

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 10-K**

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**(Mark One)**

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

For the fiscal year ended August 31, 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 001-14063

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**JABIL INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**38-1886260**

(I.R.S. Employer  
Identification No.)

**10800 Roosevelt Boulevard North, St. Petersburg, Florida 33716**  
(Address of principal executive offices) (Zip Code)

**(727) 577-9749**

Registrant's telephone number, including area code

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

Title of each class

**Common Stock, \$0.001 par value per share**

Trading Symbol(s)

**JBL**

Name of each exchange on which registered

**New York Stock Exchange**

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant based on the closing sale price of the Common Stock as reported on the New York Stock Exchange on February 28, 2023, was approximately \$9.6 billion. For purposes of this determination, shares of Common Stock held by each officer and director and by each person who owns 10% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the registrant’s Common Stock as of the close of business on October 12, 2023, was 127,945,064. The registrant does not have any non-voting stock outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

We have incorporated by reference portions of our Proxy Statement for our annual meeting of shareholders expected to be held on January 25, 2024, into Part III hereof, to the extent indicated herein.

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2023 FORM 10-K ANNUAL REPORT  
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This Annual Report on Form 10-K (“Form 10-K”) contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in Part II, Item 7 of this Form 10-K under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as “future,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “will,” “would,” “should,” “could,” “can,” “may,” and similar terms. Forward-looking statements are not guarantees of future performance and the Company’s actual results may differ significantly from the results discussed in the forward-looking statements. Achievement of anticipated results is subject to substantial risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements, and you are cautioned not to put undue reliance on forward-looking statements. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or by the rules and regulations of the SEC. You are advised, however, to consult any further disclosures we make on related subjects. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Form 10-K under the heading “Risk Factors,” which are incorporated herein by reference. References in this report to “the Company,” “Jabil,” “we,” “our,” or “us” mean Jabil Inc. together with its consolidated subsidiaries, except where the context otherwise requires.

## PART I

### Item 1. Business

#### The Company

We are one of the leading providers of worldwide manufacturing services and solutions. We provide comprehensive electronics design, production and product management services to companies in various industries and end markets. Our services enable our customers to reduce manufacturing costs, improve supply-chain management, reduce inventory obsolescence, lower transportation costs and reduce product fulfillment time. Our manufacturing and supply chain management services and solutions include innovation, design, planning, fabrication and assembly, delivery and managing the flow of resources and products.

We serve our customers primarily through dedicated business units that combine highly automated, continuous flow manufacturing with advanced electronic design and design for manufacturability. We conduct our operations in facilities that are located worldwide, including but not limited to China, India, Malaysia, Mexico, Singapore, and the United States. Our global manufacturing production sites allow customers to manufacture products simultaneously in the optimal locations for their products. Our global presence is key to assessing and executing on our business opportunities. For the fiscal year ended August 31, 2023, we had net revenues of \$34.7 billion and net income attributable to Jabil Inc. of \$818 million.

We have two reporting segments: Electronics Manufacturing Services (“EMS”) and Diversified Manufacturing Services (“DMS”), which are organized based on the economic profiles of the services performed, including manufacturing capabilities, market strategy, margins, return on capital and risk profiles. Our EMS segment is focused around leveraging IT, supply chain design and engineering, technologies largely centered on core electronics, utilizing our large scale manufacturing infrastructure and our ability to serve a broad range of end markets. Our EMS segment is a high volume business that produces product at a quicker rate (i.e. cycle time) and in larger quantities and includes customers primarily in the 5G, wireless and cloud, digital print and retail, industrial and semi-capital equipment, and networking and storage industries. Our DMS segment is focused on providing engineering solutions, with an emphasis on material sciences, machining, tooling, and molding of highly engineered plastic and metal parts. Our DMS includes customers primarily in the automotive and transportation, connected devices, healthcare and packaging, and mobility industries.

Additional financial information regarding our reportable operating segments is included in Item 7 of this report and Note 13 – “Concentration of Risk and Segment Data” to the Consolidated Financial Statements.

#### Industry Background

The industry in which we operate has historically been composed of companies that provide a range of design and manufacturing services to companies that utilize electronics components in their products. In recent years, the industry has expanded to include customers that require products and services beyond electronic components including plastics and metal components, packaging, and injection molding.

We monitor the current economic environment and its potential impact on both the customers we serve as well as our end markets and closely manage our costs and capital resources so that we can respond appropriately as circumstances change. Over the long term we believe the factors driving our customers and potential customers to use our industry’s services include:

- **Efficient Manufacturing.** Manufacturing service providers are often able to manufacture products at a reduced total cost to companies. These cost advantages result from higher utilization of capacity and efficiencies of scale because of diversified product demand and, generally, a greater focus on the components of manufacturing cost. Companies are increasingly seeking to reduce their investment in inventory, facilities and equipment used in manufacturing and prioritizing capital investments in other activities such as sales and marketing and research and development (“R&D”). This strategic shift in capital deployment has contributed to increased demand for and interest in outsourcing to external manufacturing service providers.
- **Accelerated Product Time-to-Market and Time-to-Volume.** Manufacturing service providers are often able to deliver accelerated production start-ups and achieve high efficiencies in bringing new products to production. Providers are also able to more rapidly scale production for changing markets and to position themselves in global locations that serve the leading world markets. With increasingly shorter product life cycles, these key services allow new products to be sold in the marketplace in an accelerated time frame.
- **Access to Advanced Design and Manufacturing Technologies.** By utilizing manufacturing service providers, customers gain access to additional advanced technologies in manufacturing processes, as well as to product and

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production design, which can offer customers significant improvements in the performance, quality, cost, time-to-market and manufacturability of their products.

- **Improved Inventory Management and Purchasing Power.** Manufacturing service providers are often able to more efficiently manage both procurement and inventory, and have demonstrated proficiency in purchasing components at improved pricing due to the scale of their operations and continuous interaction with the materials marketplace.

## **Our Strategy**

Our vision for the future is to become the world's most technologically advanced manufacturing services and solutions provider. As we work to achieve our vision, we continue to pursue the following strategies:

- **Establish and Maintain Long-Term Customer Relationships.** An important element of our strategy is to establish and maintain long-term relationships with leading companies in expanding industries with size and growth characteristics that can benefit from highly automated, continuous flow manufacturing on a global scale. We focus on maintaining long-term relationships with our customers and seek to expand these relationships to include additional product lines and services. In addition, we focus on identifying and developing relationships with new customers that meet our targeted profile, which includes financial stability, the need for technology-driven turnkey manufacturing, anticipated unit volume and long-term relationship stability.
- **Product Diversification.** We focus on balancing our portfolio of products and product families to those that align with higher return areas of our business, including manufacturing, supply chain management services, comprehensive electronics design, production and product management services, 5G wireless, cloud, healthcare, packaging, automotive and transportation, and semi-capital equipment. We have made concentrated efforts to diversify our industry sectors and customer base. Because of these efforts, we have experienced business growth from both existing and new customers as well as from acquisitions.
- **Utilize Customer-Centric Business Units.** Most of our business units are dedicated to serve one customer each and operate by primarily utilizing dedicated production equipment, production workers, supervisors, buyers, planners and engineers to provide comprehensive manufacturing solutions that are customized to each customer's needs. We believe our customer-centric business units promote increased responsiveness to our customers' needs, particularly for customer relationships that extend across multiple production locations.
- **Leverage Global Production.** We believe that global production is a key strategy to reduce obsolescence risk and secure the lowest possible landed costs while simultaneously supplying products of equivalent or comparable quality throughout the world. Consistent with this strategy, we have established or acquired operations in the Americas, Europe and Asia. Our extensive global footprint positions us well to implement safe and practical solutions in order to select production locations which best serve the needs of our customers. We believe that our global footprint is strengthened by our centralized procurement process, which when coupled with our single Enterprise Resource Planning system affords our customers with end-to-end supply chain visibility.
- **Offer Systems Assembly, Direct-Order Fulfillment and Configure-to-Order Services.** Our systems assembly, direct-order fulfillment and configure-to-order services allow our customers to reduce product cost and risk of product obsolescence by reducing total work-in-process and finished goods inventory. These services are available at all of our manufacturing locations.
- **Offer Design Services.** We offer a wide spectrum of value-add design services to achieve improvements in performance, cost, time-to-market and manufacturability.
- **Pursue Acquisition Opportunities Selectively.** The primary goals of our acquisition strategy are to complement our current capabilities, diversify our business into new industry sectors and with new customers and expand the scope of the services we can offer to our customers.

## **Our Approach to Manufacturing**

To achieve high levels of manufacturing performance, we have adopted the following approaches:

- **Decentralized Business Unit Model.** Most of our business units are dedicated to serve one customer each and are empowered to formulate strategies tailored to individual customer's needs. Our business units generally have dedicated production lines consisting of equipment, production workers, supervisors, buyers, planners and engineers. Under certain circumstances, a production line may serve more than one business unit to maximize resource utilization.

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Business units have direct responsibility for manufacturing results and time-to-volume production, thereby promoting a sense of individual commitment and ownership. The business unit approach is modular and enables us to grow incrementally without disrupting the operations of other business units. Business unit management reviews the customer financial information to assess whether the business units are meeting their designated responsibilities and to ensure that the daily execution of manufacturing activities is being effectively managed. The business units aggregate into operating segments based on the economic profiles of the services performed, including manufacturing capabilities, market share strategy, margins, return on capital and risk profiles.

- **Automated Continuous Flow.** We use a highly automated, continuous flow approach to manufacturing, whereby different pieces of equipment are joined directly or by conveyor to create an in-line assembly process. This process contrasts with a batch approach, whereby individual pieces of assembly equipment are operated as freestanding work-centers. The elimination of waiting time prior to sequential operations results in faster manufacturing, which improves production efficiencies and quality control, and reduces inventory work-in-process. We believe continuous flow manufacturing provides cost reductions and quality improvement when applied to high volumes of product.
- **Computerized Control and Monitoring.** We support all aspects of our manufacturing activities with advanced computerized control and monitoring systems. Component inspection and vendor quality are monitored electronically in real-time. Materials planning, purchasing, stockroom and shop floor control systems are supported through a computerized manufacturing resource planning system, which provides customers with the ability to continuously monitor material availability and track work-in-process on a real-time basis. In addition, manufacturing processes are supported by a computerized statistical process control system, whereby customers can remotely access our computer systems to monitor real-time yields, inventory positions, work-in-process status and vendor quality data.
- **Electronic Supply Chain Management.** We make available to our customers and suppliers an electronic commerce system/electronic data interchange and web-based tools to implement a variety of supply chain management programs. Our customers use these tools to share demand and product forecasts and deliver purchase orders, and we use these tools with our suppliers for just-in-time delivery, supplier-managed inventory and consigned supplier-managed inventory.

## **Our Design Services**

We offer a wide spectrum of value-add design services to enhance our relationships with current customers and to help develop relationships with our new customers. Our teams are strategically staffed to support Jabil customers for all development projects, including turnkey system design and design for manufacturing activities. These design services include:

- **Electronic Design.** Our Electronic Design team provides electronic circuit design services, including application-specific integrated circuit design, firmware development and rapid prototyping services. These services have been used by our customers for a variety of products including smart phones and accessory products, notebook and personal computers, connected consumer products and appliances, servers, radio frequency products, optical communications products, communication and broadband products, and automotive and healthcare components and devices.
- **Industrial Design.** Our Industrial Design team designs the “look and feel” of the plastic and metal enclosures that house the products’ electro-mechanics, including the printed circuit board assemblies (“PCBA”).
- **Mechanical Design.** Our Mechanical Design team specializes in three-dimensional mechanical design with the analysis of electronic, electro-mechanical and optical assemblies using state of the art modeling and analytical tools. This team has extended Jabil’s product design offering capabilities to include all aspects of industrial design, advance mechanism development and tooling management.
- **Computer-Assisted Design.** Our Computer-Assisted Design (“CAD”) team provides PCBA design services using advanced CAD engineering tools, PCBA design validation and verification services, and other consulting services, which include generating a bill of materials, approved vendor list and assembly equipment configuration for a particular PCBA design. We believe that our CAD services result in PCBA designs that are optimized for manufacturability and cost efficiencies and accelerate a product’s time-to-market and time-to-volume production.
- **Product Validation.** Our Product Validation team provides complete product and process validation. This includes product system tests, product safety, regulatory compliance and reliability tests.
- **Manufacturing Test Solution Development.** Our Manufacturing Test Solution Development team provides integral support to the design teams to embed design with testability and to promote efficient capital and resource investment

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in the manufacturing process. The use of software driven instrumentation and test process design and management has enhanced our product quality and reduced our operating costs relative to human dependent test processes. The full electronic test data-log of customer products has allowed customer product test traceability and visibility throughout the manufacturing test process.

### **Fabrication and Assembly**

We offer systems assembly, test, direct-order fulfillment and configure-to-order services to our customers. Our systems assembly services extend our range of assembly activities to include assembly of higher-level sub-systems and systems incorporating multiple PCBAs. In addition, based on quality assurance programs developed with our customers, we provide testing services for our PCBAs, sub-systems and systems products. Our quality assurance programs include circuit testing under various environmental conditions to ensure that our products meet or exceed required customer specifications. We also offer direct-order fulfillment and configure-to-order services for delivery of final products.

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

We believe that our manufacturing and testing technologies are among the most advanced in our industry. To meet our customers' increasingly sophisticated needs, we continuously engage in R&D activities designed to create new and improved products and manufacturing solutions for our customers. Through our R&D efforts, we intend to continue to offer our customers highly automated, continuous flow manufacturing process technologies for precise and aesthetic mechanical components and system assembly. These technologies and R&D activities include:

- Automation, including automated tooling
- Electronic interconnection
- Advanced polymer and metal material science
- Single/multi-shot injection molding, stamping and in-mold labeling
- Multi-axis computer numerical control
- Vacuum metallization
- Physical vapor deposition
- Digital printing
- Anodization
- Thermal-plastic composite formation
- Plastic with embedded electronics
- Metal and plastic covers with insert-molded or dies-casting features for assembly
- Display cover with integrated touch sensor
- Material processing research (including plastics, metal, glass and ceramic)
- Additive manufacturing

We engage in R&D activities for many products including mobile internet devices and associated accessories, multi-media tablets, two-way radios, health care and life science products, server and storage products, set-top and digital home products and printing products.

### **Customers and Marketing**

A key tenet of our strategy is to establish and maintain long-term relationships with leading companies in expanding industries with the size and growth characteristics that can benefit from highly automated, continuous flow manufacturing on a global scale. A small number of customers and significant industry sectors have historically comprised a major portion of our net revenue. We also market our services and solutions through our website and our Blue Sky Innovation Centers.

In fiscal year 2023, our five largest customers accounted for approximately 42% of our net revenue and 84 customers accounted for approximately 90% of our net revenue. The table below sets forth the respective portion of net revenue attributable to the customer that accounted for a significant concentration of our net revenue during the periods indicated:

	Fiscal Year Ended August 31,		
	2023	2022	2021
Apple, Inc.	17 %	19 %	22 %

### **Competition**

Our business is highly competitive. We compete against numerous domestic and foreign electronic manufacturing service providers, diversified manufacturing service providers and design providers. We also face competition from the manufacturing

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operations of our current and potential customers, who are continually evaluating the merits of manufacturing products internally against the advantages of outsourcing.

We compete with different companies depending on the type of service we are providing or the geographic area in which an activity takes place. We believe that the principal competitive factors in the manufacturing services market are: cost; accelerated production time-to-market; higher efficiencies; global locations; rapid scale production; advanced technologies; quality; and improved pricing of components. We believe we are extremely competitive with regard to all of these factors.

### **Components Procurement**

We procure components from a broad group of suppliers, determined on an assembly-by-assembly basis. Our global sourcing and purchasing locations are strategically placed in various countries throughout the world along with our global commodity management and supplier relationship teams. These locations manage our end-to-end procurement lifecycle. This regionalized expertise along with our supplier relationships provide efficient procurement operations.

Some of the products we manufacture contain one or more components that are only available from a single source. Some of these components are allocated from time to time in response to supply shortages. In some cases, supply shortages will substantially curtail production of all assemblies using a particular component.

### **Proprietary Rights**

We regard certain aspects of our technology, design, production and product management services as proprietary intellectual property. To protect our trade secrets, manufacturing know-how and other proprietary rights, we rely largely upon a combination of intellectual property laws, non-disclosure agreements with our customers, employees, and suppliers and our internal security systems, policies and procedures. We currently have a relatively modest number of patents for various innovations. We believe that our research and design activities, along with developments relating thereto, may result in growth of our patent portfolio and its importance to us, particularly as we expand our business activities. Other factors significant to our proprietary rights include the knowledge and experience of our management and workforce and our ability to develop, enhance and market our technology and services.

We license some technology and intellectual property rights from third parties. Generally, the license agreements that govern such third-party technology and intellectual property rights grant us the right to use the subject technology anywhere in the world and terminate upon a material breach by us.

### **Human Capital Management**

As of August 31, 2023, our workforce includes diverse, talented and dedicated employees across approximately 100 locations in more than 30 countries who differentiate us from our competitors. To maintain our edge, we continually invest in our employees, so that they can take care of our customers, shareholders and communities. Following is a summary of employees by location (in thousands):

Region	Number of Employees
Asia	167
Americas	52
Europe	17
Total <sup>(1)</sup>	236

<sup>(1)</sup> Total headcount includes permanent, temporary and contingent workers.

None of our U.S. employees are represented by a labor union. In certain international locations, our employees are represented by labor unions and by works councils. We have not experienced a significant work stoppage or strike and promote positive employee relations.

### **Safety**

“Safety First” is a fundamental value that is ingrained in our culture. We are committed to safety standards in all of our facilities, ensuring our employees are protected and can return home safely after each work shift. By implementing a continuous improvement-based Health and Safety Management System including annual training assessments coupled with engaged leaders and employees who prioritize safety above all else, we have established a path to safety excellence.

## ***Human Rights***

We promote respect for fundamental human rights as an essential element of responsible corporate citizenship. We are a founding member of the Responsible Business Alliance (RBA), which is one of the world's largest industry coalitions for corporate social responsibility in global supply chains. The RBA sets (1) standards regarding excessive working hours and unfair wages, (2) controls to prohibit child labor and human trafficking, and (3) avenues for employees to raise and address workplace health and safety concerns. We have aligned our work programs, processes and procedures to the RBA Code of Conduct to help ensure working conditions are safe, employees are treated with respect and dignity and manufacturing process and practices are environmentally responsible.

## ***Diversity, Equity and Inclusion***

At Jabil, our core strength lies in our diverse workforce, providing us with the innovation and creativity that have allowed us to continue our success. Welcoming a spectrum of backgrounds, experiences, and viewpoints, we collaborate effectively to create an environment where every employee feels physically and psychologically safe to bring their true selves to work every day. Our approach not only empowers our employees to embrace authenticity, but also challenges, and uplifts them, enabling them to create an impact both within their roles and the global space.

In keeping with our Code of Conduct, we are dedicated to establishing a discrimination-free and harassment-free environment globally, helping to ensure the human rights of all our employees are respected. Guided by our enterprise-wide priorities of mitigating biases, cultivating inclusive leadership, and developing diverse talent, we are proud to foster a culture of belonging.

In fiscal year 2023, we further advanced diversity, equity, and inclusion (DEI) programming through the formation of our second enterprise-wide DEI Council, which works closely with our business, manufacturing, and functional teams to identify areas of focus and make informed decisions around our DEI strategy and organization. This second global council is committed to building a diverse, equitable, and inclusive environment.

During fiscal year 2023, numerous initiatives were launched in alignment with Jabil's ESG goals to increase the representation of women in leadership and programming around disability inclusion. We launched our first wave of global events focused on women, creating the opportunity for women leaders across our functional teams, to share their experiences and advice in an open forum setting. While geared toward women, all employees at all levels at Jabil were welcome to participate in these seven engaging sessions to enhance both professional and personal development. We also hosted regionalized training in our Latin America sites related to biases, discrimination, and harassment against women.

We were proud to receive a top score on the 2023 Disability Equality Index by Disability:IN for the third consecutive year. Sites globally developed and implemented programs focused on employment and retention of employees with disabilities, physical and digital infrastructure, and training programs to foster an inclusive environment. With support from Disability:IN, we created and implemented a new learning, "Disability Inclusion & Awareness in the Workplace," complete with best practices and an introduction in sign language by our team in Dominican Republic.

Beyond these two focus areas, we completed many initiatives at the site level to celebrate diversity across the Americas, Europe, and Asia, including sponsoring and walking in Pride Parades, external social media and communication campaigns, training sessions to mitigate unconscious bias, and more.

## ***Compensation and Benefits***

Jabil's compensation programs are designed to align the compensation of our employees with Jabil's performance and to provide the proper incentives to attract, retain and motivate employees to achieve superior results. Specifically:

- We provide employee pay levels that are competitive and consistent with employee positions, skill levels, experience, knowledge and geographic location.
- Salary increases and incentive compensation are based on merit and performance.
- All full-time U.S. employees are eligible for health insurance, paid and unpaid leaves, a retirement plan and life and disability/accident coverage. Benefits outside the U.S. are provided based upon country-specific practices and are intended to support the health and well-being of our employees and their families.
- Supporting the mental health and emotional well-being of our employees and their families is a high priority at Jabil, and we have implemented several programs and benefits over the past several years to help de-stigmatize mental health issues and assist employees in finding and leveraging appropriate resources. These include a global employee assistance program (EAP), on-site behavioral health resources in some locations and education for our leaders on ways to recognize and respond to signs of mental health and substance abuse issues. By focusing on training leaders in mental health awareness, we are creating the right environment for mental health issues to be recognized and addressed. Additionally, our Health and Wellbeing programs help to strengthen mental health resilience.

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- The majority of our employees around the world are eligible to participate in our Employee Stock Purchase plan, allowing them to become owners of Jabil stock at a discount.

### **Career Growth and Development**

At Jabil, we have historically invested in the professional and personal growth and development of our employees at all levels of the organization to encourage continuous learning and skills enrichment. In addition, we undertake talent reviews to assess bench strength and succession planning. During these reviews, we also spotlight high potential talent, retention rates and the diversity composition of our leaders. In fiscal year 2023, there were more than 19,000 internal promotions at various levels in Jabil, a testament to our ability to grow and develop our own talent.

### **Employee Engagement**

In May 2023, we conducted our global Voice of the Employee Survey, administered by a third party. Action plans have been developed and are in the process of being executed at all sites to promote continued excellence in employee engagement at Jabil. This is a continuation of four Voice of the Employee Pulse Surveys conducted in 2022 to measure the impact of action plans developed from the 2021 global survey.

### **Cultural Initiatives**

Our commitment to our employees' safety and wellbeing goes beyond physical health to include social, emotional and mental health. At Jabil, we provide our employees two days of paid time off for health & wellbeing and one day for community service. As of August 31, 2023, almost 95,000 employees have utilized their wellness days, and over 13,000 employees have completed a paid day of community service.

To support our commitment to serve our communities where we live and operate, Jabil employees completed over 1 million volunteer hours in 2022. From January to July 2023, Jabil employees and sites have volunteered approximately 500,000 service hours in their local communities to help make a difference in the areas of education, empowerment and the environment. We believe that while our efforts are locally driven, the impact is global.

Jabil hosted four "Global Volunteer Days," large scale volunteer events designed to create shared experiences across the organization around a particular cause. The four Global Volunteer Days held in 2023 were International Women's Day, Earth Day, World Environment Day, and World Food Day.

In 2023, Jabil hosted employees from around the globe for our annual continuous improvement competition, Deliver Best Practices. This week-long celebration embodies the best of Jabil's culture by encouraging individuals to learn more about one another while also competing to be named the top project around four key business drivers (People, Process, Social & Environmental and Technology & Innovation).

### **Environmental**

We are subject to a variety of federal, state, local and foreign environmental, health and safety, product stewardship and producer responsibility laws and regulations, including those relating to the use, storage, discharge and disposal of hazardous chemicals used during our manufacturing process, those governing worker health and safety, those requiring design changes, supply chain investigation or conformity assessments or those relating to the recycling or reuse of products we manufacture.

### **Information about our Executive Officers**

Executive officers are appointed by the Board of Directors and serve at the discretion of the Board. There are no family relationships among our executive officers and directors. There are no arrangements or understandings between any of our executive officers and any other persons pursuant to which any of such executive officers were selected. Below is a list of our executive officers:

**Steven D. Borges** (age 55) was named Executive Vice President, Chief Executive Officer, Diversified Manufacturing Services in June 2022. He previously served as Executive Vice President, Chief Executive Officer, Regulated Industries, from September 2020, with additional responsibility for additive Manufacturing and as Executive Vice President, Chief Executive Officer, Healthcare from September 2016 through August 2020. Mr. Borges joined Jabil in 1993. He holds a bachelor's degree in Business Administration and Management from Fitchburg State University.

**Gerald "JJ" Creadon** (age 49) was named Executive Vice President, Operations, in March 2022. Prior to this role, he served as Senior Vice President, Global Operations since March 2019. Mr. Creadon first joined Jabil in 1995 and has held roles of increasing leadership, including Vice President, Global Business Operations. He holds a bachelor's degree in business administration from the University of Phoenix and an MBA from the University of Florida's Warrington School of Business.

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**Michael Dastoor** (age 58) was named Executive Vice President, Chief Financial Officer in September 2018. He previously served as Senior Vice President, Controller from July 2010. Mr. Dastoor joined Jabil in 2000. He holds a degree in Finance and Accounting from the University of Bombay and is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales.

**Roberto Ferri** (age 58) was named Senior Vice President, Chief Sales and Marketing Officer in 2020 and previously served as Senior Vice President, Sales from July 2015. Mr. Ferri joined Jabil in 2001 as Vice President, Sales. He holds a degree in economics and marketing from SDA Bocconi, Italy.

**Frederic McCoy** (age 55) was named Executive Vice President & Chief Executive Officer, Electronics Manufacturing Services, in December 2021. He previously he served as Senior Vice President, Global Business Units from October 2017. Mr. McCoy joined Jabil in 2001. He holds a Master of Arts in International Affairs and Economics from the School of Advanced International Studies (SAIS) at Johns Hopkins University and a Bachelor of Science in Foreign Service from Georgetown University.

**Frank McKay** (age 53) was named Senior Vice President, Chief Procurement Officer, in January 2019. Prior to his current role, he served as Vice President, Procurement & Purchasing Services from October 2014 and held a variety of management positions in Europe, Asia and the US since joining Jabil in 1997. Mr. McKay holds a bachelor's from University of Strathclyde.

**Kristine Melachrino** (age 45) was named Senior Vice President, General Counsel, in October 2022. She joined Jabil in 2007 holding various roles in the legal department supporting the functional and business teams globally. Prior to this role, Ms. Melachrino served as Vice President, Senior Deputy General Counsel for the global Commercial legal team, advising on complex legal and regulatory matters to facilitate business growth; and Assistant Corporate Secretary. She holds a Juris Doctor from Stetson University College of Law, and an MBA from Stetson University.

**Mark Mondello** (age 59) was named Chairman of Jabil's Board of Directors effective November 1, 2021 and has been a member of the Board since March 2013. Mr. Mondello served as our Chief Executive Officer until succeeded by Mr. Wilson on May 1, 2023. Mr. Mondello has retained various executive responsibilities. Mr. Mondello joined Jabil in 1992. He holds a B.S. in Mechanical Engineering from the University of South Florida.

**Daryn Smith** (age 53) was named Senior Vice President, Enterprise & Commercial Controller in June 2018 and assumed leadership of Corporate Development and M&A in September 2020. He served as Chief Financial Officer of EMS from June 2013 through June 2018. Mr. Smith joined Jabil in 2002. He holds a bachelor's in Accounting from the University of South Florida and an MBA from the University of Florida.

**Kenneth S. Wilson** (age 58) was named Chief Executive Officer and member of the Board of Directors in May 2023. Prior to that, he was Executive Vice President and Chief Executive Officer of Jabil Green Point since September 2017, and earlier served as Senior Vice President of the Telecommunications Infrastructure Sector within Jabil's Enterprise & Infrastructure group. He first joined Jabil in 2000. Mr. Wilson has a bachelor's in Manufacturing Engineering and an MBA from Edinburgh Business School.

**May Yap** (age 53) was named Senior Vice President, Chief Information Officer in September 2020. She joined Jabil in 2014 as Vice President and CIO of Jabil Green Point. Ms. Yap holds an MBA and a master's in Computer Science from University of Hull and a doctorate in business administration and management from New York University.

## **Additional Information**

Our principal executive offices are located at 10800 Roosevelt Boulevard North, St. Petersburg, Florida 33716, and our telephone number is (727) 577-9749. We were incorporated in Delaware in 1992. Our website is located at <http://www.jabil.com>. Through a link on the "Investors" section of our website, we make available our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports, free of charge, as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The "Investors" section of our website contains a significant amount of information about our Company, including a Sustainability Report, financial and other information for investors. The information that we post on the "Investors" section of our website could be deemed to be material information. We encourage investors, the media and others interested in Jabil to visit our website. Information on our website, however, is not a part of this report.

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

### **Business and Operational Risks**

**Our ability to schedule production, manage capital expenditures and maximize the efficiency of our manufacturing capacity is highly dependent on the actions of our customers, who generally do not commit to long-term production schedules, and cancel orders, change production quantities, delay production and/or change sourcing strategy.**

Most of our customers do not commit to firm production schedules for more than one quarter. We make significant decisions, including determining the levels of business that we will seek and accept, production schedules and locations, component procurement commitments, personnel needs and other resource requirements, based on our estimate of customer requirements. Our inability to forecast the level of customer orders with certainty makes it difficult to schedule production and maximize utilization of our manufacturing capacity and supply chain capabilities.

Many factors outside of our control impact our customers and their ordering behavior, including global pandemics, recession in end markets, changing technology and industry standards, commercial acceptance for products and shifting market demand, product obsolescence, and loss of business. Customers have canceled their orders, changed production quantities or designs, delayed production, changed their sourcing strategy and terminated their relationships with us. We cannot assure you that present or future customers will not terminate their service arrangements with us or significantly change, reduce, cancel or delay the amount of services ordered. Such changes, delays and cancellations have led to, and may lead in the future to a decline in our production and our possession of excess or obsolete inventory that we may not be able to sell to customers or third parties. This may result in write downs of inventories, reduction in the number of products that we sell, delays in payment for inventory that we purchased, and reductions in the use of our manufacturing facilities. As many of our costs and operating expenses are relatively fixed, a reduction in customer demand, particularly a reduction in demand for a product that represents a significant amount of revenue, can harm our gross profit margins and results of operations. In the past, we have also been required to increase staffing and other expenses in order to meet anticipated demand. On occasion, customers have required rapid increases in production for one or more of their products or requested that we relocate our manufacturing operations or transfer manufacturing from one facility to another, which stresses our resources and may reduce operating margins.

Our business at times experiences periods of rapid growth which can place considerable demands upon our management team and our operational, financial and management information systems. Our ability to manage growth effectively requires us to continue to implement and improve these systems; avoid cost overruns; maintain customer, supplier and other favorable business relationships during transition periods; efficiently and effectively dedicate resources to existing customers as well as new projects; acquire or construct additional facilities; occasionally transfer operations to different facilities; acquire equipment in anticipation of demand; procure materials and components; continue to develop the management skills of our managers and supervisors; adapt relatively quickly to new markets or technologies and continue to hire, train, motivate and manage our employees. Our failure to effectively manage growth, as well as our failure to realize the anticipated benefits of the actions we take to try to manage our growth, could have a material adverse effect on our results of operations.

In addition, we sometimes experience difficulty forecasting the timing of our receipt of payment from customers. The necessary process to begin manufacturing can be lengthy. Because we make capital expenditures during this ramping-up process and do not receive payment until after we produce and ship the customer's products, any delays or unanticipated costs in the ramping-up process may have a significant adverse effect on our cash flows and our results of operations. Servicing our largest customers may also require us to increase our capital expenditures.

**The effect of COVID-19 on our operations and the operations of our customers, suppliers and logistics providers has had, and may in the future again have, a material and adverse impact on our financial condition and results of operations.**

Our global operations expose us to COVID-19 and its variants, which have had and may in the future again have an adverse impact on our employees, operations, supply chain and distribution system.

Public and private sector policies and initiatives to reduce the transmission of COVID-19, including travel restrictions and quarantines, have and may have again in the future impact our operations, including affecting the ability of our employees to get to our facilities, reducing capacity utilization levels, causing certain facility or intermittent business suspensions, and interrupting the movement or increasing the cost of moving components and products through our supply chain. If factory suspensions are required or reductions in capacity utilization levels occur in the future, we would expect to incur additional direct costs and lost revenue.

Our suppliers have experienced facility closures or reductions in their capacity utilization levels and may experience closures or reductions again in the future. When this occurs, we have and may in the future again have difficulty sourcing materials necessary to fulfill production requirements which could lead to higher material and freight costs.

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Our ability to continue to manufacture products is highly dependent on our ability to maintain the safety and health of our factory employees. The ability of our employees to work has been, and may again be significantly impacted by individuals contracting or being exposed to COVID-19. We believe COVID-19 has had, and may in the future again have, a material and adverse impact on our consolidated financial position, results of operations and cash flows.

### **Because we depend on a limited number of customers, a reduction in sales to any one of those customers has and could again cause a significant decline in our revenue.**

We currently depend, and expect to continue to depend for the foreseeable future, upon a relatively small number of customers for a significant percentage of our net revenue and upon their continued existence, growth, viability and financial stability. See “Business – The Company.” In some instances, particular manufacturing services we provide for a customer represent a significant portion of the overall revenue we receive from that customer. As a result of this concentration, a reduction in business from one or more of our largest customers could have a material adverse effect on our results of operations. In addition, if one or more of our significant customers were to become insolvent or otherwise become unable to pay us on a timely basis, or at all, our operating results and financial condition could be adversely affected.

### **Efficient component and material purchasing is critical to our manufacturing processes and contractual arrangements. A shortage of components or an increase in price could interrupt our operations and reduce our profit, increase our inventory carrying costs, increase our risk of exposure to inventory obsolescence and cause us to purchase components of a lesser quality.**

Strategic and efficient component and materials purchasing is an aspect of our strategy. Inflation rates have increased and may continue to rise. Our suppliers have raised their prices and may continue to raise prices. When prices rise, they impact our margins and results of operations if we are not able to pass the increases through to our customers or otherwise offset them. Most of our significant long-term customer contracts permit quarterly or other periodic prospective adjustments to pricing based on decreases and increases in component prices and other factors; however, we could bear the risk of component price increases that occur between any such re-pricings or, if such re-pricing is not permitted, during the balance of the term of the particular customer contract. There can be no assurance that we will continue to be able to purchase the components and materials needed to manufacture customer products at favorable prices. Accordingly, certain component price increases could adversely affect our gross profit margins and results of operations.

Some of the products we manufacture require one or more components that are only available from a single source. Some of these components are subject to supply shortages from time to time. In some cases, supply shortages will substantially curtail production of all assemblies using a particular component. A supply shortage can also increase our cost of goods sold if we have to pay higher prices for components in limited supply, or cause us to have to redesign or reconfigure products to accommodate a substitute component. In the past there have been industry wide conditions, pandemics, natural disasters and global events that have caused material and component shortages. In fiscal year 2023, our supply chain was impacted by component shortages, most notably in the semiconductor industry. Our production of a customer’s product has and could again be negatively impacted by any quality, reliability or availability issues with any of our component suppliers. The financial condition of our suppliers could affect their ability to supply us with components and their ability to satisfy any warranty obligations they may have, which could have a material adverse effect on our results of operations.

If a component shortage is threatened or anticipated, we have and may in the future purchase such components early to avoid a delay or interruption in our operations. Purchasing components early may cause us to incur additional inventory carrying costs and may cause us to experience inventory obsolescence, both of which may not be recoverable from our customers and could adversely affect our gross profit margins and results of operations. A component shortage will require us to look to second tier vendors or to procure components through brokers. Component availability may be impacted by a supplier’s decision to change part design, performance specifications, manufacturing process, manufacturing locations and/or use of subcontractors, or by both planned and unforeseen product discontinuation. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business – Components Procurement.”

### **Customer relationships with emerging companies present more risks than with established companies.**

Customer relationships with emerging companies present special risks because we do not have an extensive product or customer relationship history. There is less demonstration of market acceptance of their products making it harder for us to anticipate requirements as compared to established customers. Our credit risk on these customers, especially in trade accounts receivable and inventories, and the risk that these customers will be unable to fulfill indemnification obligations to us, are potentially increased. We sometimes offer these customers extended payment terms, loans and other support and financial accommodations which increases our financial exposure and has impacted our financial results in the past.

**The success of our business is dependent on our ability to keep pace with technological changes and competitive conditions in our industry, and our ability to effectively adapt our services as our customers react to technological changes and competitive conditions in their respective industries.**

If we are unable to offer technologically advanced, cost effective, quick response manufacturing services that are differentiated from our competition and adapt those services as our customers' requirements change, demand for our services will decline.

**Introducing new business models or programs requiring implementation of new competencies, such as new process technologies and our development of new products or services, has and could affect our operations and financial results.**

The introduction of new business models or programs requiring implementation or development of new competencies, such as new process technology within our operations and our independent development of new products or services, presents challenges in addition to opportunities. The success of new business models or programs depends on a number of factors including, but not limited to, a sufficient understanding of the new business or markets, timely and successful product development (by us and/or our customer), market acceptance, our ability to manage the risks associated with new business models or programs and new product production ramp-up, the effective management of purchase commitments and inventory levels in line with anticipated product demand, our development or acquisition of appropriate intellectual property, the availability of supplies in adequate quantities and at appropriate costs to meet anticipated demand, and the risk that new products may have quality or other defects in the early stages of introduction. Accordingly, we cannot determine in advance the ultimate result of new business models or programs.

As a result, we must make long-term investments, develop or obtain appropriate intellectual property and commit significant resources before knowing whether our assumptions will accurately reflect customer demand. After the development of a new business model, program, product or service, we typically must be able to manufacture appropriate volumes quickly and at low cost. To accomplish this, we endeavor to accurately forecast volumes, mixes of products and configurations; however, we do not always succeed at doing so.

**We compete with numerous other diversified manufacturing service providers, electronic manufacturing services, design providers and others.**

Our business is highly competitive and our manufacturing processes are generally not subject to significant proprietary protection. We compete against numerous domestic and foreign electronic manufacturers, manufacturing service providers, design providers and others. The significant purchasing power and market power of these competitors, many of which are large companies, has and could increase pricing and competitive pressures for us. Most of our competitors have international operations and significant financial resources and some have substantially greater manufacturing, research and development (R&D) and marketing resources. These competitors may:

- respond more quickly to new or emerging technologies or changes in customer requirements;
- have technological expertise, engineering capabilities and/or manufacturing resources that are greater than ours;
- have greater name recognition, critical mass and geographic market presence;
- be better able to take advantage of acquisition opportunities;
- devote greater resources to the development, promotion and sale of their services and execution of their strategy;
- be better positioned to compete on price for their services;
- have excess capacity, and be better able to utilize such excess capacity;
- have greater direct buying power from component suppliers, distributors and raw material suppliers;
- have lower cost structures as a result of their geographic location or the services they provide;
- be willing or able to make sales or provide services at lower margins than we do;
- have increased vertical capabilities providing them greater cost savings.

We also face competition from the manufacturing operations of our current and potential customers, who are continually evaluating the merits of manufacturing products internally against the advantages of outsourcing. In the past, some of our customers moved a portion of their manufacturing from us in order to more fully utilize their excess internal manufacturing capacity.

The actions of competitors and current and potential customers have and could cause a decline in our sales and/or compression of our profits.

**Our business has and could be adversely affected by any delays, or increased costs, resulting from common carrier or transportation issues.**

We rely on a variety of common carriers across the globe to transport our materials from our suppliers and to our customers. Problems suffered by any of these common carriers, including natural disaster, pandemic, labor problems, increased energy prices, or criminal activity, has and could result in shipping delays for products or materials, increased costs or other supply chain disruptions, and could therefore have a negative impact on our ability to receive products from suppliers and deliver products to customers, resulting in a material adverse effect on our operations.

**We may not be able to maintain our engineering, technological and manufacturing expertise.**

Many of the markets for our manufacturing and engineering services are characterized by rapidly changing technology and evolving process development. The continued success of our business will depend upon our ability to:

- hire, retain and expand our pool of qualified engineering and technical personnel;
- maintain and continually improve our technological expertise;
- develop and market manufacturing services that meet changing customer needs; and
- anticipate and respond to technological changes in manufacturing processes on a cost-effective and timely basis.

Although we use the assembly and testing technologies, equipment and processes that are currently required by our customers, we cannot be certain that we will be able to maintain or develop the capabilities required by our customers in the future. The emergence of new technology, industry standards or customer requirements may render our equipment, inventory or processes obsolete or noncompetitive. The acquisition and implementation of new technologies and equipment and the offering of new or additional services to our customers has in the past and may again in the future require significant expense or capital investment, which could reduce our operating margins and our operating results. In facilities that we newly establish or acquire, we may not be able to insert or maintain our engineering, technological and manufacturing process expertise. Our failure to anticipate and adapt to our customers' changing technological needs and requirements or to hire sufficient personnel to maintain our engineering, technological and manufacturing expertise could have a material adverse effect on our results of operations.

**We depend on attracting and retaining officers, managers and skilled personnel.**

Our success depends to a large extent upon the continued services of our officers, managers and skilled personnel. These employees are not generally bound by employment or non-competition agreements, and we cannot assure you that we will retain them. To aid in managing our growth and strengthening our pool of management and skilled personnel, we will need to internally develop, recruit and retain skilled management personnel. If we are not able to do so, our business and our ability to continue to grow could be harmed.

**We derive a substantial majority of our revenues from our international operations, which are subject to a number of different risks and often require more management time and expense than our domestic operations.**

Our international operations are subject to a number of risks, including:

- difficulties in staffing and managing foreign operations and attempting to ensure compliance with our policies, procedures, and applicable local laws;
- less flexible employee relationships that can be difficult and expensive to terminate due to, among other things, labor laws and regulations;
- rising labor costs (including the introduction or expansion of certain social programs), in particular within the lower-cost regions in which we operate, due to, among other things, demographic changes and economic development in those regions;
- labor unrest and dissatisfaction, including potential labor strikes or claims;
- increased scrutiny by the media and other third parties of labor practices within our industry (including working conditions, compliance with employment and labor laws and compensation) which may result in allegations of violations, more stringent and burdensome labor laws and regulations, higher labor costs and/or loss of revenues if our customers become dissatisfied with our labor practices and diminish or terminate their relationship with us;
- burdens of complying with a wide variety of foreign laws, including those relating to export and import duties, domestic and foreign import and export controls, trade barriers (including tariffs and quotas), environmental policies and privacy issues, and local statutory corporate governance rules;

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- risk of non-compliance with the U.S. Foreign Corrupt Practices Act (the “FCPA”) or similar regulations in other jurisdictions;
- less favorable, less predictable, or relatively undefined, intellectual property laws;
- lack of sufficient or available locations from which to operate or inability to renew leases on terms that are acceptable to us or at all;
- unexpected changes in regulatory requirements and laws or government or judicial interpretations of such regulatory requirements and laws and adverse trade policies, and adverse changes to any of the policies of either the U.S. or any of the foreign jurisdictions in which we operate;
- adverse changes in tax rates or accounting rules and the manner in which the U.S. and other countries tax multinational companies or interpret their tax laws or accounting rules or restrictions on the transfer of funds to us from our operations outside the U.S.;
- limitations on imports or exports of components or products, or other trade sanctions;
- political and economic instability and unsafe working conditions;
- geopolitical unrest, including the invasion of Ukraine, the possibility of military activity in countries near or adjacent to Ukraine, and the sanctions and other actions taken by the European Union, the United States, and other governments around the world in response;
- the attacks on Israel, the possibility of military activity in countries near or adjacent to Israel, and the sanctions and other actions that have or may be taken by other governments around the world in response could impact the Company although we have limited business in Israel;
- risk of governmental expropriation of our property;
- inadequate infrastructure for our operations (e.g., lack of adequate power, water, transportation and raw materials);
- legal or political constraints on our ability to maintain or increase prices;
- health concerns, epidemics and related government actions;
- increased travel costs and difficulty in coordinating our communications and logistics across geographic distances and multiple time zones;
- longer customer payment cycles and difficulty collecting trade accounts receivable;
- fluctuations in currency exchange rates;
- economies that are emerging or developing or that are subject to greater currency volatility, negative growth, high inflation, limited availability of foreign exchange and other risks;
- higher potential for theft, misappropriation or unauthorized access to or use of technology, data or intellectual property; and
- international trade disputes have and could result in tariffs and other protectionist measures that have and could adversely affect our business. Tariffs have and could increase the costs of the components and raw materials we use in the manufacturing process as well as import and export costs for finished products. Countries could adopt other protectionist measures that could limit our ability to manufacture products or provide services. Increased costs to our U.S. customers who use our non-U.S. manufacturing sites and components may adversely impact demand for our services and our results of operation and financial condition. Additionally, international trade disputes may cause our customers to decide to relocate the manufacturing of their products to another location, either within country, or into a new country. Relocations may require considerable management time as well as expenses related to market, personnel and facilities development before any significant revenue is generated, which may negatively affect our margin. Furthermore, there can be no assurance that all customer manufacturing needs can be met in available locations within the desired timeframe, or at all, which may cause us to lose business, which may negatively affect our financial condition and results of operation.

In particular, a significant portion of our manufacturing, design, support and storage operations are conducted in our facilities in China, and revenues associated with our China operations are important to our success. Therefore, our business, financial condition and results of operations may be materially adversely affected by economic, political, legal, regulatory, competitive, infrastructure and other factors in China. International trade disputes or political differences with China have and could result in tariffs and other measures that could adversely affect the Company’s business. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement and control over

economic growth. In addition, our operations in China are governed by Chinese laws, rules and regulations, some of which are relatively new. The Chinese legal system continues to rapidly evolve, which may result in uncertainties with respect to the interpretation and enforcement of Chinese laws, rules and regulations that could have a material adverse effect on our business. China experiences high turnover of direct labor in the manufacturing sector due to the intensely competitive and fluid market for labor, and the retention of adequate labor is a challenge. If our labor turnover rates are higher than we expect, or we otherwise fail to adequately manage our labor needs, then our business and results of operations could be adversely affected. We are also subject to risks associated with our subsidiaries organized in China. For example, regulatory and registration requirements and government approvals affect the financing that we can provide to our subsidiaries. If we fail to receive required registrations and approvals to fund our subsidiaries organized in China, or if our ability to remit currency out of China is limited, then our business and liquidity could be adversely affected.

