended July 1, 2023. Our primary sources of liquidity as of July 1, 2023 consisted of (1) cash and cash equivalents of \$657 million (an aggregate of \$167 million of our cash is held by our Indian joint venture and may not be used for general corporate purposes); (2) our Credit Agreement, under which \$787 million, net of outstanding borrowings and letters of credit, was available; (3) our uncommitted foreign short-term borrowing facilities of \$73 million, all of which was available; (4) proceeds from the sale of accounts receivable under our receivables sales programs and (5) cash generated from operations. Subject to satisfaction of certain conditions, including obtaining additional commitments from existing and/or new lenders, we may increase the revolving commitments under the Credit Agreement up to an additional \$200 million.

We believe our existing cash resources and other sources of liquidity, together with cash generated from operations, will be sufficient to meet our working capital requirements through at least the next twelve months. However, should demand for our services decrease significantly over the next twelve months, should we be unable to recover on inventory obligations owed to us by our customers or should we experience significant increases in delinquent or uncollectible accounts receivable for any reason, our cash provided by operations could decrease significantly and we could be required to seek additional sources of liquidity to continue our operations at their current level.

We invest our cash among a number of financial institutions that we believe to be of high quality. However, there can be no assurance that one or more of such institutions will not become insolvent in the future, in which case all or a portion of our uninsured funds on deposit with such institutions could be lost.

As of July 1, 2023, 44% of our cash balance was held in the United States. Should we choose or need to remit cash to the United States from our foreign locations, we may incur tax obligations which would reduce the amount of cash ultimately available to the United States. We believe that cash held in the United States, together with liquidity available under our Credit Agreement and cash from foreign subsidiaries that could be remitted to the United States without tax consequences, will be sufficient to meet our United States liquidity needs for at least the next twelve months.

#### *Off-Balance Sheet Arrangements*

As of July 1, 2023, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC, that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

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

#### **Interest Rate Risk**

Our primary exposure to market risk for changes in interest rates relates to our Term Loan Due 2027, under which \$337 million is currently outstanding, and borrowings under our revolving credit facility, for which the interest rate we pay is based on a floating index. As of July 1, 2023, we had interest rate swaps with an aggregate notional amount of \$650 million that effectively convert our floating rate debt to fixed rate debt. An immediate 10 percent change in interest rates would not have a significant impact on our results of operations. For more information about our debt and derivative instruments, see Note 4 and Note 5 of the Notes to the Condensed Consolidated Financial Statements included in this report.

#### **Foreign Currency Exchange Risk**

We transact business in foreign currencies. Our foreign exchange policy requires that we take certain steps to limit our foreign exchange exposures resulting from certain assets and liabilities and forecasted cash flows. However, our policy does not require us to hedge all foreign exchange exposures. Furthermore, our foreign currency hedges are based on forecasted transactions and estimated balances, the amount of which may differ from that actually incurred. As a result, we can experience foreign exchange gains and losses in our results of operations.

We enter into short-term foreign currency forward contracts to hedge currency exposures associated with certain monetary assets and liabilities denominated in non-functional currencies such as China Yuan Renminbi, Mexico Peso and India Rupee. These contracts generally have maturities of up to two months and these forward contracts are not designated as part of a hedging relationship for accounting purposes. Accordingly, all outstanding foreign currency forward contracts are marked-to-market at the end of the period with unrealized gains and losses included in other expense, in the condensed consolidated statements of income. From an economic perspective, the objective of our hedging program is for gains or losses on forward contracts to substantially offset gains and losses on the underlying hedged items. As of July 1, 2023, we had outstanding foreign currency forward contracts to exchange various foreign currencies for U.S. dollars in an aggregate notional amount of \$407 million.

We also utilize foreign currency forward contracts to hedge certain operational (“cash flow”) exposures resulting from changes in foreign currency exchange rates. Such exposures result from (1) forecasted non-functional currency sales and (2) forecasted non-functional currency materials, labor, overhead and other expenses. These contracts may be up to twelve months in duration and are designated as cash flow hedges for accounting purposes. The effective portion of changes in the fair value of the contracts is recorded in stockholders’ equity as a separate component of accumulated other comprehensive income and recognized in earnings when the hedged item affects earnings. We had forward contracts related to cash flow hedges in various foreign currencies in the aggregate notional amount of \$127 million as of July 1, 2023.

The net impact of an immediate 10 percent change in exchange rates would not be material to our condensed consolidated financial statements, provided we accurately forecast and estimate our foreign currency exposure. If such forecasts are materially inaccurate, we could incur significant gains or losses.

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

##### **(a) Evaluation of Disclosure Controls and Procedures**

Our management is responsible for establishing and maintaining our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all errors and all fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that their objectives are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits of disclosure controls and procedures must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of disclosure controls and procedures can provide absolute assurance that all disclosure control issues and instances of fraud, if any, have been detected. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of July 1, 2023. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of July 1, 2023 because of the material weaknesses in our internal control over financial reporting discussed below.

##### **(b) Material Weaknesses in Internal Control Over Financial Reporting**

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected in a timely basis.

We identified material weaknesses in the control environment at one of our divisions due to the division maintaining an inappropriate tone at the top. Specifically, division management did not sufficiently promote, monitor or enforce appropriate accounting policies and procedures, thereby resulting in inappropriate and unsupported adjustments to the quarterly contract cost estimate process. Additionally, we did not maintain a sufficient complement of finance personnel at the division with an appropriate level of expertise, knowledge and training in internal control over financial reporting commensurate with our financial reporting requirements. These material weaknesses contributed to an additional material weakness that the division did not design and maintain effective controls over the quarterly contract estimate review process, which lead to the failure to timely and appropriately record adjustments to quarterly estimates.

These material weaknesses resulted in the restatement of our consolidated financial statements for the fiscal years ended October 3, 2020, October 2, 2021 and October 1, 2022 and for the quarterly fiscal periods included in such fiscal years and for the first fiscal quarter ended December 31, 2022. Additionally, these material weaknesses could result in misstatements of the accounts and disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Management intends to remediate the material weaknesses described above primarily by ensuring that relevant program management and finance personnel possess sufficient knowledge and experience and are sufficiently engaged to identify, escalate and drive closure of matters that could impact estimated long-term customer program costs and require the recording of additional expenses in the Company's financial statements. This is expected to be achieved through replacements or new hires and organizational realignment, whereby financial analysts whose duties include assessing these estimates will report to senior finance personnel rather than program management. In addition, management believes the recent hiring of a senior division controller for the affected division with significant experience in accounting for the long-term contracts at issue will assist in the remediation of the controls in question.