These factors may harm our results of operations. Also, any measures that we may implement to reduce risks of our international operations may not be effective, may increase our expenses and may require significant management time and effort. Entry into new international markets requires considerable management time as well as start-up expenses related to market, personnel and facilities development before any significant revenue is generated. As a result, initial operations in a new market may operate at low margins or may be unprofitable.

Although we have implemented policies and procedures designed to cause compliance with the FCPA and similar laws, there can be no assurance that all of our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies which could have a material adverse effect on our operations.

**Energy price increases or shortages may negatively impact our results of operations.**

Certain of the components that we use in our manufacturing activities are petroleum-based. In addition, we, along with our suppliers and customers, rely on various energy sources (including oil) in our facilities and transportation activities. An increase in energy prices, which have been volatile historically, or energy shortages or restrictions could cause disruption in our operations and/or increase in our raw material costs and transportation costs. In addition, increased transportation costs of certain of our suppliers and customers could be passed along to us. We may not be able to increase our product prices enough to offset these increased costs. In addition, any increase in our product prices may reduce our future customer orders and profitability.

**We have on occasion not achieved, and may not in the future achieve, expected profitability from our acquisitions; and divestitures may adversely affect our business, reputation, financial condition, results of operations or cash flows.**

We have in the past and will continue to seek and complete acquisitions and divestitures. We cannot assure you that we will be able to successfully integrate the operations and management of our recent acquisitions. Similarly, we cannot assure you that we will be able to identify future strategic acquisitions and adequately conduct due diligence, consummate these potential acquisitions on favorable terms, if at all, or if consummated, successfully integrate the operations and management of future acquisitions. Acquisitions involve significant risks, which could have a material adverse effect on us including:

- Financial risks, such as: (1) overpayment; (2) an increase in our expenses and working capital requirements; (3) exposure to liabilities of the acquired businesses, with contractually-based time and monetary limitations on a seller's obligation to indemnify us; (4) integration costs or failure to achieve synergy targets; (5) incurrence of additional debt; (6) valuation of goodwill and other intangible assets; (7) possible adverse tax and accounting effects; (8) the risk that we acquire manufacturing facilities and assume significant contractual and other obligations with no guaranteed levels of revenue; (9) the risk that, in the future, we may have to close or sell acquired facilities at our cost, which may include substantial employee severance costs and asset write-offs, which have resulted, and may result, in our incurring significant losses; and (10) costs associated with environmental risks including fines, remediation and clean-up.
- Operating risks, such as: (1) the diversion of management's attention and resources to the integration of the acquired businesses and their employees and to the management of expanding operations; (2) the risk that the acquired businesses will fail to maintain the quality of services that we have historically provided; (3) the need to implement financial and other systems and add management resources; (4) the need to maintain customer, supplier or other favorable business relationships of acquired operations and restructure or terminate unfavorable relationships; (5) the potential for deficiencies in internal controls of the acquired operations; (6) the inability to attract and retain the employees necessary to support the acquired businesses; (7) potential inexperience in a line of business that is either new to us or that has become materially more significant to us as a result of the transaction; (8) unforeseen difficulties (including any unanticipated liabilities) in the acquired operations; (9) the impact on us of any unionized work force we may acquire or any labor disruptions that might occur; (10) the possibility that the acquired business's past transactions or practices before our acquisition may lead to future commercial or regulatory risks; (11) the difficulty of

presenting a unified corporate image; (12) the possibility that we will have unutilized capacity due to our acquisition activity; (13) when acquiring an operation from a customer and continuing or entering into a supply arrangement, our inability to meet the expectations of the customer as to volume, product quality, timeliness and cost reductions.

Although we conduct what we believe to be a prudent level of due diligence regarding the businesses we purchase, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. Until we actually assume operating control of such businesses and their assets and operations, we may not be able to ascertain the actual value or understand the potential liabilities of the acquired entities and their operations.

Many of our acquisitions involve operations outside of the U.S., which are subject to various risks including those described in “Risk Factors – We derive a substantial majority of our revenue from our international operations, which may be subject to a number of risks and often require more management time and expense than our domestic operations.”

We have acquired and may continue to pursue the acquisition of manufacturing and supply chain management operations from our customers (or potential customers). In these acquisitions, the divesting company will typically enter into a supply arrangement with the acquirer. Therefore, our competitors often also pursue these acquisitions. In addition, certain divesting companies may choose not to offer to sell their operations to us because of our current supply arrangements with other companies or may require terms and conditions that may impact our profitability. If we are unable to attract and consummate some of these acquisition opportunities at favorable terms, our growth and profitability could be adversely impacted.

In addition, divestitures involve significant risks, including without limitation, difficulty finding financially sufficient buyers or selling on acceptable terms in a timely manner. Divestitures could adversely affect our profitability and, under certain circumstances, require us to record impairment charges or a loss as a result of the transaction. In addition, completing divestitures is costly, diverts management’s attention and could leave us with certain continuing liabilities.

These and other factors could harm our ability to achieve anticipated levels of profitability or realize other anticipated benefits of an acquisition or divestiture and could adversely affect our business and operating results.

**We may experience difficulties with consummating the sale of our Mobility business to BYD Electronic (International) Co. Ltd. (“BYDE”).**

Through our indirect subsidiary, Jabil Circuit (Singapore) Pte. Ltd., we have agreed to sell our Mobility business to BYDE as announced on September 26, 2023. The transaction has not yet closed, and a number of risks and challenges may arise in consummating the divestiture, including:

- The occurrence of any event, change or other circumstance that could give rise to the termination of the definitive agreement;
- The failure to satisfy closing conditions and consummate the potential transaction;
- Jabil’s or BYDE’s ability to obtain required regulatory approvals for the potential transaction and the timing and conditions for such approvals; and
- The ability to obtain any approval required from the stockholders of BYDE or required consents of other third parties.

In addition, we might experience disruption from the potential transaction, including potential adverse changes to relationships with customers, employees, suppliers or other parties resulting from the failure to consummate the potential transaction; potential proceedings relating to the potential transaction that could be instituted against Jabil; unexpected costs or unexpected liabilities that may arise from the potential transaction, whether or not consummated; the inability to retain key personnel; the impact of changes in economic, market, political or social conditions; and future regulatory or legislative actions that could adversely affect us.

**We face risks arising from the restructuring of our operations.**

In recent years, we have undertaken initiatives to restructure our business operations with the intention of improving utilization and realizing cost savings. These initiatives have included changing the number and location of our production facilities, largely to align our capacity and infrastructure with current and anticipated customer demand. The process of restructuring entails, among other activities, moving production between facilities, transferring programs from higher cost geographies to lower cost geographies, closing facilities, reducing the level of staff, realigning our business processes and reorganizing our management.

Restructurings could adversely affect us, including a decrease in employee morale, delays encountered in finalizing the scope of, and implementing, the restructurings, failure to achieve targeted cost savings, and failure to meet operational targets and customer requirements due to the restructuring process. These risks are further complicated by our extensive international operations, which subject us to different legal and regulatory requirements that govern the extent and speed of our ability to reduce our manufacturing capacity and workforce.

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We have and may be required to take additional charges in the future to align our operations and cost structures with global economic conditions, market demands, cost competitiveness, and our geographic footprint as it relates to our customers' production requirements or following divestitures. We may consolidate or divest certain manufacturing facilities or transfer certain of our operations to other geographies. If we are required to take additional restructuring charges in the future, our operating results, financial condition, and cash flows could be adversely impacted.

### **Any delay in the implementation of our information systems could disrupt our operations and cause unanticipated increases in our costs.**

We are currently in the process of completing the installation of an enterprise resource planning system in certain of our manufacturing facilities, which will replace the existing planning and financial information systems. Any delay in the implementation of these information systems could result in material adverse consequences, including disruption of operations, loss of information and unanticipated increases in costs.

### **Disruptions to our information systems, including security breaches, losses of data or outages, and other security issues, have and could in the future adversely affect our operations.**

We rely on information systems, some of which are managed by third parties, to store, process and transmit confidential information, including financial reporting, inventory management, procurement, invoicing and electronic communications, belonging to our customers, our suppliers, our employees and/or us. We monitor and mitigate our exposure to cybersecurity issues and modify our systems when warranted and we have implemented certain business continuity items including data backups at alternative sites. Nevertheless, these systems are vulnerable to, and at times have suffered from, among other things, damage from power loss or natural disasters, computer system and network failures, loss of telecommunication services, physical and electronic loss of data, terrorist attacks, computer viruses, cyberattacks and security breaches, ranging from uncoordinated individual attempts to gain unauthorized access to our IT systems to sophisticated and targeted measures. These include industrial espionage attacks, data theft, malware, phishing, ransomware attacks, or other cybersecurity threats or incidents. The increased use of mobile technologies and the internet of things can heighten these and other operational risks. If we, or the third parties who own and operate certain of our information systems, are unable to prevent such breaches, losses of data and outages, our operations could be disrupted. Also, the time and funds spent on monitoring and mitigating our exposure and responding to breaches, including the training of employees, the purchase of protective technologies and the hiring of additional employees and consultants to assist in these efforts could adversely affect our financial results. The increasing sophistication of cyberattacks requires us to continually evaluate the threat landscape and new technologies and processes intended to detect and prevent these attacks. There can be no assurance that the security measures and systems configurations we choose to implement will be sufficient to protect the data we manage. Any theft or misuse of information resulting from a security breach could result in, among other things, loss of significant and/or sensitive information, litigation by affected parties, financial obligations resulting from such theft or misuse, higher insurance premiums, governmental investigations, negative reactions from current and potential future customers (including potential negative financial ramifications under certain customer contract provisions) and poor publicity and any of these could adversely affect our financial results. In addition, we must comply with increasingly complex regulations intended to protect business and personal data in the U.S. and globally. In many cases, these laws apply not only to third-party transactions, but also restrict transfers of personal information among the Company and its international subsidiaries. Several jurisdictions have passed laws in this area, and additional jurisdictions are considering imposing additional restrictions or have laws that are pending. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing requirements causes the Company to incur substantial costs and has required and may in the future require the Company to change its business practices. Compliance with these regulations can be costly and any failure to comply could result in legal and reputational risks as well as penalties, fines and damages that could adversely affect our financial results.

### **Regulatory Risks**

#### **We are subject to extensive government regulations and industry standards and the terms of complex contracts; a failure to comply with current and future regulations and standards, or the terms of our contractual arrangements, could have an adverse effect on our business, customer relationships, reputation and profitability.**

We are subject to extensive government regulation and industry standards relating to the products we design and manufacture as well as how we conduct our business, including regulations and standards relating to labor and employment practices, workplace health and safety, the environment, sourcing and import/export practices, the market sectors we support, privacy and data protection, the regulations that apply to government contracts, and many other facets of our operations. The regulatory climate in the U.S. and other countries has become increasingly complex and fragmented, and regulatory activity has increased in recent periods. Failure or noncompliance with such regulations or standards could have an adverse effect on our reputation, customer relationships, profitability and results of operations. In addition, we regularly enter into a large number of complex contractual arrangements as well as operate pursuant to the terms of a significant number of ongoing intricate contractual arrangements. Our failure or our customers' failure to comply with the terms of such arrangements could expose us to claims or

other demands and could have an adverse effect on our reputation, customer relationships, profitability and results of operations.

**If we manufacture products containing design or manufacturing defects, demand for our services may decline, our reputation may be damaged and we may be subject to liability claims.**

Our customers' products and the manufacturing processes and design services that we use to produce them often are highly complex. Defects in the products we manufacture or design, whether caused by a design, manufacturing or component failure or error, or deficiencies in our manufacturing processes, have occurred and may result in delayed shipments to customers or reduced or canceled customer orders. If these defects or deficiencies are significant, our business reputation may also be damaged. The failure of the products that we manufacture or of our manufacturing processes or facilities may subject us to regulatory enforcement, fines or penalties and, in some cases, require us to shut down, temporarily halt operations or incur considerable expense to correct a manufacturing process or facility. In addition, these defects have, and may in the future result in liability claims against us, expose us to liability to pay for the recall or remanufacture of a product or adversely affect product sales or our reputation. Even if our customers are responsible for the defects or defective specifications, they may not, or may not have resources to, assume responsibility for any costs or liabilities arising from these defects, which could expose us to additional liability claims. Any of these actions could increase our expenses, reduce our revenue or damage our reputation as a supplier to these customers.

**We may face heightened liability risks specific to our medical device business as a result of additional healthcare regulatory related compliance requirements and the potential severe consequences (e.g., death or serious injury) that could result from manufacturing defects or malfunctions of the medical devices we manufacture or design.**

As a service provider engaged in the business of designing and manufacturing medical devices for our customers, we have compliance requirements in addition to those relating to other industries we serve within our business. We are required to register with the U.S. Food and Drug Administration ("FDA") and are subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation ("QSR"), including current Good Manufacturing Practices (cGMPs). This regulation establishes requirements for manufacturers of medical devices to implement design and process manufacturing controls, quality control, labeling, handling and documentation procedures. The FDA, through periodic inspections and post-market surveillance, continuously and rigorously monitors compliance with these QSR requirements and other applicable regulatory requirements. If any FDA inspection reveals noncompliance, and we do not address the FDA's concerns to its satisfaction, the FDA may elect to take enforcement action against us, including issuing inspection observations or a notice of violation or a warning letter, imposing fines, bringing an action against the Company and its officers, requiring a recall of the products we manufactured, issuing an import detention on products entering the U.S. from an offshore facility or temporarily halting operations at or shutting down a manufacturing facility.

Beyond the FDA, our medical device business is also subject to applicable state and foreign regulatory requirements. Within the European Union ("EU"), we are required to fulfill certain internationally recognized standards and must undergo periodic inspections to obtain and maintain certifications to these standards. Continued noncompliance to the EU regulations could stop the flow of products into the EU from us or from our customers. In China, the National Medical Products Administration controls and regulates the manufacture and commerce of healthcare products. We must comply with the regulatory laws applicable to medical device manufacturers or our ability to manufacture products in China could be impacted. In Japan, the Pharmaceutical Affairs Laws regulate the manufacture and commerce of healthcare products. These regulations also require that subcontractors manufacturing products intended for sale in Japan register with authorities and submit to regulatory audits. Other foreign countries where we operate have similar laws regarding the regulation of medical device manufacturing. In the event of any noncompliance with these requirements, interruption of our operations and/or ability to allow commerce in these markets could occur, which in turn could cause our reputation and business to suffer.

**Compliance or the failure to comply with current and future environmental, health and safety, product stewardship and producer responsibility laws or regulations could cause us significant expense.**

We are subject to a variety of federal, state, local and foreign environmental, health and safety, product stewardship and producer responsibility laws and regulations, including those arising from global pandemics or relating to the use, generation, storage, discharge and disposal of hazardous chemicals used during our manufacturing process, those governing worker health and safety, those requiring design changes, supply chain investigation or conformity assessments and those relating to the recycling or reuse of products we manufacture. If we fail to comply with any present or future regulations or timely obtain any needed permits, we could become subject to liabilities, and we could face fines or penalties, the suspension of production, or prohibitions on sales of products we manufacture. In addition, such regulations could restrict our ability to expand our facilities or could require us to acquire costly equipment, or to incur other significant expenses, including expenses associated with the recall of any non-compliant product or with changes in our operational, procurement and inventory management activities.

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Certain environmental laws impose liability for the costs of investigation, removal and remediation of hazardous or toxic substances on an owner, occupier or operator of real estate, or on parties who arranged for hazardous substance treatment or disposal, even if such person or company was unaware of, or not responsible for, contamination at the affected site. Soil and groundwater contamination may have occurred at or near, or may have arisen from, some of our facilities. From time to time we investigate, remediate and monitor soil and groundwater contamination at certain of our operating sites. In certain instances where contamination existed prior to our ownership or occupation of a site, landlords or former owners have retained some contractual responsibility for contamination and remediation. However, failure of such persons to perform those obligations could result in us being required to address such contamination. As a result, we may incur clean-up costs in such potential removal or remediation efforts. In other instances, we may be responsible for clean-up costs and other liabilities, including the possibility of claims due to health risks by both employees and non-employees, as well as other third-party claims in connection with contaminated sites.

In addition, there is an increasing governmental focus around the world on global warming and environmental impact issues, which has resulted in new environmental, health and safety regulations that may affect us, our suppliers and our customers. This could cause us to incur additional direct costs for compliance, as well as increased indirect costs resulting from our customers, suppliers or both incurring additional compliance costs that get passed on to us. These costs may adversely impact our operations and financial condition.

We have limited insurance coverage for potential environmental liabilities associated with current operations and we do not anticipate increasing such coverage in the future.

### **Our operations result in exposure to intellectual property claims.**

Our operations expose us to intellectual property rights claims from third parties, some of whom may hold key intellectual property rights in areas in which we operate. Intellectual property clearance or licensing efforts or activities, if any, may be inadequate to anticipate and avoid intellectual property claims. Our customers or suppliers, or their customers or suppliers, could also become subject to intellectual property claims.

Even though many, but not all, of our contracts require others to indemnify Jabil for intellectual property claims relating to their products, designs or technology, any such party may not, or may not have the resources to, assume responsibility for such claims. We may be responsible for claims that our services, designs, technologies, products, or components, equipment or processes we supply or use, infringe, misappropriate or otherwise violate third party intellectual property rights. Providing turnkey design solutions, designs, technologies, products and other services may expose us to different or greater potential liabilities than those we face providing traditional manufacturing services. These liabilities may include an increase in exposure to claims that products we design or supply, or processes, materials or components we use, infringe, misappropriate or otherwise violate third-party intellectual property rights. Customers for our products and services in which we provide significant design or technology contributions sometimes require that we indemnify them against risk of intellectual property claims.

If any intellectual property claims are brought, regardless of their merits, we could be required to expend significant resources in the defense or settlement of such claims, or in the defense or settlement of related indemnification claims. Intellectual property rights claims could subject us to significant liability for damages, potential injunctive action, or hamper our normal operations such as by interfering with the availability of components or have a material adverse effect on our results of operations and financial position. In the event of such a claim, we may spend significant amounts of money and effort to develop non-infringing alternatives or obtain and maintain licenses. We may not be successful in developing such alternatives or obtaining and maintaining such licenses on reasonable terms or at all. We, or suppliers or customers, may be required to or decide to discontinue products or services, and such discontinuance may result in a significant decrease in our business and/or could have a material adverse effect on our results of operations and financial position. These risks may be heightened in connection with our customer relationships with emerging companies.

### **The success of certain aspects of our business depends in part on our ability to obtain, protect and leverage intellectual property rights.**

In certain circumstances, we strive to obtain and protect certain intellectual property rights related to solutions, designs, processes and products that we create. We believe that obtaining a significant level of protected proprietary technology may give us a competitive advantage. In addition to selectively relying on patent rights, we rely on unpatented proprietary know-how and trade secrets, and employ various methods, including non-disclosure agreements, with our customers, employees and suppliers and our internal security systems, policies and procedures to protect our know-how and trade secrets. However, we cannot be certain the measures we employ will result in protected intellectual property rights or will result in the prevention of unauthorized use of our technology. If we are unable to obtain and protect intellectual property rights embodied within our solutions, designs, processes and products, this could reduce or eliminate competitive advantages of our proprietary technology, which would harm our business and could have a material adverse effect on our results of operations and financial position.

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Even if we take steps to protect certain intellectual property rights, these mechanisms may not afford complete or sufficient protection, and misappropriation or unauthorized use may still occur. Further, there can be no assurance that we will be able to acquire or enforce our patent or other rights, if any, and that others will not independently develop similar know-how and trade secrets, or develop better solutions, designs, processes and products than us. We have not historically sought patent protection for many of our proprietary processes, designs or other patentable intellectual property. Further, we may not be able to prevent current or former customers, employees, contractors and other parties from breaching non-disclosure agreements and misappropriating proprietary information. If any of the foregoing occur, it could impair our ability to compete, result in a significant decrease in our business and/or could have material adverse effect on our results of operations and financial position.

## **Financial Risks**

### **Exposure to financially troubled customers or suppliers may adversely affect our financial results.**

We provide manufacturing services to companies and industries that have in the past, and may in the future, experience financial difficulty. When customers experience financial difficulty, we have difficulty recovering amounts owed to us from these customers, and demand for our products from these customers sometimes declines. Additionally, if our suppliers experience financial difficulty, we could have difficulty sourcing supplies necessary to fulfill production requirements. When one or more of our customers becomes insolvent or otherwise is unable to pay for the services provided by us on a timely basis, or at all, our operating results and financial condition are adversely affected. Such adverse effects have included and may in the future include one or more of the following: an increase in our provision for doubtful accounts, a charge for inventory writeoffs, an impairment of contract assets, a reduction in revenue, and an increase in our working capital requirements due to higher inventory levels and increases in days our accounts receivable are outstanding. In addition, because we securitize certain of our accounts receivable, our securitization programs could be negatively affected by customer financial difficulty affecting the recovery of a significant amount of receivables.

### **When financial markets experience significant turmoil, the financial arrangements we may need to enter into, refinance or repay and our customers may be adversely affected.**

Credit market turmoil could negatively impact the counterparties and lenders to our forward foreign exchange contracts, trade accounts receivable securitization and sale programs, unsecured credit and term loan facilities, commercial paper program, various foreign subsidiary credit facilities and other debt facilities. These potential negative impacts could limit our ability to borrow under these financing agreements, contracts, facilities and programs or renew or obtain future additional financing. Credit market turmoil could also negatively impact certain of our customers and certain of their respective customers, which could cause them to reduce or cancel their orders and have a negative effect on our results of operations.

We can offer no assurance under the uncommitted trade accounts receivable sales programs that if we attempt to sell receivables through such programs in the future that we will receive funding from the associated banks, which would require us to utilize other available sources of liquidity, including our revolving credit facilities.

### **We are subject to the risk of increased taxes.**

We base our tax position upon the anticipated nature and conduct of our business and upon our understanding of the tax laws of the various countries in which we have assets or conduct activities. Our tax position, however, is subject to review and possible challenge by taxing authorities and to possible changes in law (including adverse changes to the manner in which the U.S. and other countries tax multinational companies or interpret their tax laws). We cannot determine in advance the extent to which some jurisdictions may assess additional tax or interest and penalties on such additional taxes. In addition, our effective tax rate has been and may be increased by changes in the mix of earnings between jurisdictions, changes in the valuation of deferred tax assets and liabilities, changes in our cash management strategies, changes in local tax rates or countries adopting more aggressive interpretations of tax laws, or other legislative changes.

Several countries in which we are located allow for tax incentives to attract and retain business. We have obtained incentives where available and practicable. Our taxes could increase if certain tax incentives are retracted, which could occur if we are unable to satisfy the conditions on which such incentives are based, if they are not renewed upon expiration, or if tax rates applicable to us in such jurisdictions otherwise increase. Due to the possibility of changes in existing tax law and our operations, we are unable to predict how any expirations will impact us in the future. In addition, acquisitions may cause our effective tax rate to increase, depending on the jurisdictions in which the acquired operations are located.

Certain of our subsidiaries provide financing, products and services to, and undertake certain significant transactions with, other subsidiaries in different jurisdictions. Several jurisdictions in which we operate have tax laws with detailed transfer pricing rules that require that all transactions with non-resident related parties be priced using arm's length pricing principles, and that contemporaneous documentation must exist to support such pricing. There is a risk that the taxing authorities may not deem our transfer pricing methodology or documentation acceptable.

In August 2022, the U.S. government enacted the Inflation Reduction Act (the “IRA”) which includes a 15% book income alternative minimum tax on certain corporations and a 1% excise tax on share repurchases. Based on our current analysis of the provisions, we do not expect these tax law changes to have a material impact on our financial statements; however, we will continue to evaluate their impact as further information becomes available.

The European Union (EU) and other countries have committed to enacting substantial changes that would reshape international tax rules, including the introduction of a global minimum tax. In December 2022, the EU approved a directive requiring member states to incorporate a 15% global minimum tax applied on a country-by-country basis into their respective laws effective for fiscal years beginning on or after December 31, 2023. In addition, several non-EU countries have recently proposed and/or adopted legislation consistent with the global minimum tax framework. Although the timing and ultimate impacts of any such changes are uncertain, our effective tax rate and cash tax liability could be adversely impacted by the enactment of these rules.

**Our credit rating may be downgraded.**

Our credit is and certain of our financial instruments and our commercial paper are rated by credit rating agencies. Any potential future negative change in our credit ratings may make it more expensive for us to raise additional capital on terms that are acceptable to us, if at all; negatively impact the price of our common stock; increase our interest payments under existing debt agreements; cause us to lose the ability to utilize our commercial paper program; and have other negative implications on our business, many of which are beyond our control. In addition, the interest rate payable under the Credit Facility (as such terms are defined in Note 7 – “Notes Payable and Long-Term Debt” to the Consolidated Financial Statements) is subject to adjustment from time to time if our credit ratings change. Thus, any potential future negative change in our credit rating may increase the interest rate payable on the Credit Facility and certain of our other borrowings.

**Our amount of debt could significantly increase in the future.**

The Company has a number of debt facilities. Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” and Note 7 – “Notes Payable and Long-Term Debt” to the Consolidated Financial Statements for further details.

Should we desire to consummate significant additional acquisition opportunities, undertake significant additional expansion activities, or make substantial investments in our infrastructure or in support of customer opportunities, our capital needs would increase and could result in our need to increase borrowings under our revolving credit facilities or access public or private debt and equity markets. There can be no assurance, however, that we would be successful in raising additional debt or equity on terms that we would consider acceptable. An increase in the level of our indebtedness, among other things, could:

- make it difficult for us to obtain any necessary financing in the future for other acquisitions, working capital, capital expenditures, debt service requirements or other purposes;
- limit our flexibility in planning for, or reacting to changes in, our business;
- make us more vulnerable in the event of a downturn in our business; and
- impact certain financial covenants that we are subject to in connection with our debt and asset-backed securitization programs.

There can be no assurance that we will be able to meet future debt service obligations.

**An adverse change in the interest rates for our borrowings has and could adversely affect our financial condition.**

We pay interest on outstanding borrowings under our revolving credit facilities and certain other long term debt obligations at interest rates that fluctuate based upon changes in various base interest rates. An adverse change in the base rates upon which our interest rates are determined has and may continue to have a material adverse effect on our financial position, results of operations and cash flows. If certain economic or fiscal issues occur, interest rates have and could rise, which would increase our interest costs and reduce our net income. Also, increased interest rates could make any future fixed interest rate debt obligations more expensive.

**We are subject to risks of currency fluctuations and related hedging operations.**

Although a significant number of our operations are located outside the United States, the majority of our business is conducted in U.S. dollars. Changes in exchange rates will affect our net revenue, cost of sales, operating margins and net income. We cannot predict the impact of future exchange rate fluctuations. We use financial instruments, primarily forward contracts, to hedge our exposure to exchange rate fluctuations. We believe that our hedging activities enable us to largely protect ourselves from future exchange rate fluctuations. If, however, these hedging activities are not successful, if the counterparties to these

hedging activities default on their obligations to us or if we change or reduce these hedging activities in the future, we may experience significant unexpected expenses from fluctuations in exchange rates. In addition, certain countries in which we operate have adopted, or may adopt, currency controls requiring that local transactions be settled only in local currency. Such controls could require us to hedge larger amounts of local currency than we have in the past.

**An impairment in the value of our assets would reduce the value of our assets and reduce our net income in the year in which the write-off occurs.**

We have recorded intangible assets, including goodwill, in connection with business acquisitions. We perform a goodwill impairment analysis on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired. Refer to Note 6 – “Goodwill and Other Intangible Assets” to the Consolidated Financial Statements for further discussion of the impairment testing of goodwill and identifiable intangible assets. A decline in general economic conditions or global equity valuations could impact the judgments and assumptions about the fair value of our businesses and we could be required to record impairment charges on our goodwill or other identifiable intangible assets in the future, which could impact our consolidated balance sheet, as well as our consolidated statement of operations.

**General Risk Factors**

**Changes in financial accounting standards or policies have affected, and in the future may affect, our reported financial condition or results of operations.**

We prepare our financial statements in conformity with U.S. GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants, the SEC and various bodies formed to interpret and create appropriate accounting policies. A change in these policies can have a significant effect on our reported results and may affect our reporting of transactions that are completed before a change is announced. Changes to those rules or questions as to how we interpret or implement them may have a material adverse effect on our reported financial results or on the way we conduct business. For example, significant changes to revenue recognition rules have been adopted and first applied to us in fiscal year 2019.

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

Our operations and those of our customers and suppliers have been and may again be subject to natural disasters, climate change-related events, pandemics or other business disruptions, which could seriously harm our results of operation and increase our costs and expenses. We are susceptible to losses and interruptions caused by hurricanes (including in Florida, where our headquarters are located), earthquakes, power shortages, telecommunications failures, water or other natural resource shortages, tsunamis, floods, typhoons, drought, fire, extreme weather conditions, rising sea level, geopolitical events such as direct or indirect terrorist acts or acts of war, other natural or manmade disasters, boycotts and sanctions or widespread criminal activities. Such events could make it difficult or impossible to manufacture or to deliver products to our customers, receive production materials from our suppliers, or perform critical functions, which could adversely affect our business globally or in certain regions. While we maintain similar manufacturing capacities at different locations and coordinate multi-source supplier programs on many of our materials, which we believe better enables us to respond to these types of events, we cannot be sure that our plans will fully protect us from all such disruptions. Our insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate, or may not continue to be available at commercially reasonable rates and terms.

While we manufacture our products in a large number of diversified facilities and maintain insurance covering our facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of one of our key manufacturing facilities due to accident, labor issues, weather conditions, natural disaster or otherwise, whether short- or long-term, could have a material adverse effect on us.

**Expectations relating to environmental, social and governance considerations expose the Company to potential liabilities, increased costs, reputational harm, and other adverse effects on the Company's business.**

Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on environmental, social and governance considerations relating to businesses, including climate change and greenhouse gas emissions, human and civil rights, and diversity, equity and inclusion. In addition, we make statements about our environmental, social and governance goals and initiatives through our sustainability report. Responding to these environmental, social and governance considerations and implementation of these goals and initiatives involves risks and uncertainties, and requires investments. We cannot guarantee that we will achieve our goals and initiatives. Any failure, or perceived failure, to achieve our goals, further our initiatives, adhere to our public statements, comply with federal, state or

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international environmental, social and governance laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against us and materially adversely affect our business, reputation, results of operations, financial condition and stock price.

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### **Item 1B. Unresolved Staff Comments**

There are no unresolved written comments from the SEC staff regarding our periodic or current reports.

### **Item 2. Properties**

We own or lease facilities located primarily in the geographies listed below. We believe that our properties are generally in good condition, are well maintained and are generally suitable and adequate to carry out our business at expected capacity for the foreseeable future. The majority of the square footage is active manufacturing space and are reported in both the EMS and DMS operating segments, as both use these properties. Our corporate headquarters is located in St. Petersburg, Florida.

The table below lists the approximate square footage for our facilities as of August 31, 2023 (in millions):

Location	Approximate Square Footage
Asia <sup>(1)</sup>	34
Americas	14
Europe	4
Total <sup>(2)(3)</sup>	52

<sup>(1)</sup> Includes approximately 13 million square feet in leased facilities that were reclassified as held for sale on the Consolidated Balance Sheet. See Note 16 – “Business Acquisitions and Divestitures” to the Consolidated Financial Statements for additional information.

<sup>(2)</sup> Approximately 6% of our total square footage is not currently used in business operations.

<sup>(3)</sup> Consists of 14 million square feet in facilities that we own with the remaining 38 million square feet in leased facilities.

Our manufacturing facilities are ISO certified to ISO 9001:2008 standards and most are also certified to ISO-14001:2004 environmental standards.

### **Item 3. Legal Proceedings**

See the discussion in Note 18 – “Commitments and Contingencies” to the Consolidated Financial Statements.

### **Item 4. Mine Safety Disclosures**

Not applicable.

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Market Information and Dividends**

Our common stock trades on the New York Stock Exchange under the symbol “JBL.” See discussion of our cash dividends declared to common shareholders in Note 12 – “Stockholders’ Equity” to the Consolidated Financial Statements.

We expect to continue to declare and pay quarterly dividends of an amount similar to our past declarations. However, the declaration and payment of future dividends are discretionary and will be subject to determination by our Board of Directors each quarter following its review of our financial performance and global economic conditions.

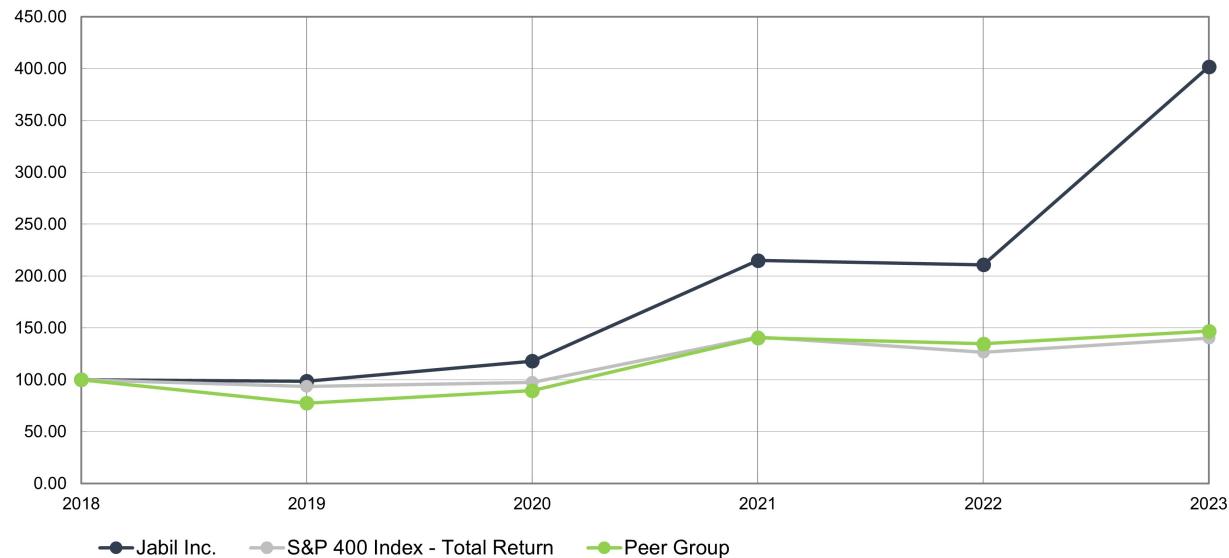
On October 12, 2023, the closing sales price for our common stock as reported on the New York Stock Exchange was \$139.12. As of October 12, 2023, there were 1,093 holders of record of our common stock. A substantially greater number of holders of our common stock are “street name” or beneficial holders, whose shares are held of record by banks, brokers, and other financial institutions.

Information regarding equity compensation plans is incorporated by reference to the information set forth in Item 12 of Part III of this report.

**Stock Performance Graph**

The performance graph and table show a comparison of cumulative total stockholder return, assuming the reinvestment of dividends, from a \$100 investment in the common stock of Jabil over the five-year period ending August 31, 2023, with the cumulative stockholder return of the (1) S&P MidCap 400 Index and (2) peer group which includes Celestica Inc., Flex Ltd., Hon-Hai Precision Industry Co. Ltd, Plexus Corp., and Sanmina Corp.

**Comparison of 5 Year Cumulative Total Return**



August 31	2018	2019	2020	2021	2022	2023
Jabil Inc.	\$ 100	\$ 99	\$ 118	\$ 215	\$ 211	\$ 402
S&P MidCap 400 Index – Total Returns	\$ 100	\$ 94	\$ 98	\$ 141	\$ 127	\$ 140
Peer Group	\$ 100	\$ 77	\$ 90	\$ 140	\$ 135	\$ 147

**Issuer Purchases of Equity Securities**

The following table provides information relating to our repurchase of common stock, excluding excise tax, during the three months ended August 31, 2023:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(2)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions) <sup>(2)</sup>
June 1, 2023 – June 30, 2023	470,447	\$ 96.14	470,447	\$ 776
July 1, 2023 – July 31, 2023	257	\$ 112.57	—	\$ 776
August 1, 2023 – August 31, 2023	—	\$ —	—	\$ 776
<b>Total</b>	<b>470,704</b>	<b>\$ 96.15</b>	<b>470,447</b>	

<sup>(1)</sup> The purchases include amounts that are attributable to 257 shares surrendered to us by employees to satisfy, in connection with the vesting of restricted stock units and the exercise of stock options and stock appreciation rights, their tax withholding obligations.

<sup>(2)</sup> In September 2022, our Board of Directors authorized the repurchase of up to \$1.0 billion of our common stock as publicly announced in a press release on September 27, 2022 (the “2023 Share Repurchase Program”). In September 2023, our Board of Directors amended and increased the 2023 Share Repurchase Program to allow for the repurchase of up to \$2.5 billion of our common stock as publicly announced in a press release on September 28, 2023. For more information, see “Liquidity and Capital Resources - Dividends and Share Repurchases”.

**Item 6. [Reserved]**

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

We are one of the leading providers of worldwide manufacturing services and solutions. We provide comprehensive electronics design, production and product management services to companies in various industries and end markets. We derive substantially all of our revenue from production and product management services (collectively referred to as “manufacturing services”), which encompass the act of producing tangible components that are built to customer specifications and are then provided to the customer.

We have two reporting segments: Electronics Manufacturing Services (“EMS”) and Diversified Manufacturing Services (“DMS”), which are organized based on the economic profiles of the services performed, including manufacturing capabilities, market strategy, margins, return on capital and risk profiles. Our EMS segment is focused around leveraging IT, supply chain design and engineering, technologies largely centered on core electronics, utilizing our large scale manufacturing infrastructure and our ability to serve a broad range of end markets. Our EMS segment is a high volume business that produces product at a quicker rate (i.e. cycle time) and in larger quantities and includes customers primarily in the 5G, wireless and cloud, digital print and retail, industrial and semi-capital equipment, and networking and storage industries. Our DMS segment is focused on providing engineering solutions, with an emphasis on material sciences, technologies and healthcare. Our DMS segment includes customers primarily in the automotive and transportation, connected devices, healthcare and packaging, and mobility industries.

Our cost of revenue includes the cost of electronic components and other materials that comprise the products we manufacture; the cost of labor and manufacturing overhead; and adjustments for excess and obsolete inventory. As a provider of turnkey manufacturing services, we are responsible for procuring components and other materials. This requires us to commit significant working capital to our operations and to manage the purchasing, receiving, inspecting and stocking of materials. At times, we collect deposits from our customers related to the purchase of inventory in order to effectively manage our working capital. Although we bear the risk of fluctuations in the cost of materials and excess scrap, our ability to purchase components and materials efficiently may contribute significantly to our operating results. While we periodically negotiate cost of materials adjustments with our customers, rising component and material prices may negatively affect our margins. Net revenue from each product that we manufacture consists of an element based on the costs of materials in that product and an element based on the labor and manufacturing overhead costs allocated to that product. Our gross margin for any product depends on the mix between the cost of materials in the product and the cost of labor and manufacturing overhead allocated to the product.

Our operating results are impacted by the level of capacity utilization of manufacturing facilities; indirect labor costs; and selling, general and administrative expenses. Operating income margins have generally improved during periods of high production volume and high capacity utilization. During periods of low production volume, we generally have reduced operating income margins.

We monitor the current economic environment and its potential impact on both the customers we serve as well as our end markets and closely manage our costs and capital resources so that we can try to respond appropriately as circumstances change.

We have consistently utilized advanced circuit design, production design and manufacturing technologies to meet the needs of our customers. To support this effort, our engineering staff focuses on developing and refining design and manufacturing technologies to meet specific needs of specific customers. Most of the expenses associated with these customer-specific efforts are reflected in our cost of revenue. In addition, our engineers engage in research and development (“R&D”) of new technologies that apply generally to our operations. The expenses of these R&D activities are reflected in the research and development line item within our Consolidated Statements of Operations.

An important element of our strategy is the expansion of our global production facilities. The majority of our revenue and materials costs worldwide are denominated in U.S. dollars, while our labor and utility costs in operations outside the U.S. are denominated in local currencies. We economically hedge certain of these local currency costs, based on our evaluation of the potential exposure as compared to the cost of the hedge, through the purchase of foreign currency exchange contracts. Changes in the fair market value of such hedging instruments are reflected within the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income.

On September 26, 2023, we announced the signing of a definitive agreement to divest our mobility business to BYD Electronic (International) Company Limited (“BYDE”) in a cash transaction valued at approximately \$2.2 billion. The transaction is

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anticipated to close within the first two quarters of our fiscal year 2024 (which is the period from September 1, 2023 through February 29, 2024), and is subject to closing conditions, including required regulatory approvals.

See Note 13 – “Concentration of Risk and Segment Data” to the Consolidated Financial Statements.

### *Summary of Results*

The following table sets forth, for the periods indicated, certain key operating results and other financial information (in millions, except per share data):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Net revenue	\$ 34,702	\$ 33,478	\$ 29,285
Gross profit	\$ 2,867	\$ 2,632	\$ 2,359
Operating income	\$ 1,537	\$ 1,393	\$ 1,055
Net income attributable to Jabil Inc.	\$ 818	\$ 996	\$ 696
Earnings per share – basic	\$ 6.15	\$ 7.06	\$ 4.69
Earnings per share – diluted	\$ 6.02	\$ 6.90	\$ 4.58

### *Key Performance Indicators*

Management regularly reviews financial and non-financial performance indicators to assess the Company’s operating results. Changes in our operating assets and liabilities are largely affected by our working capital requirements, which are dependent on the effective management of our sales cycle as well as timing of payments. Our sales cycle measures how quickly we can convert our manufacturing services into cash through sales. We believe the metrics set forth below are useful to investors in measuring our liquidity as future liquidity needs will depend on fluctuations in levels of inventory, accounts receivable and accounts payable.

The following table sets forth, for the quarterly periods indicated, certain of management’s key financial performance indicators:

	Three Months Ended		
	August 31, 2023 <sup>(1)</sup>	May 31, 2023	August 31, 2022
Sales cycle <sup>(2)</sup>	43 days	48 days	32 days
Inventory turns (annualized) <sup>(3)</sup>	5 turns	4 turns	5 turns
Days in accounts receivable <sup>(4)</sup>	40 days	38 days	40 days
Days in inventory <sup>(5)</sup>	80 days	84 days	79 days
Days in accounts payable <sup>(6)</sup>	77 days	74 days	87 days

<sup>(1)</sup> The calculation of these key performance indicators includes assets and liabilities held for sale for the three months ended August 31, 2023.

<sup>(2)</sup> The sales cycle is calculated as the sum of days in accounts receivable and days in inventory, less the days in accounts payable; accordingly, the variance in the sales cycle quarter over quarter is a direct result of changes in these indicators.

<sup>(3)</sup> Inventory turns (annualized) are calculated as 360 days divided by days in inventory.

<sup>(4)</sup> Days in accounts receivable is calculated as accounts receivable, net, divided by net revenue multiplied by 90 days. During the three months ended August 31, 2023, the increase in days in accounts receivable from the prior sequential quarter was primarily due to an increase in accounts receivable, primarily driven by timing of collections.

<sup>(5)</sup> Days in inventory is calculated as inventory and contract assets divided by cost of revenue multiplied by 90 days. During the three months ended August 31, 2023, the decrease in days in inventory from the prior sequential quarter was primarily driven by sales activity during the quarter resulting in a higher consumption of inventory and improved working capital management.

<sup>(6)</sup> Days in accounts payable is calculated as accounts payable divided by cost of revenue multiplied by 90 days. During the three months ended August 31, 2023, the decrease in days in accounts payable from the three months ended August 31, 2022 was primarily due to cash payments and timing of purchases during the quarter. During the three months ended August 31, 2023, the increase in days in accounts payable from the prior sequential quarter was primarily due to an increase in material purchases and timing of cash payments during the quarter.

## Critical Accounting Policies and Estimates

The preparation of our Consolidated Financial Statements and related disclosures in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that our estimates and assumptions are reasonable under the circumstances; however, actual results may vary from these estimates and assumptions under different future circumstances. We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of our Consolidated Financial Statements. For further discussion of our significant accounting policies, refer to Note 1 – “Description of Business and Summary of Significant Accounting Policies” to the Consolidated Financial Statements.

### *Revenue Recognition*

For our over time customers, we believe the measure of progress which best depicts the transfer of control is based on costs incurred to date, relative to total estimated cost at completion (i.e., an input method). This method is a faithful depiction of the transfer of goods or services because it results in the recognition of revenue on the basis of our to-date efforts in the satisfaction of a performance obligation relative to the total expected efforts in the satisfaction of the performance obligation. We believe that the use of an input method best depicts the transfer of control to the customer, which occurs as we incur costs on our contracts. The transaction price of each performance obligation is generally based upon the contractual stand-alone selling price of the product or service.

### *Inventory Valuation*

We purchase inventory based on forecasted demand and record inventory at the lower of cost and net realizable value. Management regularly assesses inventory valuation based on current and forecasted usage, customer inventory-related contractual obligations and other lower of cost and net realizable value considerations. If actual market conditions or our customers’ product demands are less favorable than those projected, additional valuation adjustments may be necessary.

### *Long-Lived Assets*

We have recorded intangible assets, including goodwill, in connection with business acquisitions. Estimated useful lives of amortizable intangible assets are determined by management based on an assessment of the period over which the asset is expected to contribute to future cash flows. The fair value of acquired amortizable intangible assets impacts the amounts recorded as goodwill. We review amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

We perform a goodwill impairment analysis on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the qualitative assessment is not performed or if the Company determines that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit’s carrying amount, including goodwill, to the fair value of the reporting unit. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a loss is recognized in the amount equal to that excess.

We perform an indefinite-lived intangible asset impairment analysis on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company may elect to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible is impaired. If the qualitative assessment is not performed or if the Company determines that it is not more likely than not that the fair value of an indefinite-lived intangible exceeds the carrying value, the recoverability is measured by comparing the carrying amount to the fair value. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, the indefinite-lived intangible asset is considered impaired.

We completed our annual impairment analysis for goodwill and indefinite-lived intangible assets during the fourth quarter of fiscal year 2023. The qualitative assessment was used for all reporting units and we determined that it is more likely than not that the fair values of our reporting units and the indefinite-lived intangible assets are in excess of the carrying values and that no impairment existed as of the date of the impairment analysis.

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### *Income Taxes*

We estimate our income tax provision in each of the jurisdictions in which we operate, a process that includes estimating exposures related to examinations by taxing authorities. We must also make judgments regarding the ability to realize deferred tax assets. The carrying value of our net deferred tax assets is based on our belief that it is more likely than not that we will generate sufficient future taxable income in certain jurisdictions to realize these deferred tax assets. A valuation allowance has been established for deferred tax assets that we do not believe meet the “more likely than not” criteria. We assess whether an uncertain tax position taken or expected to be taken in a tax return meets the threshold for recognition and measurement in the Consolidated Financial Statements. Our judgments regarding future taxable income as well as tax positions taken or expected to be taken in a tax return may change due to changes in market conditions, changes in tax laws or other factors. If our assumptions and consequently our estimates change in the future, the valuation allowances and/or tax reserves established may be increased or decreased, resulting in a respective increase or decrease in income tax expense. For further discussion related to our income taxes, refer to Note 15 — “Income Taxes” to the Consolidated Financial Statements.

### **Recent Accounting Pronouncements**

See Note 19 – “New Accounting Guidance” to the Consolidated Financial Statements for a discussion of recent accounting guidance.

### **Results of Operations**

Refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contained in our Annual Report on Form 10-K for the fiscal year ended August 31, 2022 for the results of operations discussion for the fiscal year ended August 31, 2022 compared to the fiscal year ended August 31, 2021.

#### **Net Revenue**

Generally, we assess revenue on a global customer basis regardless of whether the growth is associated with organic growth or as a result of an acquisition. Accordingly, we do not differentiate or separately report revenue increases generated by acquisitions as opposed to existing business. In addition, the added cost structures associated with our acquisitions have historically been relatively insignificant when compared to our overall cost structure.

The distribution of revenue across our segments has fluctuated, and will continue to fluctuate, as a result of numerous factors, including the following: fluctuations in customer demand; efforts to diversify certain portions of our business; business growth from new and existing customers; specific product performance; and any potential termination, or substantial winding down, of significant customer relationships.

(dollars in millions)	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Net revenue	\$ 34,702	\$ 33,478	\$ 29,285	3.7 %	14.3 %

#### *2023 vs. 2022*

Net revenue increased during the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022. Specifically, the DMS segment net revenue increased 8% due to: (i) a 7% increase in revenues from existing customers within our automotive and transportation business, (ii) a 4% increase in revenues from existing customers within our healthcare and packaging businesses and (iii) a 1% increase in revenues from existing customers within our mobility business. The increase was partially offset by a 4% decrease in revenues from existing customers within our connected devices business. The EMS segment net revenue remained consistent due to: (i) a 2% increase in revenues from existing customers within our industrial and semi-capital equipment business and (ii) a 2% decrease in revenues from existing customers within our 5G, wireless and cloud business.

On September 26, 2023, we announced the signing of a definitive agreement to divest our mobility business to BYD Electronic (International) Company Limited (“BYDE”) in a cash transaction valued at approximately \$2.2 billion. The transaction is anticipated to close within the first two quarters of our fiscal year 2024 (which is the period from September 1, 2023 through February 29, 2024), and is subject to closing conditions, including required regulatory approvals. See Note 16 – “Business Acquisitions and Divestitures” to the Consolidated Financial Statements for additional information.

During fiscal year 2024, we expect an additional \$700 million in components that we procure and integrate for our cloud business will shift from a purchase and resale model to a customer-controlled consignment service model. As a result of this continued transition, revenue associated with these components are shown on a net basis and as a result, we expect higher gross margins and lower cash used in this business.

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The following table sets forth, for the periods indicated, revenue by segment expressed as a percentage of net revenue:

	Fiscal Year Ended August 31,		
	2023	2022	2021
EMS	48 %	50 %	47 %
DMS	52 %	50 %	53 %
Total	100 %	100 %	100 %

The following table sets forth, for the periods indicated, foreign source revenue expressed as a percentage of net revenue:

	Fiscal Year Ended August 31,		
	2023	2022	2021
Foreign source revenue	85.8 %	83.9 %	83.6 %

### **Gross Profit**

(dollars in millions)	Fiscal Year Ended August 31,		
	2023	2022	2021
Gross profit	\$ 2,867	\$ 2,632	\$ 2,359
Percent of net revenue	8.3 %	7.9 %	8.1 %

*2023 vs. 2022*

Gross profit as a percentage of net revenue increased for the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022, primarily due to product mix.

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

(in millions)	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Selling, general and administrative	\$ 1,206	\$ 1,154	\$ 1,213	\$ 52	\$ (59)

*2023 vs. 2022*

Selling, general and administrative expenses increased during the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022. The increase is primarily due to: (i) a \$26 million increase due to higher salary and salary related expenses, (ii) a \$14 million increase in stock-based compensation expense due to higher anticipated achievement levels for certain performance-based stock awards and increased awards granted, and (iii) \$12 million of other selling, general and administrative expenses.

### **Research and Development**

(dollars in millions)	Fiscal Year Ended August 31,		
	2023	2022	2021
Research and development	\$ 34	\$ 33	\$ 34
Percent of net revenue	0.1 %	0.1 %	0.1 %

*2023 vs. 2022*

Research and development expenses remained consistent as a percent of net revenue during the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022.

### **Amortization of Intangibles**

(in millions)	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Amortization of intangibles	\$ 33	\$ 34	\$ 47	\$ (1)	\$ (13)

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*2023 vs. 2022*

Amortization of intangibles remained relatively consistent during the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022.

**Restructuring, Severance and Related Charges**

(in millions)	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Restructuring, severance and related charges	\$ 57	\$ 18	\$ 10	\$ 39	\$ 8

*2023 vs. 2022*

Restructuring, severance and related charges increased during the fiscal year ended August 31, 2023, compared to the fiscal year ended August 31, 2022 primarily related to a headcount reduction to further optimize our business activities.

**2024 Restructuring Plan**

On September 26, 2023, our Board of Directors approved a restructuring plan to (i) realign our cost base for stranded costs associated with the sale and realignment of our mobility business and (ii) optimize our global footprint. This action includes headcount reductions across our Selling, General and Administrative (“SG&A”) cost base and capacity realignment (the “2024 Restructuring Plan”). The 2024 Restructuring Plan reflects our intention only and restructuring decisions, and the timing of such decisions, at certain locations are still subject to consultation with our employees and their representatives.

Based on the analysis done to date, we currently expect to recognize approximately \$300 million in pre-tax restructuring and other related costs over the course of our 2024 fiscal year. The charges relating to the 2024 Restructuring Plan are currently expected to result in net cash expenditures of approximately \$200 million that will be payable over the course of our fiscal years 2024 and 2025. The exact timing of these charges and cash outflows, as well as the estimated cost ranges by category type, have not been finalized. This information will be subject to the finalization of timetables for the transition of functions, consultation with employees and their representatives as well as the statutory severance requirements of the jurisdictions impacted, and the amount and timing of the actual charges may vary due to a variety of factors. Our estimates for the charges discussed above exclude any potential income tax effects.

See Note 14 – “Restructuring, Severance and Related Charges” to the Consolidated Financial Statements for further discussion of restructuring, severance and related charges.

**Loss on Debt Extinguishment**

(in millions)	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Loss on debt extinguishment	\$ —	\$ 4	\$ —	\$ (4)	\$ 4

*2023 vs. 2022*

The change in loss on debt extinguishment during the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022, is due to the “make-whole” premium incurred for the redemption of the 4.700% Senior Notes during the fiscal year ended August 31, 2022.

**Gain on Securities**

(in millions)	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Gain on securities	\$ —	\$ —	\$ (2)	\$ —	\$ 2

*2023 vs. 2022*

Gain on securities remained consistent during the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022.

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**Other Expense (Income)**

(in millions)	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Other expense (income)	\$ 69	\$ 12	\$ (11)	\$ 57	\$ 23

*2023 vs. 2022*

The change in other expense (income) during the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022, is primarily due to a \$57 million increase in fees due to higher interest rates on our trade accounts receivable sale programs and global asset-backed securitization program.

**Interest Expense, net**

(in millions)	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Interest expense, net	\$ 206	\$ 146	\$ 124	\$ 60	\$ 22

*2023 vs. 2022*

Interest expense, net increased during the fiscal year ended August 31, 2023 compared to the fiscal year ended August 31, 2022, primarily due to higher interest rates on our commercial paper program and credit facilities.

**Income Tax Expense**

	Fiscal Year Ended August 31,			Change	
	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Effective income tax rate	35.2 %	19.1 %	26.0 %	16.1 %	(6.9)%

*2023 vs. 2022*

The effective income tax rate increased for the fiscal year ended August 31, 2023, compared to the fiscal year ended August 31, 2022, primarily due to: (i) a change in the jurisdictional mix of earnings, (ii) an income tax expense of \$146 million related to a change in the indefinite reinvestment assertion resulting from the planned divestiture and operations classified as held for sale for the fiscal year ended August 31, 2023, and (iii) an income tax benefit of \$26 million for the reversal of a portion of the U.S. valuation allowance for the fiscal year ended August 31, 2022. These increases were partially offset by a \$17 million income tax expense for an unrecognized tax benefit related to the taxation of certain prior year intercompany transactions for the fiscal year ended August 31, 2022.

**Non-GAAP (Core) Financial Measures**

The following discussion and analysis of our financial condition and results of operations include certain non-GAAP financial measures as identified in the reconciliation below. The non-GAAP financial measures disclosed herein do not have standard meaning and may vary from the non-GAAP financial measures used by other companies or how we may calculate those measures in other instances from time to time. Non-GAAP financial measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with U.S. GAAP. Also, our “core” financial measures should not be construed as an inference by us that our future results will be unaffected by those items that are excluded from our “core” financial measures.

Management believes that the non-GAAP “core” financial measures set forth below are useful to facilitate evaluating the past and future performance of our ongoing manufacturing operations over multiple periods on a comparable basis by excluding the effects of the amortization of intangibles, stock-based compensation expense and related charges, restructuring, severance and related charges, distressed customer charges, acquisition and integration charges, loss on disposal of subsidiaries, settlement of receivables and related charges, impairment of notes receivable and related charges, goodwill impairment charges, business interruption and impairment charges, net, loss on debt extinguishment, (gain) loss on securities, income (loss) from discontinued operations, gain (loss) on sale of discontinued operations and certain other expenses, net of tax and certain deferred tax valuation allowance charges. Among other uses, management uses non-GAAP “core” financial measures to make operating decisions, assess business performance and as a factor in determining certain employee performance when evaluating incentive compensation.

For fiscal year 2023, the Company adopted an annual normalized tax rate (“normalized core tax rate”) for the computation of the non-GAAP (core) income tax provision to provide better consistency across reporting periods. In estimating the normalized core tax rate annually, the Company utilizes a full-year financial projection of core earnings that considers the mix of earnings across tax jurisdictions, existing tax positions, and other significant tax matters. The Company may adjust the normalized core tax rate during the year for material impacts from new tax legislation or material changes to the Company’s operations.

Prior to fiscal year 2023, the Company determined the tax effect of the items included and excluded from core earnings quarterly.

We are reporting “core” operating income, “core” earnings and cash flows to provide investors with an additional method for assessing operating income and earnings, by presenting what we believe are our “core” manufacturing operations. A significant portion (based on the respective values) of the items that are excluded for purposes of calculating “core” operating income and “core” earnings also impacted certain balance sheet assets, resulting in a portion of an asset being written off without a corresponding recovery of cash we may have previously spent with respect to the asset. In the case of restructuring, severance and related charges, we may make associated cash payments in the future. In addition, although, for purposes of calculating “core” operating income and “core” earnings, we exclude stock-based compensation expense (which we anticipate continuing to incur in the future) because it is a non-cash expense, the associated stock issued may result in an increase in our outstanding shares of stock, which may result in the dilution of our stockholders’ ownership interest. We encourage you to consider these matters when evaluating the utility of these non-GAAP financial measures.

Adjusted free cash flow is defined as net cash provided by (used in) operating activities less net capital expenditures (acquisition of property, plant and equipment less proceeds and advances from the sale of property, plant and equipment). We report adjusted free cash flow as we believe this non-GAAP financial measure is useful to investors in measuring our ability to generate cash internally and fund future growth and to provide a return to shareholders.

Included in the tables below are a reconciliation of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures as provided in our Consolidated Financial Statements:

Refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contained in our Annual Report on Form 10-K for the fiscal year ended August 31, 2022 for the non-GAAP financial measures discussion for the fiscal year ended August 31, 2022 compared to the fiscal year ended August 31, 2021.

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**Reconciliation of U.S. GAAP Financial Results to Non-GAAP Measures**

(in millions, except for per share data)	Fiscal Year Ended August 31,		
	2023	2022	2021
<b>Operating income (U.S. GAAP)</b>	\$ 1,537	\$ 1,393	\$ 1,055
Amortization of intangibles	33	34	47
Stock-based compensation expense and related charges	95	81	102
Restructuring, severance and related charges <sup>(1)</sup>	57	18	10
Net periodic benefit cost <sup>(2)</sup>	11	17	24
Business interruption and impairment charges, net	—	—	(1)
Acquisition and integration charges	—	—	4
Adjustments to operating income	196	150	186
<b>Core operating income (Non-GAAP)</b>	<u>\$ 1,733</u>	<u>\$ 1,543</u>	<u>\$ 1,241</u>
<b>Net income attributable to Jabil Inc. (U.S. GAAP)</b>	\$ 818	\$ 996	\$ 696
Adjustments to operating income	196	150	186
Loss on debt extinguishment	—	4	—
Gain on securities	—	—	(2)
Net periodic benefit cost <sup>(2)</sup>	(11)	(17)	(24)
Adjustment for taxes <sup>(3)</sup>	169	(28)	(3)
<b>Core earnings (Non-GAAP)</b>	<u>\$ 1,172</u>	<u>\$ 1,105</u>	<u>\$ 853</u>
Diluted earnings per share (U.S. GAAP)	<u>\$ 6.02</u>	<u>\$ 6.90</u>	<u>\$ 4.58</u>
Diluted core earnings per share (Non-GAAP)	<u>\$ 8.63</u>	<u>\$ 7.65</u>	<u>\$ 5.61</u>
Diluted weighted average shares outstanding (U.S. GAAP and Non-GAAP)	<u>135.9</u>	<u>144.4</u>	<u>152.1</u>

<sup>(1)</sup> Recorded during the fiscal year ended August 31, 2023, related to headcount reduction to further optimize our business activities.

<sup>(2)</sup> Pension service cost is recognized in cost of revenue and all other components of net periodic benefit cost, including return on plan assets, are presented in other expense. We are reclassifying the pension components in other expense to core operating income as we assess operating performance, inclusive of all components of net periodic benefit cost, with the related revenue. There is no impact to core earnings or diluted core earnings per share for this adjustment.

<sup>(3)</sup> The adjustment for taxes for the fiscal year ended August 31, 2023, primarily relates to a change in the indefinite reinvestment assertion associated with operations that have been classified as held for sale.

**Adjusted Free Cash Flow**

(in millions)	Fiscal Year Ended August 31,		
	2023	2022	2021
Net cash provided by operating activities (U.S. GAAP)	\$ 1,734	\$ 1,651	\$ 1,433
Acquisition of property, plant and equipment (“PP&E”) <sup>(1)</sup>	(1,030)	(1,385)	(1,159)
Proceeds and advances from sale of PP&E <sup>(1)</sup>	322	544	366
<b>Adjusted free cash flow (Non-GAAP)</b>	<u>\$ 1,026</u>	<u>\$ 810</u>	<u>\$ 640</u>

<sup>(1)</sup> Certain customers co-invest in property, plant and equipment (“PP&E”) with us. As we acquire PP&E, we recognize the cash payments in acquisition of PP&E. When our customers reimburse us and obtain control, we recognize the cash receipts in proceeds and advances from the sale of PP&E.

**Quarterly Results (Unaudited)**

The following table sets forth certain unaudited quarterly financial information for the three months ended August 31, 2023 and 2022. In the opinion of management, this information has been presented on the same basis as the audited consolidated financial statements appearing elsewhere, and all necessary adjustments (consisting primarily of normal recurring accruals) have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements and related notes thereto. The operating results for any quarter are not necessarily indicative of results for any future period.

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	Three Months Ended	
	August 31, 2023	August 31, 2022
(in millions, except for per share data)		
Net revenue	\$ 8,458	\$ 9,030
Gross profit	\$ 766	\$ 729
Operating income	\$ 441	\$ 409
Net income	\$ 155	\$ 315
Net income attributable to Jabil Inc.	\$ 155	\$ 315
Earnings per share attributable to the stockholders of Jabil Inc.:		
Basic	\$ 1.18	\$ 2.30
Diluted	\$ 1.15	\$ 2.25

### **Acquisitions and Divestitures**

We announced on September 26, 2023 that, through our indirect subsidiary, Jabil Circuit (Singapore) Pte. Ltd., a Singapore private limited company (“Singapore Seller”), we have agreed to sell to BYD Electronic (International) Co. Ltd., a Hong Kong limited liability company (“Purchaser” or “BYDE”), our product manufacturing business in Chengdu, including our supporting component manufacturing in Wuxi (the “Business”) for cash consideration of approximately \$2.2 billion, subject to certain customary purchase price adjustments. The sale is being made pursuant to a definitive agreement (the “Purchase Agreement”) for the sale and purchase of certain assets of Singapore Seller and the shares of Juno Singapore Target Newco Pte. Ltd. (the “Target”). Following a pre-closing reorganization (the “Reorganization”), the Target will hold, indirectly or directly, the Business.

Pursuant to the Preliminary Acquisition Agreement, dated August 26, 2023, by and between Purchaser and Singapore Seller, and the Purchase Agreement, Purchaser paid an aggregate deposit in the amount of \$440 million, of which \$132 million was paid to an escrow agent and \$308 million was paid to the Company. Singapore Seller is entitled to retain the deposits in all circumstances, except in the event of a termination of the Purchase Agreement by Purchaser due to Singapore Seller’s breach of any warranty or failure to comply with any covenant applicable to it that would cause any closing condition of Purchaser to not be satisfied. Purchaser is entitled to repayment of \$390 million of the deposit if on April 1, 2024 (i) the Reorganization has not been completed in all material respects, other than as a result of the failure to obtain regulatory approvals in the People’s Republic of China, and (ii) all other mutual conditions and conditions of Singapore Seller to closing have been satisfied.

The transaction is anticipated to close within the first two quarters of our current fiscal year 2024 (which is the period from September 1, 2023 through February 29, 2024). The closing of the transaction is subject to certain customary closing conditions set forth in the Purchase Agreement that include, among other things, receipt of regulatory approvals, accuracy of the warranties of the parties (subject to certain materiality standards set forth in the Purchase Agreement), completion of the Reorganization in all material respects, and material performance of certain respective obligations. The closing of the transaction is not conditioned on the receipt of financing.

As of August 31, 2023, the assets and liabilities of the Business were classified as held for sale and the carrying value is less than the estimated fair value less cost to sell and, thus, no adjustment to the carrying value of the disposal group is necessary. The planned divestiture did not meet the criteria to be reported as discontinued operations and we will continue to report the operating results for the Business in our Consolidated Statement of Operations in the DMS segment until the transaction is closed.

Refer to Note 16 – “Business Acquisitions and Divestitures” to the Consolidated Financial Statements for discussion.

### **Liquidity and Capital Resources**

We believe that our level of liquidity sources, which includes cash on hand, available borrowings under our revolving credit facilities and commercial paper program, additional proceeds available under our global asset-backed securitization program and under our uncommitted trade accounts receivable sale programs, cash flows provided by operating activities and access to the capital markets will be adequate to fund our capital expenditures, the payment of any declared quarterly dividends, any share repurchases under the approved program, any potential acquisitions, our working capital requirements and our contractual obligations for the next 12 months and beyond. We continue to assess our capital structure and evaluate the merits of redeploying available cash.

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### **Cash and Cash Equivalents**

As of August 31, 2023, we had approximately \$1.8 billion in cash and cash equivalents, of which a significant portion was held by our foreign subsidiaries. Most of our foreign cash and cash equivalents as of August 31, 2023 could be repatriated to the United States without potential tax expense.

### **Notes Payable and Credit Facilities**

Following is a summary of principal debt payments and debt issuance for our notes payable and credit facilities:

(in millions)	4.700% Senior Notes	4.900% Senior Notes <sup>(1)</sup>	3.950% Senior Notes	3.600% Senior Notes	3.000% Senior Notes	1.700% Senior Notes	4.250% Senior Notes	5.450% Senior Notes <sup>(1)</sup>	Borrowings under revolving credit facilities <sup>(2)(3)</sup>	Borrowings under loans	Total notes payable and credit facilities
<b>Balance as of August 31, 2021</b>	\$ 499	\$ 300	\$ 496	\$ 495	\$ 591	\$ 496	\$ —	\$ —	\$ —	\$ 1	\$ 2,878
Borrowings	—	—	—	—	—	—	498	—	3,269	—	3,767
Payments	(500)	—	—	—	—	—	—	—	(3,269)	(1)	(3,770)
Other	1	—	1	1	1	1	(5)	—	—	—	—
<b>Balance as of August 31, 2022</b>	—	300	497	496	592	497	493	—	—	—	2,875
Borrowings	—	—	—	—	—	—	—	298	3,749	—	4,047
Payments	—	(300)	—	—	—	—	—	—	(3,747)	—	(4,047)
Other	—	—	—	—	1	1	2	(2)	(2)	—	—
<b>Balance as of August 31, 2023</b>	\$ —	\$ —	\$ 497	\$ 496	\$ 593	\$ 498	\$ 495	\$ 296	\$ —	\$ —	\$ 2,875
Maturity Date	Sep 15, 2022	Jul 14, 2023	Jan 12, 2028	Jan 15, 2030	Jan 15, 2031	Apr 15, 2026	May 15, 2027	Feb 1, 2029	Jan 22, 2025 and Jan 22, 2027	Jul 31, 2026	
Original Facility/Maximum Capacity <sup>(2)</sup>	\$500 million	\$300 million	\$500 million	\$500 million	\$600 million	\$500 million	\$500 million	\$300 million	\$3.8 billion <sup>(3)</sup>	\$1 million	

<sup>(1)</sup> On April 13, 2023, we issued \$300 million of publicly registered 5.450% Senior Notes due 2029 (the “5.450% Senior Notes”). We used the net proceeds for general corporate purposes, including, together with available cash, repayment of the \$300 million aggregate principal amount of our 4.900% Senior Notes due in July 2023.

<sup>(2)</sup> On February 10, 2023, we entered into an amendment (the “Amendment”) to our senior unsecured credit agreement dated as of January 22, 2020 (as amended, the “Credit Facility”). The Amendment, among other things, (i) instituted certain amendments to the sustainability-linked adjustments to the interest rates applicable to borrowings under the three-year revolving credit facility (the “Three-Year Revolving Credit Facility”) and the five-year revolving credit facility (the “Five-Year Revolving Credit Facility”), (ii) established customary SOFR, CDOR, EURIBOR and TIBOR provisions, which replaced the LIBOR provisions set forth in the existing agreement, and (iii) extended the termination date of the Three-Year Revolving Credit Facility to January 22, 2025, and of the Five-Year Revolving Credit Facility to January 22, 2027.

<sup>(3)</sup> As of August 31, 2023, we had \$3.8 billion in available unused borrowing capacity under our revolving credit facilities. The Credit Facility acts as the back-up facility for commercial paper outstanding, if any. We have a borrowing capacity of up to \$3.2 billion under our commercial paper program. Commercial paper borrowings with an original maturity of 90 days or less are recorded net within the Consolidated Statements of Cash Flows, and have been excluded from the table above.

In the ordinary course of business, we have letters of credit and surety bonds with banks and insurance companies outstanding of \$66 million as of August 31, 2023. Unused letters of credit were \$68 million as of August 31, 2023. Letters of credit and surety bonds are generally available for draw down in the event we do not perform.

We have a shelf registration statement with the SEC registering the potential sale of an indeterminate amount of debt and equity securities in the future to augment our liquidity and capital resources.

Our Senior Notes and our credit facilities contain various financial and nonfinancial covenants. A violation of these covenants could negatively impact our liquidity by restricting our ability to borrow under the notes payable and credit facilities and potentially causing acceleration of amounts due under these notes payable and credit facilities. As of August 31, 2023 and 2022,

we were in compliance with our debt covenants. Refer to Note 7 – “Notes Payable and Long-Term Debt” to the Consolidated Financial Statements for further details.

#### ***Global Asset-Backed Securitization Program***

Certain Jabil entities participating in the global asset-backed securitization program continuously sell designated pools of trade accounts receivable to a special purpose entity, which in turn sells certain of the receivables at a discount to conduits administered by an unaffiliated financial institution on a monthly basis. In addition, a foreign entity participating in the global asset-backed securitization program sells certain receivables at a discount to conduits administered by an unaffiliated financial institution on a daily basis.

We continue servicing the receivables sold and in exchange receive a servicing fee under the global asset-backed securitization program. Servicing fees related to the global asset-backed securitization program recognized during the fiscal years ended August 31, 2023, 2022 and 2021 were not material. We do not record a servicing asset or liability on the Consolidated Balance Sheets as we estimate that the fee we receive to service these receivables approximates the fair market compensation to provide the servicing activities.

The special purpose entity in the global asset-backed securitization program is a wholly-owned subsidiary of the Company and is included in our Consolidated Financial Statements. Certain unsold receivables covering up to the maximum amount of net cash proceeds available under the domestic, or U.S., portion of the global asset-backed securitization program are pledged as collateral to the unaffiliated financial institution as of August 31, 2023.

The global asset-backed securitization program expires on November 25, 2024 and the maximum amount of net cash proceeds available at any one time is \$600 million. The facility limit was increased to \$700 million for the month of August 2023. During the fiscal year ended August 31, 2023, we sold \$4.1 billion of trade accounts receivable and we received cash proceeds of \$4.1 billion. As of August 31, 2023, we had no available liquidity under our global asset-backed securitization program.

The global asset-backed securitization program requires compliance with several covenants including compliance with the interest ratio and debt to EBITDA ratio of the Credit Facility. As of August 31, 2023, we were in compliance with all covenants under our global asset-backed securitization program. Refer to Note 8 – “Asset-Backed Securitization Programs” to the Consolidated Financial Statements for further details on the programs.

#### ***Trade Accounts Receivable Sale Programs***

Following is a summary of the trade accounts receivable sale programs with unaffiliated financial institutions. Under the programs we may elect to sell receivables and the unaffiliated financial institutions may elect to purchase, at a discount, on an ongoing basis (in millions):

Program	Maximum Amount <sup>(1)</sup>	Type of Facility	Expiration Date
A	\$ 700	Uncommitted	December 5, 2025 <sup>(2)</sup>
B	\$ 120	Uncommitted	(2)
C	400 CNY	Uncommitted	August 31, 2023 <sup>(2)</sup>
D	\$ 150	Uncommitted	May 4, 2028 <sup>(2)</sup>
E	\$ 150	Uncommitted	(3)
F	\$ 50	Uncommitted	(3)
G	\$ 100	Uncommitted	(2)
H	\$ 600	Uncommitted	December 5, 2024 <sup>(2)</sup>
I	\$ 135	Uncommitted	April 11, 2025 <sup>(2)</sup>
J	100 CHF	Uncommitted	December 5, 2025 <sup>(2)</sup>
K	8,100 INR	Uncommitted	(2)

<sup>(1)</sup> Maximum amount of trade accounts receivable that may be sold under a facility at any one time.

<sup>(2)</sup> Any party may elect to terminate the agreement upon 30 days prior notice.

<sup>(3)</sup> Any party may elect to terminate the agreement upon 15 days prior notice.

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During the fiscal year ended August 31, 2023, we sold \$10.8 billion of trade accounts receivable under these programs and we received cash proceeds of \$10.7 billion. As of August 31, 2023, we had up to \$1.8 billion in available liquidity under our trade accounts receivable sale programs.

### **Cash Flows**

The following table sets forth selected consolidated cash flow information (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Net cash provided by operating activities	\$ 1,734	\$ 1,651	\$ 1,433
Net cash used in investing activities	(723)	(858)	(851)
Net cash used in financing activities	(680)	(888)	(413)
Effect of exchange rate changes on cash and cash equivalents	(5)	6	4
Net increase (decrease) in cash and cash equivalents	\$ 326	\$ (89)	\$ 173

#### *Operating Activities*

Net cash provided by operating activities during the fiscal year ended August 31, 2023, was primarily due to non-cash expenses and net income and a decrease in inventories, accounts receivable and contract assets. These decreases were partially offset by a decrease in accounts payable, accrued expenses and other liabilities and an increase in prepaid expenses and other current assets. The decrease in inventories is primarily driven by sales activity resulting in a higher consumption of inventory and improved working capital management. The decrease in accounts receivable is primarily driven by the timing of collections. The decrease in contract assets is primarily due to timing of revenue recognition for over time customers. The decrease in accounts payable, accrued expenses and other liabilities is primarily due to the timing of purchases and cash payments. The increase in prepaid expenses and other current assets is primarily due to the timing of payments.

#### *Investing Activities*

Net cash used in investing activities during the fiscal year ended August 31, 2023 consisted primarily of capital expenditures principally to support ongoing business in the DMS and EMS segments, partially offset by proceeds and advances from the sale of property, plant and equipment and proceeds from the planned divestiture of our mobility business.

#### *Financing Activities*

Net cash used in financing activities during the fiscal year ended August 31, 2023 was primarily due to (i) payments for debt agreements, (ii) the repurchase of our common stock, (iii) dividend payments, and (iv) treasury stock minimum tax withholding related to vesting of restricted stock. Net cash used in financing activities was partially offset by (i) borrowings under debt agreements and (ii) net proceeds from the exercise of stock options and issuance of common stock under the employee stock purchase plan.

#### *Capital Expenditures*

For Fiscal Year 2024, we anticipate our net capital expenditures to be in the range of 2.2 percent to 2.5 percent of net revenue. Upon closing of the Company's sale of its mobility business, we anticipate our longer-term net capital expenditures to be in the range of 2.0 to 2.3 percent of net revenue. In general, our capital expenditures support ongoing maintenance in our DMS and EMS segments and investments in capabilities and targeted end markets. The amount of actual capital expenditures may be affected by general economic, financial, competitive, legislative and regulatory factors, among other things.

#### *Dividends and Share Repurchases*

Following is a summary of the dividends and share repurchases for the fiscal years indicated below (in millions):

	Dividends Paid <sup>(1)</sup>	Share Repurchases <sup>(2)</sup>	Total
Fiscal years 2016 – 2020	\$ 283	\$ 1,468	\$ 1,751
Fiscal year 2021	\$ 50	\$ 428	\$ 478
Fiscal year 2022	\$ 48	\$ 696	\$ 744
Fiscal year 2023	\$ 45	\$ 487	\$ 532
<b>Total</b>	<b>\$ 426</b>	<b>\$ 3,079</b>	<b>\$ 3,505</b>

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- (1) The difference between dividends declared and dividends paid is due to dividend equivalents for unvested restricted stock units that are paid at the time the awards vest.  
(2) Excludes commissions and excise taxes.

We currently expect to continue to declare and pay regular quarterly dividends in amounts similar to our past declarations. However, the declaration and payment of future dividends are discretionary and will be subject to determination by our Board of Directors each quarter following its review of our financial performance and global economic conditions.

In July 2021, the Board of Directors approved an authorization for the repurchase of up to \$1.0 billion of our common stock (the “2022 Share Repurchase Program”). As of February 28, 2023, 16.5 million shares had been repurchased for \$1.0 billion and no authorization remained under the 2022 Share Repurchase Program.

In September 2022, the Board of Directors approved an authorization for the repurchase of up to \$1.0 billion of our common stock (the “2023 Share Repurchase Program”). As of August 31, 2023, 2.7 million shares had been repurchased for \$224 million, excluding excise tax, and \$776 million remains available under the 2023 Share Repurchase Program. In September 2023, the Board of Directors amended and increased the 2023 Share Repurchase Program to allow for the repurchase of up to \$2.5 billion of our common stock.

### **Contractual Obligations**

Our contractual obligations as of August 31, 2023 are summarized below. As disclosed below, while we have certain non-cancelable purchase order obligations for property, plant and equipment, we generally do not enter into non-cancelable purchase orders for materials until we receive a corresponding purchase commitment from our customer. Non-cancelable purchase orders do not typically extend beyond the normal lead time of several weeks, at most. Purchase orders beyond this time frame are typically cancellable.

	Payments due by period (in millions)				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Notes payable and long-term debt	\$ 2,875	\$ —	\$ 498	\$ 992	\$ 1,385
Future interest on notes payable and long-term debt <sup>(1)</sup>	525	102	201	148	74
Operating lease obligations <sup>(2)</sup>	532	138	178	100	116
Finance lease obligations <sup>(2)(3)</sup>	314	93	203	8	10
Non-cancelable purchase order obligations <sup>(4)</sup>	663	464	185	14	—
Pension and postretirement contributions and payments <sup>(5)</sup>	62	29	6	6	21
Other <sup>(6)</sup>	32	14	18	—	—
Total contractual obligations <sup>(7)</sup>	<u>\$ 5,003</u>	<u>\$ 840</u>	<u>\$ 1,289</u>	<u>\$ 1,268</u>	<u>\$ 1,606</u>

- (1) Consists of interest on notes payable and long-term debt outstanding as of August 31, 2023. Certain of our notes payable and long-term debt pay interest at variable rates. We have applied estimated interest rates to determine the value of these expected future interest payments.  
(2) Excludes \$214 million of payments related to leases signed but not yet commenced. Of these excluded payments, \$163 million relates to a variable interest entity (“VIE”), for which the Company is not the primary beneficiary. This is also the Company’s maximum exposure to loss related to the VIE. The Company expects the lease related to the VIE to commence in fiscal year 2024. Additionally, certain leases signed but not yet commenced contain residual value guarantees and purchase options not deemed probable.  
(3) Excludes \$194 million of residual value guarantees that could potentially come due in future periods. The Company does not believe it is probable that any amounts will be owed under these guarantees. Therefore, no amounts related to the residual value guarantees are included in the lease payments used to measure the right-of-use assets and lease liabilities.  
(4) Consists of purchase commitments entered into as of August 31, 2023 primarily for property, plant and equipment and software pursuant to legally enforceable and binding agreements.  
(5) Includes the estimated company contributions to funded pension plans during fiscal year 2024 and the expected benefit payments for unfunded pension and postretirement plans from fiscal years 2024 through 2033. These future payments are not recorded on the Consolidated Balance Sheets but will be recorded as incurred.  
(6) Includes (i) a \$7 million capital commitment, (ii) a \$2 million obligation related to a human resource system and (iii) \$23 million related to the one-time transition tax as a result of the Tax Cuts and Jobs Act of 2017 that will be paid in annual installments through fiscal year 2026.

- (7) As of August 31, 2023, we have \$3 million and \$167 million recorded as a current and a long-term liability, respectively, for uncertain tax positions. We are not able to reasonably estimate the timing of payments, or the amount by which our liability for these uncertain tax positions will increase or decrease over time, and accordingly, this liability has been excluded from the above table.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

### **Foreign Currency Exchange Risks**

We transact business in various foreign countries and are, therefore, subject to risk of foreign currency exchange rate fluctuations. We enter into forward contracts to economically hedge transactional exposure associated with commitments arising from trade accounts receivable, trade accounts payable, intercompany transactions and fixed purchase obligations denominated in a currency other than the functional currency of the respective operating entity. We do not, and do not intend to use derivative financial instruments for speculative or trading purposes. All derivative instruments are recorded on our Consolidated Balance Sheets at their respective fair values.

The forward contracts (both those that are designated and not designated as accounting hedging instruments) will generally expire in less than three months, with 11 months being the maximum term of the contracts outstanding as of August 31, 2023. The change in fair value related to contracts designated as accounting cash flow hedging instruments is initially reported as a component of AOCI and subsequently reclassified to the revenue or expense line in which the underlying transaction occurs within our Consolidated Statements of Operations. The change in fair value related to contracts designated as accounting net investment hedging instruments is included in change in foreign currency translation in OCI to offset the change in the carrying value of the net investment being hedged until the complete or substantially complete liquidation of the hedged foreign operation. The change in fair value related to contracts not designated as accounting hedging instruments will be reflected in cost of revenue within our Consolidated Statements of Operations. The forward contracts are primarily denominated in Chinese yuan renminbi, Euro, Indian rupee, Mexican peso and Swiss franc.

Based on our overall currency rate exposures as of August 31, 2023, including the derivative financial instruments intended to hedge the nonfunctional currency-denominated monetary assets and liabilities, an immediate 10% hypothetical change of foreign currency exchange rates would not have a material effect on our Consolidated Financial Statements. See Note 11 — “Derivative Financial Instruments and Hedging Activities” to the Consolidated Financial Statements for additional information.

### **Interest Rate Risk**

Our exposure to market risk includes changes in interest rates that could affect the Consolidated Balance Sheet, Consolidated Statement of Operations, and the Consolidated Statement of Cash Flows. We are exposed to interest rate risk primarily on intra-quarter variable rate borrowings under the Credit Facility and our commercial paper program. There were no borrowings outstanding under debt facilities with variable interest rates as of August 31, 2023.

We utilize valuation models to estimate the effects of sudden interest rate changes. A hypothetical 100-basis-point increase in the interest rates under the Credit Facility and our commercial paper program would increase our interest expense, net as of August 31, 2023 by approximately \$18 million. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” and Note 7 — “Notes Payable and Long-Term Debt” to the Consolidated Financial Statements for additional information regarding our outstanding debt obligations.

The Company periodically enters into interest rate swaps to manage interest rate risk associated with the Company’s borrowings or anticipated debt issuances. Contemporaneously with the issuance of the 5.450% Senior Notes in April 2023, the Company settled cash flow hedges with an aggregate notional amount of \$150 million and \$100 million, with effective dates of May 2021 and August 2022, respectively. The cash received for the cash flow hedges at settlement was \$15 million. The settled cash flow hedges are recorded in the Consolidated Balance Sheets as a component of AOCI and are amortized to interest expense, net in the Consolidated Statements of Operations. As of August 31, 2023, there are no outstanding interest rate swaps.

## **Item 8. Financial Statements and Supplementary Data**

Certain information required by this item is included in Item 7 of Part II of this Report under the heading “Quarterly Results” and is incorporated into this item by reference. All other information required by this item is included in Item 15 of Part IV of this Report and is incorporated into this item by reference.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

There have been no changes in or disagreements with our accountants on accounting and financial disclosure.

**Item 9A. Controls and Procedures**

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

We carried out an evaluation required by Rules 13a-15 and 15d-15 under the Exchange Act (the “Evaluation”), under the supervision and with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15 and 15d-15 under the Exchange Act as of August 31, 2023. Based on the Evaluation, our CEO and CFO concluded that the design and operation of our disclosure controls were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) accumulated and communicated to our senior management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

**(b) Management’s Report on Internal Control over Financial Reporting**

We assessed the effectiveness of our internal control over financial reporting as of August 31, 2023. Management’s report on internal control over financial reporting as of August 31, 2023 is incorporated herein at Item 15. Ernst & Young LLP, our independent registered public accounting firm, issued an audit report on the effectiveness of our internal control over financial reporting as of August 31, 2023, which is incorporated herein at Item 15.

Our management, including our CEO and CFO, does not expect that our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls may be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Notwithstanding the foregoing limitations on the effectiveness of controls, we have reached the conclusions set forth in Management’s report on internal control over financial reporting as of August 31, 2023.

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

For our fiscal quarter ended August 31, 2023, we did not identify any modifications to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

**Rule 10b5-1 Trading Plans**

During the three months ended August 31, 2023, no director or executive officer of the Company adopted or terminated a trading arrangement intended to satisfy the affirmative defenses of Rule 10b5-1 under the Securities Exchange Act of 1934 or a “non-Rule 10b5-1 trading arrangement,” as defined in Item 408(a) of Regulation S-K.

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information regarding our executive officers is included in Item 1 of Part I of this Report under the heading “Information about our Executive Officers.”

The other information required by this item is incorporated by reference to the information set forth under the captions “Election of Directors”, “Corporate Governance”, “Board of Directors” and “Audit Committee Matters” in our Proxy Statement for the Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our fiscal year ended August 31, 2023 (“Proxy Statement”).

### **Item 11. Executive Compensation**

The information required by this item is incorporated by reference to the information set forth under the captions “Compensation Matters”, “Board of Directors – Director Compensation” and “Corporate Governance – Compensation Committee Interlocks and Insider Participation” in our Proxy Statement.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item is incorporated by reference to the information set forth under the captions “Beneficial Ownership – Share Ownership by Principal Stockholders and Management” and “Compensation Matters – Equity Compensation Plan Information” in our Proxy Statement.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is incorporated by reference to the information set forth under the captions “Corporate Governance – Related Party Transactions – Certain Related Party Transactions”, “Corporate Governance –Determinations of Director Independence” in our Proxy Statement.

### **Item 14. Principal Accounting Fees and Services**

The information required by this item is incorporated by reference to the information set forth under the captions “Audit Committee Matters – Principal Accounting Fees and Services”, “– Policy on Audit Committee Pre-Approval of Audit, Audit-Related and Permissible Non-Audit Services” and “Ratification of Appointment of Independent Registered Public Accounting Firm” in our Proxy Statement.

**PART IV****Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as part of this Report:

1. *Financial Statements.* Our consolidated financial statements, and related notes thereto, with the independent registered public accounting firm reports thereon are included in Part IV of this report on the pages indicated by the Index to Consolidated Financial Statements and Schedule.
2. *Financial Statement Schedule.* Our financial statement schedule is included in Part IV of this report on the page indicated by the Index to Consolidated Financial Statements and Schedule. This financial statement schedule should be read in conjunction with our consolidated financial statements, and related notes thereto.

Schedules not listed in the Index to Consolidated Financial Statements and Schedule have been omitted because they are not applicable, not required, or the information required to be set forth therein is included in the consolidated financial statements or notes thereto.

3. *Exhibits.* See Item 15(b) below.

(b) *Exhibits.* The following exhibits are included as part of, or incorporated by reference into, this Report.

(c) *Financial Statement Schedules.* See Item 15(a) above.

#### **EXHIBIT LIST**

Exhibit No.	Description	Incorporated by Reference Herein		
		Form	Exhibit	Filing Date/ Period End
3.1	<a href="#"><u>Registrant's Certificate of Incorporation, as amended.</u></a>	10-Q	3.1	5/31/2017
3.2	<a href="#"><u>Registrant's Bylaws, as amended.</u></a>	10-K	3.2	8/31/2022
4.1	Form of Certificate for Shares of the Registrant's Common Stock. (P)	S-1	1	3/17/1993
4.2	<a href="#"><u>Indenture, dated January 16, 2008, with respect to Senior Debt Securities of the Registrant, between the Registrant and U.S. Bank National Association (as successor in interest to The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee.</u></a>	8-K	4.2	1/17/2008
4.3	<a href="#"><u>Form of 4.250% Registered Senior Notes due 2027 (included as Exhibit A to the Officers' Certificate filed herewith as Exhibit 4.8).</u></a>	8-K	4.1	5/4/2022
4.4	<a href="#"><u>Form of 5.450% Senior Notes due 2029 (included as Exhibit A to the Officers' Certificate filed herewith as Exhibit 4.10).</u></a>	8-K	4.1	4/13/2023
4.5	<a href="#"><u>Officers' Certificate, dated as of January 17, 2018, establishing the 3.950% Senior Notes due 2028.</u></a>	8-K	4.1	1/17/2018
4.6	<a href="#"><u>Officers' Certificate, dated as of January 15, 2020, establishing the 3.600% Senior Notes due 2030.</u></a>	8-K	4.1	1/15/2020
4.7	<a href="#"><u>Officers' Certificate, dated as of July 13, 2020, establishing the 3.000% Senior Notes due 2031.</u></a>	8-K	4.1	7/13/2020
4.8	<a href="#"><u>Officers' Certificate, dated as of April 14, 2021, establishing the 1.700% Senior Notes due 2026.</u></a>	8-K	4.1	4/14/2021
4.9	<a href="#"><u>Officers' Certificate, dated as of May 4, 2022, establishing the 4.250% Senior Notes due 2027.</u></a>	8-K	4.1	5/4/2022
4.10	<a href="#"><u>Officers' Certificate, dated as of April 13, 2023, establishing the 5.450% Senior Notes due 2029.</u></a>	8-K	4.1	4/13/2023
4.11	<a href="#"><u>Description of Jabil Securities.</u></a>	10-K	4.9	8/31/2021

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10.1†	Restated cash or deferred profit sharing plan under section 401(k). (P)	S-1		3/3/1993
10.2†	Form of Indemnification Agreement between the Registrant and its Officers and Directors. (P)	S-1		3/3/1993
10.3†	<a href="#"><u>Jabil Inc. 2011 Employee Stock Purchase Plan, as amended.</u></a>	14A	B	12/9/2020
10.4†	<a href="#"><u>Jabil Inc. 2021 Equity Incentive Plan.</u></a>	14A	A	12/9/2020
10.4a†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (TBRSPU-Executive).</u></a>	10-Q	10.2	2/28/2021
10.4b†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (TBRSPU-Non-Employee Director).</u></a>	10-Q	10.3	2/28/2021
10.4c†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (PBRSPU TSR – Executive).</u></a>	10-Q	10.4	2/28/2021
10.4d†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (PBRSPU EPS – Executive).</u></a>	10-Q	10.5	2/28/2021
10.4e†**	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (PBRSPU EPS – Executive).</u></a>	10-Q	10.1	11/30/2021
10.4f†**	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (PBRSPU TSR – Executive).</u></a>	10-Q	10.2	11/30/2021
10.4g†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (TBRSPU-NON-Employee Director).</u></a>	10-Q	10.3	11/30/2021
10.4h†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (TBRSPU Executive).</u></a>	10-Q	10.5	11/30/2021
10.4i†	<a href="#"><u>Form of Jabil Inc. Two-Year Cliff Restricted Stock Unit Award Agreement (TBRSPU – Global Executive).</u></a>	10-Q	10.1	5/31/2022
10.4j†**	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (PBRSPU EPS – Executive).</u></a>	10-Q	10.1	11/30/2022
10.4k†**	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (PBRSPU TSR – Executive).</u></a>	10-Q	10.2	11/30/2022
10.4l†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (TBRSPU Executive).</u></a>	10-Q	10.3	11/30/2022
10.4m†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (TBRSPU-NON-Employee Director).</u></a>	10-Q	10.4	11/30/2022
10.4n†	<a href="#"><u>Form of Jabil Inc. Restricted Stock Unit Award Agreement (TBRSPU-Cash-Settled-NON-Employee Director).</u></a>	10-Q	10.5	11/30/2022
10.5†	<a href="#"><u>Executive Deferred Compensation Plan.</u></a>	S-8	4.1	2/25/2011
10.6	<a href="#"><u>Underwriting Agreement, dated as of April 20, 2022, among the Company, BNP Paribas Securities Corp., Citigroup Global Markets Inc., J.P. Morgan Securities LLC and SMBC Nikko Securities America, Inc., as representatives of the several underwriters listed therein.</u></a>	8-K	1.1	5/4/2022
10.7	<a href="#"><u>Underwriting Agreement, dated as of April 10, 2023, among the Company, BofA Securities, Inc., J.P. Morgan Securities LLC, Mizuho Securities USA LLC and U.S. Bancorp Investments, Inc., as representatives of the several underwriters listed therein.</u></a>	8-K	1.1	4/13/2023
10.8†**	<a href="#"><u>Mutual Separation Agreement and Release dated as of August 21, 2023, between Jabil Inc. and Steven Borges.</u></a>	8-K	10.1	8/25/2023
10.9* ***	<a href="#"><u>Agreement for the Sale and Purchase of Shares in Juno Newco Target Holdco Singapore Pte. Ltd. and certain Assets of Jabil Circuit (Singapore) Pte. Ltd., dated as of September 26, 2023, by and between BYD Electronic (International) Company Limited and Jabil Circuit (Singapore) Pte. Ltd., a Singapore private limited company.</u></a>			

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21.1*	<a href="#"><u>List of Subsidiaries.</u></a>
23.1*	<a href="#"><u>Consent of Independent Registered Public Accounting Firm.</u></a>
24.1*	<a href="#"><u>Power of Attorney (See Signature page).</u></a>
31.1*	<a href="#"><u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer of the Registrant.</u></a>
31.2*	<a href="#"><u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer of the Registrant.</u></a>
32.1*	<a href="#"><u>Section 1350 Certification by the Chief Executive Officer of the Registrant.</u></a>
32.2*	<a href="#"><u>Section 1350 Certification by the Chief Financial Officer of the Registrant.</u></a>
101	The following financial information from Jabil's Annual Report on Form 10-K for the fiscal period ended August 31, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets as of August 31, 2023 and August 31, 2022; (ii) Consolidated Statements of Operations for the fiscal years ended August 31, 2023, 2022 and 2021; (iii) Consolidated Statements of Comprehensive Income for the fiscal years ended August 31, 2023, 2022 and 2021; (iv) Consolidated Statements of Comprehensive Stockholders' Equity for the fiscal years ended August 31, 2023, 2022 and 2021; (v) Consolidated Statements of Cash Flows for the fiscal years ended August 31, 2023, 2022 and 2021; and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (Embedded within the inline XBRL Document in Exhibit 101).
†	Indicates management compensatory plan, contract or arrangement.
*	Filed or furnished herewith.
**	Certain portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. Jabil agrees to furnish supplementally an unredacted copy of the exhibit to the Securities and Exchange Commission upon request.
***	Portions of the exhibit have been omitted. An unredacted copy of the agreement and a copy of any omitted schedule or exhibit will be furnished to the Securities and Exchange Commission upon request.