We believe these measures, and others that may be implemented, will remediate the material weaknesses in internal control over financial reporting described above.

The material weaknesses will not be considered formally remediated until the controls have operated effectively for a sufficient period of time and management has concluded, through testing, that the controls are operating effectively.

##### **(c) Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that occurred during the quarter ended July 1, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. *Legal Proceedings*

For a description of our material legal proceedings , see Note 8 “Contingencies” of the notes to the Condensed Consolidated Financial Statements.

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

### **End Market and Operational Risks**

***Worldwide supply chain shortages caused by the COVID-19 pandemic, the resumption of strong worldwide demand for electronic products and components and geopolitical events have collectively limited our ability to manufacture and ship all of the products for which we have demand; our profitability will be reduced if we are unable to continue to pass on increasing component costs.***

Over the past three years, our supply chain has been significantly impacted by interruptions in supplier and port operations resulting from the COVID-19 pandemic, the resumption of strong worldwide demand for electronic products and components following the easing of COVID-19 restrictions, and geopolitical events, such as the war in Ukraine. As a result, we have experienced and continue to experience delays in delivery and shortages of certain components, particularly certain types of capacitors, resistors and discrete semiconductors needed for many of the products we manufacture. These conditions limited our ability to manufacture and ship all of the products for which we have demand and that require these components and have resulted in an increase in our inventories of other components that cannot be assembled into finished products without these components. These factors are exacerbated by the fact that we are dependent on a number of limited and sole source suppliers to provide key components that we incorporate into our products. Although conditions have recently improved, we expect some level of delays and shortages to continue to persist in some form in the short to medium term. Any such shortages could result in delays in shipments to our customers, which would reduce our revenue, margins and operating cash flow for the periods affected.

In addition, inflationary pressures resulting from supply chain constraints and generally improved economic conditions have led to sustained increases in the prices we pay for components and materials used in production and in our labor and transportation costs. While we seek to pass on to our customers the increased prices for components and shipping, plus a margin, our gross margins and profitability could decrease, perhaps significantly, over a sustained period of time if we are unable to do so.

***The COVID-19 pandemic had, and any future outbreak could have, a significant impact on our results of operations and financial condition by reducing demand from our customers, interrupting the flow of components needed for our customers' products, limiting the operations and productivity of our manufacturing facilities and creating health risks to our employees.***

Our business, operations and results of operations were significantly and negatively impacted by the COVID-19 pandemic over the past three years. The COVID-19 pandemic 1) caused our customers to reduce their demand from us, 2) interrupted the availability of components we need for our customers' products, 3) limited the operations and productivity of our manufacturing resources and 4) created health risks to our employees.

Although conditions have improved, our operations could again be similarly and negatively impacted in the event of any future outbreaks, including outbreaks caused by variants of COVID-19, such as the Omicron variant of COVID-19 and its subvariants, and actions that government authorities may take in response.

### ***Adverse changes in the key end markets we target could harm our business by reducing our sales.***

We provide products and services to companies that serve the industrial, medical, defense and aerospace, automotive, communications networks and cloud infrastructure industries. Adverse changes in any of these end markets could reduce demand for our customers' products or make these customers more sensitive to the cost of our products and services, either of which could reduce our sales, gross margins and net income. A number of factors could affect these industries in general and our customers in particular, leading to reductions in net sales. These factors include:

- intense competition among our customers and their competitors, leading to reductions in prices for their products and increases in pricing pressure placed on us;
- failure of our customers' products to gain widespread commercial acceptance, which could decrease the volume of orders our customers place with us;
- changes in regulatory requirements affecting the products we build for our customers, leading to product redesigns or obsolescence and potentially causing us to lose business; and
- the negative effects of inflation, rising interest rates and any potential resultant recession on customers' end markets and their demand for our products and services.

We realize a substantial portion of our revenues from communications equipment customers. This market is highly competitive, particularly in the area of price. Should any of our larger customers in this market fail to effectively compete with their competitors, they could reduce their orders to us or experience liquidity difficulties, either of which could have the effect of substantially reducing our revenue and net income. There can be no assurance that we will not experience declines in demand in this or in other end markets in the future.

***Our operating results are subject to significant uncertainties, which can cause our future sales, net income and cash generated from operations to be variable.***

Our operating results can vary due to a number of significant uncertainties, including:

- our ability to replace declining sales from end-of-life programs and customer disengagements with new business wins;
- conditions in the global economy as a whole and in the industries we serve, which have been significantly impacted by the COVID-19 pandemic, inflationary pressures and rising interest rates;
- fluctuations in component prices, component shortages and extended component lead times caused by high demand and supply chain constraints, disruptions relating to the COVID-19 pandemic, geopolitical events, such as the war in Ukraine, natural disasters or otherwise;
- timing and success of new product developments and ramps by our customers, which create demand for our services, but which can also require us to incur start-up costs relating to new tooling and processes;
- levels of demand in the end markets served by our customers;
- timing of orders from customers and the accuracy of their forecasts;
- our inventory levels, which have been driven higher as a result of ongoing supply chain disruptions, with higher levels of inventory reducing our operating cash flow;
- customer payment terms and the extent to which we factor customer receivables during the quarter;
- increasing labor costs in the regions in which we operate;
- mix of products ordered by and shipped to major customers, as high volume and low complexity manufacturing services typically have lower gross margins than more complex and lower volume services;
- our ability to pass tariffs and price increases of components through to our customers;
- resolution of quality or other claims made by our customers;
- the degree to which we are able to fully utilize our available manufacturing capacity;
- customer insolvencies resulting in bad debt or inventory exposures that are in excess of our reserves;
- our ability to efficiently move manufacturing operations to lower cost regions when requested by our customers;
- changes in our tax provision due to changes in our estimates of pre-tax income in the jurisdictions in which we operate, uncertain tax positions and our continued ability to utilize our deferred tax assets; and
- political and economic developments in countries in which we or our customers or our suppliers have operations, which could restrict our operations or those of our suppliers and/or customers or increase our costs.