Certain instruments with respect to long-term debt of the Company and its consolidated subsidiaries are not filed herewith pursuant to Item 601(b)(4)(iii) of Regulation S-K since the total amount of securities authorized under each such instrument does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any such instrument to the SEC upon request.

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## **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of Jabil Inc. (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, the Company’s management conducted an assessment of the effectiveness of the Company’s internal control over financial reporting as of August 31, 2023. Management based this assessment on the framework as established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management’s assessment included an evaluation of the design of the Company’s internal control over financial reporting and testing of the effectiveness of its internal control over financial reporting.

Based on this assessment, management has concluded that, as of August 31, 2023, the Company maintained effective internal control over financial reporting.

Ernst & Young LLP, the Company’s independent registered public accounting firm, issued an audit report on the effectiveness of the Company’s internal control over financial reporting which follows this report.

October 20, 2023

### **Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of Jabil Inc.

#### **Opinion on Internal Control Over Financial Reporting**

We have audited Jabil Inc. and subsidiaries' internal control over financial reporting as of August 31, 2023, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Jabil Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of August 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of August 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended August 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a), and our report dated October 20, 2023 expressed an unqualified opinion thereon.

#### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

Tampa, Florida  
October 20, 2023

### **Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of Jabil Inc.

#### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Jabil Inc. and subsidiaries (the Company) as of August 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended August 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at August 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated October 20, 2023 expressed an unqualified opinion thereon.

#### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	<b><i>Uncertain Tax Positions</i></b>
<i>Description of the Matter</i>	As disclosed in Note 15 to the consolidated financial statements, the Company operates in a complex multinational tax environment and is subject to laws and regulations in various jurisdictions regarding intercompany transactions. Uncertain tax positions may arise from interpretations and judgments made by the Company in the application of the relevant laws, regulations, and tax rulings. The Company uses significant judgment in (1) determining whether the technical merits of tax positions for certain intercompany transactions are more-likely-than-not to be sustained and (2) measuring the related amount of tax benefit that qualifies for recognition.
	Auditing the tax positions related to certain intercompany transactions was challenging because the recognition and measurement of the tax positions is highly judgmental and is based on interpretations of laws, regulations and tax rulings.
<i>How We Addressed the Matter in Our Audit</i>	We tested internal controls over the Company's process to assess the technical merits of tax positions related to certain intercompany transactions and also tested internal controls over the Company's process to determine the application of the relevant laws, regulations and tax rulings, including management's process to recognize and measure the related tax positions.
	In testing the recognition and measurement criteria, we involved tax professionals to assist in assessing the technical merits of the Company's tax positions. In addition, we used our knowledge of and experience with the application of domestic and international income tax laws by the relevant tax authorities to evaluate the Company's accounting for those tax positions. We also assessed the Company's assumptions and data used to measure the amount of tax benefit that qualifies for recognition and tested the clerical accuracy of the calculations. Lastly, we evaluated the Company's income tax disclosures included in Note 15 in relation to the Company's uncertain tax positions.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 2010.

Tampa, Florida  
October 20, 2023

**JABIL INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except for share data)

	August 31, 2023	August 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,804	\$ 1,478
Accounts receivable, net of allowance for credit losses	3,647	3,995
Contract assets	1,035	1,196
Inventories, net of reserve for excess and obsolete inventory	5,206	6,128
Prepaid expenses and other current assets	1,109	1,111
Assets held for sale	1,929	—
Total current assets	14,730	13,908
Property, plant and equipment, net of accumulated depreciation	3,137	3,954
Operating lease right-of-use asset	367	500
Goodwill	621	704
Intangible assets, net of accumulated amortization	142	158
Deferred income taxes	159	199
Other assets	268	294
Total assets	\$ 19,424	\$ 19,717
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current installments of notes payable and long-term debt	\$ —	\$ 300
Accounts payable	5,679	8,006
Accrued expenses	5,515	5,272
Current operating lease liabilities	104	119
Liabilities held for sale	1,397	—
Total current liabilities	12,695	13,697
Notes payable and long-term debt, less current installments	2,875	2,575
Other liabilities	319	272
Non-current operating lease liabilities	269	417
Income tax liabilities	131	182
Deferred income taxes	268	122
Total liabilities	16,557	17,265
Commitments and contingencies		
Equity:		
Jabil Inc. stockholders' equity:		
Preferred stock, \$0.001 par value, authorized 10,000,000 shares; no shares issued and outstanding	—	—
Common stock, \$0.001 par value, authorized 500,000,000 shares; 273,949,811 and 270,891,715 shares issued and 131,294,422 and 135,493,980 shares outstanding at August 31, 2023 and August 31, 2022, respectively	—	—
Additional paid-in capital	2,795	2,655
Retained earnings	4,412	3,638
Accumulated other comprehensive loss	(17)	(42)
Treasury stock at cost, 142,655,389 and 135,397,735 shares as of August 31, 2023 and August 31, 2022, respectively	(4,324)	(3,800)
Total Jabil Inc. stockholders' equity	2,866	2,451
Noncontrolling interests	1	1
Total equity	2,867	2,452
Total liabilities and equity	\$ 19,424	\$ 19,717

See accompanying notes to Consolidated Financial Statements.

**JABIL INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except for per share data)

	Fiscal Year Ended August 31,		
	2023	2022	2021
Net revenue	\$ 34,702	\$ 33,478	\$ 29,285
Cost of revenue	31,835	30,846	26,926
Gross profit	2,867	2,632	2,359
Operating expenses:			
Selling, general and administrative	1,206	1,154	1,213
Research and development	34	33	34
Amortization of intangibles	33	34	47
Restructuring, severance and related charges	57	18	10
Operating income	1,537	1,393	1,055
Loss on debt extinguishment	—	4	—
Gain on securities	—	—	(2)
Other expense (income)	69	12	(11)
Interest expense, net	206	146	124
Income before income tax	1,262	1,231	944
Income tax expense	444	235	246
Net income	818	996	698
Net income attributable to noncontrolling interests, net of tax	—	—	2
Net income attributable to Jabil Inc.	\$ 818	\$ 996	\$ 696
Earnings per share attributable to the stockholders of Jabil Inc.:			
Basic	\$ 6.15	\$ 7.06	\$ 4.69
Diluted	\$ 6.02	\$ 6.90	\$ 4.58
Weighted average shares outstanding:			
Basic	133.0	141.2	148.5
Diluted	135.9	144.4	152.1

See accompanying notes to Consolidated Financial Statements.

**JABIL INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions)

	Fiscal Year Ended August 31,		
	2023	2022	2021
Net income	\$ 818	\$ 996	\$ 698
Other comprehensive income (loss):			
Change in foreign currency translation	25	(68)	17
Change in derivative instruments:			
Change in fair value of derivatives	(25)	1	35
Adjustment for net losses (gains) realized and included in net income	42	32	(41)
Total change in derivative instruments	17	33	(6)
Actuarial (loss) gain	(19)	14	17
Prior service credit (cost)	2	4	(19)
Total other comprehensive income (loss)	25	(17)	9
Comprehensive income	<u>\$ 843</u>	<u>\$ 979</u>	<u>\$ 707</u>
Comprehensive income attributable to noncontrolling interests	—	—	2
Comprehensive income attributable to Jabil Inc.	<u>\$ 843</u>	<u>\$ 979</u>	<u>\$ 705</u>

See accompanying notes to Consolidated Financial Statements.

**JABIL INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in millions)

	Fiscal Year Ended August 31,		
	2023	2022	2021
Total stockholders' equity, beginning balances	\$ 2,452	\$ 2,137	\$ 1,825
Common stock:	<u>—</u>	<u>—</u>	<u>—</u>
Additional paid-in capital:			
Beginning balances	2,655	2,533	2,414
Shares issued under employee stock purchase plan	51	45	39
Purchase of noncontrolling interest	<u>—</u>	<u>—</u>	(14)
Recognition of stock-based compensation	89	77	94
Ending balances	<u>2,795</u>	<u>2,655</u>	<u>2,533</u>
Retained earnings:			
Beginning balances	3,638	2,688	2,041
Declared dividends	(44)	(46)	(49)
Net income attributable to Jabil Inc.	818	996	696
Ending balances	<u>4,412</u>	<u>3,638</u>	<u>2,688</u>
Accumulated other comprehensive loss:			
Beginning balances	(42)	(25)	(34)
Total other comprehensive income (loss)	25	(17)	9
Ending balances	<u>(17)</u>	<u>(42)</u>	<u>(25)</u>
Treasury stock:			
Beginning balances	(3,800)	(3,060)	(2,610)
Purchases of treasury stock under employee stock plans	(36)	(44)	(22)
Treasury shares purchased	(487)	(696)	(428)
Excise taxes related to treasury shares purchased	(1)	<u>—</u>	<u>—</u>
Ending balances	<u>(4,324)</u>	<u>(3,800)</u>	<u>(3,060)</u>
Noncontrolling interests:			
Beginning balances	1	1	14
Net income attributable to noncontrolling interests, net of tax	<u>—</u>	<u>—</u>	2
Purchase of noncontrolling interests	<u>—</u>	<u>—</u>	(12)
Declared dividends to noncontrolling interests	<u>—</u>	<u>—</u>	(3)
Ending balances	<u>1</u>	<u>1</u>	<u>1</u>
Total stockholders' equity, ending balances	<u>\$ 2,867</u>	<u>\$ 2,452</u>	<u>\$ 2,137</u>

See accompanying notes to Consolidated Financial Statements.

**JABIL INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Fiscal Year Ended August 31,		
	2023	2022	2021
Cash flows provided by operating activities:			
Net income	\$ 818	\$ 996	\$ 698
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	924	925	876
Restructuring and related charges	5	(1)	5
Recognition of stock-based compensation expense and related charges	95	81	102
Deferred income taxes	85	(13)	(13)
Loss on sale of property, plant and equipment	—	—	14
Other, net	13	10	17
Change in operating assets and liabilities, exclusive of net assets acquired:			
Accounts receivable	267	(878)	(283)
Contract assets	171	(214)	116
Inventories	370	(1,725)	(1,276)
Prepaid expenses and other current assets	(214)	(367)	(90)
Other assets	53	(29)	(43)
Accounts payable, accrued expenses and other liabilities	(853)	2,866	1,310
Net cash provided by operating activities	<u>1,734</u>	<u>1,651</u>	<u>1,433</u>
Cash flows used in investing activities:			
Acquisition of property, plant and equipment	(1,030)	(1,385)	(1,159)
Proceeds and advances from sale of property, plant and equipment	322	544	366
Cash paid for business and intangible asset acquisitions, net of cash	(29)	(18)	(50)
Proceeds from the divestiture of businesses	50	—	—
Repurchase of sold receivables	—	—	(99)
Cash receipts on repurchased receivables	—	4	95
Other, net	(36)	(3)	(4)
Net cash used in investing activities	<u>(723)</u>	<u>(858)</u>	<u>(851)</u>
Cash flows used in financing activities:			
Borrowings under debt agreements	4,047	3,767	1,724
Payments toward debt agreements	(4,204)	(3,890)	(1,613)
Payments to acquire treasury stock	(487)	(696)	(428)
Dividends paid to stockholders	(45)	(48)	(50)
Net proceeds from exercise of stock options and issuance of common stock under employee stock purchase plan	51	45	39
Treasury stock minimum tax withholding related to vesting of restricted stock	(36)	(44)	(22)
Other, net	(6)	(22)	(63)
Net cash used in financing activities	<u>(680)</u>	<u>(888)</u>	<u>(413)</u>
Effect of exchange rate changes on cash and cash equivalents	(5)	6	4
Net increase (decrease) in cash and cash equivalents	326	(89)	173
Cash and cash equivalents at beginning of period	1,478	1,567	1,394
Cash and cash equivalents at end of period	<u>\$ 1,804</u>	<u>\$ 1,478</u>	<u>\$ 1,567</u>
Supplemental disclosure information:			
Interest paid, net of capitalized interest	\$ 211	\$ 150	\$ 124
Income taxes paid, net of refunds received	<u>\$ 319</u>	<u>\$ 209</u>	<u>\$ 211</u>

See accompanying notes to Consolidated Financial Statements.

**JABIL INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**1. Description of Business and Summary of Significant Accounting Policies**

Jabil Inc. (together with its subsidiaries, herein referred to as the “Company”) is one of the leading providers of manufacturing services and solutions. The Company provides comprehensive electronics design, production and product management services to companies in various industries and end markets. The Company’s services combine a highly automated, continuous flow manufacturing approach with advanced electronic design and design for manufacturability technologies. The Company is headquartered in St. Petersburg, Florida and has manufacturing operations principally in the Americas, Europe and Asia.

Significant accounting policies followed by the Company are as follows:

***Principles of Consolidation and Basis of Presentation***

The consolidated financial statements include the accounts and operations of the Company, and its wholly-owned and majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in preparing the consolidated financial statements. The Company has made certain reclassification adjustments to conform prior periods’ Consolidated Financial Statements and Notes to the Consolidated Financial Statements to the current presentation.

***Use of Accounting Estimates***

Management is required to make estimates and assumptions during the preparation of the consolidated financial statements and accompanying notes in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”). These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates and assumptions.

***Assets Held for Sale***

The Company classifies assets and related liabilities as held for sale when: (i) management has committed to a plan to sell the net assets, (ii) the net assets are available for immediate sale, (iii) there is an active program to locate a buyer, (iv) the sale and transfer of the net assets is probable within one year, (v) the net assets are being actively marketed for sale at price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes will be made to the plan to sell the net assets. Assets and liabilities held for sale are presented separately on our consolidated balance sheets at the lower of cost or fair value, less costs to sell. Depreciation and amortization expense for long-lived assets are not recorded while these assets are classified as held for sale. For each period that assets are classified as being held for sale, they are tested for recoverability. See Note 16 – “Business Acquisitions and Divestitures” for additional information.

***Cash and Cash Equivalents***

Cash equivalents consist of investments that are readily convertible to cash with original maturities of 90 days or less.

***Accounts Receivable***

Accounts receivable consist of trade receivables and other miscellaneous receivables. The Company maintains an allowance for credit losses based on historical losses, the age of past due receivables, credit quality of our customers, current economic conditions, and other factors that may affect our ability to collect from customers. Bad debts are charged to this allowance after all attempts to collect the balance are exhausted. As the financial condition and circumstances of the Company’s customers change, adjustments to the allowance for credit losses are made as necessary.

***Contract Balances***

Timing of revenue recognition may differ from the timing of invoicing to customers. The Company records an asset when revenue is recognized prior to invoicing a customer (“contract assets”) while a liability is recognized when a customer provides consideration prior to the Company transferring control of the goods or services (“contract liabilities”). Amounts recognized as contract assets are generally transferred to receivables in the succeeding quarter due to the short-term nature of the manufacturing cycle. Contract assets are classified separately on the Consolidated Balance Sheets and transferred to receivables when right to payment becomes unconditional.

The Company maintains an allowance for credit losses related to contract assets based on historical losses, credit quality of our customers, current economic conditions, and other factors that may affect our ability to collect from our customers.

### **Inventories**

Inventories are stated at the lower of cost (on a first in, first out (FIFO) basis) and net realizable value. Inventory is valued based on current and forecasted usage, customer inventory-related contractual obligations and other lower of cost and net realizable value considerations. If actual market conditions or customer product demands are less favorable than those projected, additional valuation adjustments may be necessary.

### **Fulfillment Costs**

The Company capitalizes costs incurred to fulfill its contracts that i) relate directly to the contract or anticipated contracts, ii) are expected to generate or enhance the Company's resources that will be used to satisfy the performance obligation under the contract, and iii) are expected to be recovered through revenue generated from the contract. Capitalized fulfillment costs are amortized to cost of revenue as the Company satisfies the related performance obligations under the contract with approximate lives ranging from 1 year to 3 years. These costs, which are included in prepaid expenses and other current assets and other assets on the Consolidated Balance Sheets, generally represent upfront costs incurred to prepare for manufacturing activities.

The Company assesses the capitalized fulfillment costs for impairment at the end of each reporting period. The Company will recognize an impairment loss to the extent the carrying amount of the capitalized costs exceeds the recoverable amount. Recoverability is assessed by considering the capitalized fulfillment costs in relation to the forecasted profitability of the related manufacturing performance obligations.

As of August 31, 2023 and 2022, capitalized costs to fulfill were \$203 million and \$175 million, respectively. Amortization of fulfillment costs were \$91 million, \$74 million and \$58 million during the fiscal years ended August 31, 2023, 2022 and 2021, respectively. Immaterial impairments for fulfillment costs were recognized during the fiscal years ended August 31, 2023, 2022, and 2021, respectively.

### **Property, Plant and Equipment, net**

Property, plant and equipment is capitalized at cost and depreciated using the straight-line depreciation method over the estimated useful lives of the respective assets. Estimated useful lives for major classes of depreciable assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	Up to 35 years
Leasehold improvements	Shorter of lease term or useful life of the improvement
Machinery and equipment	2 to 10 years
Furniture, fixtures and office equipment	5 years
Computer hardware and software	3 to 7 years
Transportation equipment	3 years

Maintenance and repairs are expensed as incurred. The cost and related accumulated depreciation of assets sold or retired is removed from the accounts and any resulting gain or loss is reflected in the Consolidated Statements of Operations as a component of operating income.

### **Leases**

The Company primarily has leases for buildings, machinery and equipment with lease terms ranging from 1 year to 33 years. Leases for other classes of assets are not significant. For any leases with an initial term in excess of 12 months, the Company determines whether an arrangement is a lease at contract inception by evaluating if the contract conveys the right to use and control the specific property or equipment. Certain lease agreements contain purchase or renewal options. These options are included in the lease term when it is reasonably certain that the Company will exercise that option. Generally, the Company's lease agreements do not contain material restrictive covenants.

Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized based on the present value of future lease payments over the lease term at the lease commencement date. When determining the present value of future payment, the Company uses the incremental borrowing rate when the implicit rate is not readily determinable. Any payment deemed probable under residual value guarantees is included in lease payments. Any variable payments, other than those that depend on an index or rate, are excluded from right-of-use assets and lease liabilities.

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Leases with an initial term of 12 months or less are not recorded as right-of-use assets and lease liabilities in the Consolidated Balance Sheets. Lease expense for these leases is recognized on a straight-line basis over the lease term. The Company has elected the practical expedient to combine lease and non-lease components for building and real estate leases.

Certain equipment and buildings held under finance leases are classified as property, plant and equipment and the related obligation is recorded as accrued expenses and other liabilities on the Consolidated Balance Sheets. Amortization of assets held under finance leases is included in depreciation expense in the Consolidated Statements of Operations.

### ***Goodwill and Other Intangible Assets***

The Company accounts for goodwill in a business combination as the excess of the cost over the fair value of net assets acquired and is assigned to the reporting unit in which the acquired business will operate. The Company tests goodwill and indefinite-lived intangible assets for impairment during the fourth quarter of each fiscal year or whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. The Company may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the qualitative assessment is not performed or if the Company determines that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the Company determines the fair value of its reporting units based on an average weighting of both projected discounted future results and the use of comparative market multiples. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a loss recognized in the amount equal to that excess.

The recoverability of indefinite-lived intangible assets is measured by comparing the carrying amount to the fair value. The Company may elect to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible is impaired. If the qualitative assessment is not performed or if the Company determines that it is not more likely than not that the fair value of an indefinite-lived intangible exceeds the carrying value, the Company determines the fair value principally based on a variation of the income approach, known as the relief from royalty method. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, the indefinite-lived intangible asset is considered impaired.

Business combinations can also result in other intangible assets being recognized. Finite-lived intangible assets are amortized on either a straight-line or accelerated basis over their estimated useful life and include contractual agreements and customer relationships, tradenames and intellectual property. No significant residual values are estimated for the amortizable intangible assets.

### ***Long-lived Assets***

Long-lived assets, such as property, plant and equipment, and finite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of the asset or asset group is measured by comparing its carrying amount to the undiscounted future net cash flows the asset is expected to generate. If the carrying amount of an asset or asset group is not recoverable, the Company recognizes an impairment loss based on the excess of the carrying amount of the long-lived asset or asset group over its respective fair value, which is generally determined as the present value of estimated future cash flows or as the appraised value.

### ***Derivative Instruments***

All derivative instruments are recorded gross on the Consolidated Balance Sheets at their respective fair values. The accounting for changes in the fair value of a derivative instrument depends on the intended use and designation of the derivative instrument. For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative and the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in current earnings. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative instrument is initially reported as a component of accumulated other comprehensive income ("AOCI"), net of tax, and is subsequently reclassified into the line item within the Consolidated Statements of Operations in which the hedged items are recorded in the same period in which the hedged item affects earnings. The ineffective portion of the gain or loss is recognized immediately in current earnings. For derivative instruments that are designated and qualify as a net investment hedge, the effective portion of the gain or loss on the derivative instrument is included in change in foreign currency translation in OCI to offset the change in the carrying value of the net investment being hedged until the complete or substantially complete liquidation of the hedged foreign operation. The ineffective portion of the gain or loss is recognized immediately in current earnings. For derivative instruments that are not designated as hedging instruments, gains and losses from changes in

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fair values are recognized in earnings. Cash receipts and cash payments related to derivative instruments are recorded in the same category as the cash flows from the items being hedged on the Consolidated Statements of Cash Flows.

### **Accumulated Other Comprehensive Income**

The following table sets forth the changes in AOCI, net of tax, by component during the fiscal year ended August 31, 2023 (in millions):

	Foreign Currency Translation Adjustment	Net Investment Hedges	Derivative Instruments	Actuarial Gain (Loss)	Prior Service (Cost) Credit	Total
Balance as of August 31, 2022	\$ (88)	\$ —	\$ (3)	\$ 65	\$ (16)	\$ (42)
Other comprehensive income (loss) before reclassifications	29	(4)	(25)	(5)	(2)	(7)
Amounts reclassified from AOCI	—	—	42	(14)	4	32
Other comprehensive income (loss) <sup>(1)</sup>	29	(4)	17	(19)	2	25
Balance as of August 31, 2023	\$ (59)	\$ (4)	\$ 14	\$ 46	\$ (14)	\$ (17)

<sup>(1)</sup> Amounts are net of tax, which are immaterial.

The following table sets forth the amounts reclassified from AOCI into the Consolidated Statements of Operations, and the associated financial statement line item, net of tax, for the periods indicated (in millions):

Comprehensive Income Components	Financial Statement Line Item	Fiscal Year Ended August 31,		
		2023	2022	2021
Realized losses (gains) on derivative instruments: <sup>(1)</sup>				
Foreign exchange contracts	Cost of revenue	\$ 44	\$ 30	\$ (44)
Interest rate contracts	Interest expense, net	(2)	2	3
Actuarial gains	(2)	(14)	(14)	(16)
Prior service costs	(2)	4	4	1
Total amounts reclassified from AOCI <sup>(3)</sup>	\$ 32	\$ 22	\$ (56)	

<sup>(1)</sup> The Company expects to reclassify \$9 million into earnings during the next twelve months, which will primarily be classified as a component of cost of revenue.

<sup>(2)</sup> Amounts are included in the computation of net periodic benefit cost. Refer to Note 10 – “Postretirement and Other Employee Benefits” for additional information.

<sup>(3)</sup> Amounts are net of tax, which are immaterial for the fiscal years ended August 31, 2023, 2022 and 2021.

### **Foreign Currency Transactions**

For the Company’s foreign subsidiaries that use a currency other than the U.S. dollar as their functional currency, the assets and liabilities are translated at exchange rates in effect at the balance sheet date, and revenues and expenses are translated at the average exchange rate for the period. The effects of these translation adjustments are reported in accumulated other comprehensive income. Gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included in operating income.

### **Revenue Recognition**

The Company provides comprehensive electronics design, production and product management services to companies in various industries and end markets. The Company derives substantially all of its revenue from production and product management services (collectively referred to as “manufacturing services”), which encompasses the act of producing tangible products that are built to customer specifications, which are then provided to the customer.

The Company generally enters into manufacturing service contracts with its customers that provide the framework under which business will be conducted and customer purchase orders will be received for specific quantities and with predominantly fixed pricing. As a result, the Company considers its contract with a customer to be the combination of the manufacturing service contract and the purchase order, or any agreements or other similar documents.

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The majority of the Company's manufacturing service contracts relate to manufactured products which have no alternative use and for which the Company has an enforceable right to payment for the work completed to date. As a result, revenue is recognized over time when or as the Company transfers control of the promised products or services (known as performance obligations) to its customers. For certain other contracts with customers that do not meet the over time revenue recognition criteria, transfer of control occurs at a point in time which generally occurs upon delivery and transfer of risk and title to the customer.

Most of the Company's contracts have a single performance obligation as the promise to transfer the individual manufactured product or service is capable of being distinct and is distinct within the context of the contract. For the majority of customers, performance obligations are satisfied over time based on the continuous transfer of control as manufacturing services are performed and are generally completed in less than one year.

The Company also derives revenue to a lesser extent from electronic design services to certain customers. Revenue from electronic design services is generally recognized over time as the services are performed.

For the Company's over time customers, it believes the measure of progress which best depicts the transfer of control is based on costs incurred to date, relative to total estimated cost at completion (i.e., an input method). This method is a faithful depiction of the transfer of goods or services because it results in the recognition of revenue on the basis of the Company's to-date efforts in the satisfaction of a performance obligation relative to the total expected efforts in the satisfaction of the performance obligation. The Company believes that the use of an input method best depicts the transfer of control to the customer, which occurs as the Company incurs costs on its contracts. The transaction price of each performance obligation is generally based upon the contractual stand-alone selling price of the product or service.

Certain contracts with customers include variable consideration, such as periodic cost of materials adjustments, rebates, discounts, or returns. The Company recognizes estimates of this variable consideration that are not expected to result in a significant revenue reversal in the future, primarily based on the most likely level of consideration to be paid to the customer under the specific terms of the underlying programs.

The Company is responsible for procuring certain components from suppliers for the manufacturing of finished goods at the direction of certain customers. If the Company does not obtain control of these components before they are transferred to the customer, the Company accounts for revenue associated with such components on a net basis. Revenue associated with components procured directly from customers is accounted for on a net basis if the components do not constitute a distinct good or service from the customer.

Taxes collected from the Company's customers and remitted to governmental authorities are presented within the Company's Consolidated Statements of Operations on a net basis and are excluded from the transaction price. The Company has elected to account for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the goods. Accordingly, the Company records customer payments of shipping and handling costs as a component of net revenue, and classifies such costs as a component of cost of revenue.

### ***Stock-Based Compensation***

The Company recognizes stock-based compensation expense, reduced for estimated forfeitures, on a straight-line basis over the requisite service period of the award, which is generally the vesting period for outstanding stock awards.

The stock-based compensation expense for time-based and performance-based restricted stock unit awards ("restricted stock units") is measured at fair value on the date of grant based on the number of shares expected to vest and the quoted market price of the Company's common stock. For restricted stock units with performance conditions, stock-based compensation expense is originally based on the number of shares that would vest if the Company achieved 100% of the performance goal, which is the intended outcome at the grant date. Throughout the requisite service period, management monitors the probability of achievement of the performance condition. If it becomes probable, based on the Company's performance, that more or less than the current estimate of the awarded shares will vest, an adjustment to stock-based compensation expense will be recognized as a change in accounting estimate in the period that such probability changes.

The stock-based compensation expense for market-based restricted stock units is measured at fair value on the date of grant. The market conditions are considered in the grant date fair value using a Monte Carlo valuation model, which utilizes multiple input variables to determine the probability of the Company achieving the specified market conditions. Stock-based compensation expense related to an award with a market condition will be recognized over the requisite service period regardless of whether the market condition is satisfied, provided that the requisite service period has been completed.

The Company currently expects to satisfy share-based awards with registered shares available to be issued.

See Note 12 – “Stockholders’ Equity” for further discussion of stock-based compensation expense.

#### **Income Taxes**

Deferred tax assets (“DTAs”) and liabilities (“DTLs”) are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. DTAs and DTLs are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on DTAs and DTLs of a change in the tax rate is recognized in income in the period that includes the enactment date of the rate change. The Company records a valuation allowance to reduce its DTAs to the amount that is more likely than not to be realized. The Company considers future taxable income and ongoing feasible tax planning strategies in assessing the need for the valuation allowance.

The Company records the effects of the Global Intangible Low-Taxed Income (“GILTI”) as a period cost and applies the incremental cash tax savings approach when analyzing the impact GILTI could have on its U.S. valuation allowance. The incremental cash tax savings approach considers the realizable benefit of a net operating loss and deferred tax assets by comparing the incremental cash taxes in the calculation of GILTI with and without the net operating loss and other DTAs.

#### **Earnings Per Share**

The Company calculates its basic earnings per share by dividing net income attributable to Jabil Inc. by the weighted average number of shares of common stock outstanding during the period. The Company’s diluted earnings per share is calculated in a similar manner, but includes the effect of dilutive securities. The difference between the weighted average number of basic shares outstanding and the weighted average number of diluted shares outstanding is primarily due to dilutive unvested restricted stock units.

Potential shares of common stock are excluded from the computation of diluted earnings per share when their effect would be antidilutive. Performance-based restricted stock units are considered dilutive when the related performance criterion have been met assuming the end of the reporting period represents the end of the performance period. All potential shares of common stock are antidilutive in periods of net loss. Potential shares of common stock not included in the computation of earnings per share because their effect would have been antidilutive or because the performance criterion was not met were as follows (in thousands):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Restricted stock units	383.1	209.4	655.0

#### **Fair Value of Financial Instruments**

Fair value is categorized in one of three levels based on the lowest level of significant input used. Level 1 – quoted market prices in active markets for identical assets and liabilities; Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3 – unobservable inputs for the asset or liability.

#### **2. Trade Accounts Receivable Sale Programs**

The Company regularly sells designated pools of high credit quality trade accounts receivable under uncommitted trade accounts receivable sale programs to unaffiliated financial institutions without recourse. As these accounts receivable are sold without recourse, the Company does not retain the associated risks following the transfer of such accounts receivable to the respective financial institutions. The Company continues servicing the receivables sold and in exchange receives a servicing fee under each of the trade accounts receivable sale programs. Servicing fees related to each of the trade accounts receivable sale programs recognized during the fiscal years ended August 31, 2023, 2022 and 2021 were not material. The Company does not record a servicing asset or liability on the Consolidated Balance Sheets as the Company estimates that the fee it receives to service these receivables approximates the fair market compensation to provide the servicing activities.

Transfers of the receivables under the trade accounts receivable sale programs are accounted for as sales and, accordingly, net receivables sold under the trade accounts receivable sale programs are excluded from accounts receivable on the Consolidated Balance Sheets and are reflected as cash provided by operating activities on the Consolidated Statements of Cash Flows.

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The following is a summary of the trade accounts receivable sale programs with unaffiliated financial institutions where the Company may elect to sell receivables and the unaffiliated financial institution may elect to purchase, at a discount, on an ongoing basis (in millions):

Program	Maximum Amount <sup>(1)</sup>	Type of Facility	Expiration Date
A	\$ 700	Uncommitted	December 5, 2025 <sup>(2)</sup>
B	\$ 120	Uncommitted	(2)
C	400 CNY	Uncommitted	August 31, 2023 <sup>(2)</sup>
D	\$ 150	Uncommitted	May 4, 2028 <sup>(2)</sup>
E	\$ 150	Uncommitted	(3)
F	\$ 50	Uncommitted	(3)
G	\$ 100	Uncommitted	(2)
H	\$ 600	Uncommitted	December 5, 2024 <sup>(2)</sup>
I	\$ 135	Uncommitted	April 11, 2025 <sup>(2)</sup>
J	100 CHF	Uncommitted	December 5, 2025 <sup>(2)</sup>
K	8,100 INR	Uncommitted	(2)

<sup>(1)</sup> Maximum amount of trade accounts receivable that may be sold under a facility at any one time.

<sup>(2)</sup> Any party may elect to terminate the agreement upon 30 days prior notice.

<sup>(3)</sup> Any party may elect to terminate the agreement upon 15 days prior notice.

In connection with the trade accounts receivable sale programs, the Company recognized the following (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Trade accounts receivable sold	\$ 10,784	\$ 8,513	\$ 4,654
Cash proceeds received	\$ 10,748	\$ 8,504	\$ 4,651
Pre-tax losses on sale of receivables <sup>(1)</sup>	\$ 36	\$ 9	\$ 3

<sup>(1)</sup> Recorded to other expense within the Consolidated Statements of Operations.

### 3. Inventories

Inventories consist of the following (in millions):

	August 31, 2023 <sup>(1)</sup>	August 31, 2022
Raw materials	\$ 4,804	\$ 4,918
Work in process	217	687
Finished goods	243	605
Reserve for excess and obsolete inventory	(58)	(82)
Inventories, net	\$ 5,206	\$ 6,128

<sup>(1)</sup> Excludes \$559 million of inventories, net classified as held for sale. See Note 16 – “Business Acquisitions and Divestitures” for additional information.

#### 4. Property, Plant and Equipment

Property, plant and equipment consists of the following (in millions):

	August 31, 2023 <sup>(1)</sup>	August 31, 2022
Land and improvements	\$ 107	\$ 108
Buildings	1,281	1,191
Leasehold improvements	676	1,362
Machinery and equipment	4,362	5,627
Furniture, fixtures and office equipment	229	241
Computer hardware and software	840	860
Transportation equipment	7	10
Construction in progress	147	179
Property, plant and equipment	<u>7,649</u>	<u>9,578</u>
Less accumulated depreciation and amortization	4,512	5,624
Property, plant and equipment, net	<u>\$ 3,137</u>	<u>\$ 3,954</u>

<sup>(1)</sup> Excludes \$724 million of property, plant and equipment, net classified as held for sale. See Note 16 – “Business Acquisitions and Divestitures” for additional information.

Depreciation and maintenance and repair expenses were as follows for the periods indicated (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Depreciation expense	\$ 891	\$ 891	\$ 828
Maintenance and repair expense	\$ 431	\$ 395	\$ 381

As of August 31, 2023 and 2022, the Company had \$357 million and \$472 million, respectively, included in accounts payable for the acquisition of property, plant and equipment, which is considered a non-cash investing activity in the Consolidated Statements of Cash Flows.

#### 5. Leases

The following table sets forth the amount of lease assets and lease liabilities included on the Company's Consolidated Balance Sheets, as of the periods indicated (in millions):

	Financial Statement Line Item	August 31, 2023 <sup>(1)</sup>	August 31, 2022
<b>Assets</b>			
Operating lease assets <sup>(2)</sup>	Operating lease right-of-use assets	\$ 367	\$ 500
Finance lease assets <sup>(3)</sup>	Property, plant and equipment, net	310	368
Total lease assets		<u>\$ 677</u>	<u>\$ 868</u>
<b>Liabilities</b>			
Current			
Operating lease liabilities	Current operating lease liabilities	\$ 104	\$ 119
Finance lease liabilities	Accrued expenses	74	120
Non-current			
Operating lease liabilities	Non-current operating lease liabilities	269	417
Finance lease liabilities	Other liabilities	212	198
Total lease liabilities		<u>\$ 659</u>	<u>\$ 854</u>

<sup>(1)</sup> Excludes operating lease and finance lease assets and liabilities classified as held for sale. See Note 16 – “Business Acquisitions and Divestitures” for additional information.

<sup>(2)</sup> Net of accumulated amortization of \$309 million and \$249 million as of August 31, 2023 and 2022, respectively.

<sup>(3)</sup> Net of accumulated amortization of \$199 million and \$110 million as of August 31, 2023 and 2022, respectively.

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The following table is a summary of expenses related to leases included on the Company's Consolidated Statements of Operations, for the periods indicated (in millions):

	Fiscal Year Ended August 31,	
	2023	2022
Operating lease cost	\$ 147	\$ 143
Finance lease cost		
Amortization of leased assets	89	70
Interest on lease liabilities	9	6
Other	15	22
Net lease cost <sup>(1)</sup>	<u>\$ 260</u>	<u>\$ 241</u>

<sup>(1)</sup> Lease costs are primarily recognized in cost of revenue.

The following table is a summary of the weighted-average remaining lease terms and weighted-average discount rates of the Company's leases, as of the periods indicated:

	August 31, 2023		August 31, 2022	
	Weighted-average remaining lease term	Weighted-average discount rate	Weighted-average remaining lease term	Weighted-average discount rate
Operating leases	5.2 years	3.55 %	5.3 years	3.19 %
Finance leases	2.1 years	3.84 %	2.6 years	2.84 %

The following table sets forth other supplemental information related to the Company's lease portfolio (in millions):

	Fiscal Year Ended August 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases <sup>(1)</sup>	\$ 135	\$ 123
Operating cash flows for finance leases <sup>(1)</sup>	\$ 9	\$ 6
Financing activities for finance leases <sup>(2)</sup>	\$ 157	\$ 120
Non-cash right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 110	\$ 229
Finance leases	\$ 131	\$ 127

<sup>(1)</sup> Included in accounts payable, accrued expenses and other liabilities in Operating Activities of the Company's Consolidated Statements of Cash Flows.

<sup>(2)</sup> Included in payments toward debt agreements in Financing Activities of the Company's Consolidated Statements of Cash Flows.

The future minimum lease payments under operating and finance leases as of August 31, 2023 were as follows (in millions):

Fiscal Year Ended August 31,	Operating Leases <sup>(1)</sup>	Finance Leases <sup>(1)(2)</sup>	Total
2024	\$ 138	\$ 93	\$ 231
2025	101	102	203
2026	77	101	178
2027	58	6	64
2028	42	2	44
Thereafter	116	10	126
Total minimum lease payments	\$ 532	\$ 314	\$ 846
Less: Interest	(56)	(17)	(73)
Present value of lease liabilities	<u>\$ 476</u>	<u>\$ 297</u>	<u>\$ 773</u>

<sup>(1)</sup> Excludes \$214 million of payments related to leases signed but not yet commenced. Of these excluded payments, \$163 million relates to a variable interest entity ("VIE"), for which the Company is not the primary beneficiary. This is

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also the Company's maximum exposure to loss related to the VIE. The Company expects the lease related to the VIE to commence in fiscal year 2024. Additionally, certain leases signed but not yet commenced contain residual value guarantees and purchase options not deemed probable.

(2) Excludes \$194 million of residual value guarantees that could potentially come due in future periods. The Company does not believe it is probable that any amounts will be owed under these guarantees. Therefore, no amounts related to the residual value guarantees are included in the lease payments used to measure the right-of-use assets and lease liabilities.

## 6. Goodwill and Other Intangible Assets

The Company completed its annual impairment analysis for goodwill and indefinite-lived intangible assets during the fourth quarter of fiscal year 2023. The qualitative assessment was performed and the Company determined that it is more likely than not that the fair values of the reporting units and the indefinite-lived intangible assets were in excess of the carrying values and that no impairment existed as of the date of the impairment analysis.

The following table presents the changes in goodwill allocated to the Company's reportable segments, Electronics Manufacturing Services ("EMS") and Diversified Manufacturing Services ("DMS"), during the fiscal years ended August 31, 2023 and 2022 (in millions):

	EMS	DMS	Total
Balance as of August 31, 2021	\$ 74	\$ 641	\$ 715
Acquisitions and adjustments	6	1	7
Change in foreign currency exchange rates	(1)	(17)	(18)
Balance as of August 31, 2022	79	625	704
Acquisitions and adjustments	—	24	24
Change in foreign currency exchange rates	1	9	10
Goodwill classified as held for sale	—	(117)	(117)
Balance as of August 31, 2023	<u>\$ 80</u>	<u>\$ 541</u>	<u>\$ 621</u>

The following table is a summary of the Company's gross goodwill balances and accumulated impairments as of the periods indicated (in millions):

	August 31, 2023		August 31, 2022	
	Gross Carrying Amount <sup>(1)</sup>	Accumulated Impairment	Gross Carrying Amount	Accumulated Impairment
Goodwill	\$ 1,641	\$ 1,020	\$ 1,724	\$ 1,020

<sup>(1)</sup> Excludes \$117 million of goodwill classified as held for sale. See Note 16 – "Business Acquisitions and Divestitures" for additional information.

The following table presents the Company's total purchased intangible assets as of August 31, 2023 and 2022 (in millions):

	Weighted Average Amortization Period (in years)	August 31, 2023			August 31, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Contractual agreements and customer relationships	12	\$ 320	\$ (251)	\$ 69	\$ 302	\$ (231)	\$ 71
Intellectual property	9	198	(177)	21	198	(173)	25
Finite-lived trade names	Not applicable	79	(78)	1	78	(67)	11
Trade names	Indefinite	51	—	51	51	—	51
Total intangible assets	11	<u>\$ 648</u>	<u>\$ (506)</u>	<u>\$ 142</u>	<u>\$ 629</u>	<u>\$ (471)</u>	<u>\$ 158</u>

Intangible asset amortization for fiscal years 2023, 2022 and 2021 was approximately \$33 million, \$34 million and \$47 million, respectively. The estimated future amortization expense is as follows (in millions):

Fiscal Year Ended August 31,			
2024		\$	20
2025			17
2026			14
2027			14
2028			12
Thereafter			14
Total		\$	91

## 7. Notes Payable and Long-Term Debt

Notes payable and long-term debt outstanding as of August 31, 2023 and 2022 are summarized below (in millions):

	Maturity Date	August 31, 2023	August 31, 2022
4.900% Senior Notes <sup>(1)(3)</sup>	Jul 14, 2023	\$ —	\$ 300
3.950% Senior Notes <sup>(1)(2)</sup>	Jan 12, 2028	497	497
3.600% Senior Notes <sup>(1)(2)</sup>	Jan 15, 2030	496	496
3.000% Senior Notes <sup>(1)(2)</sup>	Jan 15, 2031	593	592
1.700% Senior Notes <sup>(1)(2)</sup>	Apr 15, 2026	498	497
4.250% Senior Notes <sup>(1)(2)(5)</sup>	May 15, 2027	495	493
5.450% Senior Notes <sup>(1)(2)(3)</sup>	Feb 1, 2029	296	—
Borrowings under credit facilities <sup>(4)(6)</sup>	Jan 22, 2025 and Jan 22, 2027	—	—
Borrowings under loans	Jul 31, 2026	—	—
Total notes payable and long-term debt		2,875	2,875
Less current installments of notes payable and long-term debt		—	300
Notes payable and long-term debt, less current installments		\$ 2,875	\$ 2,575

<sup>(1)</sup> The notes are carried at the principal amount of each note, less any unamortized discount and unamortized debt issuance costs.

<sup>(2)</sup> The Senior Notes are the Company's senior unsecured obligations and rank equally with all other existing and future senior unsecured debt obligations.

<sup>(3)</sup> On April 13, 2023, the Company issued \$300 million of publicly registered 5.450% Senior Notes due 2029 (the "5.450% Senior Notes"). The Company used the net proceeds for general corporate purposes, including, together with available cash, repayment of the \$300 million aggregate principal amount of the Company's 4.900% Senior Notes due in July 2023.