Variability in our operating results may also lead to variability in cash generated by operations, which can adversely affect our ability to make capital expenditures, engage in strategic transactions and repurchase stock.

***We are subject to risks arising from our international operations.***

The substantial majority of our net sales are generated through our non-U.S. operations. As a result, we are or can be negatively impacted by economic, political and other conditions in the foreign countries in which we do business, including:

- changes in trade and tax laws that may result in us or our customers being subject to increased taxes, duties and tariffs and import and export restrictions, which could increase our costs and/or reduce our customers' willingness to use our services in countries in which we are currently manufacturing their products;
- compliance with foreign laws, including labor laws that generally provide for increased notice, severance and consultation requirements compared to U.S. labor laws;
- labor unrest, including strikes;
- difficulties in staffing due to immigration or travel restrictions imposed by national governments, including the U.S.;
- security concerns;
- political instability and/or regional military tension or hostilities, such as the war in Ukraine, the possibility of such conflict broadening to areas outside of Ukraine, and the actions taken by national governments in response to such hostilities, such as sanctions and export bans;

- fluctuations in currency exchange rates, which may either increase or decrease our operating costs and for which we have significant exposure;
- the imposition of currency controls, which would have the effect of preventing us from repatriating profits from our foreign subsidiaries;
- exposure to heightened corruption risks;
- aggressive, selective or lax enforcement of laws and regulations by national governmental authorities; and
- potentially increased risk of misappropriation of intellectual property.

We operate in countries that have experienced labor unrest, political instability or conflict and strife in the past, including China, India, Israel, Malaysia, Mexico and Thailand, and we have experienced work stoppages and similar disruptions at our plants in these countries. To the extent these factors prevent us from adequately staffing our plants and manufacturing and shipping products in those jurisdictions, our margins and net income could be reduced and our reputation as a reliable supplier could be negatively impacted.

***We rely on a relatively small number of customers for a substantial portion of our sales and declines in sales to these customers could significantly reduce our net sales and net income.***

Sales to our ten largest customers have historically represented approximately half of our net sales. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our sales for the foreseeable future. The loss of a significant reduction in sales or pricing to, or an inability to recover components liabilities from our largest customers could therefore substantially reduce our revenue and margins.

***Current U.S. trade policy could increase the cost of using both our onshore and offshore manufacturing services for our U.S. customers, leading them to reduce their orders to us.***

Although we maintain significant manufacturing capacity in the U.S., the majority of our manufacturing operations are located outside the U.S. The U.S., China, the E.U. and several other countries have imposed tariffs on certain imported products. In particular, the U.S. has imposed tariffs impacting certain components and products imported from China by us into the U.S. These tariffs apply to both components imported into the U.S. from China for use in the manufacture of products at our U.S. plants and to certain of our customers' products that we manufacture for them in China and that are then imported into the U.S. Any decision by a large number of our customers to cease using our manufacturing services due to the application of tariffs would materially reduce our revenue and net income. In addition, our gross margins would be reduced in the event we are for any reason unable to pass on any tariffs that we incurred to our customers. Although our customers are generally liable for tariffs we pay on their behalf on importation of components used in the manufacture of their products, our gross margins would be reduced in the event we were for any reason unable to recover tariffs or duties from our customers. Further, although we are required to pay tariffs upon importation of the components, we may not be able to recover these amounts from customers until sometime later, if at all, which would adversely impact our operating cash flow in a given period.

***Customer order cancellations, push-outs and reduced forecasts could reduce our sales, net income and liquidity.***

We generally do not obtain firm, long-term purchase commitments from our customers and our bookings may generally be canceled prior to the scheduled shipment date. Although customers are generally liable for components we procure on their behalf, finished goods and work-in-process at the time of cancellation, customers may fail to honor this commitment or we may be unable to, or, for other business reasons, choose not to enforce our contractual rights. Cancellations, reductions or push-outs of orders by customers and reduced customer forecasts could cause our inventory levels to increase, consume working capital, lead to write-offs of inventory that customers fail to purchase for any reason, which could reduce our sales, net income and liquidity.

***Our strategy to pursue higher margin business depends in part on the success of our CPS businesses, which, if not successful, could cause our future gross margins and operating results to be lower.***

A key part of our strategy of providing end-to-end manufacturing solutions is to grow our CPS businesses, which supplies printed circuit boards, backplane and backplane assemblies, cable assemblies, fabricated metal parts, precision machined parts, and plastic injected molded parts, memory, RF, optical and microelectronic solutions, and data storage solutions and design, engineering, logistics and repair services and our SCI defense and aerospace products. A decrease in orders for these components, products and services can have a disproportionately adverse impact on our profitability since these components, products and services generally yield higher margins than our core IMS business. In addition, in order to grow this portion of our business profitably, we must continue to make substantial investments in the development of our

product development capabilities, research and development activities, test and tooling equipment and skilled personnel, all of which reduce our operating results in the short term. The success of our CPS businesses also depends on our ability to increase sales of our proprietary products, convince our customers to purchase our components rather than those of third parties for use in the manufacture of their products, and expand the number of our customers who contract for our design, engineering, logistics and repair services. We may face challenges in achieving commercially viable yields and difficulties in manufacturing components in the quantities and to the specifications and quality standards required by our customers, as well as in qualifying our components for use in our customers' designs. Our proprietary products and design, engineering, logistics and repair services must compete with products and services offered by established vendors which focus solely on development of similar technologies or the provision of similar services. Any of these factors could reduce the revenue and margins of our CPS businesses, which in turn would have an adverse and potentially disproportionate effect on our overall revenues and profitability.

***Transfers of business or operations may increase our costs and cause disruptions in our ability to service our customers.***

Our customers sometimes require that we transfer the manufacturing of their products from one of our facilities to another to achieve cost reductions, tariff reductions and other objectives. These transfers have resulted in increased costs to us due to facility downtime, less than optimal utilization of our manufacturing capacity and delays and complications related to the transition of manufacturing programs to new locations. These transfers, and any decision by a significant customer to terminate manufacturing services in a particular facility, could require us to close or reduce operations at certain facilities and, as a result, we may incur in the future significant costs for the closure of facilities, employee severance and related matters. We may be required to relocate additional manufacturing operations in the future and, accordingly, we may incur additional costs that decrease our net income.

In addition, certain of our foreign manufacturing facilities are leased from third parties. To the extent we are unable to renew the leases covering such facilities as they expire on reasonable terms, or are forced to move our operations at those facilities to other locations as a result of a failure to agree upon renewal terms, production for our customers may be interrupted, we may breach our customer agreements, we could incur significant start-up costs at new facilities and our lease expense may increase, potentially significantly.

**Regulatory, Compliance and Litigation Risks**

***We are subject to a number of U.S. export control and regulatory requirements relating to our defense business, with which the failure to comply could result in fines and reduction of future revenue.***

We are subject to a number of laws and regulations relating to the export of U.S. technology, anti-corruption and the award, administration and performance of U.S. government contracts and subcontracts. In particular, our activities must comply with the restrictions relating to the export of controlled technology and sales to denied or sanctioned parties contained in the International Traffic in Arms Regulations ("ITAR"), the U.S. Export Administration Regulations and sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"). The U.S. Commerce Department recently released rules that in some cases significantly restrict the export of U.S. technology to or from China. These laws could negatively impact our operations in China by making it more difficult to import components containing U.S. technology into China and to export finished products containing such components out of China. Any failure to comply with export control laws could result in significant fines or penalties. We must also comply with regulations relating to the award, administration and performance of U.S. government contracts and subcontracts with respect to our defense business, including regulations that govern price negotiations, cost accounting standards, procurement practices, termination at the election of the government and many other aspects of performance under government contracts and subcontracts. These laws and regulations are complex, require extensive compliance efforts and expenditures in the form of additional systems and personnel, and, in some cases, require us to ensure that our suppliers adhere to such regulations. Furthermore, our compliance with such regulations is subject to audit or investigation by governmental authorities. From time to time, we receive formal and informal inquiries from government agencies and regulators regarding our compliance. For example, we have received and are responding to several Civil Investigative Demands from the U.S. Department of Justice relating to certain contracts, projects, proposals, and business activities of our SCI subsidiary. Should we be found to have violated one or more government contracting laws or regulations, we could become subject to civil damages (which in some cases could be trebled) or criminal penalties and administrative sanctions, including appointment of government monitors, termination of our government contracts and, ultimately, debarment from doing further business with the U.S. government. Any of such results would increase our expenses, reduce our revenue and damage our reputation as both a commercial and government supplier.

***If we manufacture or design defective products, if there are manufacturing defects in the components we incorporate into customer products or if our manufacturing processes do not comply with applicable statutory and regulatory requirements and standards, we could be subject to claims, damages and fines and lose customers.***

We manufacture products to our customers' specifications, and in some cases our manufacturing processes and facilities need to comply with various statutory and regulatory requirements and standards. For example, many of the medical products that we manufacture, as well as the facilities and manufacturing processes that we use to produce them, must comply with standards established by the U.S. Food and Drug Administration and products we manufacture for the automotive end market are generally subject to the IATF 16949:2016 standard. In addition, our customers' products and the manufacturing processes that we use to produce them often are highly complex. As a result, products that we design or manufacture may at times contain design or manufacturing defects, and our manufacturing processes may be subject to errors or may not be in compliance with applicable statutory and regulatory requirements and standards. Finally, customer products can experience quality problems or failures as a result of defects in the components customers specify to be included in the products we manufacture for them. Defects in the products we design or manufacture, even if caused by components specified by the customer, may result in product recalls, warranty claims by customers, including liability for repair costs, delayed shipments to customers or reduced or canceled customer orders. The failure of the products that we design or manufacture or of our manufacturing processes and facilities to comply with applicable statutory and regulatory requirements and standards may subject us to legal fines or penalties, cause us to lose business and, in some cases, require us to shut down or incur considerable expense to correct a manufacturing program or facility. In addition, these defects may result in product liability claims against us by third parties. The risk and magnitude of such claims may increase as we continue to expand our presence in the medical and automotive end markets since defects in these types of products can result in death or significant injury to end users of these products. Even when our customers or suppliers are contractually responsible for defects in the design of a product and defects in components used in the manufacture of such products, there is no guarantee that any indemnities provided by such parties will be adequate to cover all damages to which we may become subject or that these parties will have the financial resources to indemnify us for such liabilities, in which case we could be required to expend significant resources to defend ourselves if named in a product liability suit over such defects.

***If we are unable to protect our intellectual property or if we infringe, or are alleged to infringe, upon the intellectual property of others, we could be required to pay significant amounts in costs or damages.***

We rely on a combination of copyright, patent, trademark and trade secret laws and contractual restrictions to protect our intellectual property rights. However, a number of our patents covering certain aspects of our manufacturing processes or products have expired and will continue to expire in the future. Such expirations reduce our ability to assert claims against competitors or others who use or sell similar technology. Any inability to protect our intellectual property rights could diminish or eliminate the competitive advantages that we derive from our proprietary technology. In addition, should a current or former employee use or disclose any of our or our customers' proprietary information, we could become subject to legal action by our customers or others, our key technologies could become compromised and our ability to compete could be adversely impacted.

In addition, we may become involved in administrative proceedings, lawsuits or other proceedings if others allege that the products we manufacture for our customers or our own manufacturing processes and products infringe on their intellectual property rights. If successful, such claims could force our customers and us to stop importing or producing products or components of products that use the challenged intellectual property, to pay up to treble damages and to obtain a license to the relevant technology or to redesign those products or services so as not to use the infringed technology. The costs of defense and potential damages and/or impact on production of patent litigation could be significant and have a materially adverse impact on our financial results. In addition, although our customers typically indemnify us against claims that the products we manufacture for them infringe others' intellectual property rights, there is no guaranty that these customers will have the financial resources to stand behind such indemnities should the need arise, nor is there any guarantee that any such indemnity could be fully enforced. We sometimes design products on a contract basis or jointly with our customers. In such situations, we may become subject to claims that products we design infringe third party intellectual property rights and may also be required to indemnify our customer against liability caused by such claims.

Any of these events could reduce our revenue, increase our costs and damage our reputation with our customers.