<sup>(4)</sup> On February 10, 2023, the Company entered into an amendment (the "Amendment") to its senior unsecured credit agreement dated as of January 22, 2020 (as amended, the "Credit Facility"). The Amendment, among other things, (i) instituted certain amendments to the sustainability-linked adjustments to the interest rates applicable to borrowings under the three-year revolving credit facility (the "Three-Year Revolving Credit Facility") and the Company's five-year revolving credit facility (the "Five-Year Revolving Credit Facility"), (ii) established customary SOFR, CDOR, EURIBOR and TIBOR provisions, which replaced the LIBOR provisions set forth in the existing agreement, and (iii) extended the termination date of the Three-Year Revolving Credit Facility to January 22, 2025, and of the Five-Year Revolving Credit Facility to January 22, 2027.

<sup>(5)</sup> On May 4, 2022, the Company issued \$500 million of registered 4.250% Senior Notes due 2027 (the "Green Bonds" or the "4.250% Senior Notes"). On May 31, 2022, the net proceeds from the offering were used to redeem the Company's 4.700% Senior Notes due in 2022 and pay the applicable "make-whole" premium and accrued interest. In addition, the Company intends to allocate an amount equal to the net proceeds from this offering to finance or refinance eligible expenditures under the Company's new green financing framework.

<sup>(6)</sup> As of August 31, 2023, the Company has \$3.8 billion in available unused borrowing capacity under its revolving credit facilities. The Credit Facility acts as the back-up facility for commercial paper outstanding, if any. The Company has a borrowing capacity of up to \$3.2 billion under its commercial paper program.

In the ordinary course of business, the Company has letters of credit and surety bonds with banks and insurance companies outstanding of \$66 million as of August 31, 2023. Unused letters of credit were \$68 million as of August 31, 2023. Letters of credit and surety bonds are generally available for draw down in the event the Company does not perform.

**Debt Maturities**

Debt maturities as of August 31, 2023 are as follows (in millions):

Fiscal Year Ended August 31,		
2024	\$	—
2025		—
2026		498
2027		495
2028		497
Thereafter		1,385
Total	\$	<u>2,875</u>

**Debt Covenants**

Borrowings under the Company's debt agreements are subject to various covenants that limit the Company's ability to: incur additional indebtedness, sell assets, effect mergers and certain transactions, and effect certain transactions with subsidiaries and affiliates. In addition, the revolving credit facilities and the 4.900% Senior Notes contain debt leverage and interest coverage covenants. The Company is also subject to certain covenants requiring the Company to offer to repurchase the 4.900%, 3.950%, 3.600%, 3.000%, 1.700%, 4.250% or 5.450% Senior Notes upon a change of control. As of August 31, 2023 and 2022, the Company was in compliance with its debt covenants.

**Fair Value**

Refer to Note 17 – “Fair Value Measurements” for the estimated fair values of the Company’s notes payable and long-term debt.

**8. Asset-Backed Securitization Programs**

*Global asset-backed securitization program* - Effective August 20, 2021, the global securitization program (formerly referred to as the North American asset-backed securitization program) terms were amended to: (i) add a foreign entity to the program, (ii) increase the maximum amount of net cash proceeds available at any one time from \$390 million to \$600 million and (iii) extend the expiration date of the program to November 25, 2024. The facility limit was increased to \$700 million for the month of August 2023. As of August 31, 2023, the Company had no available liquidity under its global asset-backed securitization program.

Certain entities participating in the global asset-backed securitization program continuously sell designated pools of trade accounts receivable to a special purpose entity, which in turn sells certain of the receivables at a discount to conduits administered by an unaffiliated financial institution on a monthly basis. In addition, the foreign entity participating in the global asset-backed securitization program sells certain receivables at a discount to conduits administered by an unaffiliated financial institution on a daily basis.

The special purpose entity in the global asset-backed securitization program is a wholly-owned subsidiary of the Company and is included in the Company's Consolidated Financial Statements. Certain unsold receivables covering up to the maximum amount of net cash proceeds available under the domestic, or U.S., portion of the global asset-backed securitization program are pledged as collateral to the unaffiliated financial institution as of August 31, 2023.

*Foreign asset-backed securitization program* - The Company terminated the foreign asset-backed securitization program on June 28, 2021. In connection with the termination, the Company paid approximately \$167 million in cash, which consisted of: (i) \$68 million for the remittance of collections received prior to June 28, 2021, in the Company's role as servicer of sold receivables and (ii) a repurchase of \$99 million of all previously sold receivables, at fair value, that remained outstanding as of June 28, 2021. As of August 31, 2021, the Company had substantially collected the repurchased receivables from customers.

*Global and foreign asset-backed securitization programs*- The Company continues servicing the receivables sold and in exchange receives a servicing fee under the global asset-backed securitization programs. Servicing fees related to each of the asset-backed securitization programs recognized during the fiscal years ended August 31, 2023, 2022 and 2021 were not material. The Company does not record a servicing asset or liability on the Consolidated Balance Sheets as the Company estimates that the fee it receives to service these receivables approximates the fair market compensation to provide the servicing activities.

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Transfers of the receivables under the asset-backed securitization programs are accounted for as sales and, accordingly, net receivables sold under the asset-backed securitization programs are excluded from accounts receivable on the Consolidated Balance Sheets and are reflected as cash provided by operating activities on the Consolidated Statements of Cash Flows.

In connection with the asset-backed securitization programs, the Company recognized the following (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021 <sup>(3)</sup>
Trade accounts receivable sold	\$ 4,101	\$ 3,932	\$ 4,222
Cash proceeds received <sup>(1)</sup>	\$ 4,061	\$ 3,919	\$ 4,202
Proceeds due from bank	\$ —	\$ —	\$ 10
Pre-tax losses on sale of receivables <sup>(2)</sup>	\$ 40	\$ 13	\$ 10

<sup>(1)</sup> The amounts primarily represent proceeds from collections reinvested in revolving-period transfers.

<sup>(2)</sup> Recorded to other expense within the Consolidated Statements of Operations.

<sup>(3)</sup> Includes trade accounts receivable sold and cash proceeds received under the foreign asset-backed securitization program through June 28, 2021, except for \$99 million of previously sold receivables that were repurchased.

The global asset-backed securitization program requires compliance with several covenants including compliance with the interest ratio and debt to EBITDA ratio of the Credit Facility. As of August 31, 2023 and 2022, the Company was in compliance with all covenants under the global asset-backed securitization program. As of August 31, 2021, the Company was in compliance with all covenants under the global and foreign asset-backed securitization programs.

## **9. Accrued Expenses**

Accrued expenses consist of the following (in millions):

	August 31, 2023 <sup>(1)</sup>	August 31, 2022
Inventory deposits	\$ 1,839	\$ 1,586
Contract liabilities <sup>(2)</sup>	886	796
Accrued compensation and employee benefits	743	806
Other accrued expenses	2,047	2,084
Accrued expenses	\$ 5,515	\$ 5,272

<sup>(1)</sup> Excludes \$364 million of accrued expenses classified as held for sale. See Note 16 – “Business Acquisitions and Divestitures” for additional information.

<sup>(2)</sup> Revenue recognized during the fiscal years ended August 31, 2023 and 2022 that was included in the contract liability balance as of August 31, 2022 and 2021 was \$539 million and \$312 million, respectively.

## **10. Postretirement and Other Employee Benefits**

### ***Postretirement Benefits***

The Company has a qualified defined benefit pension plan for employees of Jabil Circuit UK Limited (the “UK plan”). The UK plan, which is closed to new participants, provides benefits based on average employee earnings over a three-year service period preceding retirement and length of employee service. The Company’s policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in UK employee benefit and tax laws plus such additional amounts as are deemed appropriate by the Company.

The Company also has a qualified defined benefit pension plan for employees in Switzerland (the “Switzerland plan”). The Switzerland plan provides benefits based on average employee earnings over an approximately 8 year service period preceding retirement and length of employee service. The Company’s policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in Switzerland employee benefit and tax laws plus such additional amounts as are deemed appropriate by the Company.

Additionally, as a result of acquiring various other operations in Europe, Asia and Mexico the Company assumed both qualified and unfunded nonqualified retirement benefits covering eligible employees who meet age and service requirements (the “other plans”).

The UK plan, Switzerland plan and other plans are collectively referred to herein as the “plans.”

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**Benefit Obligation and Plan Assets**

The projected benefit obligations (“PBO”) and plan assets, changes to the PBO and plan assets and the funded status of the plans as of and for the fiscal years ended August 31 are as follows (in millions):

	Fiscal Year Ended August 31,	
	2023	2022
<b>Change in PBO</b>		
Beginning PBO	\$ 432	\$ 587
Service cost	18	25
Interest cost	12	4
Actuarial gain	(23)	(119)
Settlements paid from plan assets <sup>(1)</sup>	(27)	(28)
Total benefits paid	(16)	(13)
Plan participants' contributions	22	21
Effect of conversion to U.S. dollars	43	(45)
Ending PBO	<u>\$ 461</u>	<u>\$ 432</u>
<b>Change in plan assets</b>		
Beginning fair value of plan assets	459	576
Actual return on plan assets	(16)	(68)
Settlements paid from plan assets <sup>(1)</sup>	(27)	(28)
Employer contributions	18	16
Benefits paid from plan assets	(15)	(12)
Plan participants' contributions	22	21
Effect of conversion to U.S. dollars	45	(46)
Ending fair value of plan assets	<u>\$ 486</u>	<u>\$ 459</u>
Funded status	<u>\$ 25</u>	<u>\$ 27</u>
<b>Amounts recognized in the Consolidated Balance Sheets</b>		
Accrued benefit liability, current	\$ 1	\$ 1
Accrued benefit asset, noncurrent	\$ 26	\$ 28
Accumulated other comprehensive loss <sup>(2)</sup>		
Actuarial gain, before tax	\$ (71)	\$ (85)
Prior service cost, before tax	\$ 16	\$ 18

<sup>(1)</sup> The settlements recognized during fiscal years 2023 and 2022 relate primarily to the Switzerland plan.

<sup>(2)</sup> The Company anticipates amortizing \$10 million and \$4 million, before tax, of net actuarial gain and prior service costs balances, respectively, to net periodic cost in fiscal year 2024.

**Accumulated Benefit Obligation**

The following table summarizes the total accumulated benefit obligations (“ABO”), the ABO and fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the PBO and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets for fiscal years 2023 and 2022 (in millions):

	August 31, 2023	August 31, 2022
ABO	\$ 441	\$ 417
<b>Plans with ABO in excess of plan assets</b>		
ABO	\$ 41	\$ 41
Fair value of plan assets	\$ 15	\$ 19
<b>Plans with PBO in excess of plan assets</b>		
PBO	\$ 52	\$ 51
Fair value of plan assets	\$ 15	\$ 19

**Net Periodic Benefit Cost**

The following table provides information about the net periodic benefit cost for the plans for fiscal years 2023, 2022 and 2021 (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Service cost <sup>(1)</sup>	\$ 18	\$ 25	\$ 25
Interest cost <sup>(2)</sup>	12	4	5
Expected long-term return on plan assets <sup>(2)</sup>	(17)	(17)	(16)
Recognized actuarial gain <sup>(2)</sup>	(7)	(6)	(10)
Amortization of actuarial gains <sup>(2)(3)</sup>	(7)	(8)	(6)
Net settlement loss <sup>(2)</sup>	—	1	1
Amortization of prior service costs <sup>(2)</sup>	4	4	1
Net periodic benefit cost	\$ 3	\$ 3	\$ —

<sup>(1)</sup> Service cost is recognized in cost of revenue in the Consolidated Statements of Operations.

<sup>(2)</sup> Components are recognized in other expense in the Consolidated Statements of Operations.

<sup>(3)</sup> Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the projected benefit obligation and the fair value of plan assets. Gains and losses in excess of the corridor are generally amortized over the average future working lifetime of the plan participants.

#### Assumptions

Weighted-average actuarial assumptions used to determine net periodic benefit cost and PBO for the plans for the fiscal years 2023, 2022 and 2021 were as follows:

	Fiscal Year Ended August 31,		
	2023	2022	2021
<b>Net periodic benefit cost:</b>			
Expected long-term return on plan assets <sup>(1)</sup>	3.6 %	3.0 %	2.9 %
Rate of compensation increase	2.1 %	2.2 %	2.1 %
Discount rate	2.6 %	0.7 %	0.8 %
<b>PBO:</b>			
Expected long-term return on plan assets	3.7 %	3.6 %	3.0 %
Rate of compensation increase	1.9 %	2.1 %	2.2 %
Discount rate <sup>(2)</sup>	2.8 %	2.6 %	0.7 %

<sup>(1)</sup> The expected return on plan assets assumption used in calculating net periodic benefit cost is based on historical return experience and estimates of future long-term performance with consideration to the expected investment mix of the plan.

<sup>(2)</sup> The discount rate is used to state expected cash flows relating to future benefits at a present value on the measurement date. This rate represents the market rate for high-quality fixed income investments whose timing would match the cash outflow of retirement benefits. Other assumptions include demographic factors such as retirement, mortality and turnover.

#### Plan Assets

The Company has adopted an investment policy for a majority of plan assets, which was set by plan trustees who have the responsibility for making investment decisions related to the plan assets. The plan trustees oversee the investment allocation, including selecting professional investment managers and setting strategic targets. The investment objectives for the assets are (1) to acquire suitable assets that hold the appropriate liquidity in order to generate income and capital growth that, along with new contributions, will meet the cost of current and future benefits under the plan, (2) to limit the risk of the plan assets from failing to meet the plan liabilities over the long-term and (3) to minimize the long-term costs under the plan by maximizing the return on the plan assets.

Investment policies and strategies governing the assets of the plans are designed to achieve investment objectives with prudent risk parameters. Risk management practices include the use of external investment managers; the maintenance of a portfolio diversified by asset class, investment approach and security holdings; and the maintenance of sufficient liquidity to meet benefit obligations as they come due. Within the equity securities class, the investment policy provides for investments in a broad range of publicly traded securities including both domestic and international stocks. Within the debt securities class, the investment policy provides for investments in corporate bonds as well as fixed and variable interest debt instruments. The Company currently expects to achieve a target mix of 40% equity and 60% debt securities in fiscal year 2024.

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### **Fair Value**

The fair values of the plan assets held by the Company by asset category are as follows (in millions):

Asset Category	Fair Value Hierarchy	August 31, 2023		August 31, 2022	
		Fair Value	Asset Allocation	Fair Value	Asset Allocation
Cash and cash equivalents <sup>(1)</sup>	Level 1	\$ 17	3 %	\$ 13	3 %
Equity Securities:					
Global equity securities <sup>(2)(3)</sup>	Level 2	213	44 %	197	43 %
Debt Securities:					
Corporate bonds <sup>(3)</sup>	Level 2	216	45 %	203	44 %
Government bonds <sup>(3)</sup>	Level 2	30	6 %	34	7 %
Other Investments:					
Insurance contracts <sup>(4)</sup>	Level 3	10	2 %	12	3 %
Fair value of plan assets		<u>\$ 486</u>	<u>100 %</u>	<u>\$ 459</u>	<u>100 %</u>

(1) Carrying value approximates fair value.

(2) Investments in equity securities by companies incorporated, listed or domiciled in developed and/or emerging market countries.

(3) Investments in global equity securities, corporate bonds, government securities and government bonds are valued using the quoted prices of securities with similar characteristics.

(4) Consist of an insurance contract that guarantees the payment of the funded pension entitlements, as well as provides a profit share to the Company. The profit share in this contract is not based on actual investments, but, instead on a notional investment portfolio that is expected to return a pre-defined rate. Insurance contract assets are recorded at fair value and is determined based on the cash surrender value of the insured benefits which is the present value of the guaranteed funded benefits. Insurance contracts are valued using unobservable inputs (Level 3 inputs), primarily by discounting expected future cash flows relating to benefits paid from a notional investment portfolio in order to determine the cash surrender value of the policy. The unobservable inputs consist of estimated future benefits to be paid throughout the duration of the policy and estimated discount rates, which both have an immaterial impact on the fair value estimate of the contract.

### **Cash Flows**

The Company expects to make cash contributions between \$25 million and \$30 million to its funded pension plans during fiscal year 2024. The estimated future benefit payments, which reflect expected future service, are as follows (in millions):

<u>Fiscal Year Ended August 31,</u>	<u>Amount</u>
2024	\$ 34
2025	\$ 29
2026	\$ 29
2027	\$ 33
2028	\$ 31
2029 through 2033	\$ 156

### **Profit Sharing, 401(k) Plan and Defined Contribution Plans**

The Company provides retirement benefits to its domestic employees who have completed a 30-day period of service through a 401(k) plan that provides a matching contribution by the Company. The Company also has defined contribution benefit plans for certain of its international employees. The Company contributed approximately \$74 million, \$63 million and \$56 million for defined contribution plans for the fiscal years ended August 31, 2023, 2022 and 2021, respectively.

### **11. Derivative Financial Instruments and Hedging Activities**

The Company is directly and indirectly affected by changes in certain market conditions. These changes in market conditions may adversely impact the Company's financial performance and are referred to as market risks. The Company, where deemed appropriate, uses derivatives as risk management tools to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative instruments are foreign currency risk and interest rate risk.

### Foreign Currency Risk Management

Forward contracts are put in place to manage the foreign currency risk associated with the anticipated foreign currency denominated revenues and expenses. A hedging relationship existed with an aggregate notional amount outstanding of \$491 million and \$1.4 billion as of August 31, 2023 and 2022, respectively. The related forward foreign exchange contracts have been designated as hedging instruments and are accounted for as cash flow hedges. The forward foreign exchange contract transactions will effectively lock in the value of anticipated foreign currency denominated revenues and expenses against foreign currency fluctuations. The anticipated foreign currency denominated revenues and expenses being hedged are expected to occur between September 1, 2023 and August 31, 2024.

In addition to derivatives that are designated as hedging instruments and qualify for hedge accounting, the Company also enters into forward contracts to economically hedge transactional exposure associated with commitments arising from trade accounts receivable, trade accounts payable, fixed purchase obligations and intercompany transactions denominated in a currency other than the functional currency of the respective operating entity. The aggregate notional amount of these outstanding contracts as of August 31, 2023 and 2022, was \$4.0 billion and \$3.4 billion, respectively.

The gains and losses on cash flow hedges recognized in earnings due to amounts excluded from effectiveness testing were not material for all periods presented and are included as components of net revenue, cost of revenue and selling, general and administrative expense, which are the same line items in which the hedged items are recorded.

In addition, the Company has entered into forward foreign currency exchange contracts to hedge a portion of its net investment in foreign currency denominated operations, which are designated as net investment hedges. The maturity dates and aggregate notional amount outstanding of net investment hedges are as follows (in millions):

Maturity date	August 31, 2023	August 31, 2022
September 2023	\$ 34	\$ —
October 2023	96	—
January 2024	96	—
April 2024	68	—
July 2024	102	—
Total	<u>\$ 396</u>	<u>\$ —</u>

The gains and losses on net investment hedges are included in change in foreign currency translation in OCI to offset the change in the carrying value of the net investment being hedged until the complete or substantially complete liquidation of the hedged foreign operation. The amounts excluded from effectiveness testing were not material for all periods presented and are recognized in interest expense, net.

Refer to Note 17 – “Fair Value Measurements” for the fair values and classification of the Company’s derivative instruments.

The following table presents the net (losses) gains from forward contracts recorded in the Consolidated Statements of Operations for the periods indicated (in millions):

Derivatives Not Designated as Hedging Instruments Under ASC 815	Location of (Loss) Gain on Derivatives Recognized in Net Income	Amount of (Loss) Gain Recognized in Net Income on Derivatives		
		Fiscal Year Ended August 31,		
		2023	2022	2021
Forward foreign exchange contracts <sup>(1)</sup>	Cost of revenue	\$ (111)	\$ (71)	\$ 140

<sup>(1)</sup> For the fiscal years ended August 31, 2023 and 2022, the Company recognized \$58 million and \$87 million, respectively, of foreign currency gains in cost of revenue, which are offset by the losses from the forward foreign exchange contracts. For the fiscal year ended August 31, 2021, the Company recognized \$105 million of foreign currency losses in cost of revenue, which are offset by gains from the forward foreign contracts.

### Interest Rate Risk Management

The Company periodically enters into interest rate swaps to manage interest rate risk associated with the Company’s borrowings or anticipated debt issuances.

Contemporaneously with the issuance of the 5.450% Senior Notes in April 2023, the Company settled cash flow hedges with an aggregate notional amount of \$150 million and \$100 million, with effective dates of May 2021 and August 2022, respectively. The cash received for the cash flow hedges at settlement was \$15 million. The settled cash flow hedges are recorded in the Consolidated Balance Sheets as a component of AOCI and are amortized to interest expense, net in the Consolidated Statements of Operations. As of August 31, 2023, there are no outstanding interest rate swaps.

Contemporaneously with the issuance of the 4.250% Senior Notes in April 2022, the Company settled cash flow hedges with an aggregate notional amount of \$250 million and \$170 million, with effective dates of November 2020 and March 2022, respectively. The cash received for the cash flow hedges at settlement was \$46 million. The settled cash flow hedges are recorded in the Consolidated Balance Sheets as a component of AOCI and are amortized to interest expense, net in the Statements of Operations.

Contemporaneously with the issuance of the 3.000% Senior Notes in July 2020, the Company amended interest rate swap agreements with a notional amount of \$200 million, with mandatory termination dates from August 15, 2020 through February 15, 2022 (the “2020 Extended Interest Rate Swaps”). In addition, the Company entered into interest rate swaps to offset future exposures of fluctuations in the fair value of the 2020 Extended Interest Rate Swaps (the “Offsetting Interest Rate Swaps”). The change in fair value of the 2020 Extended Interest Rate Swaps and Offsetting Interest Rate Swaps was recorded in the Consolidated Statements of Operations through the maturity date of February 15, 2022, as an adjustment to interest expense, net.

## **12. Stockholders' Equity**

The Company recognized stock-based compensation expense within selling, general and administrative expense as follows (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Restricted stock units	\$ 81	\$ 67	\$ 91
Employee stock purchase plan	14	14	11
<b>Total</b>	<b>\$ 95</b>	<b>\$ 81</b>	<b>\$ 102</b>

### **Equity Compensation Plan**

The 2021 Equity Incentive Plan (the “2021 EIP”) provides for the grant of restricted stock awards, restricted stock unit awards and other stock-based awards. The maximum aggregate number of shares that are available for issuance under the 2021 EIP is 11,000,000.

Following is a reconciliation of the shares available to be issued under the 2021 EIP as of August 31, 2023:

	Shares Available for Grant
Balance as of August 31, 2022	9,974,294
Restricted stock units granted, net of forfeitures <sup>(1)</sup>	(1,510,561)
<b>Balance as of August 31, 2023</b>	<b>8,463,733</b>

<sup>(1)</sup> Represents the maximum number of shares that can be issued based on the achievement of certain performance criteria.

### **Restricted Stock Units**

Certain key employees have been granted time-based, performance-based and market-based restricted stock units. The time-based restricted stock units granted generally vest on a graded vesting schedule over three years. The performance-based restricted stock units generally vest on a cliff vesting schedule over three years and up to a maximum of 150%, depending on the specified performance condition and the level of achievement obtained. The performance-based restricted stock units have a vesting condition that is based upon the Company’s cumulative adjusted core earnings per share during the performance period. The market-based restricted stock units generally vest on a cliff vesting schedule over three years and up to a maximum of 200%, depending on the specified performance condition and the level of achievement obtained. The market-based restricted stock units have a vesting condition that is tied to the Company’s total shareholder return based on the Company’s stock performance in relation to the companies in the Standard and Poor’s (S&P) Super Composite Technology Hardware and Equipment Index excluding the Company.

The following table summarizes restricted stock units activity from August 31, 2022 through August 31, 2023:

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	Shares	Weighted-Average Grant-Date Fair Value
Outstanding as of August 31, 2022	4,412,994	\$ 49.87
Changes during the period		
Shares granted <sup>(1)</sup>	1,673,925	\$ 66.33
Shares vested	(2,014,802)	\$ 45.98
Shares forfeited	(163,364)	\$ 56.92
Outstanding as of August 31, 2023	<u><u>3,908,753</u></u>	<u><u>\$ 58.70</u></u>

<sup>(1)</sup> For those shares granted that are based on the achievement of certain performance criteria, the amount represents the maximum number of shares that can vest. During the fiscal year ended August 31, 2023, the Company awarded approximately 0.9 million time-based restricted stock units, 0.2 million performance-based restricted stock units and 0.2 million market-based restricted stock units based on target performance criteria.

The following table represents the restricted stock units stock-based compensation information for the periods indicated (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Fair value of restricted stock units vested	\$ 93	\$ 72	\$ 69
Tax benefit for stock compensation expense <sup>(1)</sup>	\$ 2	\$ 2	\$ 1
Unrecognized stock-based compensation expense — restricted stock units	\$ 43		
Remaining weighted-average period for restricted stock units expense		1.4 years	

<sup>(1)</sup> Classified as income tax expense within the Consolidated Statements of Operations.

#### **Employee Stock Purchase Plan**

The maximum aggregate number of shares available for issuance under the 2011 Employee Stock Purchase Plan (the “ESPP”) is 23,000,000.

Employees are eligible to participate in the ESPP after 90 days of employment with the Company. The ESPP permits eligible employees to purchase common stock through payroll deductions, which may not exceed 10% of an employee’s compensation, as defined in the ESPP, at a price equal to 85% of the fair value of the common stock at the beginning or end of the offering period, whichever is lower. The ESPP is intended to qualify under Section 423 of the Internal Revenue Code. As of August 31, 2023, 9,987,996 shares remained available for issue under the 2011 ESPP.

The fair value of shares issued under the ESPP was estimated on the commencement date of each offering period using the Black-Scholes option pricing model. The following weighted-average assumptions were used in the model for each respective period:

	Fiscal Year Ended August 31,		
	2023	2022	2021
Expected dividend yield	0.3 %	0.3 %	0.5 %
Risk-free interest rate	3.4 %	0.1 %	0.1 %
Expected volatility <sup>(1)</sup>	37.4 %	29.6 %	32.9 %
Expected life	0.5 years	0.5 years	0.5 years

<sup>(1)</sup> The expected volatility was estimated using the historical volatility derived from the Company’s common stock.

#### **Dividends**

The following table sets forth certain information relating to the Company’s cash dividends declared to common stockholders during fiscal years 2023 and 2022:

(in millions, except for per share data)	Dividend Declaration Date	Dividend per Share	Total of Cash Dividends Declared	Date of Record for Dividend Payment	Dividend Cash Payment Date
<b>Fiscal Year 2023</b>	October 20, 2022	\$ 0.08	\$ 12	November 15, 2022	December 2, 2022
	January 26, 2023	\$ 0.08	\$ 10	February 15, 2023	March 2, 2023
	April 20, 2023	\$ 0.08	\$ 11	May 15, 2023	June 2, 2023
	July 20, 2023	\$ 0.08	\$ 11	August 15, 2023	September 5, 2023
<b>Fiscal Year 2022</b>	October 21, 2021	\$ 0.08	\$ 12	November 15, 2021	December 1, 2021
	January 20, 2022	\$ 0.08	\$ 12	February 15, 2022	March 2, 2022
	April 21, 2022	\$ 0.08	\$ 12	May 16, 2022	June 2, 2022
	July 21, 2022	\$ 0.08	\$ 11	August 15, 2022	September 2, 2022

### **Common Stock Outstanding**

The following represents the common stock outstanding for the fiscal year ended:

	Fiscal Year Ended August 31,		
	2023	2022	2021
<b>Common stock outstanding:</b>			
Beginning balances	135,493,980	144,496,077	150,330,358
Shares issued upon exercise of stock options	—	—	9,321
Shares issued under employee stock purchase plan	1,043,294	970,480	1,288,397
Vesting of restricted stock	2,014,802	2,503,143	2,290,104
Purchases of treasury stock under employee stock plans	(571,606)	(713,667)	(622,703)
Treasury shares purchased <sup>(1)(2)</sup>	(6,686,048)	(11,762,053)	(8,799,400)
Ending balances	131,294,422	135,493,980	144,496,077

<sup>(1)</sup> In July 2021, the Board of Directors approved an authorization for the repurchase of up to \$1.0 billion of the Company's common stock (the "2022 Share Repurchase Program"). As of February 28, 2023, 16.5 million shares had been repurchased for \$1.0 billion and no authorization remained under the 2022 Share Repurchase Program.

<sup>(2)</sup> In September 2022, the Board of Directors approved an authorization for the repurchase of up to \$1.0 billion of the Company's common stock (the "2023 Share Repurchase Program"). As of August 31, 2023, 2.7 million shares had been repurchased for \$224 million, excluding excise tax, and \$776 million remains available under the 2023 Share Repurchase Program. In September 2023, the Board of Directors amended and increased the 2023 Share Repurchase Program to allow for the repurchase of up to \$2.5 billion of the Company's common stock.

### **13. Concentration of Risk and Segment Data**

#### **Concentration of Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. The Company maintains cash and cash equivalents with various domestic and foreign financial institutions. Deposits held with the financial institutions may exceed the amount of insurance provided on such deposits, but may generally be redeemed upon demand. The Company performs periodic evaluations of the relative credit standing of the financial institutions and attempts to limit exposure with any one institution. For trade receivables, the Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company maintains an allowance for expected credit losses on trade receivables.

Sales of the Company's products are concentrated among specific customers. For fiscal year 2023, the Company's five largest customers accounted for approximately 42% of its net revenue and 84 customers accounted for approximately 90% of its net revenue. As the Company is a provider of manufacturing services and solutions and products are built based on customer specifications, it is impracticable to provide revenues from external customers for each product and service. Sales to the following customers that accounted for 10% or more of the Company's net revenues, expressed as a percentage of consolidated net revenue, and the percentage of accounts receivable for the customers, were as follows:

	Percentage of Net Revenue Fiscal Year Ended August 31,			Percentage of Accounts Receivable as of August 31,	
	2023	2022	2021	2023	2022
Apple, Inc. <sup>(1)</sup>	17 %	19 %	22 %	*	*

\* Amount was less than 10% of total.

(1) Sales to this customer were reported in the DMS operating segment.

The Company procures components from a broad group of suppliers. Some of the products manufactured by the Company require one or more components that are available from only a single source.

#### **Segment Data**

Operating segments are defined as components of an enterprise that engage in business activities from which they may earn revenues and incur expenses; for which separate financial information is available; and whose operating results are regularly reviewed by the chief operating decision maker (“CODM”) to assess the performance of the individual segment and make decisions about resources to be allocated to the segment.

The Company derives its revenue from providing comprehensive electronics design, production and product management services. The CODM evaluates performance and allocates resources on a segment basis. The Company’s operating segments consist of two segments – EMS and DMS, which are also the Company’s reportable segments. The segments are organized based on the economic profiles of the services performed, including manufacturing capabilities, market strategy, margins, return on capital and risk profiles.

The EMS segment is focused around leveraging IT, supply chain design and engineering, technologies largely centered on core electronics, utilizing the Company’s large scale manufacturing infrastructure and the ability to serve a broad range of end markets. The EMS segment is a high volume business that produces product at a quicker rate (i.e. cycle time) and in larger quantities and includes customers primarily in the 5G, wireless and cloud, digital print and retail, industrial and semi-capital equipment, and networking and storage industries.

The DMS segment is focused on providing engineering solutions, with an emphasis on material sciences, technologies and healthcare. The DMS segment includes customers primarily in the automotive and transportation, connected devices, healthcare and packaging, and mobility industries.

Net revenue for the operating segments is attributed to the segment in which the service is performed. An operating segment’s performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net revenue less cost of revenue, segment selling, general and administrative expenses, segment research and development expenses and an allocation of corporate manufacturing expenses and selling, general and administrative expenses. Segment income does not include amortization of intangibles, stock-based compensation expense and related charges, restructuring, severance and related charges, distressed customer charges, acquisition and integration charges, loss on disposal of subsidiaries, settlement of receivables and related charges, impairment of notes receivable and related charges, goodwill impairment charges, business interruption and impairment charges, net, loss on debt extinguishment, (gain) loss on securities, income (loss) from discontinued operations, gain (loss) on sale of discontinued operations, other expense (excluding certain components of net periodic benefit cost), interest expense, net, income tax expense or adjustment for net income (loss) attributable to noncontrolling interests.

Total segment assets are defined as accounts receivable, contract assets, inventories, net, customer-related property, plant and equipment, intangible assets net of accumulated amortization and goodwill. All other non-segment assets are reviewed on a global basis by management. Transactions between operating segments are generally recorded at amounts that approximate those at which we would transact with third parties.

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The following table presents the Company's revenues disaggregated by segment (in millions):

Timing of transfer	Fiscal Year Ended August 31,								
	2023			2022			2021		
	EMS	DMS	Total	EMS	DMS	Total	EMS	DMS	Total
Point in time	\$ 5,094	\$ 6,453	\$ 11,547	\$ 6,112	\$ 6,818	\$ 12,930	\$ 4,464	\$ 7,183	\$ 11,647
Over time	11,655	11,500	23,155	10,625	9,923	20,548	9,440	8,198	17,638
Total	<u>\$ 16,749</u>	<u>\$ 17,953</u>	<u>\$ 34,702</u>	<u>\$ 16,737</u>	<u>\$ 16,741</u>	<u>\$ 33,478</u>	<u>\$ 13,904</u>	<u>\$ 15,381</u>	<u>\$ 29,285</u>

The following tables set forth operating segment information (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
<b>Segment income and reconciliation of income before income tax</b>			
EMS	\$ 837	\$ 727	\$ 509
DMS	896	816	732
Total segment income	\$ 1,733	\$ 1,543	\$ 1,241
Reconciling items:			
Amortization of intangibles	(33)	(34)	(47)
Stock-based compensation expense and related charges	(95)	(81)	(102)
Restructuring, severance and related charges	(57)	(18)	(10)
Business interruption and impairment charges, net	—	—	1
Acquisition and integration charges	—	—	(4)
Loss on debt extinguishment	—	(4)	—
Gain on securities	—	—	2
Other expense (net of periodic benefit cost)	(80)	(29)	(13)
Interest expense, net	(206)	(146)	(124)
Income before income tax	<u>\$ 1,262</u>	<u>\$ 1,231</u>	<u>\$ 944</u>

	August 31, 2023		August 31, 2022	
	Assets	Liabilities	Assets	Liabilities
<b>Total assets:</b>				
EMS	\$ 4,859		\$ 5,402	
DMS	6,802		8,881	
Assets held for sale <sup>(1)</sup>	1,929		—	
Other non-allocated assets	5,834		5,434	
Total	<u>\$ 19,424</u>		<u>\$ 19,717</u>	

<sup>(1)</sup> Assets held for sale were reported in the DMS operating segment.

The Company operates in more than 30 countries worldwide. Sales to unaffiliated customers are based on the Company location that maintains the customer relationship and transacts the external sale. The following tables set forth external net revenue, net of intercompany eliminations, and long-lived asset information where individual countries represent a material portion of the total (in millions):

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	Fiscal Year Ended August 31,		
	2023	2022	2021
<b>External net revenue:</b>			
Singapore	\$ 7,385	\$ 7,916	\$ 7,943
Mexico	6,083	5,630	4,323
China	5,868	5,272	4,666
Malaysia	2,779	2,709	2,121
India	1,596	591	549
Other	6,056	5,971	4,868
Foreign source revenue	29,767	28,089	24,470
U.S.	4,935	5,389	4,815
Total	\$ 34,702	\$ 33,478	\$ 29,285

	August 31, 2023		August 31, 2022	
	2023	2022	2023	2022
<b>Long-lived assets:</b>				
China <sup>(1)</sup>	\$ 684	\$ 1,758		
Mexico	574	492		
Malaysia	358	328		
Switzerland	238	208		
Singapore	131	138		
Hungary	109	114		
Taiwan	97	101		
Vietnam	88	104		
Other	628	553		
Long-lived assets related to foreign operations	2,907	3,796		
U.S.	993	1,020		
Total	\$ 3,900	\$ 4,816		

<sup>(1)</sup> Excludes long-lived assets of \$841 million classified as held for sale. See Note 16 – “Business Acquisitions and Divestitures” for additional information.

#### 14. Restructuring, Severance and Related Charges

Following is a summary of the Company’s restructuring, severance and related charges (in millions):

	Fiscal Year Ended August 31,		
	2023 <sup>(1)</sup>	2022 <sup>(1)</sup>	2021 <sup>(2)</sup>
Employee severance and benefit costs	\$ 48	\$ 18	\$ 5
Lease costs	—	—	(1)
Asset write-off costs	5	—	5
Other costs	4	—	1
Total restructuring, severance and related charges <sup>(3)</sup>	\$ 57	\$ 18	\$ 10

<sup>(1)</sup> Primarily relates to headcount reduction to further optimize the Company’s business activities.

<sup>(2)</sup> The 2020 Restructuring Plan, totaling \$86 million in restructuring and other related costs, was complete as of August 31, 2021.

<sup>(3)</sup> Includes \$10 million, \$1 million and \$0 million recorded in the EMS segment, \$35 million, \$10 million and \$9 million recorded in the DMS segment and \$12 million, \$7 million and \$1 million of non-allocated charges for the fiscal years ended August 31, 2023, 2022 and 2021, respectively. Except for asset write-off costs, all restructuring, severance and related charges are cash costs.

#### 2024 Restructuring Plan

On September 26, 2023, the Company’s Board of Directors approved a restructuring plan to (i) realign the Company’s cost base for stranded costs associated with the Company’s sale and realignment of its mobility business and (ii) optimize the Company’s

global footprint. This action includes headcount reductions across our Selling, General and Administrative (“SG&A”) cost base and capacity realignment (the “2024 Restructuring Plan”). The 2024 Restructuring Plan reflects the Company’s intention only and restructuring decisions, and the timing of such decisions, at certain locations are still subject to consultation with the Company’s employees and their representatives.

The Company currently expects to recognize approximately \$300 million in pre-tax restructuring and other related costs over the course of the Company’s 2024 fiscal year. This information will be subject to the finalization of timetables for the transition of functions, consultation with employees and their representatives as well as the statutory severance requirements of the jurisdictions impacted, and the amount and timing of the actual charges may vary due to a variety of factors. The Company’s estimates for the charges discussed above exclude any potential income tax effects.

## 15. Income Taxes

### Provision for Income Taxes

Income (loss) before income tax expense is summarized below (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Domestic	\$ (315)	\$ (116)	\$ (271)
Foreign	1,577	1,347	1,215
Total	\$ 1,262	\$ 1,231	\$ 944

Income tax expense (benefit) is summarized below (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
<b>Current:</b>			
Domestic - federal	\$ 1	\$ 7	\$ 7
Domestic - state	2	2	3
Foreign	350	239	252
Total current	353	248	262
<b>Deferred:</b>			
Domestic - federal	(2)	(25)	2
Domestic - state	4	—	—
Foreign	89	12	(18)
Total deferred	91	(13)	(16)
<b>Total income tax expense</b>	<b>\$ 444</b>	<b>\$ 235</b>	<b>\$ 246</b>

Reconciliation of the U.S. federal statutory income tax rate to the Company’s effective income tax rate is summarized below:

	Fiscal Year Ended August 31,		
	2023	2022	2021
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	0.2	0.7	0.2
Impact of foreign tax rates <sup>(1)</sup>	(1.8)	(4.0)	(4.6)
Permanent differences	(0.5)	1.2	(0.4)
Income tax credits <sup>(1)</sup>	(0.5)	(0.5)	(0.4)
Valuation allowance <sup>(2)</sup>	1.1	(3.3)	1.3
Equity compensation	0.5	(0.5)	0.6
Impact of intercompany charges and dividends	2.4	3.6	4.4
Global Intangible Low-Taxed Income	0.8	1.1	3.0
Change in indefinite reinvestment assertion <sup>(3)</sup>	11.7	—	—
Other, net	0.3	(0.2)	0.9
<b>Effective income tax rate</b>	<b>35.2 %</b>	<b>19.1 %</b>	<b>26.0 %</b>

<sup>(1)</sup> The Company has been granted tax incentives for various subsidiaries in China, Malaysia, Singapore, Vietnam and Israel, which primarily expire at various dates through fiscal year 2031 and are subject to certain conditions with which

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the Company expects to comply. These tax incentives resulted in a tax benefit of approximately \$74 million (\$0.56 per basic weighted average shares outstanding), \$80 million (\$0.57 per basic weighted average shares outstanding) and \$51 million (\$0.34 per basic weighted average shares outstanding) during the fiscal years ended August 31, 2023, 2022 and 2021, respectively.

- (2) For the fiscal year ended August 31, 2022, the valuation allowance change was primarily due to an income tax benefit of \$26 million for the reversal of a portion of the U.S. valuation allowance and decreased deferred tax assets with corresponding valuation allowances due to the liquidation of certain non-U.S. subsidiaries.
- (3) As a result of certain operations being classified as held for sale, the Company made a change to its indefinite reinvestment assertions for the fiscal year ended August 31, 2023.

### **Deferred Tax Assets and Liabilities**

Significant components of the deferred tax assets and liabilities are summarized below (in millions):

	August 31, 2023 <sup>(1)</sup>	August 31, 2022
<b>Deferred tax assets:</b>		
Net operating loss carryforwards	\$ 196	\$ 176
Receivables	4	4
Inventories	16	16
Compensated absences	16	13
Accrued expenses	116	106
Property, plant and equipment	17	66
Domestic tax credits	22	11
Foreign jurisdiction tax credits	4	4
Equity compensation	8	10
Domestic interest carryforwards	10	4
Capital loss carryforwards	19	20
Revenue recognition	29	32
Operating and finance lease liabilities	39	72
Other	24	27
Total deferred tax assets before valuation allowances	<hr/> 520	<hr/> 561
Less valuation allowances	<hr/> (303)	<hr/> (281)
Net deferred tax assets	<hr/> <hr/> \$ 217	<hr/> <hr/> \$ 280
<b>Deferred tax liabilities:</b>		
Unremitted earnings of foreign subsidiaries	\$ 201	\$ 57
Intangible assets	24	25
Operating lease assets	85	111
Other	16	10
Total deferred tax liabilities	<hr/> \$ 326	<hr/> \$ 203
<b>Net deferred tax (liabilities) assets</b>	<hr/> <hr/> \$ (109)	<hr/> <hr/> \$ 77

<sup>(1)</sup> Excludes \$96 million classified as held for sale. See Note 16 – “Business Acquisitions and Divestitures” for additional information.

Based on the Company’s historical operating income, projection of future taxable income, scheduled reversal of taxable temporary differences, and tax planning strategies, management believes it is more likely than not that the Company will realize the benefit of its deferred tax assets, net of valuation allowances recorded.

As of August 31, 2023, the Company intends to indefinitely reinvest the remaining earnings from its foreign subsidiaries for which a deferred tax liability has not already been recorded. The accumulated earnings are the most significant component of the basis difference which is indefinitely reinvested. As of August 31, 2023, the indefinitely reinvested earnings in foreign subsidiaries upon which taxes had not been provided were approximately \$0.9 billion. The estimated amount of the unrecognized deferred tax liability on these reinvested earnings was approximately \$0.1 billion.

### **Tax Carryforwards**

The amount and expiration dates of income tax net operating loss carryforwards, tax credit carryforwards, and tax capital loss carryforwards, which are available to reduce future taxes, if any, as of August 31, 2023 are as follows (in millions):

	Last Fiscal Year of Expiration	Amount
Income tax net operating loss carryforwards: <sup>(1)</sup>		
Domestic - federal	2038 or indefinite	\$ 11
Domestic - state	2042 or indefinite	\$ 55
Foreign	2038 or indefinite	\$ 646
Tax credit carryforwards: <sup>(1)</sup>		
Domestic - federal	2043	\$ 18
Domestic - state	2027 or indefinite	\$ 4
Foreign <sup>(2)</sup>	Indefinite	\$ 4
Tax capital loss carryforwards:		
Domestic - federal	2028	\$ 75

(1) Net of unrecognized tax benefits.

(2) Calculated based on the deferral method and includes foreign investment tax credits.

#### **Unrecognized Tax Benefits**

Reconciliation of the unrecognized tax benefits is summarized below (in millions):

	Fiscal Year Ended August 31,		
	2023	2022	2021
Beginning balance	\$ 253	\$ 241	\$ 190
Additions for tax positions of prior years	1	22	15
Reductions for tax positions of prior years	(7)	(21)	(3)
Additions for tax positions related to current year <sup>(1)</sup>	23	36	36
Cash settlements	(3)	(3)	—
Reductions from lapses in statutes of limitations	(8)	(3)	(2)
Reductions from non-cash settlements with taxing authorities	(2)	(9)	—
Foreign exchange rate adjustment	—	(10)	5
Ending balance	\$ 257	\$ 253	\$ 241
Unrecognized tax benefits that would affect the effective tax rate (if recognized)	\$ 150	\$ 150	\$ 139

(1) The additions for the fiscal years ended August 31, 2023, 2022 and 2021 are primarily related to taxation of certain intercompany transactions.

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. The Company's accrued interest and penalties were approximately \$31 million and \$30 million as of August 31, 2023 and 2022, respectively. The Company recognized interest and penalties of approximately \$3 million, \$0 million and \$7 million during the fiscal years ended August 31, 2023, 2022 and 2021, respectively.

It is reasonably possible that the August 31, 2023 unrecognized tax benefits could decrease during the next 12 months by \$150 million, primarily related to taxing authority agreements associated with intercompany transactions.

The Company is no longer subject to U.S. federal tax examinations for fiscal years before August 31, 2018. In major non-U.S. and state jurisdictions, the Company is no longer subject to income tax examinations for fiscal years before August 31, 2013 and August 31, 2009, respectively.

#### **16. Business Acquisitions and Divestitures**

The Company announced on September 26, 2023 that, through its indirect subsidiary, Jabil Circuit (Singapore) Pte. Ltd., a Singapore private limited company ("Singapore Seller"), it has agreed to sell to BYD Electronic (International) Co. Ltd., a Hong Kong limited liability company ("Purchaser" or "BYDE"), its product manufacturing business in Chengdu, including its supporting component manufacturing in Wuxi (the "Business") for cash consideration of approximately \$2.2 billion, subject to certain customary purchase price adjustments. The sale is being made pursuant to a definitive agreement (the "Purchase

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Agreement") for the sale and purchase of certain assets of Singapore Seller and the shares of Juno Singapore Target Newco Pte. Ltd. (the "Target"). Following a pre-closing reorganization (the "Reorganization"), the Target will hold, indirectly or directly, the Business.