***Allegations of failures to comply with domestic or international employment and related laws could result in the payment of significant damages, which would reduce our net income.***

We are subject to a variety of domestic and foreign employment laws, including those related to safety, wages and overtime, discrimination, harassment, organizing, whistleblowing, classification of employees, privacy and severance payments. We may be required to defend against allegations that we have violated such laws. Allegations that we have violated labor laws could lead to damages being awarded to employees or fines from or settlements with plaintiffs or federal, state or foreign regulatory authorities, the amounts of which could be substantial, and which would reduce our net income.

For example, in the first quarter of 2022, we paid approximately \$4 million in a judicially approved settlement in connection with a lawsuit against the Company alleging violations of California Labor Code provisions governing overtime, meal and rest periods, wages, wage statements and reimbursements of business expenses.

***Cyberattacks and other disruptions of our information technology network and systems could interrupt our operations, lead to loss of our customer and employee data and subject us to damages.***

We rely on internal and cloud-based networks and systems furnished by third parties for worldwide financial reporting, inventory management, procurement, invoicing, employee payroll and benefits administration and email communications, among other functions. In addition, our 42Q manufacturing execution solutions software used by us and certain of our customers operates in the cloud. Despite our business continuity planning, including maintaining redundant data sites and network availability, both our internal and cloud-based infrastructure may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. In addition, our systems, like those of other large companies, are regularly subject to third party hacking attempts. Despite the implementation of numerous network security measures, both our internal and our cloud-based infrastructure may also be vulnerable to such hacking attempts, the installation of computer viruses, malware or similar disruptions either by third parties or employees with access to key IT infrastructure. Cybersecurity attacks can come in many forms, including distributed denial of service attacks, advanced persistent threat, phishing, business email compromise efforts and ransomware attacks. For example, a cyberattack in 2020 involving malware delivered through network monitoring software sold by SolarWinds resulted in the penetration of the systems of a multitude of governmental and commercial entities. While we were not affected by this cyberattack, there can be no assurance that a future malware attack will not be successful in breaching our systems. Hacking, malware and other cybersecurity attacks, if not prevented, could lead to the collection and disclosure of sensitive personal or confidential information relating to our customers, employees or others, exposing us to legal liability and causing us to suffer reputational damage. In addition, our SCI defense and aerospace business is subject to U.S. government regulations requiring the safeguarding of certain unclassified government information and to report to the U.S. government certain cyber incidents that affect such information. The increasing sophistication of cyberattacks requires us to continually evaluate new technologies and processes intended to detect and prevent these attacks. Our insurance coverage for cyberattacks is limited. There can be no assurance that our cybersecurity measures will be sufficient to protect the data we manage. If we and our cloud infrastructure vendors are not successful in preventing such outages and cyberattacks, our operations could be disrupted, we could incur losses, including losses relating to claims by our customers, employees or privacy regulators relating to loss of personal or confidential business information, the willingness of customers to do business with us may be damaged and, in the case of our defense business, we could be barred from future participation in U.S. government programs.

***Global, national and corporate initiatives addressing climate change could increase our costs.***

Concern over climate change may lead to state, federal and international legislative and regulatory initiatives aimed at reducing carbon dioxide and other greenhouse gas emissions through incentives, taxes or mandates and there is increased interest generally in voluntary corporate commitments to reduce the generation of greenhouse gases. Collectively, such initiatives and commitments could lead to an increase in both the price of energy and our operating costs. A sustained increase in energy prices for any reason could increase our raw material, components, operations and transportation costs, which we may not be able to pass on to our customers and which would therefore reduce our profitability, as would increased operating costs and investments due to our adoption, whether voluntary or mandatory, of measures to reduce our carbon footprint. We could also suffer reputational damage if our sustainability practices are perceived to be inadequate.

***Any failure to comply with applicable environmental laws could adversely affect our business by causing us to pay significant amounts for cleanup of hazardous materials or for damages or fines.***

We are subject to various federal, state, local and foreign environmental laws and regulations, including those governing the use, generation, storage, discharge and disposal of hazardous substances and waste in the ordinary course of our manufacturing operations. If we violate environmental laws or if we own or operate, or owned or operated in the past, a site at which we or a predecessor company caused contamination, we may be held liable for damages and the costs of remedial actions. For example, in April 2023, a court issued a ruling finding us and other defendants liable for certain investigation and remediation costs relating to a site owned by a predecessor company in Southern California at which a disposal was alleged to have occurred. Although we estimate and regularly reassess our potential liability with respect to violations or alleged violations and accrue for such liability, our accruals may not be sufficient. Any increase in existing reserves or establishment of new reserves for environmental liability would reduce our net income. Our failure or inability to comply with applicable environmental laws and regulations could also limit our ability to expand facilities or could require us to acquire costly equipment or to incur other significant expenses to comply with these laws and regulations.

Partly as a result of certain of our acquisitions, we have incurred liabilities associated with environmental contamination. These liabilities include ongoing investigation and remediation activities at a number of current and former sites. The time required to perform environmental remediation can be lengthy and there can be no assurance that the scope, and therefore cost, of these activities will not increase as a result of the discovery of new contamination or contamination on adjoining landowners' properties or the adoption of more stringent regulatory standards covering sites at which we are currently performing remediation activities.

We cannot assure that past disposal activities will not result in liability that will materially affect us in the future, nor can we provide assurance that we do not have environmental exposures of which we are unaware and which could adversely affect our future operating results. Changes in or restrictions on discharge limits, emissions levels, permitting requirements and material storage or handling could require a higher than anticipated level of remediation activities, operating expenses and capital investment or, depending on the severity of the impact of the foregoing factors, costly plant relocation, any of which would reduce our net income.

***Changes in financial accounting standards or policies have affected, and in the future may affect, our reported financial condition or results of operations; there are inherent limitations to our system of internal controls; changes in corporate governance policies and practices may impact our business.***

We prepare our consolidated financial statements in conformity with GAAP. The preparation of our financial statements in accordance with GAAP requires that we make estimates and assumptions that affect the recorded amounts of assets, liabilities and net income during the reporting period. A change in the facts and circumstances surrounding those estimates could result in a change to our estimates and could impact our future operating results. GAAP is subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC and various bodies formed to interpret and create accounting policies. A change in those policies can have a significant effect on our reported results and may affect our reporting of transactions which are completed before a change is announced. For example, in fiscal 2019, we implemented the new revenue recognition standard, which is complex and requires significant management judgment. Although we believe the judgments we applied in implementation of the new revenue recognition standard are appropriate, there can be no assurance that we will not be required to change our judgments relating to implementation of such standard in the future, whether as a result of new guidance or otherwise. A significant change in our accounting judgments could have a significant impact on our reported revenue, gross profit, assets and liabilities. In general, changes to accounting rules or challenges to our interpretation or application of the rules by regulators may have a material adverse effect on our reported financial results or on the way we conduct business.