Pursuant to the Preliminary Acquisition Agreement, dated August 26, 2023, by and between Purchaser and Singapore Seller and the Purchase Agreement, Purchaser paid an aggregate deposit in the amount of \$440 million, of which \$132 million was paid to an escrow agent and \$308 million was paid to the Company. Singapore Seller is entitled to retain the deposits in all circumstances, except in the event of a termination of the Purchase Agreement by Purchaser due to Singapore Seller's breach of any warranty or failure to comply with any covenant applicable to it that would cause any closing condition of Purchaser to not be satisfied. Purchaser is entitled to repayment of \$390 million of the deposit if on April 1, 2024 (i) the Reorganization has not been completed in all material respects, other than as a result of the failure to obtain regulatory approvals in the People's Republic of China, and (ii) all other mutual conditions and conditions of Singapore Seller to closing have been satisfied.

The transaction is anticipated to close within the first two quarters of the Company's current fiscal year 2024 (which is the period from September 1, 2023 through February 29, 2024). The closing of the transaction is subject to certain customary closing conditions set forth in the Purchase Agreement that include, among other things, receipt of regulatory approvals, accuracy of the warranties of the parties (subject to certain materiality standards set forth in the Purchase Agreement), completion of the Reorganization in all material respects, and material performance of certain respective obligations. The closing of the transaction is not conditioned on the receipt of financing.

As of August 31, 2023, the assets and liabilities of the Business were classified as held for sale and the carrying value is less than the estimated fair value less cost to sell and, thus, no adjustment to the carrying value of the disposal group is necessary. The planned divestiture did not meet the criteria to be reported as discontinued operations and the Company will continue to report the operating results for the Business in the Company's Consolidated Statement of Operations in the DMS segment until the transaction is closed.

Following is a summary of the carrying amounts of the major classes of assets and liabilities that were classified as held for sale (in millions):

	August 31, 2023
<b>Assets held for sale:</b>	
Accounts receivable, net of allowance for credit losses	\$ 96
Inventories, net of reserve for excess and obsolete inventory	559
Prepaid expenses and other current assets	220
Property, plant and equipment, net of accumulated depreciation	724
Operating lease right-of-use asset	112
Goodwill	117
Deferred income taxes	96
<b>Liabilities held for sale:</b>	
Accounts payable	\$ 876
Accrued expenses	364
Non-current operating lease liabilities	83

## 17. Fair Value Measurements

### *Fair Value Measurements on a Recurring Basis*

The following table presents the fair value of the Company's financial assets and liabilities measured at fair value by hierarchy level on a recurring basis as of the periods indicated (in millions):

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	Fair Value Hierarchy	August 31, 2023		August 31, 2022	
<b>Assets:</b>					
Cash and cash equivalents:					
Cash equivalents	Level 1	(1)	\$ —	\$ 14	
Prepaid expenses and other current assets:					
Short-term investments	Level 1		25		16
Forward foreign exchange contracts:					
Derivatives designated as hedging instruments (Note 11)	Level 2	(2)	4		3
Derivatives not designated as hedging instruments (Note 11)	Level 2	(2)	20		13
Net investment hedges:					
Derivatives designated as hedging instruments (Note 11)	Level 2	(2)	9		—
Other assets:					
Forward interest rate swap:					
Derivatives designated as hedging instruments (Note 11)	Level 2	(3)	—		13
<b>Liabilities:</b>					
Accrued expenses:					
Forward foreign exchange contracts:					
Derivatives designated as hedging instruments (Note 11)	Level 2	(2)	\$ 17	\$ 32	
Derivatives not designated as hedging instruments (Note 11)	Level 2	(2)	64		76
Net investment hedges:					
Derivatives designated as hedging instruments (Note 11)	Level 2	(2)	1		—

(1) Consist of investments that are readily convertible to cash with original maturities of 90 days or less.

(2) The Company's forward foreign exchange contracts, including cash flow hedges and net investment hedges are measured on a recurring basis at fair value, based on foreign currency spot rates and forward rates quoted by banks or foreign currency dealers.

(3) Fair value measurements are based on the contractual terms of the derivatives and use observable market-based inputs. The interest rate swaps are valued using a discounted cash flow analysis on the expected cash flows of each derivative using observable inputs including interest rate curves and credit spreads.

#### **Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, trade accounts receivable, prepaid expenses and other current assets, accounts payable and accrued expenses approximate fair value because of the short-term nature of these financial instruments. The carrying amounts of borrowings under credit facilities and under loans approximates fair value as interest rates on these instruments approximates current market rates.

Notes payable and long-term debt is carried at amortized cost; however, the Company estimates the fair value of notes payable and long-term debt for disclosure purposes. The following table presents the carrying amounts and fair values of the Company's notes payable and long-term debt, by hierarchy level as of the periods indicated (in millions):

	Fair Value Hierarchy	August 31, 2023		August 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Notes payable and long-term debt: (Note 7)					
4.900% Senior Notes	Level 3	(1)	\$ —	\$ 300	\$ 300
3.950% Senior Notes	Level 2	(2)	\$ 497	\$ 468	\$ 497
3.600% Senior Notes	Level 2	(2)	\$ 496	\$ 448	\$ 496
3.000% Senior Notes	Level 2	(2)	\$ 593	\$ 502	\$ 592
1.700% Senior Notes	Level 2	(2)	\$ 498	\$ 452	\$ 497
4.250% Senior Notes	Level 2	(2)	\$ 495	\$ 478	\$ 493
5.450% Senior Notes	Level 2	(2)	\$ 296	\$ 297	\$ —

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(1) This fair value estimate is based on the Company's indicative borrowing cost derived from discounted cash flows.

(2) The fair value estimates are based upon observable market data.

Refer to Note 10 - "Postretirement and Other Employee Benefits" for disclosure surrounding the fair value of the Company's pension plan assets.

**18. Commitments and Contingencies**

***Legal Proceedings***

The Company is party to certain lawsuits in the ordinary course of business. The Company does not believe that these proceedings, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows.

**19. New Accounting Guidance**

New accounting guidance adopted during the period did not have a material impact to the Company.

Recently issued accounting guidance is not applicable or did not have, or is not expected to have, a material impact to the Company.

**Item 16. Form 10-K Summary**

Not applicable.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

JABIL INC.  
Registrant

Date: October 20, 2023

By: \_\_\_\_\_ /s/ KENNETH S. WILSON

**Kenneth S. Wilson**  
**Chief Executive Officer**

## POWER OF ATTORNEY

KNOW ALL THESE PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kenneth S. Wilson and Michael Dastoor and each of them, jointly and severally, his or her attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorneys-in-fact or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
By: <u>/s/ MARK T. MONDELLO</u> <b>Mark T. Mondello</b>	Chairman of the Board of Directors	October 20, 2023
By: <u>/s/ STEVEN A. RAYMUND</u> <b>Steven A. Raymund</b>	Lead Independent Director	October 20, 2023
By: <u>/s/ THOMAS A. SANSONE</u> <b>Thomas A. Sansone</b>	Vice Chairman of the Board of Directors	October 20, 2023
By: <u>/s/ KENNETH S. WILSON</u> <b>Kenneth S. Wilson</b>	Chief Executive Officer and Director (Principal Executive Officer)	October 20, 2023
By: <u>/s/ MICHAEL DASTOOR</u> <b>Michael Dastoor</b>	Chief Financial Officer (Principal Financial and Accounting Officer)	October 20, 2023
By: <u>/s/ ANOUSHEH ANSARI</u> <b>Anousheh Ansari</b>	Director	October 20, 2023
By: <u>/s/ CHRISTOPHER S. HOLLAND</u> <b>Christopher S. Holland</b>	Director	October 20, 2023
By: <u>/s/ JOHN C. PLANT</u> <b>John C. Plant</b>	Director	October 20, 2023
By: <u>/s/ DAVID M. STOUT</u> <b>David M. Stout</b>	Director	October 20, 2023
By: <u>/s/ KATHLEEN A. WALTERS</u> <b>Kathleen A. Walters</b>	Director	October 20, 2023

SCHEDULE II

**JABIL INC. AND SUBSIDIARIES**  
**SCHEDULE OF VALUATION AND QUALIFYING ACCOUNTS**  
(in millions)

	Balance at Beginning of Period	Additions and Adjustments Charged to Costs and Expenses	Additions/ (Reductions) Charged to Other Accounts <sup>(1)</sup>	Write-offs	Balance at End of Period
<b>Reserve for excess and obsolete inventory:</b>					
Fiscal year ended August 31, 2023	\$ 82	\$ 34	\$ (27)	\$ (31)	\$ 58
Fiscal year ended August 31, 2022	\$ 85	\$ 23	\$ —	\$ (26)	\$ 82
Fiscal year ended August 31, 2021	\$ 85	\$ 33	\$ —	\$ (33)	\$ 85

<sup>(1)</sup> During the fiscal year ended August 31, 2023 the reductions charged to other accounts relates to inventory reserves for excess and obsolete inventory classified as held for sale.

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions/ (Reductions) Charged to Other Accounts	Reductions Charged to Costs and Expenses	Balance at End of Period
<b>Valuation allowance for deferred taxes:</b>					
Fiscal year ended August 31, 2023	\$ 281	\$ 28	\$ 9	\$ (15)	\$ 303
Fiscal year ended August 31, 2022	\$ 353	\$ 19	\$ (31)	\$ (60)	\$ 281
Fiscal year ended August 31, 2021	\$ 341	\$ 18	\$ —	\$ (6)	\$ 353

See accompanying report of independent registered public accounting firm.

Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) treated as confidential by the Registrant.

**EXECUTION VERSION**

September 26, 2023

**BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED**

and

**JABIL CIRCUIT (SINGAPORE) PTE. LTD.**

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**AGREEMENT  
FOR THE SALE AND PURCHASE OF  
SHARES IN  
JUNO NEWCO TARGET HOLDCO SINGAPORE PTE. LTD.  
AND CERTAIN ASSETS OF  
JABIL CIRCUIT (SINGAPORE) PTE. LTD.**

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THIS AGREEMENT is made on September 26, 2023,

**BETWEEN:**

- (1) BYD Electronic (International) Company Limited, a Hong Kong limited liability company (“**Purchaser**”); and  
(2) Jabil Circuit (Singapore) Pte. Ltd., a Singapore private limited company (“**Seller**”).

Seller and Purchaser shall be individually referred to as a “**Party**” and collectively referred to as the “**Parties**”.

**WHEREAS:**

- (A) Seller holds all of the Shares (as defined below), which shares constitute all of the issued share capital of Juno Newco Target Holdco Singapore Pte. Ltd., a Singapore private company limited by shares (the “**Company**”) and all right, title and interest in the Specified Singapore Assets (as defined below), as of the date of this Agreement.
- (B) Prior to the Closing (as defined below), subject to the terms and conditions of this Agreement, Seller will, and will cause its Affiliates (as defined below), including the Target Group (as defined below), to, undertake the transactions and perform the actions and activities set forth on Schedule 1 (the “**Seller Reorganization Actions**”, and the taking of the Seller Reorganization Actions by Seller and its Affiliates, the “**Reorganization**”).
- (C) Following the Reorganization, Seller has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Seller, the Shares and the Specified Singapore Assets on the terms and subject to the conditions of this Agreement.
- (D) Seller will, and will cause its Affiliates to, and Purchaser will, and will cause its Affiliates to, at or prior to the Closing, execute and deliver each of the other Transaction Agreements (as defined below) to which they are a party.
- (E) [\*\*\*]
- (F) Simultaneously with the execution of this Agreement, BYD Company Ltd. (“**Purchaser Parent**”) has provided a written approval from Golden Link Worldwide Limited, a wholly-owned subsidiary of the Purchaser Parent and the entity legally and beneficially holding 65.76% of the issued share capital of Purchaser, approving the Transactions pursuant to and in accordance with Rule 14.44 of the Hong Kong Listing Rules, which is attached as Exhibit C hereto (the “**Purchaser Parent Shareholder Approval**”).
- (G) Simultaneously with the execution of this Agreement, Purchaser Parent, Purchaser and Seller have entered into the Loan Agreement (as defined below), which is attached as Exhibit D hereto;

(H) The Parties hereto desire to make certain warranties, covenants, undertakings and agreements in connection with this Agreement.

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings set forth in this Agreement. The following terms, whenever used herein, shall have the following meanings for all purposes of this Agreement:

“**Accounting Principles**” shall mean the accounting principles, policies, treatments, categorizations, practices, methods, bases and estimation techniques set forth on Part 3 of Schedule 6 attached hereto.

“**Affiliate**” as to any Person, shall mean any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person, through one or more intermediaries or otherwise. For purposes of this definition, “control” of a Person shall mean the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of equity interests, by contract or otherwise. The Target Group shall be deemed, for purposes of this Agreement, Affiliates of Seller prior to the Closing and Affiliates of Purchaser from and after the Closing.

“**Affiliate Contract**” shall mean any Contract between any member of the Seller Group, on the one hand, and any member of the Target Group, on the other hand, other than any Transaction Agreement, any Contracts in connection with the Reorganization to the extent such Contract cannot be terminated due to any Seller Reorganization Actions not being completed at such time or that are not substantially performed or discharged at Closing, or any ordinary course of business Contracts between the Target Group and the Seller Group.

“**Agreement**” shall mean this agreement for the sale and purchase of Shares in the Company (including the Seller Disclosure Letter and all other Schedules and Exhibits attached hereto), as it may be amended, restated or otherwise modified from time to time.

“**Antitrust Laws**” shall mean any Legal Requirements applicable to Purchaser, Seller or the Company under any applicable jurisdiction that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

“**Benchmark Time**” shall mean immediately prior to Closing.

“**Benefit Plan**” shall mean each material (a) benefit or compensation plan, policy, program, practice, arrangement or agreement, including any equity, equity-based, retirement, profit sharing, bonus, incentive, severance, separation, change in control, retention, deferred compensation, fringe benefit, vacation, paid time off, medical, dental, life or disability plan, program, policy or arrangement and (b) employment or other similar individual agreement, plan, policy, arrangement or program, in each case, other than any of the foregoing that is required to be maintained by a Governmental Authority.

**“Bulletin 7 Taxes”** shall mean any Taxes of Seller which arise under Bulletin 7 as a result of the sale and purchase of the Shares pursuant to Clause 2.1.

**“Business”** shall mean (a) the product manufacturing business in Chengdu, including its supporting component manufacturing and Wuxi metal [\*\*\*] processing capabilities for [\*\*\*] for [\*\*\*] devices [\*\*\*] and (b) solely to the extent related to the activities described in clause (a), Seller’s relationship with [\*\*\*] of the Business, including related goodwill, strategic capabilities and other intangible assets, [\*\*\*] (the items set forth in this clause (b) collectively, the **“Specified Singapore Assets”**); provided that the “Business” shall exclude general corporate functions, in each case, provided by the Seller Group either directly or indirectly as of immediately prior to the Closing including certain information technology, human resources, finance, tax, legal and other ancillary or corporate shared services provided by Seller or its Subsidiaries or other corporate centralized functional organizations within or controlled by Seller or its Subsidiaries (the **“Corporate Functions”**) and the Excluded Employees.

**“Business Day”** shall mean any day other than (a) a Saturday or a Sunday or (b) a day on which banking and savings and loan institutions are authorized or required to be closed in either (i) New York, New York, (ii) St. Petersburg, Florida, (iii) Hong Kong or (iv) Shenzhen, the PRC.

**“Business Employee”** shall mean each employee employed by any member of the Seller Group or Target Group who is either: (a) exclusively or primarily engaged in the Business or (b) necessary for the ongoing operation of the Business following the Closing, in each case, as determined by Seller in good faith and regardless of whether any such employee is actively at work as of the Closing as a result of disability or illness, an approved leave of absence, vacation, personal day or similar short- or long-term absence, as of the date hereof or on the Closing, other than the Excluded Employees.

**“Business IP”** shall mean, to the extent owned or controlled by the Seller Group, as of the date of this Agreement, any and all material Intellectual Property used in, and necessary for, the operation of the Business, other than the Seller Trademarks.

**“Cash”** shall mean, as of the time of determination, an amount equal to, without duplication, the aggregate amount of all cash of any kind (including amounts held in escrow, bank deposits, security or similar deposits other than any security deposits or escrowed amounts located outside of the PRC, Hong Kong and Singapore), cash equivalents and short-term marketable investments of the Company (including the amounts of any received but uncleared checks, drafts, wires and credit card payments and reduced by the amounts of any issued but uncleared checks, drafts, wires and credit card payments), in each case, determined in accordance with the Accounting Principles, provided that Cash shall not include estimated or overpaid Taxes or Tax refunds to the extent included as a current asset in the determination of Net Working Capital.

**“Cause”** shall have the meaning given in Clause 11.4.1.

**“Claim”** shall mean any claim, dispute, suit, action or other Proceeding (including non-contractual claims, disputes, suits, actions or other Proceedings) made by or on behalf of Purchaser (as the case may be) arising out of, related to or otherwise in connection with this Agreement or its subject matter (including any other agreement, certificate or other document executed in connection herewith) or the Transactions, howsoever arising.

**“Closing Conditions”** shall mean the conditions precedent to Closing set out in Clauses 4.1, 4.2 and 4.3.

**“Code”** shall mean the Internal Revenue Code of 1986.

**“Company Benefit Plan”** shall mean each Benefit Plan (a) that is sponsored, maintained or contributed to by the Target Group, (b) with respect to which the Target Group has any liability, or (c) that is sponsored or maintained by Seller or any of its Affiliates (other than the Target Group) and solely covers Business Employees or Former Business Employees.

**“Confidentiality Agreement”** shall mean the mutual non-disclosure agreement between Jabil Inc. and Purchaser, dated February 15, 2023, and the clean team confidentiality agreement between Jabil Inc. and Purchaser, dated July 8, 2023.

**“Consent”** shall mean any consent, approval, authorization or waiver.

**“Consolidated Return”** shall mean any consolidated, combined, unitary or similar Tax Return that includes Seller or any of its Affiliates (other than the Company), on the one hand, and the Company, on the other hand.

**“Contagion Event”** shall mean the outbreak and ongoing effects of a contagious disease, epidemic or pandemic (including COVID-19).

**“Contract”** shall mean any agreement, contract, obligation, promise, understanding, arrangement, commitment or undertaking of any nature which in any such case is legally binding, whether written or oral and whether express or implied.

**“Covered Excluded Tax”** shall mean any Excluded Tax described in item (ii) and (iii) of the definition of Excluded Tax.

**“COVID-19”** shall mean SARS-CoV-2 or COVID-19, and any future resurgence, variants, evolutions or mutations thereof or related or associated epidemics, pandemics or disease outbreaks.

**“COVID-19 Measures”** shall mean any commercially reasonable actions that any member of the Seller Group or the Target Group reasonably determines are necessary or prudent for the Business to take in connection with (a) events surrounding any pandemic or public health emergency caused by COVID-19, (b) mitigating the adverse effects of such events, pandemic or public health emergency on the Business and (c) protecting the health and safety of customers, employees and other business relationships to ensure compliance with any law, guidelines, recommendations or restrictions imposed by the National Health Commission of the PRC or other Governmental Authorities in the applicable jurisdiction where the Business is conducted.

“**CTU**” shall mean Jabil Technology (Chengdu) Co., Ltd. (捷普科技(成都)有限公司).

“**Cyber Security and Data Protection Related Laws**” means any Legal Requirements relating to cyber security, Personal Information protection and data security, in each case, to the extent applicable to the Business and conduct by any member of the Target Group, including but not limited to applicable PRC Legal Requirements and national binding standards relating to cyber security, Personal Information protection, the Personal Data Protection Act of Singapore, and any other applicable Legal Requirements relating to cyber security and data protection in any other country.

“**Data Room**” shall mean the virtual “Zeus” data room, hosted by SmartRoom, comprising the documents and other information relating to the Target Group made available to Purchaser (and/or its Representatives) before 11:59 p.m. September 16, 2023 (the “**Cutoff Time**”) and as listed in the data room index attached to the Seller Disclosure Letter and as contained in the Q&A document attached to the Seller Disclosure Letter, the contents of which: (i) (with respect to all content other than the content in Folder 12 “Clean Room”) have been downloaded and recorded in a flash memory drive which shall be delivered to the Purchaser within ten (10) Business Days following the date of this Agreement, and (ii) (with respect to the content in Folder 12 “Clean Room”) have been downloaded and recorded in a flash memory drive which shall be delivered to the Purchaser within ten (10) Business Days following the Closing Date, in each case accompanied by a letter from SmartRoom confirming that the respective flash drives duly include all the contents required to be included pursuant hereto.

“**Encumbrance**” shall mean any lien, pledge, claim, charge, mortgage or security interest, including any easement, hypothecation and binding agreement, arrangement or obligation to create any of the foregoing, including without limitation, anything analogous to any of the foregoing under any applicable Legal Requirements.

“**Enforceability Exceptions**” shall mean the effect on enforceability of (a) any applicable Legal Requirement relating to bankruptcy, reorganization, insolvency, moratorium, or similar Legal Requirement relating to or affecting creditors’ rights generally, and (b) general principles of equity.

“**Environmental Law**” shall mean any applicable Legal Requirement relating to (a) the protection of the environment and pollution, (b) the protection of human health or safety (as such matters relate to Hazardous Materials), (c) the environment (including natural resource restoration and natural resource damages), or (d) the use, handling, transportation, treatment, storage, disposal, release or threat of release or discharge of Hazardous Materials.

“**EPZ**” shall mean Jabil GP Precision Electronics (Wuxi) Co., Ltd. (捷普绿点精密电子(无锡)有限公司).

“**Escrow Agent**” shall mean Citibank, N.A.

“**Escrow Agreement**” shall mean an escrow agreement to be entered into by Purchaser, Seller and the Escrow Agent, substantially in the form attached hereto as Exhibit E.

**“Excluded Employees”** shall mean those individuals set forth on Section 1.1 of the Seller Disclosure Letter.

**“Excluded Taxes”** shall mean (i) any Taxes of any member of the Target Group with respect to any Pre-Closing Tax Period, (ii) any Reorganization Taxes, (iii) any Bulletin 7 Taxes, and (iv) any Transfer Tax for which Seller is responsible under Clause 10.3.

**“Fairly Disclosed”** shall mean a fact, matter or circumstance on or relating to which reasonably sufficient information has been disclosed to allow a sophisticated investor, experienced in transactions of the nature contemplated by this Agreement with the benefit of the advice of its professional advisors, to identify or otherwise determine the substance and significance of the fact, matter or circumstance.

**“Financing”** shall mean the debt financing to be provided to Purchaser by Purchaser Parent pursuant to the Loan Agreement in the amount set forth therein in connection with the financing of the transactions contemplated by this Agreement.

**“Former Business Employee”** shall mean each individual who would have qualified as a Business Employee had such individual been an employee of any member of the Seller Group or Target Group, but whose employment with any member of the Seller Group or Target Group terminated for any reason prior to the Closing.

**“GAAP”** shall mean generally accepted accounting principles in the United States in effect from time to time, consistently applied.

**“Governmental Authority”** shall mean any national, federal, state or local or any supra-national government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency, body or commission, self-regulatory organization or any court, tribunal, or judicial or arbitral body, in each case, exercising executive, legislative, judicial, regulatory, taxing or administrative functions, other than such Governmental Authority acting solely in its capacity as a landlord or sublandlord (or similar capacity) to any Real Property Leases.

**“GPW”** shall mean Green Point Technology (Wuxi) Co. Ltd (绿点科技(无锡)有限公司).

**“GSW”** shall mean Green Point (Wuxi) Electronic Technology Co. Ltd. (绿兴(无锡)电子科技有限公司).

**“Hazardous Materials”** shall mean (a) petroleum, petroleum products, by-products or breakdown products, radioactive materials, friable asbestos or polychlorinated biphenyls and (b) any chemical, material, waste or substance defined or regulated as hazardous, toxic, a pollutant or a contaminant under any applicable Environmental Law.

**“Hong Kong”** shall mean the Hong Kong Special Administrative Region of the PRC.

**“Hong Kong Listing Rules”** shall mean The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

**“Hong Kong Stock Exchange”** shall mean The Stock Exchange of Hong Kong Limited.

**“Indebtedness”** shall mean, without duplication with respect to the Target Group: (a) the unpaid principal amount of and accrued interest, premiums, penalties and other fees, and expenses (if any) in respect of indebtedness for borrowed money, (b) other indebtedness obligations that are evidenced by any loan agreement, note, bond, draft, mortgage, debenture, debt security or similar debt instrument (excluding performance guarantees and similar bonds), (c) letters of credit solely to the extent drawn, (d) all obligations owed under any finance leases (including, without limitation, equipment leases) that are required to be capitalized in accordance with the Accounting Principles, (e) unpaid principal amount of construction fees and performance security deposits under any ongoing construction projects, and any accrued interest, premiums, penalties and other fees and expenses thereof, (f) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by any member of the Target Group, (g) any corporate income Taxes that are due and payable and remain unpaid as of immediately prior to the Closing and any accrued unpaid corporate income Taxes for any Pre-Closing Tax Period that are due after the Closing, calculated consistently with Clause 10.5 (Straddle Tax Periods), and (h) any guarantee by the Target Group of obligations of the types described in the foregoing clauses (a) through (g) provided that in no event will Indebtedness include: (w) any undrawn amounts under existing letters of credit, lines of credit and revolving credit facilities, (x) amounts owed to Seller or any of its Affiliates pursuant to arm’s-length commercial agreements or arrangements entered into with any member of the Target Group, including this Agreement or any other Transaction Agreement, (y) trade payables and accruals or (z) any Taxes not described in clause (g) above. Indebtedness shall not include (A) any fees or expenses of, or expenses initiated at the request of, Purchaser or any of its Affiliates, whether related to their respective financing activities, the Transactions or otherwise or (B) any amount to the extent that it is included as a current liability in the determination of Net Working Capital as of the Benchmark Time in accordance with the applicable terms of this Agreement (including the Accounting Principles).

**“Intellectual Property”** shall mean all: (a) patents, patent applications, and all related divisionals, continuations, continuations-in-part, reissues, extensions, substitutions, and reexaminations (“**Patents**”), (b) trade secrets and other confidential know-how, information, ideas, inventions, proprietary processes, formulae, models, and methodologies, (c) trademarks, service marks, trade names, brand names, logos, trade dress, Internet domain names, and all registrations and applications for registration of the foregoing, together with the goodwill symbolized by any of the foregoing (“**Trademarks**”), and (d) copyrights and copyrightable subject matter (whether registered or unregistered), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications (“**Copyrights**”).

**“Intercompany Accounts”** shall mean any intercompany account or obligation between or among a member of the Seller Group, on the one hand, and a member of the Target Group, on the other hand (in each case, other than trade payables and accruals in the ordinary course of business and excluding any obligations owed in connection with any Transaction Agreement, any Contracts in connection with the Reorganization to the extent such Contract cannot be terminated due to any Seller Reorganization Actions not being completed at such time or that are not substantially performed or discharged at Closing, or any ordinary course of business Contracts between the Target Group and Seller Group).

**“Investment Screening Laws”** shall mean any applicable Legal Requirements (whether in the United States, PRC (including Hong Kong and Macao), Singapore or other applicable jurisdictions) intended to screen, prohibit or regulate foreign investments on public interest or national security grounds.

**“Key Customer”** shall mean each of the top two (2) customers of the Business who receive services of the Business through Contracts directly with a member of the Seller Group or the Target Group, determined on the basis of aggregate revenue of the Business for the twelve (12) month period ended August 31, 2023, as set forth on Section 1.1(a) of the Seller Disclosure Letter.

**“Key Vendor”** shall mean each of the top ten (10) vendors of the Business who provide goods or services to the Business through a Contract with a member of the Seller Group or the Target Group, determined on the basis of the aggregate spend of the Business for the twelve (12) month period ended August 31, 2022 and contingent labor vendors, as set forth on Section 1.1(b) of the Seller Disclosure Letter.

**“Legal Requirement”** shall mean any statute, law, ordinance, regulation, rule, code, Order or other requirement or rule of law (including common law) promulgated by a Governmental Authority.

**“Loan Agreement”** shall mean the loan agreement, dated as of the date hereof (as amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms hereof), by and among Purchaser, Seller and Purchaser Parent for the purpose of providing, on the terms and subject to the conditions contained therein, the Financing.

**“Loan Documents”** shall mean the Loan Agreement and any documentation related thereto and required to be delivered under or in connection with the Loan Agreement.

**“Losses”** shall mean all losses, damages, costs, expenses and liabilities actually suffered or incurred and paid (including reasonable attorneys’ fees).

**“Material Adverse Effect”** shall mean any event, change, development or effect that, individually or in the aggregate has a material adverse effect on the business, assets, liabilities, financial condition or results of operations of the Target Group, taken as a whole; provided, however, that no event, change, development or effect resulting or arising from or in connection with any of the following matters shall be deemed, either alone or in combination, to constitute or contribute to, or be taken into account in determining whether there has been a Material Adverse Effect: (a) any national, international, foreign, domestic or regional economic, financial, social or political conditions (including changes therein), including (i) hostilities, acts of war, protests, riots, unrest, sabotage, terrorism, cyberterrorism or cybercrime or military actions or any escalation or worsening of any of the same, (ii) changes in any financial, debt, credit, capital or banking markets or conditions, including any general increase in operating costs or capital expenses (including any disruption thereof), and (iii) changes in interest, currency or exchange rates or tariffs or any trade wars, (b) any act of God, hurricane, flood, tornado, fire, explosion, weather event, earthquake, landslide, other

natural disaster, any Contagion Event or other public health emergencies and any other force majeure events, (c) changes in Legal Requirements or standards, interpretations or enforcement thereof, (d) changes in GAAP, PRC GAAP or other accounting practices, policies or requirements, or standards, interpretations or enforcement thereof, (e) changes generally affecting the industries in which the Business operates, (f) the failure of the Business to meet any internal or published projections, estimates or forecasts of revenues, goals, earnings or other measures of financial or operating performance for any period, (g) any effect resulting from the pendency, announcement or consummation of the Transactions or compliance with the terms of this Agreement or the other Transaction Agreements, including any breach by Purchaser of any of its obligations under this Agreement or the other Transaction Agreements or the identity of Purchaser or its Affiliates, (h) the effect of any action taken or refraining from acting by Purchaser with respect to the Business, the Company or the Transactions, including any communication or disclosure by Purchaser or any of its Affiliates of its plans or intentions with respect to the Business or the Company, including Losses or threatened Losses of, or any adverse change in the relationship with, employees, customers, suppliers, vendors, resellers, distributors, financing sources, licensors, licensees, Governmental Authorities or others having relationships with the Business, (i) the effect of any event or action taken or omission to act by Seller or its Affiliates contemplated by this Agreement or with the consent (or at the request) of Purchaser, (j) any matter or item disclosed in the Seller Disclosure Letter or Fairly Disclosed in the Data Room, (k) the initiation of a Proceeding by any Person with respect to this Agreement or any of the Transactions, or (l) the effect of any COVID-19 Measure; provided that to the extent that any event in the foregoing clauses (a), (b) and (e) materially and disproportionately has a greater adverse impact on the Business, taken as a whole, as compared to the adverse impact such event has on other Persons operating in the same industries as the Business operates, then the incremental effect of such event shall be taken into account in determining whether a Material Adverse Effect has occurred.

**“MOFCOM”** shall mean the Ministry of Commerce or its competent local counterparts.

**“NDRC”** shall mean National Development and Reform Commission of the PRC or its competent local counterparts.

**“Net Working Capital”** shall have the meaning set forth in the Accounting Principles.

**“Net Working Capital Overage”** shall mean the amount, if any, by which Net Working Capital as of the Benchmark Time is greater than Target Net Working Capital.

**“Net Working Capital Underage”** shall mean the amount, if any, by which Net Working Capital as of the Benchmark Time is less than Target Net Working Capital.

**“Newco Target Sub”** shall mean a wholly foreign owned enterprise organized under the laws of the PRC and a wholly owned subsidiary of the Company.

**“ODI Approval”** shall mean, if applicable and required by the Legal Requirements, all consents, approvals, registrations, reports, qualifications, or filings by or with any PRC Governmental Authority or an authorized bank that are required to be obtained by Purchaser Parent or Purchaser in relation to its outbound direct investment in and acquisition of the Company, including (i) filing or approval by, or report to the National Development and Reform Commission or its local counterparts and filing or approval by, or report to the Ministry of Commerce or its local counterparts; and (ii) foreign exchange registration at an authorized bank.

**“Operating Companies”** shall mean (a) Jabil Technology (Chengdu) Co. Ltd., (b) Green Point (Wuxi) Electronic Technology Co., Ltd., (c) Jabil Green Point Precision Electronics (Wuxi) Co. Ltd, (d) Green Point Technology (Wuxi) Co. Ltd. and (e) Newco Target Sub.

**“Order”** shall mean any order, writ, judgment, injunction, temporary restraining order, decree, stipulation, determination or award entered by or with any Governmental Authority.

**“Permit”** shall mean any permit, approval license, registration, concession, grant, franchise, certificate, exemption, waiver, order, report, and other filings or authorizations (including construction or project completion permits) issued or required by any Governmental Authority under any applicable Legal Requirement.

**“Permitted Encumbrances”** shall mean (a) Encumbrances for Taxes, assessments or other governmental charges or levies not yet due and payable or the amount or validity of which is being contested in good faith by appropriate Proceedings or which adequate reserves have been established in accordance with GAAP, (b) Encumbrances of carriers, warehousemen, mechanics, materialmen, workmen, repairmen and other similar Encumbrances imposed or permitted by Legal Requirements in the ordinary course of business, (c) Encumbrances or other matters of record that do not, individually or in the aggregate, materially impair the continued ownership, use and operation of the assets to which they relate in the Business as conducted thereon as of the date of this Agreement; (d) zoning, entitlement, building and other generally applicable land use and environmental restrictions by a Governmental Authority having jurisdiction over such assets; (e) Encumbrances imposed on the underlying fee interest (or any other superior interest) of any real property; (f) rights, terms or conditions of any Material Contract; (g) licenses of, covenants not to sue under, and other grants of rights to use or obligations with respect to Intellectual Property; and (h) those Encumbrances set forth on Section 1.1(c) of the Seller Disclosure Letter; provided that the Encumbrances in the foregoing (d) and (e) shall not, individually or in the aggregate, materially interfere with the continued use or operation of any real property or tangible personal property, as used or operated by the Seller Group in the Business as currently conducted as of the date of this Agreement.

**“Person”** shall mean any individual, firm, corporation (including any non-profit corporation), association, organization, general partnership, limited partnership, limited liability partnership, joint venture, estate, trust or company (including any limited liability company or joint stock company) or other similar entity, including a Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing to the extent not prohibited by this Agreement.

**“Personal Information”** means any information that is recorded electronically or in any other way that could identify a specific natural person, either by its own or in combination with other information.

**“Post-Closing Covenant”** shall mean any covenant or agreement contained in this Agreement and required by this Agreement to be performed or complied with after the Closing.

**“Post-Closing Covenant Claim”** shall mean any Claim for breach or violation of a Post-Closing Covenant.

**“PRC”** shall mean the People’s Republic of China, excluding, solely for the purposes of this Agreement (unless otherwise expressly stated), Hong Kong, the Macao Special Administrative Region and Taiwan.

**“PRC GAAP”** shall mean generally accepted accounting principles in the PRC in effect from time to time, consistently applied.

**“Pre-Closing Tax Period”** shall mean any taxable period ending on or before the Closing Date or, in the case of any Straddle Period, the portion of such period up to and including the Closing Date.

**“Proceeding”** shall mean any action, suit, litigation, arbitration, non-routine audit or investigation or other similar proceeding (whether civil or criminal) by or before any Governmental Authority.

**“Purchaser Fundamental Warranties”** shall mean the Purchaser Warranties set forth in paragraph 1 (Authority; Enforceability); paragraph 3 (Organization); and paragraph 6 (Brokers) of Schedule 5.

**“Purchaser Group”** shall mean Purchaser Parent, Purchaser and their respective Subsidiaries.

**“Purchaser Material Adverse Effect”** shall mean any event, change, development or effect that is or would reasonably be expected to, individually or in the aggregate, materially impact the ability of Purchaser to timely perform its obligations under this Agreement or to consummate the Transactions.

**“Purchaser’s Knowledge”** and similar phrases shall mean the actual knowledge of the following individuals after due inquiry of the respective direct reports of such individuals: Qian Li; Chufan Shao; Yan Zhang; and Hui Liu.

**“Purchaser Warranties”** shall mean Purchaser’s warranties contained in Schedule 5, and **“Purchaser Warranty”** means any one of them.

**“Related Party”** with respect to any specified Person from time to time, means: (i) any Affiliate of such specified Person, or any director, executive officer, general partner or managing member of such Affiliate; (ii) any Person who serves or within the past two (2) years has served as a director, executive officer, partner, member or in a similar capacity of such specified Person; (iii) any immediate family member of a Person described in clauses (i) and (ii); or (iv) any other Person who holds, directly or indirectly, individually or together with any Affiliate of such other Person and any member(s) of such Person’s Immediate Family, more than 5% of the outstanding voting equity or ownership interests of such specified Person.

**“Release”** shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment.

**“Reorganization”** shall have the meaning given in Recital (B).

**“Reorganization Taxes”** shall mean any Taxes and the fees of any Governmental Authority arising as a result of the Reorganization or performance of the Seller Reorganization Actions.

**“Representatives”** shall mean, with respect to any Person, officers, directors, employees, principals, partners, members, managers, attorneys, accountants, agents, consultants, financial or other advisors, authorized representatives and Subsidiaries of such Person.

**“Required Approval”** shall mean each Governmental Approval set forth on Section 4.3 of the Seller Disclosure Letter.

**“RSU Plans”** shall mean the Jabil Inc. 2021 Equity Incentive Plan, the Jabil Inc. Long-Term Incentive Plan and applicable award agreements pursuant to which certain Business Employees have been granted equity awards in Jabil Inc. (including time-based restricted stock units, performance-based restricted stock units and phantom awards).

**“SAFE”** shall mean State Administration of Foreign Exchange of the PRC or its competent local counterparts.

**“Securities Act”** shall mean the United States Securities Act of 1933, as amended.

**“Seller Disclosure Letter”** shall mean the disclosure letter dated as of the date of this Agreement and delivered by Seller to Purchaser in connection with the execution of this Agreement.

**“Seller Entities”** shall mean Seller, Jabil Circuit Investment (China) Co. Ltd., Green Point (Suzhou) Technology Co., Ltd., Taiwan Green Point Enterprises Co. Ltd., Green Prosperity Co., Ltd and each of their respective Subsidiaries, as applicable.

**“Seller Fundamental Warranties”** shall mean the Seller Warranties set forth in paragraph 1 (Authority; Enforceability); paragraph 3 (Organization; Company); paragraph 4 (Title; Shares); and paragraph 24 (Brokers) of Schedule 4.

**“Seller Group”** shall mean Jabil Inc. and its Subsidiaries (other than the Target Group).

**“Seller Parent”** shall mean Jabil Inc.

**“Seller Public Filings”** shall mean all registration statements, prospectuses, forms, reports, definitive proxy statements, schedules and other documents (excluding risk factors, forward-looking statements and similar parts contained therein) filed with the U.S. Securities Exchange Commission by Jabil Inc. under the Securities Act or the Exchange Act, as the case may be.

**“Seller Trademarks”** shall mean the Trademarks owned by the Seller Group, and any Trademarks related thereto or containing or comprising any of the foregoing.

**“Seller Warranties”** shall mean Seller’s warranties contained in Schedule 4, and **“Seller Warranty”** means any one of them.

**“Seller’s Knowledge”** and similar phrases shall mean the actual knowledge of the individuals set forth on Section 1.1(c) of the Seller Disclosure Letter after due inquiry of the respective direct reports of such individuals.

**“Settlement Date”** shall mean the date on which the Final Closing Statement becomes final and binding pursuant to Clause 4 and Schedule 6.

**“Severance Escrow Amount”** shall mean US\$40,000,000.

**“Severance Escrow Funds”** shall mean the Severance Escrow Amount deposited with the Escrow Agent, as such sum may be decreased as provided in this Agreement and in the Escrow Agreement, including any remaining interest or other amounts earned thereon.

**“Shares”** shall mean one ordinary share of the Company.

**“Singapore”** shall mean the Republic of Singapore.

**“Software”** shall mean all proprietary rights in computer software and applications, including source code, object code, algorithms, software development tools, display screens, and data formats.

**“Straddle Period”** shall mean any taxable period beginning on or before and ending after the Closing Date.

**“Subsidiary”** shall mean, with respect to any Person, whether incorporated or unincorporated, any other Person of which (a) such first Person directly or indirectly owns or controls at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions or (b) such first Person is a general partner or managing member; provided that from and after the Closing, the Company shall not be considered a Subsidiary of Seller or any of its Affiliates.

**“Subsidy Entitlement”** shall mean any subsidy entitlement of the Target Group disclosed in Schedule 9.

**“Target Group”** shall mean the Company, Newco Target Sub and each of the Operating Companies.

**“Target Net Working Capital”** shall mean US\$200,000,000.

**“Tax”** shall mean all forms of taxation imposed by any Tax Authority of any kind arising in any part of the world, together with any interest, penalties, and additions to tax, including: (i) all federal, state, local or other net income, gross income, value added, occupation, real and personal property, social security, gross receipts, sales, use, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, escheat, unclaimed property, employment, excise, severance, occupation, premium or windfall profit taxes, property, stamp duty, customs and other import or export duties, estimated and other taxes, fees, assessments or charges of any

kind whatsoever; (ii) any liability for payment of amounts described in clause (i) whether as a result of transferee liability, of being a member of an affiliated, consolidated, combined or unitary group for any period or otherwise through operation of law; and (iii) any liability for the payment of amounts described in clauses (i) or (ii) as a result of any tax-sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other Person.

**“Tax Authority”** shall mean a Governmental Authority responsible for the imposition, assessment or collection of any Tax.

**“Tax Claim”** shall have the meaning given in Clause 10.8.

**“Tax Return”** shall mean any report, return, statement, declaration, notice, certificate or other document filed or required to be filed with any Tax Authority in connection with the determination, assessment, collection or payment of any Tax.

**“Tax Sharing Agreement”** shall mean any Tax sharing, Tax allocation, Tax indemnity, Tax gross-up or similar agreement or arrangement (other than an agreement or arrangement solely between or among members of the Target Group or any commercial agreement or arrangement entered into in the Ordinary Course containing customary Tax allocation or gross-up provisions).

**“Tax Warranties”** shall mean the warranties set out in paragraph 20 of Schedule 4.

**“Transaction Agreements”** shall mean this Agreement, the Transition Services Agreement, the IP License Agreement, the Loan Agreement, Assignment and Assumption Agreement and the Escrow Agreement, in each case including all exhibits and schedules thereto and all amendments thereto made in accordance with the respective terms hereof and thereof.

**“Transactions”** shall mean the transactions contemplated by this Agreement and the other Transaction Agreements, including the Reorganization.

**“Transfer Taxes”** shall mean any sales, use, stock transfer, real property transfer, transfer, indirect transfer, goods and services, value-added, stamp, registration, documentary, conveyancing, recording or similar duties or Taxes (excluding any Taxes levied upon or measured in whole or in part by reference to gross receipts or net income, and any franchise Taxes), together with any interest thereon, and any penalties, fines, costs, fees, additions to Tax or additional amounts with respect thereto.

**“Transition Services Agreement”** shall mean a transition services agreement substantially in the form attached hereto as Exhibit A to be entered into by and between Purchaser, Seller and the Company at the Closing, pursuant to which Seller shall provide to Purchaser and Company and their Subsidiaries and Affiliates (to the extent they are a “Recipient” as defined therein) certain services on a transitional basis.

**“Willful Breach”** shall mean: (a) an action or failure to act by one of the parties hereto that constitutes a material breach or violation of this Agreement, and was taken or occurred with such party’s knowledge or intention that such action or failure to act constituted a material breach or violation of this Agreement, and such breach or violation: (i) resulted in, or contributed to, the failure of any of the Closing Conditions to be satisfied or (ii) resulted in, or contributed to, the Closing not being consummated at the time the Closing would have occurred pursuant to Clause 3.1, or (b) the failure of Purchaser to deliver the full consideration payable pursuant to Clause 3 at the time the Closing is required to occur pursuant to Clause 3.1.

1.2

Interpretations. In this Agreement, unless the context otherwise requires:

- 1.2.1 references to Clauses, paragraphs and Schedules are to Clauses and paragraphs of, and the Schedules and the Exhibits to, this Agreement, and a reference in a Schedule to a paragraph is a reference to a paragraph in that Schedule (or part thereof) in which the reference appears;
- 1.2.2 a reference to a “company” shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;
- 1.2.3 a reference to writing shall include any mode of reproducing words in a legible and non-transitory form;
- 1.2.4 a reference to a time of the day is to Hong Kong time;
- 1.2.5 if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;
- 1.2.6 a reference to any Hong Kong legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than Hong Kong be deemed to include what most nearly approximates the Hong Kong legal term in that jurisdiction and references to any Hong Kong statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;
- 1.2.7 a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;
- 1.2.8 words importing the singular include the plural and vice versa, and words importing a gender include every gender;
- 1.2.9 unless expressly stated to the contrary in this Agreement, any reference to (or requirement for) the execution of a document by a person includes execution on behalf of that person;
- 1.2.10 a reference to this Agreement (or to any specified provision of this Agreement) or a reference to any other document herein is to this Agreement (or provision) or such document, as amended, modified, supplemented, varied, assigned or novated, from time to time;
- 1.2.11 headings and the table of contents are included in this Agreement for convenience only and do not affect its interpretation;

- 1.2.12 in construing this Agreement, the so-called “eiusdem generis” rule does not apply and accordingly the interpretation of general words is not restricted by (i) being preceded by words indicating a particular class of acts, matters or things; or (ii) being followed by particular examples; and the words “including” or “includes” or similar derivations of such words are deemed to be followed by the words “without limitation”;
- 1.2.13 a reference to “dollars” or “**US\$**” shall be construed as a reference to the lawful currency for the time being of the United States of America;
- 1.2.14 “extent” in the phrase “to the extent” means the degree to which a subject or other thing extends, and such phrase does not mean simply “if”;
- 1.2.15 the word “or” is not exclusive;
- 1.2.16 the words “hereof,” “herein,” “hereby,” “hereto,” and derivative or similar words refer to this entire Agreement including the Schedules and Exhibits hereto;
- 1.2.17 the word “any” means “any and all”;
- 1.2.18 the words “writing,” “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form; and
- 1.2.19 if the last day of the time period for the giving of any notice or the taking of any action required under this Agreement falls on a day that is not a Business Day, the time period for giving such notice or taking such action shall be extended through the next Business Day following the original expiration date of such.

1.3 **No Presumption against Drafting Party.** The Parties acknowledge that they have participated jointly in the negotiation and drafting of this Agreement. In the event that a question of interpretation arises (including as to the intention of the Parties), no presumption or burden of proof shall arise in favor or against any Party based on its or its Representatives’ authorship or drafting of any provisions.

## **2. SALE AND PURCHASE OF THE SHARES AND SPECIFIED SINGAPORE ASSETS**

2.1 **Sale and Purchase of the Shares.** Subject to the terms and conditions of this Agreement, at the Closing, Seller shall sell, and Purchaser shall purchase from Seller, the Shares free and clear of all Encumbrances (other than Encumbrances arising under securities laws to the extent applicable), together with all rights attaching to them as at Closing, including the right to receive all dividends, return of capital or any other distributions declared, made or paid with effect from and after Closing.

2.2 **Waiver of Transfer Restrictions.** Seller irrevocably and unconditionally, effective on Closing, waives all rights it may have over any of the Shares including any right of pre-emption, right of redemption or other restriction on transfer in respect of the Shares conferred on Seller under the Articles of Association of the Company or otherwise.

2.3

Sale and Purchase of the Specified Singapore Assets.

- 2.3.1 Subject to the terms and conditions of this Agreement, at the Closing, Seller shall sell, assign, transfer, convey and deliver to Purchaser or its designee, and Purchaser shall acquire and accept from Seller, all of Seller's right, title and interest in and to the Specified Singapore Assets as they exist at the Closing, free and clear of all Encumbrances.
- 2.3.2 Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Purchaser shall accept, assume and agree to pay, perform, fulfill and discharge when due any and all liabilities arising out of or resulting from the Specified Singapore Assets from and after the Closing (the "**Assumed Liabilities**").
- 2.3.3 The right, title and interest in and to the Specified Singapore Assets referred to in Clause 2.3.1 shall be sold, assigned, transferred, conveyed and delivered, pursuant to an assignment and assumption agreement, in substantially the same form as Exhibit F hereto (the "**Assignment and Assumption Agreement**"), and any such other instruments in such form as may be necessary or appropriate to effect a conveyance of the Specified Singapore Assets.

3.

**DEPOSIT AND CONSIDERATION**

3.1

Deposit.

- 3.1.1 Prior to or upon the execution of this Agreement, Purchaser shall have paid or pay to Seller Parent US\$50,000,000 to a U.S. bank account designated by Seller (the "**Seller Parent Account**").
- 3.1.2 Upon execution of this Agreement, Purchaser shall pay by wire transfer in immediately available funds:
  - 3.1.2.1 an amount equal to US\$132,000,000 to the Escrow Agent in accordance with the Escrow Agreement; and
  - 3.1.2.2 an amount equal to US\$258,000,000 to the Seller Parent Account (the amounts set forth in Clause 3.1.1 and 3.1.2 and any interest or other amounts earned thereon collectively, the "**Deposit**").
- 3.1.3 The Deposit shall form part of the Purchase Price.
- 3.1.4 If the Closing fails to occur as a result of Purchaser terminating this Agreement (i) pursuant to Clause 12.1.3 or Clause 12.1.7 or, (ii) solely to the extent such termination relates to an Order issued by or a Legal Requirement enacted by a federal U.S. Governmental Authority, Clause 12.1.5, Purchaser may elect whether to (x) seek repayment of the Deposit or (y) pursue remedies contemplated by Clause 25 (Specific Performance); provided that Purchaser shall not be entitled to both a grant of specific performance to cause the Closing to occur and repayment of the Deposit. If Purchaser seeks repayment of the Deposit, Seller shall repay, and the Parties shall instruct the Escrow Agent to release, the Deposit to Purchaser no later than three (3) Business Days after the date of the termination. If (i) the Closing has not occurred by the Outside Date,

(ii) on such date all of the Closing Conditions set forth in Clauses 4.2 and 4.3, other than the Closing Condition in Clause 4.3.3, have been satisfied or waived (other than those Closing Conditions that by their nature are to be satisfied at the Closing) and (iii) on such date the Reorganization has not been completed in all material respects (other than Reorganization Actions that by their nature are to be completed immediately prior to or contemporaneously with the Closing, and provided that the failure to obtain one or more Governmental Approvals from any applicable PRC Governmental Authority in connection with the Reorganization is not the proximate cause of the Reorganization not having been completed in all material respects by such date), then (aa) the Parties shall instruct the Escrow Agent to release US\$132,000,000 from the Signing Escrow Account (as defined in the Escrow Agreement) to Purchaser no later than three (3) Business Days after the date of such instruction and (bb) Seller shall pay by wire transfer in immediately available funds an amount equal to US\$258,000,000 to Purchaser, and references herein to the Deposit shall thereafter mean the remaining amount of the Deposit taking into account such release in (aa) and such payment in (bb).

- 3.1.5 If the Closing does not occur for any reason other than those set forth in Clause 3.1.4, Seller Parent may elect whether to (x) retain the Deposit or (y) pursue remedies contemplated by Clause 25 (Specific Performance); provided that Seller shall not be entitled to both a grant of specific performance to cause the Closing to occur and retention of the Deposit. If Seller Parent chooses to retain the Deposit, the Deposit shall be forfeited by Purchaser and the Parties shall instruct the Escrow Agent to release the portion of the Deposit held by the Escrow Agent to Seller no later than three (3) Business Days after the date of the termination.
- 3.1.6 In the event that the Deposit is forfeited by Purchaser and retained by Seller pursuant to Clause 3.1.5, the Parties hereby agree that the amount of the Deposit is neither excessive nor of a penal nature and has been agreed by the Parties in the context of their commercial dealings with each other and reflects matters such as the opportunity cost associated with the transactions contemplated by this Agreement and the other Transaction Agreements, and/or the investment of time and/or the cost (of any description) incurred by Seller in connection with the transactions contemplated by this Agreement and the other Transaction Agreements and/or any losses (including any loss of bargain) suffered by Seller as a result of the termination of this Agreement, and shall not be argued, asserted or claimed by any party to be, or be construed as, a penalty, and each Party expressly waives any right to argue, assert or claim that any of the amounts payable or liable to be paid, or forfeited to or held by Seller, as provided in Clause 3.1.5, is a penalty in any dispute among the Parties arising out of this Agreement or any other Transaction Agreements.
- 3.1.7 Notwithstanding anything in this Agreement to the contrary (other than with respect to claims for, or arising out of or in connection with fraud), in the event that the Deposit is elected by Seller to be retained by Seller, (i) the retention of the Deposit shall be the sole and exclusive remedy of Seller and its Affiliates, and (ii) in no event will Seller or any other such Person seek to recover any other money damages or seek any other remedy based on a claim in law or

equity with respect to, in each case of clause (i) and (ii), (A) any Loss suffered, directly or indirectly, as a result of the failure of the Transactions to be consummated, (B) the termination of this Agreement, (C) any liabilities or obligations arising under this Agreement or (D) any claims or actions arising out of or relating to any breach, termination or failure of or under this Agreement, and (iii) no Party or any of its Affiliates or Representatives of any Party shall have any further liability or obligation to the other Party relating to or arising out of this Agreement or the Transactions.

3.2 **Consideration; Purchase Price.** The aggregate consideration to be paid by Purchaser to Seller for the purchase of the Shares shall be an amount in cash equal to:

- 3.2.1 US\$2,200,000,000, *plus*
- 3.2.2 the Net Working Capital Overage (if any), *minus*
- 3.2.3 the Net Working Capital Underage (if any), *plus*
- 3.2.4 Cash as of the Benchmark Time, *minus*
- 3.2.5 Indebtedness as of the Benchmark Time

(the amount calculated pursuant to this Clause 3.2, the “**Purchase Price**”).

3.3 **Closing Purchase Price.** Not less than two (2) Business Days prior to the anticipated Closing Date, Seller shall prepare and deliver to Purchaser a written statement (the “**Estimated Closing Statement**”) setting forth Seller’s good faith estimate of (a) Cash as of the Benchmark Time, (b) Indebtedness as of the Benchmark Time, (c) Net Working Capital as of the Benchmark Time and (d) resulting calculation of the Purchase Price (such amount, the “**Closing Purchase Price**”).

3.4 **Post-Closing Adjustment.** The Final Purchase Price shall be determined in accordance with Schedule 6.

- 3.4.1 In the event that the Final Purchase Price is greater than the Closing Purchase Price (such excess, the “**Final Overage**”), Purchaser shall pay, or cause to be paid, within five (5) Business Days of the determination of the Final Overage and the Final Closing Statement, to Seller by wire transfer of immediately available funds, an amount equal to such Final Overage.
- 3.4.2 In the event that the Closing Purchase Price is greater than the Final Purchase Price (such excess, the “**Final Underage**”), Seller shall pay, or cause to be paid, within five (5) Business Days of the determination of the Final Underage and the Final Closing Statement, to Purchaser, by wire transfer of immediately available funds, an amount equal to such Final Underage.
- 3.4.3 The parties agree to treat for all applicable income Tax purposes any adjustment as determined pursuant to this Clause 3.4 as an adjustment to the Purchase Price, unless otherwise required by a change in applicable Legal Requirements occurring after the date that such adjustment becomes final and binding, a closing agreement with an applicable Tax Authority or a final judgment of a court of competent jurisdiction.

3.4.4 The process set forth in this Clause 3.4 and Schedule 6 shall be the sole and exclusive remedy of Seller and its Subsidiaries and Purchaser and its Affiliates for any disputes related to the Purchase Price, Closing Purchase Price, Preliminary Closing Purchase Price, Final Purchase Price and the calculations and amounts on which they are based or set forth in the related statements and notices delivered in connection therewith, whether or not the underlying facts and circumstances constitute a breach of any Seller Warranty.

3.5 **Withholding.** Purchaser shall be entitled to deduct and withhold from amounts payable pursuant to this Agreement such amounts as Purchaser is required to deduct and withhold under applicable Legal Requirement, save in respect of the payment of the Purchase Price under this Clause 3, which shall be governed solely by Schedule 8, which precludes any such deduction or withholding for the reasons stated therein. Any amounts so deducted or withheld shall be timely paid to the appropriate Governmental Authority and such amounts shall be treated for all purposes under this Agreement as having been paid to Seller. To the extent a Party becomes aware of any Legal Requirement to deduct or withhold, it shall provide reasonable advance notice to the other Party and the Parties shall reasonably cooperate to reduce or eliminate such deduction or withholding in a manner consistent with applicable Legal Requirement. For the avoidance of doubt, Seller and Purchaser shall cooperate in complying with Bulletin 7 (as defined below) as described in Schedule 8.

#### **4. CONDITIONS PRECEDENT**

4.1 **Conditions of Purchaser.** The obligations of Purchaser to consummate the Transactions shall be subject to the satisfaction (or, if permitted by applicable Legal Requirement, waiver by Purchaser (in its sole discretion)) of each of the following conditions at or prior to the Closing:

- 4.1.1 (i) The Seller Fundamental Warranties shall be true and correct in all material respects as of the Closing as if made on the Closing Date (other than any such warranty that is made as of a specific date, which warranty shall have been true and correct in all material respects as of such date), (ii) the Seller Warranty set forth at paragraph 11.2 of Schedule 4 shall be true and correct in all respects as of the Closing as if made on the Closing Date (other than any such warranty that is made as of a specific date, which warranty shall have been true and correct in all respects as of such date), except for breaches or inaccuracies, as the case may be, as to matters that, individually or in the aggregate, would not be material to the Business, taken as a whole; and (iii) all other warranties contained in Schedule 4 of this Agreement shall be true and correct in all respects as of the Closing as if made on the Closing Date (other than any such warranty that is made as of a specific date, which warranty shall have been true and correct in all respects as of such date), except for breaches or inaccuracies, as the case may be, as to matters that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect; and
- 4.1.2 The material covenants or agreements contained in this Agreement required to be performed or complied with by Seller on or before the Closing (other than the covenant at paragraph 1.2 of Schedule 2) shall have been performed or complied with in all material respects.

4.2

Conditions of Seller. The obligations of Seller to consummate the Transactions shall be subject to the satisfaction (or, if permitted by applicable Legal Requirement, waiver by Seller (in its sole discretion)) of each of the following conditions at or prior to the Closing:

- 4.2.1 (i) The Purchaser Fundamental Warranties shall be true and correct in all material respects as of the Closing as if made on the Closing Date (other than any such warranty that is made as of a specific date, which warranty shall have been true and correct in all material respects as of such date); and (ii) all other warranties contained in Schedule 5 of this Agreement shall be true and correct in all respects as of the Closing as if made on the Closing Date (other than any such warranty that is made as of a specific date, which warranty shall have been true and correct in all respects as of such date), except for breaches or inaccuracies, as the case may be, as to matters that, individually or in the aggregate, would not reasonably be expected to have a Purchaser Material Adverse Effect; and
- 4.2.2 The material covenants or agreements contained in this Agreement required to be performed or complied with by Purchaser on or before the Closing shall have been performed or complied with in all material respects.

4.3

Mutual Conditions. The respective obligations of each Party to consummate the Transactions shall be subject to the satisfaction (or, if permitted by applicable Legal Requirement, waiver by mutual consent of Seller and Purchaser) of each of the following conditions at or prior to the Closing:

- 4.3.1 All Required Approvals shall have been obtained (or any applicable waiting period thereunder shall have expired or been terminated).
- 4.3.2 No Governmental Authority of competent authority and jurisdiction shall have issued an Order or enacted a Legal Requirement that remains in effect and makes illegal or prohibits the Transactions pursuant to this Agreement.
- 4.3.3 The Reorganization shall have been completed in all material respects in accordance with Schedule 1 (as such Schedule may be amended or modified by Seller pursuant to Clause 5.5.1).
- 4.3.4 In the event that Purchaser is unable to rely on the Purchaser Parent Shareholder Approval in lieu of convening a general meeting pursuant Rule 14.44 of the Hong Kong Listing Rules, the Transactions shall have been approved by the shareholders of Purchaser at an extraordinary general meeting of Purchaser in accordance with the Hong Kong Listing Rules (“**EGM Shareholders Approval**”).
- 4.3.5 The ODI Approval, if required under applicable Legal Requirements for the advance of funds under the Loan Agreement and the other transactions contemplated by this Agreement or the other Transaction Agreements, shall have been obtained.

- 4.4 **Failure of Conditions.** Neither Seller nor Purchaser may rely on the failure of any Closing Condition, as applicable, to be satisfied if such failure was caused by such Party's failure to:
- 4.4.1 use, as required by this Agreement, its reasonable best endeavors to consummate the Transactions; or
  - 4.4.2 otherwise comply with any provision of this Agreement, in all material respects.
- 4.5 **Waiver of Conditions.** The Closing Conditions set forth in Clause 4.1 may only be waived by written notice from Purchaser. The Closing Conditions set forth in Clause 4.2 may only be waived by written notice from Seller. The Closing Conditions set forth in Clause 4.3 may only be waived by written notice from Purchaser and Seller.
- 5. PRE-CLOSING UNDERTAKINGS**
- 5.1 **Conduct of the Business Prior to Closing.** From the date of this Agreement until the earlier of the Closing or the termination of this Agreement pursuant to its terms, Seller shall comply with the obligations set out in Schedule 2.
- 5.2 **Pre-Closing Access to Information.**
- 5.2.1 Until the earlier of (i) the Closing and (ii) the termination of this Agreement pursuant to its terms, Seller shall, and shall cause the other Seller Entities and the Target Group to, (a) permit Purchaser to have reasonable access, upon reasonable prior notice, during normal business hours in a manner so as not to interfere with the normal business operations of, and in accordance with the reasonable procedures established by the Seller Group, to (i) books and records of the Business, and (ii) such financial, Tax, legal, IT, commercial, operating and other data and information as Purchaser may reasonably request to the extent relating to the Business; (b) provide such assistance as Purchaser may reasonably request (at Purchaser's sole cost) for any audit that is required under the Hong Kong Listing Rules for the preparation of the Purchaser Shareholder Circular; (c) subject to Seller's prior written consent (which shall not be unreasonably withheld, conditioned or delayed), permit Purchaser to conduct (subject to being accompanied by Seller or its representatives) reasonable onsite due diligence, visits and inspections of properties, offices, plants and other facilities of the Business and interviews with appropriate members of management of the Business; and (d) otherwise cooperate and assist with reasonable requests from Purchaser, in each case solely for the purpose of facilitating the consummation of the Transactions; provided that nothing in this Clause 5.2 shall:
    - 5.2.1.1 require the Seller Entities or the Target Group to provide access or to disclose information where such access or disclosure would contravene any Legal Requirement then applicable or any Contract existing as of the Cutoff Time or otherwise permitted to be entered into between the Cutoff Time and the Closing under this Agreement in the ordinary course of business consistent with past practice (unless otherwise permitted under Schedule 2) (including those relating to data protection, antitrust or privacy);

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|---------|--|
| 5.2.1.2 | include any invasive investigations, sampling or testing whatsoever for or regarding any environmental matters;  |
| 5.2.1.3 | require the Seller Entities or the Target Group to provide Purchaser, its Affiliates or its and their Representatives with (A) any Consolidated Return (or copy thereof), (B) information relating to businesses of the Seller Entities or the Target Group other than the Business or (C) information relating to individual medical histories; or  |
| 5.2.1.4 | require Seller to provide (A) information with respect to bids, the identity of any bidder, confidentiality or non-disclosure agreements, letters of intent, expressions of interest or other proposals received in connection with transactions comparable to the Transactions or any information or analysis relating to any such communications or (B) financial or operating data or other information that has not previously been prepared by the Seller Entities or the Target Group, or that is not otherwise prepared in the ordinary course of operating the Business.   |
| 5.2.2   | Notwithstanding the foregoing provisions of this Clause 5.2, in the event that the Seller Entities and the Target Group would otherwise be required by the foregoing provisions of this Clause 5.2 to furnish Purchaser or its Affiliates or its and their Representatives with, or to provide Purchaser or its Affiliates or its and their Representatives with access to, information about the Seller Entities and the Target Group where such access to information would reasonably be expected to involve the waiver of any attorney-client privilege, Seller shall notify Purchaser of such circumstances, and the parties will coordinate with each other in good faith such that the provision of any such information or access to information does not result in a waiver of attorney-client privilege. |
| 5.2.3   | Until the earlier of (i) the publication of the Purchaser Shareholder Circular; and (ii) the termination of this Agreement, Seller shall, and shall cause the other Seller Entities and the Target Group to, use commercially reasonable endeavors to promptly provide information with respect to the Seller Entities, the Target Group or the Transactions to be included in the Purchaser Shareholder Circular as reasonably required by the Hong Kong Listing Rules or the Governmental Authority upon reasonable prior notice of Purchaser and its Representatives.   |
| 5.2.4   | Any information disclosed under this Clause 5.2 will be subject to the provisions of Clause 14.  |
| 5.2.5   | Purchaser and its Affiliates and its and their Representatives shall not communicate with any of the officers, directors, employees or customers of, or suppliers to, the Business or the Target Group without the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned or delayed).   |
| 5.3     | <b>Cooperation.</b> Subject to the provisions of Clause 5.4, prior to the Closing, Seller shall, and shall cause its Affiliates to, and Purchaser shall, and shall cause its Affiliates to, use reasonable best endeavors to cause all Closing Conditions to be met as promptly as practicable and, in any event, on or before the Outside Date.   |

Certain Consents.

- 5.4.1 As soon as reasonably practicable after the date hereof, Purchaser and Seller shall use commercially reasonable endeavors to discuss the list of Consents that are required, necessary or advisable in connection with the Transactions or the Reorganization pursuant to any Contract that is material to the Business to which any member of the Seller Group or the Target Group is a party or by which any portion of the Business is bound (collectively, the “**Key Contracts**”). Prior to the Closing, to the extent requested by Purchaser in writing, each Party hereto agrees to cooperate and use commercially reasonable endeavors to obtain the Consents identified by the parties and as requested by Purchaser.
- 5.4.2 Notwithstanding anything to the contrary contained in this Agreement, neither Seller nor any of its Subsidiaries shall:
- 5.4.2.1 be required to expend any money, commence or participate in any Proceeding, incur liabilities or offer or grant any accommodation (financial or otherwise) to any third party to obtain any Consent described in this Clause 5.4;
  - 5.4.2.2 have any obligation pursuant to this Clause 5.4 with respect to any Key Vendor Contract that is governed by the Transition Services Agreement;
  - 5.4.2.3 have any obligations to obtain or with respect to obtaining any Consent (except as expressly set forth in this Clause 5.4); or
  - 5.4.2.4 be required to negotiate with the applicable third party any amendment, modification, change, supplement or waiver to any provision of any Key Contract or any statement of work, service or work order or similar document attached to, or entered into pursuant to, such Key Contract.
- 5.4.3 No warranty or covenant of Seller contained in this Agreement or the other Transaction Agreements shall be breached or deemed breached, and no condition shall be deemed not satisfied, based on:
- 5.4.3.1 the failure to obtain any Consent described in this Clause 5.4; or
  - 5.4.3.2 any Proceeding commenced or threatened by or on behalf of any Person arising out of, relating to or resulting from (x) the failure to obtain any Consent described in this Clause 5.4 or (y) any arrangement between Seller or Purchaser entered into pursuant to Clause 5.4.

**Reorganization.** Prior to the Closing, unless otherwise mutually agreed by the Parties, Seller shall, and shall cause its Subsidiaries to, use commercially reasonable endeavors to perform the Seller Reorganization Actions. To the extent that a Seller Reorganization Action is not completed prior to the Closing, Seller shall, and shall cause its Subsidiaries to, use commercially reasonable endeavors to complete it as soon as practicable following the Closing; provided that the preceding sentence shall not be deemed as a waiver of the Condition set forth in Clause 4.3.3.

- 5.5.1 Schedule 1 may be amended or modified by Seller without the consent of Purchaser so long as such amendments or modifications would not, individually or in the aggregate:
- 5.5.1.1 affect the structuring of the Transaction in a way that would result in Purchaser acquiring equity of an entity that is not a member of the Target Group instead of acquiring certain assets;
  - 5.5.1.2 materially adversely affect Purchaser and its Affiliates (after giving effect to the Closing);
  - 5.5.1.3 prevent or materially delay the Closing;
  - 5.5.1.4 materially interfere with, prevent or materially delay the ability of Purchaser to perform its obligations under the Transaction Agreements or consummate the Transactions;
  - 5.5.1.5 change in any material way the scope of the assets and liabilities intended to be indirectly acquired by Purchaser pursuant to this Agreement; or
  - 5.5.1.6 otherwise be material to the Business;

provided that in each case, Seller shall consult in good faith with Purchaser in connection with, and provide Purchaser with written notice of, any such amendments or modifications.

- 5.5.2 Seller shall keep Purchaser reasonably informed of the status and details of the Seller Reorganization Actions.
- 5.5.3 Purchaser shall, and shall cause its Affiliates to, use their commercially reasonable endeavors to cooperate with and assist Seller and its Affiliates (and their respective Representatives) with respect to the Seller Reorganization Actions, as reasonably requested by Seller, to the extent such requests are for the purpose for facilitating the Seller Reorganization Actions or otherwise relate to the consummation of the Reorganization.
- 5.5.4 Any costs and expenses in connection with performing the Seller Reorganization Actions shall be borne by Seller.
- 5.5.5 [\*\*\*]
  - 5.5.5.1 [\*\*\*]

5.6

Non-Solicitation; Non-Hire.

5.6.1 During the period commencing at the Closing and ending on the date that is two (2) years thereafter (the “**Non-Solicitation Period**”):

5.6.1.1 Seller shall not, and shall ensure that its Affiliates and Representatives acting on its or their behalf do not, solicit, hire, or engage any senior executive officer of Purchaser and its Affiliates (and in the case of the Target Group after the Closing, all Business Employees at or above an M04 or P04 level) (a “**Target Restricted Employee**”); and

5.6.1.2 Purchaser shall not, and shall ensure that its Affiliates and Representatives acting on its or their behalf do not, solicit, hire, or engage any senior executive officer of Seller or its Affiliates (a “**Seller Restricted Employee**”).

5.6.2 Notwithstanding the foregoing:

5.6.2.1 general media advertising or any other general solicitation not specifically targeted at such Target Restricted Employees or Seller Restricted Employees (as applicable) or the use of an independent search firm by methods that are not directed at such Target Restricted Employees (as applicable) or Seller Restricted Employees shall not be deemed to be direct or indirect solicitations; and

5.6.2.2 during the Non-Solicitation Period, Seller or Purchaser may engage, solicit and/or hire any Target Restricted Employee (in the case of Seller) or Seller Restricted Employee (in the case of Purchaser), if: (i) such Target Restricted Employee’s or Seller Restricted Employee’s employment or engagement has been terminated by the Target Group (or the Purchaser Group) or the Seller Group (as applicable); or (ii) in the case of a voluntary departure by the Target Restricted Employee or Seller Restricted Employee in question, such Target Restricted Employee or Seller Restricted Employee has ceased to be employed or engaged by the Target Group (or the Purchaser Group) or the Seller Group (as applicable) for at least twelve (12) months prior to any such hiring.

Non-Competition.

- 5.7.1 During the period commencing at the Closing and ending on the date that is five (5) years thereafter (the “**Non-Competition Period**”), Seller shall not, and shall ensure that its Affiliates and Representatives acting on its or their behalf do not, compete, directly or indirectly (including through any contractual arrangement, performing management, executive or supervisory functions with respect to, or owning, operating, controlling or participating in competing business) with the Business solely with respect to [\*\*\*] of the Business as of the date of this Agreement, or solicit [\*\*\*] for the same activities undertaken for [\*\*\*] by the Business as conducted by the Target Group immediately prior to the Closing.
- 5.7.2 For clarity, the restrictions in Clause 5.7.1 do not prevent or in any way restrict or hinder the ability of Seller of any of its Affiliates or Representatives acting on its or their behalf to solicit any activities or other business from [\*\*\*] other than the same activities undertaken for [\*\*\*] by the Business as conducted by the Target Group immediately prior to Closing.
- 5.7.3 Notwithstanding the foregoing, during the Non-Competition Period, Seller may, and any Affiliate of Seller and any Representative of Seller or any such Affiliate, acting on its or their behalf, may, directly or indirectly (i) acquire any interest in any publicly traded company carrying on activities in competition with the Business, up to a maximum of 5% of such company (as passive investment only); (ii) acquire interest in any Person carrying out, on a non-prevailing basis, activities in competition with the Business, to the extent the net revenues of said Person arising from the competitive business do not exceed (based on the latest available financial statements of such Person at the time of execution of a binding purchase agreement for such acquisition) 10% of the overall net revenues of such Person; or (iii) invest in investment funds, regardless of whether the assets of such funds are invested in any Person carrying on activities in competition with the Business (provided that the investment does not result in (x) the power to determine or direct the investment policies or the management of the fund (it being understood that being a general partner of such investment fund shall be deemed as having the power to determine or direct the investment policies), (y) any influence or control over any Person carrying on activities in competition with the Business, or (z) the beneficial ownership of more than 5% of any Person carrying on activities in competition with the Business).
- 5.7.4 Seller acknowledges that the covenants of Seller set forth in this Clause 5.7 are an essential element of this Agreement and that any breach by Seller of any provision of this Clause 5.7 will result in irreparable injury to Purchaser. Seller acknowledges that in the event of such a breach, in addition to all other remedies available at law, Purchaser shall be entitled to equitable relief, including injunctive relief, and an equitable accounting of all earnings, profits or other benefits arising therefrom, as well as such other damages as may be appropriate. Seller has independently consulted with its counsel and after such consultation agrees that the covenants set forth in this Clause 5.7 are reasonable and proper to protect the legitimate interest of Purchaser.

5.7.5 If a court of competent jurisdiction determines that the character, duration or geographical scope of the provisions of this Clause 5.7 are unreasonable, it is the intention and the agreement of the Parties that these provisions shall be construed by the court in such a manner as to impose only those restrictions on Seller's conduct that are reasonable in light of the circumstances and as are necessary to assure to Purchaser the benefits of this Agreement. If, in any judicial Proceeding, a court shall refuse to enforce all of the separate covenants of this Clause 5.7 because taken together they are more extensive than necessary to assure to Purchaser the intended benefits of this Agreement, it is expressly understood and agreed by the Parties that the provisions hereof that, if eliminated, would permit the remaining separate provisions to be enforced in such Proceeding, shall be deemed eliminated, for the purposes of such Proceeding, from this Agreement.

5.8

Reasonable Best Endeavors; Cooperation; Regulatory Filings.

5.8.1 Seller and Purchaser shall use reasonable best endeavors to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate in doing, all things necessary, proper or advisable under this Agreement and Legal Requirements to consummate and make effective the Transactions, which actions include:

- 5.8.1.1 using reasonable best endeavors to obtain as promptly as practicable each Consent, Permit and Order of any Governmental Authority that is, or becomes, necessary for the consummation of the Transactions (collectively, "**Governmental Approvals**");
- 5.8.1.2 cooperating in determining which filings are required or advisable to obtain any Governmental Approval or any exemption by any Governmental Authority;
- 5.8.1.3 furnishing all information and documents required by or advisable under applicable Legal Requirement in connection with Governmental Approvals or filings with any Governmental Authority;
- 5.8.1.4 making, or causing to be made, all necessary filings and notifications with the applicable Governmental Authorities and obtaining all consents, approvals, clearances, waivers or actions to, with or from any Governmental Authority in order to secure the Required Approvals and ODI Approvals (if required) as soon as practicable after the date of this Agreement;
- 5.8.1.5 using reasonable best endeavors to obtain as promptly as practicable the requisite clearances, consents, approvals, authorizations, waivers, actions or expiration of any waiting period, including those under any applicable Antitrust Laws or Investment Screening Laws, as soon as practicable after the date of this Agreement; and
- 5.8.1.6 defending any actions, whether judicial or administrative, challenging this Agreement or the consummation of the Transactions, including seeking to have any Order entered by any court or other Governmental Authority vacated or reversed.

In furtherance and not in limitation of the foregoing, each Party hereto agrees that it will use its reasonable best endeavors to file or cause to be made as promptly as practicable and advisable (with each Party considering in good faith any views or input provided by the other Party with respect to the timing thereof) any filing with or notification to any other competent Governmental Authorities set forth on Section 5.8.1 of the Seller Disclosure Letter.

5.8.2 In connection with, and without limiting, the endeavors referenced in Clause 5.8.1, Seller and Purchaser shall (but for clarity excluding Seller's actions in relation to the Reorganization which shall be governed by Clause 5.5):

- 5.8.2.1 furnish to the other, and Seller shall cause the other Seller Entities and the Target Group to furnish to Purchaser, such necessary information and reasonable assistance as the other may request, including requests for production of documents and production of witnesses for interviews or depositions by any Governmental Authority, in connection with its preparation of any filing or submission that is necessary under any applicable Governmental Approval;
- 5.8.2.2 comply with any additional reasonable requests for information, including requests for production of documents and production of witnesses for interviews or depositions by any Governmental Authority;
- 5.8.2.3 permit the other party to review any filing or submission prior to forwarding to the State Administration for Market Regulation of the People's Republic of China ("SAMR"), NDRC, MOFCOM, SAFE and other Governmental Authorities (except where such material is confidential to a party in which case it will be provided, subject to applicable Legal Requirement, to the other party's counsel on an "external counsel" basis) and accept any reasonable comments made by that other party;
- 5.8.2.4 keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Authorities and comply as promptly as practicable with any such inquiry or request; and
- 5.8.2.5 agree not to, and Seller shall cause the other Seller Entities and the Target Group not to, participate in any substantive meeting or discussion, either in person or by telephone or videoconference, with any Governmental Authority in connection with the Transactions, unless (i) it consults with the other party in advance and (ii) gives the other party the opportunity to attend and participate; provided that a party shall not be required to give the other party the opportunity to attend and participate to the extent (x) prohibited by such Governmental Authority or (y) such Governmental Authority requests to communicate exclusively with one party.

- 5.8.3 In connection with, and without limiting, the endeavors referenced in Clause 5.8.1 and Clause 5.8.2, solely for the purposes of obtaining any Governmental Approval from any applicable PRC Governmental Authority (including SAMR, NDRC, MOFCOM and SAFE), but not any other foreign Governmental Authority, Purchaser shall:
- 5.8.3.1 take any and all steps necessary or advisable to avoid or eliminate each and every impediment under any Legal Requirement that may be asserted by any Governmental Authority or any other Person so as to enable the parties hereto to expeditiously consummate the Transactions, including proposing, negotiating, committing to and consenting to any divestiture, sale, disposition, hold separate order or other structural or conduct relief, or other operational undertakings (including in relation to public interest and national security matters), in order to obtain clearance from any Governmental Authority; and
- 5.8.3.2 in the event that Purchaser is notified by any Governmental Authority or handling bank that its filings for the purpose of ODI Approvals have been rejected (or would not be processed) by the relevant Governmental Authority, shall notify Seller of such notification within one (1) Business Day of the receipt of such notice by Purchaser.
- 5.8.4 Neither Seller nor Purchaser shall commit to or agree with any Governmental Authority to stay, toll or extend any applicable waiting period or withdraw its filing under any applicable Legal Requirement without the prior written consent of the other party.
- 5.8.5 Whether or not the Transactions are consummated, each Party shall be responsible for its own payment of all filing fees and other disbursements to any third party or any Governmental Authority in connection with obtaining any approvals or making the notifications or filings required pursuant to Clause 5.8.1 (including document translation fees or third-party expert fees but not including the costs of each party's own legal advisors).
- 5.8.6 Notwithstanding anything to the contrary in Clause 5.8.2, each of Seller and Purchaser may redact materials provided to the other party:
- 5.8.6.1 to remove competitively sensitive information or information concerning valuation;
- 5.8.6.2 as necessary to comply with legal or contractual arrangements; and
- 5.8.6.3 as necessary to address reasonable attorney-client or solicitor-client privilege or other privilege or confidentiality concerns.

- 5.8.7 Notwithstanding anything in this Clause 5.8 to the contrary, nothing in this Clause 5.8 shall:
- 5.8.7.1 require, or be deemed to require, Seller or any of its Subsidiaries to propose, negotiate, offer to commit, effect or agree to (i) any sale, divestiture, license or disposition of assets or businesses of the Target Group or (ii) any behavioral remedy of the Target Group; and
- 5.8.7.2 apply to the transactions contemplated by Clause 5.5.
- 5.9 **Insurance.** The coverage under all insurance policies or self-insurance programs, including those relating to the Business and the Operating Companies, arranged or maintained by Seller or any of its Affiliates is only for the benefit of Seller and its Affiliates, and not for the benefit of Purchaser or any of its Affiliates (including, as of the Closing, the Target Group).
- 5.9.1 As of the Closing, the Business and the Operating Companies shall cease to be insured by the insurance policies of Seller or any of its Affiliates or by any of its respective self-insurance programs.
- 5.9.2 Purchaser acknowledges and agrees that it is Purchaser's sole responsibility to arrange for its own insurance policies or self-insurance programs with respect to the Business and the Operating Companies covering all periods prior to and following the Closing and agrees not to seek, through any means, to benefit from any of the insurance policies or self-insurance programs of Seller or any of its Subsidiaries which may provide coverage for claims relating in any way to the Business and the Operating Companies.
- 5.9.3 Seller shall use its commercially reasonable endeavors to assist Purchaser in connecting with the existing insurance brokers and carriers for the Business for the purpose of facilitating discussions regarding the replacement of insurance policies maintained by the Seller Group with new insurance policies of the Purchaser Group or the Target Group.
- 5.10 **Purchaser Shareholder Approval and Circular.** Without limiting the Parties' obligations under Clause 5.8.1:
- 5.10.1 Purchaser shall, at its own cost, use reasonable best endeavors to prepare and submit to the Hong Kong Stock Exchange a draft of a circular in connection with the Transactions in accordance with the Hong Kong Listing Rules, and any documents, supplements, or announcements required to be lodged with (or otherwise in connection with) the circular (collectively the "**Purchaser Shareholder Circular**") for approval by the Hong Kong Stock Exchange.
- 5.10.2 With respect to the Condition set forth in Clause 4.3.4 (if applicable), Purchaser shall, at its own cost (other than for clarity, Seller's costs for its and its legal counsel's review and comment on the Purchaser Shareholder Circular), use reasonable best endeavors to take, or cause to be taken, all actions, and to do, or cause to be done to ensure that the Condition set forth in Clause 4.3.4 is promptly fulfilled after the date of this Agreement, which (without limiting the generality of the foregoing) shall include:
- 5.10.2.1 preparing and submitting to the Hong Kong Stock Exchange, as promptly as reasonably practicable after the date of this Agreement, a draft of the Purchaser Shareholder Circular for approval by the Hong Kong Stock Exchange;

- 5.10.2.2 including in the Purchaser Shareholder Circular (and any supplement or amendment thereto) (i) the unanimous recommendation of the Transactions by the board of directors of Purchaser (or if certain directors are required by the Hong Kong Listing Rules to abstain, by the directors not required to abstain) and a unanimous statement by the board of directors of Purchaser (or if certain directors are required by the Hong Kong Listing Rules to abstain, by the directors not required to abstain) that the terms of the Transactions and this Agreement are fair and reasonable and are in the interests of Purchaser and its shareholders as a whole; and (ii) such other information as may be required by the Hong Kong Listing Rules or as may be required by the Hong Kong Stock Exchange;
- 5.10.2.3 subject to the Purchaser Shareholder Circular being finalized and approved by the Hong Kong Stock Exchange in accordance with the Hong Kong Listing Rules, as promptly as reasonably practicable publishing and dispatching the Purchaser Shareholder Circular to its shareholders in accordance with the Hong Kong Listing Rules; and
- 5.10.2.4 convening the extraordinary general meeting on the date set forth in the Purchaser Shareholder Circular; *provided* that Purchaser shall not change the date of the extraordinary general meeting or adjourn any such meeting unless otherwise required by the Hong Kong Stock Exchange, the Hong Kong Listing Rules or any applicable Legal Requirement, due to bad weather conditions or any unforeseen situation which is out of the control of Purchaser and is not caused by any act or omission of Purchaser or with the prior written consent of Seller.
- 5.10.3 Purchaser shall use its reasonable best endeavors to have the Purchaser Shareholder Circular (and any supplement or amendment thereto) approved by the Hong Kong Stock Exchange as promptly as reasonably practicable.
- 5.10.3.1 Purchaser shall notify Seller as promptly as reasonably practicable of the receipt by it of any comments from the Hong Kong Stock Exchange and of requests by the Hong Kong Stock Exchange for amendments or supplements to the Purchaser Shareholder Circular or for additional information; provided that Purchaser shall not be required to provide Seller with any portion of such comments or requests that is not related to the Seller Group, the Target Group, the Transactions and/or the Business. Purchaser shall as promptly as reasonably practicable upon receipt make such amendments and supplements so requested by the Hong Kong Stock Exchange.
- 5.10.3.2 Purchaser shall provide Seller with copies of all correspondence between Purchaser and its Representatives on the one hand and the Hong Kong Stock Exchange on the other hand with respect to the Purchaser Shareholder Circular or the Transactions; provided that Purchaser shall not be required to provide Seller with any portion of such comments or requests that is not related to the Seller Group, the Target Group, the Transactions and/or the Business.

- 5.10.3.3 Prior to any submission of the Purchaser Shareholder Circular (and any supplement or amendment thereto) and all correspondence with, and responses to, the Hong Kong Stock Exchange, Purchaser shall cooperate with Seller and provide Seller and its legal counsel with a reasonable opportunity to review and comment on the portion that is related to the Seller Group, the Target Group, the Transactions and/or the Business, and shall give reasonable consideration in good faith to including any comments Seller may provide.
- 5.10.4 Seller shall, as promptly as reasonably practicable upon the written request of Purchaser, use commercially reasonable endeavors to provide all necessary assistance at Purchaser's sole cost (other than Seller's costs for its and its legal counsel's review and comment) to Purchaser in order to assist Purchaser to obtain the approval from the Hong Kong Stock Exchange in relation to the Purchaser Shareholder Circular.
- 5.11 Termination of Affiliate Contracts and Settlement of Intercompany Accounts.
- 5.11.1 At or prior to the Closing, Seller shall, and shall cause the other members of the Seller Group and the Target Group to:
- 5.11.1.1 terminate all Affiliate Contracts and settle all Intercompany Accounts, such termination or settlement to be effective as of no later than the Closing and in a manner and on such terms that shall not subject the Target Group or the Seller Group to any ongoing liability or performance obligation or require the Target Group or the Seller Group to make any termination, indemnity or other payment on or after the Closing Date; and
- 5.11.1.2 waive any payment that may otherwise be or become due and payable in connection with such termination or settlement; provided that this Clause 5.11.1 shall not apply to any ordinary course accounts receivable or accounts payable of the Business which have not yet been settled on a customary basis or (subject to Clause 5.11.2) the Seller Annual True Up Payment Obligations.
- 5.11.2 In furtherance of Clause 5.11 of this Agreement, to the extent Seller's annual true-up payment obligations to each of CTU, EPZ and GPW (the "**Seller Annual True-Up Payment Obligations**") are not settled as of the Closing, Purchaser acknowledges and agrees that the Seller Annual True-Up Payment Obligations shall be assigned to, and assumed by, the Company as part of the Seller Reorganization Actions, and discharged by the Company following the Closing.

5.12

Licenses and Permits. Without limiting Purchaser's obligations under Clause 5.6, Purchaser shall apply for and shall use all reasonable endeavors to obtain any Permits from, or otherwise enter into any Contracts with the applicable Governmental Authorities (including obtaining the Permits set out in Section 5.12 of the Seller Disclosure Letter), in each case, that are reasonably necessary (i) for the continuing operation of the Business after Closing or (ii) other than in relation to the Seller's Reorganization, to consummate and make effective the Transactions.

5.13

Financing.

- 5.13.1 Purchaser shall, and shall cause its Affiliates to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to obtain and consummate the Financing (and refrain from any activity that would prevent, delay or hinder in any manner or otherwise cause or result in such Financing not being obtained and consummated) as soon as practicable and, in any event, no later than at or prior to the Closing, on the terms and subject to the conditions described in the Loan Agreement, including to (i) comply with and maintain in effect the Loan Agreement on the terms and subject to the conditions contained therein; (ii) satisfy as promptly as practicable and on a timely basis, but, in any event, no later than at or prior to the Closing, and maintain in effect, all conditions to the initial funding of the Financing at Closing and (iii) in the event that Purchaser satisfies all of the conditions under the Loan Agreement to the initial funding of the Financing and Purchaser Parent does not fund to Purchaser an amount equal to the Required Funds, enforce its rights under the Loan Agreement and cause Purchaser Parent to fund such amount.
- 5.13.2 Purchaser will (i) keep Seller informed on a reasonably current basis of the status of its endeavors to obtain the Financing and (ii) as promptly as practicable, and, in any event, within two (2) Business Days of the following, notify Seller of any (A) breach or default (or any event or circumstance that, with or without notice, lapse of time or both, could reasonably be expected to give rise to any breach or default), or breach or default threatened, of which Purchaser becomes aware with respect to the Loan Agreement or the other Loan Documents, or (B) change, circumstance or event, in addition to clause (A), which could reasonably be expected to cause Purchaser to believe that it shall not be able to timely satisfy its obligations in this Clause 5.13.
- 5.13.3 Purchaser will not, and will cause its Affiliates not to, without the prior written consent of Seller, permit any amendment, modification, termination, supplementation, assignment, waiver, grant of consent under or replacement of the Loan Agreement or any other Loan Document.

5.14

Exclusivity.

- 5.14.1 Seller agrees that between the date of this Agreement and the earlier of the Closing and the termination of this Agreement, provided that Purchaser is not in material breach of this Agreement or any other Transaction Agreement, Seller shall not, and shall take all reasonably necessary actions to ensure that none of the Target Group, the Seller Group or any of their respective Representatives acting on their behalf shall, directly or indirectly:

- 5.14.1.1 except in connection with the Reorganization pursuant to Clause 5.5, solicit, initiate, consider, encourage or accept any other proposals or offers from any Person (i) relating to any direct or indirect acquisition or purchase of a material portion of the Business (whether by asset or stock sale), or (ii) to enter into any merger, consolidation or other business combination relating to any member of the Target Group or the Business; or
- 5.14.1.2 participate in any discussions, conversations, negotiations or other communications regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any other Person to seek to do any of the foregoing. Seller immediately shall cease and cause to be terminated all existing discussions, conversations, negotiations and other communications with any Persons conducted heretofore with respect to any of the foregoing.
- 5.15 Updated Equipment and Employee List. On a date no earlier than twenty (20) Business Days prior to Closing but no later than one (1) Business Day prior to Closing, Seller shall use commercially reasonable endeavors to provide (i) an updated list setting out the information in Section 12.1 of the Seller Disclosure Letter, and (ii) an updated list setting out the information in Section 12.2 of the Seller Disclosure Letter, in relation to all Business Employees at or above an M04 or P04 level (in each case, under the applicable policies of the Seller Group), in each case as of a date no earlier than twenty (20) Business Days prior to Closing; provided that, in each case of (i) or (ii):
- 5.15.1 Purchaser acknowledges and agrees that Seller shall not have any liability whatsoever in relation to the accuracy of such updated lists; and
- 5.15.2 Seller and Purchaser specifically disclaims (and Purchaser expressly disclaims reliance on) any statement, representation or warranty, express or implied, in relation to such updated lists.

## **6. COMPLETION**

- 6.1 Closing; Time and Place. The closing of the Transactions (the “**Closing**”) shall occur at the offices of Skadden, Arps, Slate, Meagher & Flom LLP (“**Skadden**”), 42/F, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong (which Closing may occur by electronic exchange of documents), at 10:00 a.m. on the date that is three (3) Business Days following the satisfaction or, if permissible, waiver of each of the Closing Conditions (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions), or at such other date, time or place as Seller and Purchaser mutually agree in writing. The date on which the Closing occurs is referred to herein as the “**Closing Date**.”
- 6.2 Deliveries by Seller. At the Closing, Seller shall deliver or take (or cause to be delivered or taken) the documents and actions listed in Part 1 of Schedule 3.
- 6.3 Deliveries by Purchaser. At the Closing, Purchaser shall deliver or take (or cause to be delivered or taken) the documents and actions listed in Part 2 of Schedule 3.