Our system of internal and disclosure controls and procedures was designed to provide reasonable assurance of achieving its objectives. However, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been or will be detected. As a result, there can be no assurance that our system of internal and disclosure controls and procedures will be successful in preventing all errors, theft and fraud, or in informing management of all material information in a timely manner. For example, we have reported material weaknesses in our quarterly report on Form 10-Q for the quarter ended April 1, 2023 and this quarterly report on Form 10-Q.

Finally, corporate governance, public disclosure and compliance practices continue to evolve based upon continuing legislative action, SEC rulemaking and policy positions taken by large institutional stockholders and proxy advisors. As a result, the number of rules, regulations and standards applicable to us may become more burdensome to comply with, could increase scrutiny of our practices and policies by these or other groups and increase our legal and financial compliance costs and the amount of time management must devote to governance and compliance activities. For example, the SEC has recently proposed rules requiring that issuers provide significantly increased disclosures concerning cybersecurity matters and the impact of climate changes on their business and has adopted rules requiring public companies to adopt more stringent executive compensation clawback policies. Increasing regulatory burdens and corporate governance requirements could also make it more difficult for us to attract and retain qualified members of our Board of Directors and qualified executive officers.

#### **Liquidity and Credit Risks**

***Our customers could experience credit problems, which could reduce our future revenues and net income.***

Certain of our customers have experienced significant financial difficulties in the past, with a few filing for bankruptcy. Financial difficulties experienced by one or more of our customers, could negatively affect our business by decreasing demand from such customers and through the potential inability of these companies to make full payment on amounts owed to us. Customer bankruptcies also entail the risk of potential recovery by the bankruptcy estate of amounts

previously paid to us that are deemed a preference under bankruptcy laws. There can be no assurance that additional customers will not declare bankruptcy or suffer financial distress, in which case our future revenues, net income and cash flow could be reduced.

***We may be unable to generate sufficient liquidity to maintain or expand our operations, which would reduce the amount of business our customers and vendors are able to do with us and impact our ability to continue operations at current levels without seeking additional funding; we could experience losses if one or more financial institutions holding our cash or other financial counterparties were to fail; repatriation of foreign cash could increase our taxes.***

Our liquidity is dependent on a number of factors, including profitability, business volume, inventory levels, the extension of trade credit by our suppliers, the degree of alignment of payment terms from our suppliers with payment terms granted to our customers, the amount we invest in our facilities and equipment, the timing of acquisitions and divestitures, the schedule for repayment of our outstanding indebtedness, the timing of stock repurchases, the amount available to borrow under the Credit Agreement and the amount of accounts receivable eligible for sale under our factoring programs. In the event we need or desire additional liquidity beyond the sources described above to maintain or expand our business levels, make acquisitions or repurchase stock, there can be no assurance that such additional liquidity will be available on acceptable terms or at all. The sale of receivables under our factoring programs is subject to the approval of the banks or customers involved and there can be no assurance that we will be able to sell the maximum amount of receivables permitted by these programs when desired.

Any failure to maintain adequate liquidity would prevent us from maintaining operations at current or desired levels, which in turn would reduce both our revenue and profitability.

Although we believe our existing cash resources and sources of liquidity, together with cash generated from operations, will be sufficient to meet our working capital requirements for at least the next 12 months, should demand for our services increase significantly over the next 12 months or should we experience significant increases in delinquent or uncollectible accounts receivable for any reason, including recessionary economic conditions, our cash provided by operations could decrease significantly and we could be required to seek additional sources of liquidity to continue our operations at their current level. In such a case, there can be no assurance that such additional sources of financing would be available.

A principal source of our liquidity is our cash and cash equivalents, which are held with various financial institutions. Although we distribute such funds among a number of financial institutions that we believe to be of high quality, there can be no assurance that one or more of such institutions will not become insolvent in the future. For example, in the spring of 2023, three mid-sized regional banks failed and were placed under the temporary control of federal regulators. Although the Company's cash and cash equivalents were not deposited in any of such banks, should the financial institutions in which the Company's cash and cash equivalents are deposited fail and not be backstopped by the federal government or otherwise guaranteed, all or a portion of our uninsured funds on deposit with such institutions could be lost. Similarly, should the financial institutions holding the cash and cash equivalents of our customers fail and not be backstopped or otherwise guaranteed, our customers may become unable to satisfy their obligations to us. Finally, if one or more counterparties to our interest rate or foreign currency hedging instruments were to fail, we could suffer losses and our hedging of risk could become less effective.

More than 50% of our cash is held in foreign jurisdictions. Some of these jurisdictions restrict the amount of cash that can be transferred to the U.S. or impose taxes and penalties on such transfers of cash. To the extent we have excess cash in foreign locations that could be used in, or is needed by, our U.S. operations, we may incur significant foreign taxes to repatriate these funds which would reduce the net amount ultimately available for such purposes.

***Our Credit Agreement contains covenants that may adversely impact our business; the failure to comply with such covenants or the occurrence of an event of default could cause us to be unable to borrow additional funds and cause our outstanding debt to become immediately payable.***

Our Credit Agreement contains a maximum leverage and minimum interest coverage ratio and a number of restrictive covenants, including restrictions on incurring additional debt, making investments and other restricted payments, selling assets and paying dividends, subject to certain exceptions, with which we must comply. Collectively, these covenants could constrain our ability to grow our business through acquisition or engage in other strategic transactions. Such facility also contains customary events of default, including that a material business interruption or cessation has not occurred. Finally, such facility includes covenants requiring, among other things, that we timely file quarterly and annual financial statements with the SEC, comply with all laws, pay all taxes and maintain casualty insurance. If we are not able to comply

with these covenants or if an event of default were to occur and not be cured, all of our outstanding debt would become immediately due and payable and the incurrence of additional debt under our Credit Agreement would not be allowed, either of which would have a material adverse effect on our liquidity and ability to continue to conduct our business.

#### **General Risk Factors**

##### ***We are subject to intense competition in the EMS industry, which could cause us to lose sales and, therefore, harm our financial performance.***

The EMS industry is highly competitive and the industry has experienced a surplus of manufacturing capacity. Our competitors include major global EMS providers, including Benchmark Electronics, Inc., Celestica, Inc., Flex Ltd., Hon Hai Precision Industry Co., Ltd. (Foxconn), Jabil Inc. and Plexus Corp., as well as other companies that have a regional, product, service or industry-specific focus. We also face competition from current and potential OEM customers who may elect to manufacture their own products internally rather than outsourcing to EMS providers.

Competition is based on a number of factors, including end markets served, price and quality. We may not be able to offer prices as low as some of our competitors for any number of reasons, including the willingness of competitors to provide EMS services at prices we are unable or unwilling to offer. There can be no assurance that we will win new business or maintain existing business due to competitive factors, which could decrease our sales and net income. In addition, due to the extremely price sensitive nature of our industry, business that we do win or maintain may have lower margins than our historical or target margins. As a result, competition may cause our gross and operating margins to fall.

##### ***Consolidation in the electronics industry may adversely affect our business by increasing customer buying power and increasing prices we pay for components.***

Consolidation in the electronics industry among our customers, our suppliers and/or our competitors may increase, which could result in a small number of very large electronics companies offering products in multiple sectors of the electronics industry. If one of our customers is acquired by another company that does not rely on us to provide EMS services, we may lose that customer's business. Similarly, consolidation among our suppliers could result in a sole or limited source for certain components used in our customers' products. Any such consolidation could cause us to be required to pay increased prices for such components, which could reduce our gross margin and profitability if we are unable to pass on the corresponding cost to our customers.

##### ***Unanticipated changes in our income tax rates or exposure to additional tax liabilities could increase our taxes and decrease our net income; developments in pending audits could result in an increase in our tax expenses which would decrease our net income.***

We are or may become subject to income, sales, value-added, goods and services, withholding and other taxes in the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for taxes and, in the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. Our effective income tax rates and liability for other taxes could increase as a result of changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in enacted tax laws, the effectiveness of our cash and tax management strategies, our ability to negotiate advance pricing agreements with foreign tax authorities, compliance with local trade laws and other factors. International initiatives require multinational enterprises, like ours, to report profitability on a country-by-country basis, which could increase scrutiny by foreign tax authorities. In addition, our tax determinations are regularly subject to audit by tax authorities. For example, we are currently undergoing audits of our tax returns for certain recent tax years in a number of jurisdictions, including the United States. Developments in these or future audits could adversely affect our tax provisions, including through the disallowance or reduction of deferred tax assets or the assessment of back taxes, interest and penalties, any of which could result in an increase to income tax expense and therefore a decrease in our net income.

##### ***We can experience losses due to foreign exchange rate fluctuations and currency controls, which could reduce our net income and impact our ability to repatriate funds.***

Because we manufacture the majority of our products abroad, our operating results can be negatively impacted due to fluctuations in foreign currency exchange rates. We use financial instruments, primarily short-term foreign currency forward contracts, to hedge our exposure to exchange rate fluctuations. However, the success of our foreign currency hedging activities in preventing foreign exchange losses depends largely upon the accuracy of our forecasts of future sales, expenses, capital expenditures and assets and liabilities. As such, our foreign currency hedging program may not fully cover all of our

exposure to exchange rate fluctuations. If our hedging activities are not successful, our net income may be reduced. In addition, certain countries in which we operate have adopted currency controls requiring that local transactions be settled only in local currency rather than in our functional currency, which is generally different than the local currency. Such controls could require us to hedge larger amounts of local currency than we otherwise would and/or prevent us from repatriating cash generated by our operations in such countries.

***We may not have sufficient insurance coverage for potential claims and losses, which could leave us responsible for certain costs and damages.***

We carry various forms of business and liability insurance in types and amounts we believe are reasonable and customary for similarly situated companies in our industry. However, our insurance program does not generally cover losses due to failure to comply with typical customer warranties for workmanship, product and medical device liability, intellectual property infringement, product recall claims, or environmental contamination. In particular, our insurance coverage with respect to damages to or closure of our facilities, or damages to our customers' products caused by cyberattacks and certain natural disasters, such as earthquakes, epidemics and pandemics (such as the COVID-19 pandemic), is limited and is subject to policy deductibles, coverage limits, and exclusions, and as a result, may not be sufficient to cover all of our losses. For example, our policies have very limited coverage for damages due to earthquakes or losses caused by business disruptions. In addition, such coverage may not continue to be available at commercially reasonable rates and terms. Our policies generally have deductibles and/or limits or may be limited to certain lines or business or customer engagements that reduce the amount of our potential recoveries from insurance. As a result, not all of our potential business losses are covered under our insurance policies. Should we sustain a significant uncovered loss, our net income will be reduced. Additionally, if one or more counterparties to our insurance coverage were to fail, we would bear the entire amount of an otherwise insured loss.

***Recruiting and retaining our key personnel is critical to the continued growth of our business.***

Our success depends upon the continued service of our key personnel, particularly our highly skilled sales and operations executives, managers and engineers with many years of experience in the EMS industry. Such individuals can be difficult to identify, recruit and retain and are heavily recruited by our competitors. As our key employees choose to retire or terminate their employment with us, we will be required to replace them with new employees with the required experience, which has become challenging in the U.S. recently due to the strong employment market. Should we be unable to recruit new employees to fill key positions with us, our operations and growth prospects could be negatively impacted.

***We may not be successful in implementing and integrating strategic transactions or in divesting assets or businesses, which could harm our operating results; we could become required to book a charge to earnings should we determine that goodwill and other acquired assets are impaired.***

From time to time, we may undertake strategic transactions that give us the opportunity to access new customers and new end markets, increase our proprietary product offerings, obtain new manufacturing and service capabilities and technologies, enter new geographic manufacturing locations, lower our manufacturing costs, increase our margins or further develop existing customer relationships. For example, in the first quarter of fiscal 2023, we entered into a joint venture with a wholly-owned subsidiary of Reliance Industries Limited intended to create a world-class electronic manufacturing hub in India. The success of this joint venture is subject to a number of risks and uncertainties including the timing of the joint venture obtaining "Trusted Source" designation under the India government's "Make in India" initiative, adverse changes in the key markets the joint venture will target and the risks described above under the caption "We are subject to risks arising from our international operations." Strategic transactions involve a number of risks, uncertainties and costs, including integrating acquired operations and workforce, businesses and products, resolving quality issues involving acquired products, incurring severance and other restructuring costs, diverting management attention from their normal operational duties, maintaining customer, supplier or other favorable business relationships of acquired operations, terminating unfavorable commercial arrangements, losing key employees, integrating the systems of acquired operations into our management information systems and satisfying the liabilities of acquired businesses, including liability for past violations of law and material environmental liabilities. Any of these risks could cause our strategic transactions not to be ultimately profitable. We may also choose to divest plants, businesses or products lines in the future. Divestitures reduce revenue and, potentially, margins and can involve the risk of retained liabilities from the operations divested, including environmental liabilities.

In addition, we have in the past recorded, and may be required to record in the future, goodwill and other intangible assets in connection with our acquisitions. We evaluate, at least on an annual basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of our goodwill and other intangible assets may no longer be recoverable. Should we determine in the future that our goodwill or other intangible assets have become impaired, an impairment charge to earnings would become necessary, which could be significant. For example, during our fiscal 2018

annual goodwill impairment analysis, we fully impaired goodwill of \$31 million associated with the acquisition of a storage software business we purchased in 2016.

***We are subject to risks associated with natural disasters and global events.***

Our activities, including manufacturing, administration and information technology management, can be adversely affected by natural disasters such as major earthquakes, hurricanes, floods, tsunamis, tornadoes, fires and epidemics or pandemics, such as the COVID-19 pandemic. Climate change may cause certain of these events to become more severe and therefore more damaging. In the event of a major natural disaster affecting one or more of our facilities, our operations and management information systems, which control our worldwide procurement, inventory management, shipping and billing activities, could be significantly disrupted. Such events could delay or prevent product manufacturing for an extended period of time. Any extended inability to continue our operations at affected facilities following such an event could reduce our revenue. Further, geopolitical events like the war in Ukraine may also impact our operations by affecting our supply chain.

**Risks of Investing in Our Stock**

***The market price of our common stock is volatile and is impacted by factors other than our financial performance.***

The stock market in recent years has experienced significant price and volume fluctuations that have affected our stock price. These fluctuations have often been unrelated to our operating performance. Factors that can cause such fluctuations include announcements by our customers, suppliers, competitors or other events affecting companies in the electronics industry, such as component shortages, currency fluctuations, the impact of natural disasters and global events, such as the COVID-19 pandemic, geopolitical tensions, such as the war in Ukraine, general market fluctuations and macroeconomic conditions, including concerns about inflation and recession, any of which may cause the market price of our common stock to fluctuate widely.

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

The table below sets forth information regarding our repurchases of our common stock during the third quarter of 2023:

Period (1)	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE (2)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PROGRAMS (3)	MAXIMUM DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PROGRAMS (2)
Month #1 April 2, 2023 through April 29, 2023	371,833	\$ 53.49	371,833	\$ 343,644,942
Month #2 April 30, 2023 through May 27, 2023	568,738	\$ 52.33	568,738	\$ 313,880,729
Month #3 May 28, 2023 through July 1, 2023	29,431	\$ 52.99	29,431	\$ 312,321,196
<b>Total</b>	<b>970,002</b>	<b>\$ 52.80</b>	<b>970,002</b>	

- (1) All months shown are our fiscal months.
- (2) Amounts do not include commission payable on shares repurchased. The total average price paid per share is a weighted average based on the total number of shares repurchased during the period.
- (3) During the third quarter of 2023, our Board of Directors authorized us to repurchase up to \$200 million of our common stock in the open market or in negotiated private transactions. This program has no expiration date.

## **Item 5. Other Information**

During our last fiscal quarter, the following director adopted a “Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408, as follows:

On May 30, 2023, David V. Hedley III, a member of the Board of Directors of the Company, adopted a Rule 10b5-1 trading arrangement (the “Plan”) with respect to the sale of 1,574 shares of common stock to cover income tax liabilities associated with the vesting of director RSUs during the term of the Plan. The Plan terminates on May 30, 2024 or at such time all shares under the Plan are sold and is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended.

No other directors or officers, as defined in Rule 16a-1(f), adopted and/or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408, during the last fiscal quarter.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
31.1	<a href="#">Certification of the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</a>
31.2	<a href="#">Certification of the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</a>
32.1 (1)	<a href="#">Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</a>
32.2 (1)	<a href="#">Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</a>
101.INS	XBRL Instance Document - 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.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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- (1) This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

## SIGNATURES

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.

SANMINA CORPORATION  
(Registrant)

By: /s/ JURE SOLA  
Jure Sola  
*Chief Executive Officer (Principal Executive Officer)*

Date: August 2, 2023

By: /s/ KURT ADZEMA  
Kurt Adzema  
*Executive Vice President and  
Chief Financial Officer (Principal Financial Officer)*

Date: August 2, 2023

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302(A) OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Jure Sola, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sanmina Corporation;
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 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 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 the 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: August 2, 2023

/s/ JURE SOLA

Jure Sola

Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302(A) OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Kurt Adzema, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sanmina Corporation;
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 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 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 the 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: August 2, 2023

/s/ KURT ADZEMA

Kurt Adzema

Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States of America Code (18 U.S.C. §1350), Jure Sola, Chief Executive Officer of Sanmina Corporation (the “Company”), hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended July 1, 2023, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**IN WITNESS WHEREOF**, the undersigned has set his hand hereto as of August 2, 2023.

/s/ JURE SOLA

Jure Sola  
Chief Executive Officer (Principal Executive Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States of America Code (18 U.S.C. §1350), Kurt Adzema, Chief Financial Officer of Sanmina Corporation (the “Company”), hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended July 1, 2023, to which this Certification is attached as Exhibit 32.2 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**IN WITNESS WHEREOF**, the undersigned has set his hand hereto as of August 2, 2023.

/s/ KURT ADZEMA

Kurt Adzema

Chief Financial Officer (Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.