6.4 **Payment Mechanics.** Unless specified otherwise herein, any payment to be made pursuant to this Agreement by Purchaser shall be made to the designee and the bank account or accounts (which shall be designated by Seller in writing to Purchaser on or before the third (3rd) Business Day prior to the due date for payment). Unless otherwise agreed in writing by Seller and Purchaser, any payments under this Agreement shall be made by wire transfer in immediately available funds and receipt of the amount due shall be an effective discharge of the relevant payment obligation.

7. **SELLER WARRANTIES**

7.1 **Seller Warranties.** Subject to the qualifications, limitations and exceptions set forth or referred to in this Clause 7 and the provisions of Schedule 7, Seller warrants to Purchaser that each of the Seller Warranties (i) is true and accurate as at the date hereof and (ii) is true and accurate on the Closing Date, in each case, save and except for those Seller Warranties that are expressed to be given as of any specific date only, which shall be true and accurate as of that specific date.

7.2 **No Other Warranties; Limitations.**

- 7.2.1 Notwithstanding anything contained in Schedule 4 or any other provision of this Agreement, it is the explicit intent of each party hereto, and Purchaser expressly acknowledges and agrees, that neither Seller nor any of its Affiliates has made, is making or has authorized any Person to make any representation or warranty whatsoever, express or implied, except the Seller Warranties.
- 7.2.2 Except as expressly and specifically set forth in the Seller Warranties, each of Seller and its Affiliates and its and their Representatives expressly disclaims any and all other representations and warranties, whether express or implied, and Seller specifically disclaims (and Purchaser expressly disclaims reliance on) any and all such other statements, representations or warranties, express or implied, including in relation to (i) any confidential information memoranda or management presentations distributed on behalf of the Seller Entities, the Target Group or the Business or Data Room information provided to Purchaser, its Affiliates, its and their Representatives or any other Person, or any other document, information or projection in any form provided to Purchaser, its Affiliates or its and their Representatives or any other Person in connection with the Transactions; (ii) the financial information, projections or other forward-looking statements of the Seller Entities, the Target Group or the Business, in each case, in expectation or furtherance of the Transactions; (iii) the merchantability, usage, suitability or fitness for any particular purpose with respect to assets of the Business, any part thereof, the workmanship thereof, and the absence of any defects therein, whether latent or patent, it being understood that such assets are being acquired “as is, where is” on the Closing Date, and in their present condition; and (iv) the Seller Entities, the Target Group, the Business or the Transactions, or any of their financial condition, business, operations, results of operations, properties, assets, liabilities or prospects, or any estimate, projection, prediction, data, financial information, teaser, confidential information presentation or any other materials or information provided or addressed to Purchaser, its Affiliates or its and their Representatives or any other Person, including with respect to the accuracy or completeness of any such information.

7.2.3 The liability of Seller in respect of the Seller Warranties shall be limited, qualified or excluded, as the case may be, in the circumstances and to the extent set out in Schedule 7.

## 8. PURCHASER WARRANTIES

8.1 **Purchaser Warranties.** Subject to the qualifications, limitations and exceptions set forth or referred to in this Clause 8, Purchaser warrants to Seller that each of the Purchaser Warranties (including the Purchaser Fundamental Warranties) is true and accurate as at the date hereof and on the Closing Date, save and except for those Purchaser Warranties that are expressed to be given as on any specific date only, which shall be true and accurate as of that specific date.

### 8.2 No Other Warranties; Limitations.

8.2.1 Except as expressly provided in Schedule 5, Purchaser does not make any other express or implied representations or warranties to Seller, and, in entering into this Agreement, Seller expressly acknowledges and agrees that it is not relying on any statement, representation or warranty, other than the Purchaser Warranties.

8.2.2 The liability of Purchaser in respect of the Purchaser Warranties shall be limited, qualified or excluded, as the case may be, in the circumstances and to the extent set out in Schedule 7 (other than paragraphs 2, 3, 4, 5 and 7 of Schedule 7).

## 9. ADDITIONAL UNDERTAKINGS

### 9.1 Trademark Wind-Down Period.

9.1.1 Purchaser, for itself and its Affiliates, acknowledges and agrees that, except as expressly provided in this Clause 9.1, neither Purchaser or any of its Affiliates (including, after the Closing, the Target Group) have, shall have, or are obtaining any right, title or interest in, to or under any of the Seller Trademarks.

9.1.2 Purchaser and its Affiliates may continue temporarily to, solely for a period of six (6) months after Closing (the "**Wind-Down Period**"), use the Seller Trademarks solely to the extent such Seller Trademarks were used by the Seller Group in their conduct of the Business immediately prior to the Closing and in substantially the same manner and in accordance with substantially the same standard of quality as such Seller Trademarks were used by the Seller Group in their conduct of the Business immediately prior to the Closing; provided that, Purchaser and its Affiliates shall wind down and discontinue all uses of Seller Trademarks as soon as practicable but in no case after the expiration of the Wind-Down Period. In furtherance of the foregoing, as soon as practicable but within the Wind-Down Period, Purchaser shall cause the Target Group to remove, strike over, or otherwise obliterate all Seller Trademarks from all assets and other materials owned by the Target Group, including any vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, websites, email, computer Software and other materials and systems. Notwithstanding the foregoing, as soon as practicable but in no event later than three (3) months following the Closing Date, Purchaser shall cause the Target Group to change its names and cause its certificates of incorporation (or equivalent organizational documents), as applicable, to be amended to remove any reference to the Seller Trademarks.

- 9.1.3 Purchaser and its Affiliates shall not use the Seller Trademarks in a manner that may disparage or reflect negatively on the Seller Group or Seller Trademarks. Seller shall have the right to terminate the rights granted under this Clause 9.1, after giving Purchaser a fifteen (15)-day period to cure, if Purchaser or any of its Affiliates (including the Target Group) breaches the terms and conditions of this Clause 9.1 or otherwise fails to comply with any reasonable direction of the Seller Group in relation to the use of the Seller Trademarks. Following the Closing, Purchaser shall cause the Target Group to cease to hold themselves out as having any affiliation with any member of the Seller Group.
- 9.1.4 During and after the Wind-Down Period, (a) Purchaser and its Affiliates (including the Company) shall have no right, title or interest in or to, or right to use, and Purchaser acknowledges and agrees that it and its Affiliates (including the Company) will not hereafter adopt, use, apply to register, register, oppose, contest or challenge or authorize others to adopt, use, apply to register, register, oppose, contest or challenge any of the Seller Trademarks (including any Trademark confusingly similar to the Seller Trademarks) and (b) the Seller Group shall retain all right, title and interest in and to the Seller Trademarks and any goodwill symbolized by and associated with such use of the Seller Trademarks during the Wind-Down Period shall automatically inure to the benefit of and shall be owned by the relevant Seller Group member (as applicable).

9.2

Post-Closing Access to Information.

- 9.2.1 Following Closing, Seller and its Subsidiaries shall use reasonable endeavors to make available to Purchaser all agreements, documents, books and records, files and other information (excluding any agreements, documents, books and records insofar as they pertain to Tax), and all computer disks, records, tapes and any other storage medium on which any such agreements, documents, books and records, files and other information is stored, in any such case, relating solely to the Business and operations of the Target Group that are in the possession of and located on the premises of the Target Group. Following the Closing Date, no member of the Seller Group shall retain in its possession or under its control, in any form, any agreements, documents, books and records, files or other information that contains any information relating solely to the Business and operations of the Target Group (including any personal or other information stored on any media by any employees of any Target Group), including any of the foregoing that is stored on any server or other storage media maintained by a third party on behalf of Seller or any of its Subsidiaries (including any “cloud” storage platform). Notwithstanding the foregoing:
- 9.2.1.1 no member of the Seller Group shall be required to make available any such agreements, documents, books and records, files or other information if doing so would violate any written obligation of confidentiality to which any member of the Seller Group is subject or, upon the advice of counsel, jeopardize attorney-client privilege or contravene any Legal Requirement or violate any Contract to which any member of the Seller Group is party or by which any of the assets or properties of any member of the Seller Group are bound; and

- 9.2.1.2 the Seller Group may retain any such information to the extent (i) such member of the Seller Group is required to do so by any applicable Legal Requirement or other tax, accounting, regulatory or audit requirement, or other requirement or request of any Governmental Authority (including the rules of a professional body or by its bona fide internal compliance or audit policies and procedures); or (ii) the information is contained in any electronic file created pursuant to any routine backup or archiving procedure so long as such file is not generally accessible beyond the need for disaster recovery or similar operations.
- 9.2.2 In order to facilitate the resolution of any claims made by or against or incurred by Purchaser or the Target Group after the Closing or for any other reasonable purpose, for a period of five (5) years following the Closing, Seller shall to the extent as reasonably necessary to resolve such claims or other reasonable purpose: (i) retain all books, documents, information, data, files and other records of Seller that relate to the Target Group and Business and operations for periods prior to the Closing and which shall not otherwise have been delivered to the Target Group or Purchaser; and (ii) afford Purchaser and the Target Group and their respective Representatives, during normal business hours, upon reasonable request and advance notice, reasonable access to the employees, books, records and properties of the Target Group or the Business, and to make copies of such books and records at Purchaser's expense, to the extent that such access in connection with any such Claims and other Proceedings. Seller shall permit, promptly upon reasonable request, Purchaser and the Target Group and their respective Representatives to use original copies of any such records for purposes of litigation.
- 9.2.3 From and after the Closing, Purchaser shall, and shall cause the Target Group to, afford the Seller Group and their respective Representatives, during normal business hours, upon reasonable request and advance notice, reasonable access to the employees, books, records and properties of the Target Group or the Business, and to make copies of such books and records at Seller's expense, to the extent that such access is requested for reasonable business purpose, including in connection with financial statements, Taxes, any potential Proceeding or investigation by or before a Governmental Authority or other Governmental Authority reporting obligations.
- 9.2.4 Purchaser agrees to hold, and to cause the Operating Companies to hold, all the books and records of the Operating Companies and the Business existing on the Closing Date and not to destroy or dispose of any such books and records for a period of six (6) years from the Closing Date or such longer time as may be required by Legal Requirement.

D&O Indemnification and Insurance.

- 9.3.1 From and after the Closing until the sixth (6th) anniversary of the Closing, Purchaser shall, and shall cause the Company to, only to the extent any a claim has been rejected or coverage is not available under the automatic “run-off” policy of Purchaser’s existing director and officer insurance:
- 9.3.1.1 indemnify, defend and hold harmless all of the past and present directors, officers, trustees, members, managers and employees (in all of their capacities) of each of (A) the Operating Companies in connection with the Business and (B) the Company and Newco Target Sub (collectively, the “**D&O Indemnitees**”) against any and all costs or expenses judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, investigation, suit or Proceeding arising out of, relating to or resulting from the fact that such D&O Indemnitee is or was a director, officer, trustee, member, manager or employee of the Company or is or was serving at the request of the Company as a director, officer, trustee, member, manager or employee of any other Person whether asserted or claimed prior to, at or after the Closing (including with respect to acts or omissions occurring in connection with the Transaction Agreements and the consummation of the Transactions), in all such cases, to the greatest extent that such Persons are indemnified before the Closing by the Company pursuant to its organizational documents and indemnification agreements, if any, in existence before the Closing;
- 9.3.1.2 without limitation of the foregoing Clause 9.3.1.1, to the fullest extent permitted by applicable Legal Requirement, include and not amend, repeal or modify, and otherwise cause to be maintained in effect the provisions regarding elimination of liability of directors, and indemnification to directors, officers, trustees, members, managers and employees contained in the organizational documents of the Company; and
- 9.3.1.3 not settle, compromise or consent to the entry of any judgment in any Proceeding or threatened Proceeding (and in which indemnification could be sought by a D&O Indemnitee hereunder), unless such settlement, compromise or consent includes an unconditional release of such D&O Indemnitee from all liability arising out of, relating to or resulting from such Proceeding or such D&O Indemnitee otherwise consents in writing to such settlement, compromise or judgment.
- 9.3.2 If, following the Closing, the Company or any of its respective successors or assigns:
- 9.3.2.1 shall consolidate with or merge or amalgamate into or enter into a scheme of arrangement with any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation, merger, amalgamation or scheme; or

- 9.3.2.2 shall transfer all or substantially all of its properties and assets to any Person, then, in each such case, proper provision shall be made to ensure that the successors and assigns of the Company or any of its respective successors or assigns, as the case may be, shall assume all of the obligations set forth in this Clause 9.3.
- 9.3.3 If any D&O Indemnitee makes any claim for indemnification under this Clause 9.3 that is denied by the Company, and a court of competent jurisdiction determines that the D&O Indemnitee is entitled to such indemnification, then Purchaser or the Company shall pay such D&O Indemnitee's costs and expenses, including reasonable legal fees and expenses, incurred in connection with pursuing such claim against the Company.
- 9.3.4 The rights of the D&O Indemnitees under this Clause 9.3 shall be in addition to any rights such D&O Indemnitee may have under the organizational documents of the Company, or under any applicable contracts or Legal Requirements, and Purchaser shall, and shall cause the Company to, honor and perform under all indemnification agreements entered into by the Company as in effect as of the date of this Agreement.
- 9.3.5 The obligations of Purchaser and the Company under this Clause 9.3 shall not be terminated, amended or modified in any manner so as to adversely affect in any material respect any D&O Indemnitee (including such Person's successors, heirs and legal representatives) to whom this Clause 9.3 applies without the written consent of such affected D&O Indemnitee (it being expressly agreed that the D&O Indemnitee to whom this Clause 9.3 applies shall be third party beneficiaries of this Clause 9.3, and this Clause 9.3 shall be enforceable by such D&O Indemnitee and their respective successors, heirs and legal representatives (including by virtue of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong)) and shall be binding on all successors and assigns of Purchaser and the Company).
- 9.4 Newco Target Sub Registered Address. If at Closing the registered address of Newco Target Sub is an office related to the Seller or its Affiliates, Seller agrees and acknowledges that Purchaser and its Affiliates may continue temporarily to, solely for a period of three (3) months after Closing, use such address of Newco Target Sub as of the Closing as the registered office of the Newco Target Sub; provided that, Purchaser and its Affiliates shall change the registered address of Newco Target Sub to an address unrelated to Seller or any of its Affiliates as soon as practicable and in any case prior to three (3) months after Closing.
- 9.5 Delayed Asset Transfer. The Parties hereby agree that if Closing occurs prior to February 28, 2024, certain assets of the Business listed on Section 9.5 of the Seller Disclosure Letter (the "**Delayed Assets**") will remain with the Seller Group following the Closing until February 28, 2024, at which time Seller shall or shall cause its Affiliate to transfer (and Purchaser shall cause the Target Group to accept and assume the transfer of) the Delayed Assets at Seller's sole cost (other than Purchaser's costs for its and its legal counsel's review and comment) as soon as reasonably practicable to Purchaser or its designee for no consideration (it being acknowledged and agreed that Purchaser shall have already paid good consideration for all Delayed Assets by paying the Purchase Price). Purchaser shall, and shall cause its Affiliates and the Target Group to, use their commercially reasonable endeavors to cooperate with and assist Seller and its Affiliates (and their respective Representatives) with respect to such transfer of the Delayed Assets, as reasonably requested by Seller, to the extent such requests are for the purpose for facilitating the transfer of the Delayed Assets.

## **10. TAX MATTERS**

- 10.1 **Prohibited Actions.** Without consent of Seller or unless otherwise agreed in this Agreement or necessary under applicable Legal Requirements as at the date of this Agreement or unless requested by Governmental Authority, Purchaser shall not take, and shall cause its Affiliates (including the Target Group) not to take, any action, including positions asserted in the filing of Tax returns, accounting positions taken, accounting entries made, or cancellation or modification of any Tax related documents that would reasonably be expected to (a) increase any Claim in respect of Tax or increase any Tax item included in the definition of Indebtedness or Net Working Capital (if any) or (b) eliminate or reduce any Subsidy Entitlement or any Tax Refund (as defined below).
- 10.2 **Tax Sharing Agreements.** To the extent relating to any member of the Target Group, Seller shall terminate, or cause to be terminated, on or before the Closing Date, the rights and obligations of the Target Group pursuant to all Tax Sharing Agreements (other than the Transaction Agreements) if any, to which any member of the Target Group, on the one hand, and any member of the Seller Group, on the other hand, are parties, and neither Seller nor any of its Subsidiaries (other than the Target Group), on the one hand, nor any member of the Target Group, on the other hand, shall have any rights or obligations to each other after the Closing in respect of such agreements or arrangements.
- 10.3 **Transfer Taxes.** Notwithstanding anything to the contrary contained in this Agreement, Purchaser and Seller shall be equally liable for and shall each pay (or cause to be paid) when due fifty (50) per cent of any Transfer Taxes imposed as a result of the Transactions. To the extent any Transfer Taxes are borne by one Party in a proportion greater than fifty (50) per cent, for instance, because such Party is legally obligated to pay the entire amount of the Transfer Taxes or where this approach is adopted for administrative convenience, the other Party shall promptly indemnify the paying party to give effect to the equal division of liability for Transfer Taxes between Purchaser and Seller. The party responsible under applicable Legal Requirements for filing the Tax Returns with respect to any such Transfer Taxes shall prepare and timely file such Tax Returns and promptly provide a copy of such Tax Return to the other party. Seller shall, and shall cause its Subsidiaries to, and Purchaser shall, and shall cause its Affiliates to, cooperate in connection with the preparation and filing of any such Tax Returns.
- 10.4 **Tax Returns.** Seller shall prepare, or cause to be prepared, all Tax Returns with respect to the Company and each of its Subsidiaries for any Pre-Closing Tax Period that are required to be filed on or prior to the Settlement Date. All such Tax Returns shall be prepared consistent with past practice, procedures and accounting methods unless otherwise required by applicable Legal Requirements and this Agreement. Seller shall provide to Purchaser a completed draft of any such Tax Return for Purchaser's review and comment no later than thirty (30) days prior to the due date for filing such Tax Return (giving effect to any valid extensions), other than in respect of a monthly or

quarterly Tax Return, for which the applicable deadline shall be three (3) Business Days prior to the applicable due date. No later than fifteen (15) days following Purchaser's receipt of such Tax Return (or two (2) Business Days in the case of a monthly or quarterly Tax Return), Purchaser shall notify Seller of any comments, which shall be considered by Seller in good faith.

10.5

**Straddle Tax Periods.** With respect to Taxes of any member of the Target Group relating to any Straddle Period, for purposes of determining the allocation of Taxes in connection with this Agreement, the portion of any Tax that is allocable to the Pre-Closing Tax Period will be determined in accordance with the past practice (including reporting positions, elections, and accounting methods) of any member of the Target Group and as follows: (i) in the case of property Taxes and other Taxes similarly imposed on a periodic basis, the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days of such Straddle Period up to and including the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) in the case of all other Taxes (including income, capital gains, VAT and similar Taxes), determined as though the taxable period of the Company and each of its Subsidiaries terminated at the end of the day on the Closing Date; provided that:

- 10.5.1 in the event that Taxes that are imposed on a periodic basis are attributable to any property which is revalued or re-assessed on or after the Closing Date, the portion of such Taxes allocated to the Pre-Closing Tax Period shall be determined without taking into account such revaluation or re-assessment;
- 10.5.2 exemptions, allowances, or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the Pre-Closing Tax Period and the period beginning on the day following the Closing Date in proportion to the number of days in each period to which such exemption, allowance or deduction is applicable;
- 10.5.3 all Tax attributes of the Company or any of its Subsidiaries, including any applicable net operating losses, net capital losses, research and development, Tax credits, research and experimentation Tax credits, investment Tax credits, foreign Tax credits or other Tax credits, and similar Tax attribute of the Company or any of its Subsidiaries that, in each case, are allocable to the Pre-Closing Tax Period shall, to the extent permitted by applicable Legal Requirements, be utilized to reduce the amount of unpaid Taxes otherwise included in the determination of Indebtedness and Net Working Capital (if any); and
- 10.5.4 the determinations of Cash, Indebtedness and Net Working Capital shall not take into account the effect of any action (including the amendment of any Tax Return, the making of any Tax election, or the participation in any voluntary compliance, amnesty, self-correction or similar program) that Purchaser or its Affiliates (including, after Closing, the Company and its Subsidiaries) take at any time after Closing (including actions taken on the Closing date after Closing outside of the ordinary course of business), and prior to the Settlement Date that decreases the amount or value of any Tax asset, or increases the amount or detrimental effect of any Tax liability, in each case, that is included in the determination of Cash, Indebtedness or Net Working Capital (if any).

- 10.6 **Cooperation.** Purchaser, the Target Group, and Seller shall reasonably cooperate, and shall cause their respective Affiliates to reasonably cooperate, with respect to Tax matters (including all matters described in this Clause 10), including maintaining and making available to each other records and other information and (during normal business hours and as reasonably required) personnel, and executing powers of attorney or other documents as reasonably requested.
- 10.7 **Tax Contests.** In the event that Purchaser or any of its Affiliates becomes aware of any investigations (including any audit or examination), actions, claims, suits or other proceedings (public or private) by or before a Governmental Authority or any arbitrator relating to Taxes of the Company or any of its Subsidiaries between the Closing and the Settlement Date, Purchaser shall promptly give written notice to Seller of such proceeding. With respect to any such proceeding, until the Settlement Date, (a) Purchaser shall keep Seller reasonably informed concerning the progress of such proceeding, (b) Purchaser shall provide Seller copies of correspondence and other documents relevant to such proceeding, (c) Purchaser shall not settle such proceeding without the prior written consent of Seller, which consent will not be unreasonably withheld, conditioned or delayed, and (d) Seller shall have the right to participate in the defense of any such proceeding, at the expense of Seller and solely to the extent permitted by applicable Legal Requirements, separate from the counsel employed by Purchaser.
- 10.8 **Tax Claim.** Seller shall indemnify and hold harmless Purchaser and each member of the Target Group, and their respective successors and assigns, from and against, and shall compensate and reimburse each of the foregoing for, any Losses asserted against, incurred, sustained or suffered by any of the foregoing as a result of the Excluded Taxes (“**Tax Claim**”).
- 10.9 **Transaction Tax Filings.** Seller shall properly and timely make all Tax filings, reports, declarations, or other submissions in connection with the transactions contemplated by this Agreement to the extent required of Seller under applicable Legal Requirements or by any Governmental Authority, including as necessary to establish an exemption (or reduced rate of) Tax or with regard to the Bulletin on Certain Issues regarding Indirect Transfers of Property by Non-Resident Enterprises issued by the State Administration of Taxation of the People’s Republic of China, dated February 3, 2015 (“**Bulletin 7**,” and all such Tax filings, the “**Transaction Tax Filings**”). Seller shall provide Purchaser a final draft of any Transaction Tax Filings in respect of the transfer of the Shares or where a member of the Target Group is the relevant taxpayer at least five (5) Business Days prior to their submission for Purchaser’s review and approval. Purchaser shall take reasonable actions and execute documents as applicable or reasonably requested by Seller to allow Seller to file all necessary Transaction Tax Filings. Seller shall deliver to Purchaser copies of any written receipts or confirmations received from a Governmental Authority relating to a Transaction Tax Filing promptly following its receipt of any such receipt or confirmation and any other written notices issued by a Governmental Authority relating to the transactions contemplated by this Agreement promptly following its receipt of any such notice, in each case where a member of the Target Group is the relevant taxpayer. Notwithstanding any other provision of this Agreement, Schedule 8 shall apply in priority in respect of any Transaction Tax Filings and the process for any deductions or withholdings on account of Tax in connection with Bulletin 7.

- 10.10 Subsidies. Seller shall be entitled to any refunds of Taxes, credits in lieu thereof, or subsidies actually received by the Company, any of its Subsidiaries or Purchaser or its Subsidiaries in respect of the Subsidy Entitlement and that are attributable to a Pre-Closing Tax Period. Purchaser shall use commercially reasonable endeavors to obtain any such refunds, credits or subsidies. Upon the Company's, any of its Subsidiary's or Purchaser's receipt of any such refunds, credits or subsidies (including the use of any such credit to offset Taxes of Purchaser, the Company, any of its Subsidiaries or any of their respective Affiliates), Purchaser shall (i) promptly notify Seller in writing and (ii) pay (or procure the payment) to Seller the amount of such refunds, credits or subsidies (net of any irrecoverable Taxes in respect thereof) no later than ten (10) Business Days after receipt or use of such refunds, credits or subsidies. Seller shall not be entitled to any payment under this Clause 10.10 to the extent the relevant amount in respect of the Subsidy Entitlement has been included as a current asset in the determination of Net Working Capital.
- 10.11 Tax Refund. Seller shall be entitled to any refunds of Taxes, or credits in lieu thereof that result in an actual cash Tax saving, for the Company, any of its Subsidiaries or Purchaser and that are attributable to a Pre-Closing Tax Period other than any such refund resulting from carrying back of or otherwise benefitting from any Tax attribute in a post-Closing Tax period ("Tax Refund"). Purchaser shall use commercially reasonable endeavors to obtain any such Tax Refunds. Upon the Company's, any of its Subsidiary's or Purchaser's receipt of any Tax Refunds (including the use of any such credit to offset Taxes of Purchaser, the Company, any of its Subsidiaries or any of their respective Affiliates), Purchaser shall (i) promptly notify Seller in writing and (ii) pay (or procure the payment) to Seller the amount of such Tax Refund (net of any irrecoverable Taxes in respect thereof) no later than ten (10) Business Days after receipt or use of such Tax Refund. Seller shall not be entitled to any payment under this Clause 10.11 to the extent the relevant Tax Refund has been included as a current asset in the determination of Net Working Capital.

## 11. EMPLOYEE MATTERS

- 11.1 Employment Transfers. Following the date hereof, to the extent permitted by Legal Requirements, Seller and Purchaser shall work together using commercially reasonable endeavors to transfer the employment of the Business Employees who are employed by Seller or one of its Affiliates (other than a member of the Target Group) as of the applicable date, to a member of the Target Group, in each case, subject to the consent of such Business Employees where required by applicable Legal Requirements.
- 11.2 Continuation Period. Subject, and in addition, to requirements imposed by applicable Legal Requirements:
- 11.2.1 For not less than eighteen (18) months following the Closing Date (the "Continuation Period"), Purchaser shall, or shall cause its applicable Affiliate (including any member of the Target Group) to, provide each Business Employee with (i) an annual base salary or wage rate, as applicable, (ii) incentive compensation opportunities and (iii) employee benefits (including severance) that are in each case (i) through (iii) no less favorable in the aggregate than those provided to such Business Employee immediately prior to the Closing.

- 11.2.2 Purchaser shall, or shall cause its applicable Affiliates (including any member of the Target Group) to, provide each Business Employee with full credit for all purposes under (i) the Company Benefit Plans and (ii) each other employee benefit plan, policy or arrangement maintained or made available for the benefit of Business Employees as of and after the Closing Date by Purchaser or any of its Affiliates, for such Business Employee's service prior to the Closing Date with Seller and its applicable Subsidiaries and their respective predecessors; provided that such credit shall not be given to the extent that it would result in a duplication of benefits for the same period of service; and
- 11.2.3 To the extent applicable, Purchaser shall, or shall cause its applicable Affiliates (including the members of the Target Group) to:
- 11.2.3.1 waive any limitation on health and welfare coverage of such Business Employees due to pre-existing conditions, waiting periods, active employment requirements, and requirements to show evidence of good health under any applicable health and welfare plan of Purchaser or any of its Affiliates (including the members of the Target Group); and
  - 11.2.3.2 credit each such Business Employee with all deductible payments, co-payments and co-insurance paid by such employee under any medical plan of Seller or any of its Subsidiaries prior to the Closing Date during the year in which the Closing Date occurs for the purpose of determining the extent to which any such employee has satisfied any applicable deductible and whether such employee has reached the out-of-pocket maximum under any Benefit Plan of Purchaser or any of its Affiliates for such year.
- 11.3 Annual Cash Bonuses 11.3.1 . Purchaser shall, or shall cause one of its Affiliates to, assume all unpaid cash incentive amounts, including cash bonuses, commissions, short-term incentives, 13th and 14th month salaries and annual wage supplement, that are earned, credited or accrued as of the Closing Date in respect of each Business Employee, to the extent that they are fully and accurately accrued and included in the current liabilities of the Net Working Capital (the "**Assumed Incentive Amount**"). Purchaser shall, or shall cause one of its Affiliates to, pay to the Business Employees the Assumed Incentive Amount in accordance with the terms of the applicable arrangements in effect immediately prior to the Closing Date at such time as such amounts would have been paid to the Business Employees by Seller or one of its Subsidiaries had the Closing not occurred; provided that the aggregate cash incentive amount paid to Business Employees for the year in which the Closing Date occurs shall not be less than the Assumed Incentive Amount.
- 11.4 Severance.
- 11.4.1 At the Closing, Seller shall establish a special severance escrow fund and Purchaser shall deposit with the Escrow Agent an amount equal to the Severance Escrow Amount (pursuant to paragraph 2 of Part 2 of Schedule 3) in order to provide for the reimbursement to Purchaser of certain cash severance payments (the "**Severance Payment(s)**") required to be paid to certain Business

Employees, in accordance with relevant employment agreements and written severance plans of the Target Group that apply to such employee immediately prior to the Closing, who are identified as management-level and professional-level employees and set forth on Section 11.4.1 of the Seller Disclosure Letter (“**Severance Payees**”) and whose employment is terminated by a member of the Target Group without Cause (a “**Qualifying Termination**”) during the period between the Closing Date and the third anniversary of the Closing Date (the “**Severance Escrow Period**”), as further set forth in this Clause 11.4. “**Cause**” for purposes of this Clause 11.4 means any reason or grounds where an employer is legally permitted to terminate the employment of a Severance Payee without paying severance in accordance with applicable law.

- 11.4.2 For purposes of this Clause 11.4, the Severance Payments shall in each case be measured as though the applicable Qualifying Termination occurred on the Closing Date based solely on the applicable Severance Payee’s (i) years of service accrued with a member of the Target Group, (ii) title and seniority level and (iii) compensation and benefits levels, in each case (i) through (iii) measured as of immediately prior to the Closing, *provided* that such reimbursement shall not include any severance amounts that are not based on years of service with a member of the Target Group. Notwithstanding anything to the contrary in this Agreement or otherwise, (x) Seller shall have no responsibility, obligation or liability to Purchaser or any of its Affiliates for any severance or termination payments or benefits to any Persons individually or in aggregate in excess of the amounts available in the Special Severance Escrow Fund, and (y) Purchaser shall be responsible for any severance or other termination payments or benefits to each Severance Payee in excess of the applicable Severance Payment, including any such payments or benefits that accrue based on the Severance Payee’s service to the Target Group on or after the Closing Date and any other payments, penalties or other costs in respect of a wrongful termination of a Severance Payee.
- 11.4.3 Purchaser shall provide Seller, no later than thirty (30) days following the end of each anniversary the Closing Date during the Severance Escrow Period, an executive officer’s certificate setting forth a schedule (the “**Severance Schedule**”) of Severance Payees who have experienced a Qualifying Termination during the preceding one (1)-year anniversary period and the amounts of Severance Payments based on the Severance Schedule, and Seller and Purchaser shall discuss in good faith and agree on such amounts of Severance Payments to be released to Purchaser within twenty (20) days after receipt of the Severance Schedule (“**Annual Severance Payment**”). No later than thirty (30) days after receipt of the Severance Schedule following such agreement of the Annual Severance Payment, to the extent there are amounts available in the Special Severance Escrow Fund, Seller and Purchaser shall jointly instruct the Escrow Agent to release such Annual Severance Payment to Purchaser in accordance with the Escrow Agreement.

- 11.4.4 Purchaser and its Affiliates shall not be permitted to re-hire (whether as an employee, independent contractor or under any other contract for service) any Severance Payee who experiences a Qualifying Termination within the Severance Escrow Period, for a period of twelve (12) months after the date of the Qualifying Termination. To the extent that Purchaser or one of its Affiliates so re-hires any such Severance Payee within twelve (12) months after the date of the Qualifying Termination, Purchaser shall promptly inform Seller in writing and reimburse Seller for the amount of Severance Payments released from the escrow account with respect to such Severance Payee.
- 11.4.5 Following the sixtieth (60th) Business Day after the end of the Severance Escrow Period, Seller and Purchaser shall instruct the Escrow Agent to release all unpaid Severance Escrow Funds to Seller in accordance with the Escrow Agreement.
- 11.5 Vacation and Paid Time Off. Unless otherwise required under applicable Legal Requirements, a collective bargaining agreement or other agreement with any labor or trade union, works council, employee representative or association or other labor organization that applies to any Business Employee, Purchaser and its Affiliates shall (a) credit each Business Employee with the amount of accrued but unused vacation time, paid time off and other time-off benefits as such Business Employee had with the Company, Seller or any of its Subsidiaries as of immediately prior to the Closing Date and (b) permit each Business Employee to use such accrued but unused vacation time, paid time off and other time-off benefits, and continue to accrue vacation time, paid time off and other time-off benefits, in each case, in the same manner and upon the same terms and conditions as the Business Employee would have been so permitted under the terms and conditions of the applicable policies of the Company, either Seller or any of its Subsidiaries in effect for the year in which such Closing Date occurs. Seller shall assume the liability for the amount of accrued but unused vacation time, paid time off and other time-off benefits as such Business Employee had with the Company, Seller or any of its Subsidiaries as of immediately prior to the Closing Date, in each case, only to the extent not accrued and accounted for in the Net Working Capital as of the Benchmark Time.
- 11.6 Communications. Prior to the Closing Date, except as otherwise approved in advance and in writing by Seller, Purchaser shall not make any written or oral communications pertaining to the transfer of Business Employees, any compensation or benefits matters or any redundancy and layoff plans, in each case, that may affect the Business Employees in connection with the Transactions.
- 11.7 Collective Bargaining Agreements. Seller and Purchaser shall, and shall cause their Affiliates to, cooperate and take all steps, on a timely basis, to notify, inform, consult with, and negotiate (as applicable) the effect, impact, terms or timing of the Transactions with each labor or trade union, works council, employee representative or association or other labor organization or Governmental Authority as required under applicable Legal Requirements or the terms of any collective bargaining or other labor agreement.
- 11.8 No Third-Party Beneficiaries. Nothing contained in this Clause 11, express or implied, is intended to confer upon any Person not a party hereto (including any Business Employee or any beneficiary thereof) any right, benefit or remedy of any nature whatsoever (whether by virtue of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) or otherwise), including any right to employment or continued employment for any period of time by reason of this Agreement, any right to a particular term or condition of employment or any right to any specific compensation or benefits. Notwithstanding anything to the contrary contained in this Agreement, no provision of this Agreement is intended to, or does, constitute the establishment of, or an amendment to, any Benefit Plan or similar arrangement.

## **12. TERMINATION**

12.1

Termination. This Agreement may be terminated at any time prior to the Closing:

12.1.1 by the mutual written consent of Purchaser and Seller;

12.1.2 by Seller, if Purchaser shall have breached any Purchaser Warranty or failed to comply with any covenant or agreement applicable to Purchaser that would cause any Closing Condition set forth in Clause 4.2 not to be satisfied and:

12.1.2.1 such Closing Condition is incapable of being satisfied by the Outside Date; or

12.1.2.2 such breach has not been cured on or prior to the earlier of (A) the date that is sixty (60) days from the date that Purchaser is notified in writing by Seller of such breach or failure to perform or (B) the day prior to the Outside Date;

provided that (i) the right to terminate this Agreement under this Clause 12.1.2 shall not be available to Seller if Seller is then in material breach of any warranty or covenant contained in this Agreement and (ii) the failure by Purchaser to deliver the Purchase Price at the Closing by the date the Closing is required to have occurred pursuant to this Agreement shall not be subject to cure unless otherwise expressly agreed to in writing by Seller;

12.1.3 by Purchaser, if Seller shall have breached any warranty or failed to comply with any covenant or agreement applicable to Seller that would cause any Closing Condition set forth in Clause 4.1 not to be satisfied and:

12.1.3.1 such Closing Condition is incapable of being satisfied by the Outside Date; or

12.1.3.2 such breach has not been cured on or prior to the earlier of (A) the date that is sixty (60) days from the date that Seller is notified in writing by Purchaser of such breach or failure to perform or (B) the day prior to the Outside Date;

provided that the right to terminate this Agreement under this Clause 12.1.3 shall not be available to Purchaser if Purchaser is then in material breach of any warranty or covenant contained in this Agreement;

12.1.4 by either Seller or Purchaser, if the Closing has not occurred by April 1, 2024 (as may be extended by mutual consent in writing of the parties hereto, the "**Outside Date**"); provided that:

12.1.4.1 the right to terminate this Agreement under this Clause 12.1.4 shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the proximate cause of the failure of the Closing to occur by the Outside Date;

- 12.1.4.2 the Outside Date shall be automatically extended on a day-for-day basis for each day of any delay to the applicable waiting or review periods, or any extension thereof, by any Governmental Authority solely arising or resulting from any local, national or international shutdown, lockdown or other event, development or occurrence related to COVID-19 or any other epidemic, pandemic, public health emergency or disease outbreak to the extent required to satisfy the condition set forth in Clause 4.3.1;
- 12.1.5 by either Seller or Purchaser in the event that any Governmental Authority shall have issued an Order that permanently enjoins or otherwise makes illegal the sale of the Shares pursuant to this Agreement and such Order shall have become final and non-appealable; provided that the right to terminate this Agreement under this Clause 12.1.5 shall not be available to any Party whose actions have been the proximate cause of, or have resulted in, the issuance of such Order; or
- 12.1.6 by Seller, if (i) all of the Closing Conditions set forth in Clause 4.1 and Clause 4.3 are satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing), (ii) Seller has given Purchaser written notice that it irrevocably commits to consummate the Transactions and (iii) Purchaser fails to consummate the Closing within three (3) Business Days of the date the Closing should have occurred pursuant to Clause 6.1.
- 12.1.7 by Purchaser, if (i) all of the Closing Conditions set forth in Clause 4.2 and Clause 4.3 are satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing), (ii) Purchaser has given Seller written notice that it irrevocably commits to and is ready and willing and able to consummate the Transactions and (iii) Seller fails to consummate the Closing within three (3) Business Days of the date the Closing should have occurred pursuant to Clause 6.1.
- 12.2 Notice of Termination. If this Agreement is terminated pursuant to Clause 12.1, written notice of such termination shall be given by the terminating party to the other party (setting forth a reasonably detailed description of the basis on which such party is terminating the Agreement).
- 12.3 Effect of Termination. If this Agreement is terminated in accordance with Clause 12.1 and Clause 12.2, all rights and obligations of the parties hereto shall terminate without any liability of any party or other Person; *provided* that
- 12.3.1 the rights and obligations of the parties hereto under Clause 1 (Definitions and Interpretation), Clause 3.1 (Deposit), the penultimate sentence of Clause 5.6 (Non-Solicitation; Non-Hire), this Clause 12.3 (Effect of Termination), Clauses 14 (Confidentiality), 15 (Notices), 16 (Assignment), 17 (Costs and Expenses), 18 (Severability), 19 (Third Party Rights), 20 (Counterparts), 21 (Variation and Waiver), 22 (Entire Agreement), 24 (Governing Law; Dispute Resolution), 25 (Specific Performance) and 26 (Miscellaneous) shall survive any termination of this Agreement.

- 12.3.2 subject to Clause 3.1, nothing herein shall relieve any Party to this Agreement from liability for Willful Breach of any covenant or agreement contained herein occurring prior to termination or fraud.
- 12.4 **No Right to Rescission.** Save as provided in this Clause 12 or in the case of fraud, no Party shall have any right to rescind or terminate this Agreement in any circumstances whatsoever.

### **13. ANNOUNCEMENTS**

13.1 **Public Announcements.** None of Seller or its Subsidiaries, Purchaser or its Affiliates or any Representative of any such party shall issue or cause the publication of any press release or public announcement in respect of this Agreement or the Transactions without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed), except:

- 13.1.1 as may be required by Legal Requirement or stock exchange rules or as Seller deems necessary or advisable to comply with its continuous disclosure or other obligations under applicable listing rules, in which case the party seeking to publish such press release or public announcement shall use reasonable endeavors to provide the other party a reasonable opportunity to comment on such press release or public announcement in advance of such publication; provided that the foregoing will not restrict or prohibit Seller, its Subsidiaries or the Company from making any announcement to their employees, customers and other business relations to the extent Seller, its Subsidiaries or the Company reasonably determines in good faith that such announcement is necessary or advisable, or
- 13.1.2 to the extent the contents of such release or announcement have previously been released publicly by a party or are consistent in all material respects with materials or disclosures that have previously been released publicly without violation of this Clause 13.

13.2 **Initial Press Release.** The parties agree that the initial press release to be issued with respect to the execution of this Agreement shall be in the form agreed to by Seller and Purchaser.

### **14. CONFIDENTIALITY**

14.1 The terms of the Confidentiality Agreement are incorporated into this Agreement by reference and shall continue in full force and effect (and all obligations thereunder shall be binding upon Purchaser and its Representatives (as defined in the Confidentiality Agreement) as if parties thereto) until the Closing, at which time the obligations under the Confidentiality Agreement shall terminate; provided that:

- 14.1.1 Purchaser's confidentiality obligations shall terminate only in respect of that portion of the Confidential Information (as defined in the Confidentiality Agreement) exclusively relating to the Company and the Business (or the terms of the Transaction Agreements); and

- 14.1.2 for all other Confidential Information (“**Non-Business Evaluation Material**”), Purchaser agrees that it shall not use or disclose Non-Business Evaluation Material for any purpose whatsoever, and shall promptly destroy or cause to be destroyed all Non-Business Evaluation Material in its possession or in the possession of any of its Representatives, without retaining any copy thereof in any form or medium; provided, however, any of Purchaser and its Representatives shall not be required to destroy Non-Business Evaluation Material that is contained in an archived computer system in accordance with its ordinary security, backup and/or disaster recovery procedures, or pursuant to any Legal Requirement; provided, further, any such retained Non-Business Evaluation Material shall remain subject to the confidentiality obligations hereunder;
- 14.1.3 provided, further, that each of Purchaser or its Affiliates reasonably determines it is legally obligated to disclose if: (i) it receives a request to disclose all or any part of the Confidential Information under the terms of a subpoena, civil investigative demand or order issued by a Governmental Authority; (ii) to the extent not inconsistent with such request, it notifies Seller of the existence, terms and circumstances surrounding such request and consults with Seller on the advisability of taking steps available under Legal Requirements of any applicable jurisdiction to resist or narrow such request; (iii) it exercises its commercially reasonable endeavors to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed Confidential Information; and (iv) disclosure of such Confidential Information is required to prevent itself from being held in contempt or becoming subject to any other penalty under Legal Requirements of any applicable jurisdiction.
- 14.2 If the Closing occurs, Seller agrees that from the Closing it shall not use or disclose Business-Related Evaluation Material for any purpose whatsoever, and shall promptly destroy or cause to be destroyed all Business-Related Evaluation Material in its possession or in the possession of any of its Affiliates or Representatives, without retaining any copy thereof in any form or medium; provided, however, any of Seller and its Affiliates or Representatives shall not be required to destroy Business-Related Evaluation Material that is contained in an archived computer system in accordance with its ordinary security, backup and/or disaster recovery procedures, or pursuant to any Legal Requirement; provided, further, any such retained Business-Related Evaluation Material shall remain subject to the confidentiality obligations hereunder. If Seller or any of its Affiliates or Representatives receives a request to disclose all or any part of Business-Related Evaluation Material under the terms of a subpoena, civil investigative demand or order issued by a Governmental Authority and Seller reasonably determines it is legally obligated to disclose, to the extent not inconsistent with such request, Seller shall (i) notify Purchaser of the existence, terms and circumstances surrounding such request and consults with Purchaser on the advisability of taking steps available under Legal Requirements of any applicable jurisdiction to resist or narrow such request, (ii) exercise its commercially reasonable endeavors to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed Business-Related Evaluation Material; and (iii) disclose only such Business-Related Evaluation Material obligated to disclose to prevent itself from being held in contempt or becoming subject to any other penalty under Legal Requirements of any applicable jurisdiction.

14.3 If for any reason the Closing does not occur, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

## 15. NOTICES

Any notice required or permitted to be given hereunder shall be sufficient if in writing and shall be deemed to have been duly given or made: (a) when personally delivered, (b) the day of sending, if sent by email transmission prior to 9:00 p.m. on any Business Day or the next succeeding Business Day if sent after 9:00 p.m. on any Business Day or on any day other than a Business Day or (c) one (1) Business Day after deposit with an overnight courier service, in each case to the addresses, email addresses and attention parties indicated below (or such other address, email address or attention party as the recipient Party has specified by prior notice given to the sending Party in accordance with this Clause 15):

To Purchaser at:

No. 1 2nd Bibao Road, Baolong sub-district,  
Longgang District, Shenzhen, PRC  
Attention: Yan Zhang  
Lin Lin  
Email: vivian.zhang@byd.com  
lin.lin@byd.com

To Seller at:

Jabil Inc.  
10800 Roosevelt Blvd.  
St. Petersburg, FL 33716  
Attention: Kristine Melachrino  
Susan Wagner-Fleming  
Email: Kristine\_Melachrino@jabil.com  
Susan\_Wagner-Fleming@jabil.com

With copies (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP  
One Manhattan West  
New York, NY 10001  
Attention: Allison R. Schneirov  
Jonathan B. Stone  
Alexandra J. McCormack  
Email: Allison.Schneirov@skadden.com  
Jonathan.Stone@skadden.com  
Alexandra.McCormack@skadden.com

## 16. ASSIGNMENT

16.1 This Agreement shall bind and inure to the benefit of the parties and their respective successors and permitted assigns; provided that no Party hereto may assign any right or obligation hereunder without the prior written consent of the other Parties, and any assignment in violation of this Clause 16 shall be null and void.

- 16.2 Notwithstanding the foregoing Clause 16.1, Seller may assign this Agreement or all of its rights or obligations hereunder to any of its Affiliates without Purchaser's prior written consent (but with notice to Purchaser).
- 16.3 Notwithstanding the foregoing Clause 16.1, Purchaser may assign its rights to acquire the shares of the Company and direct such assignee to make payment pursuant to Clause 3.3 under this Agreement (provided that Purchaser shall remain responsible for all of its obligations pursuant to this Agreement) to any of its wholly owned Affiliates without Seller's prior written consent (but with notice to Seller).
- 16.4 Notwithstanding anything to the contrary in this Clause 16, no assignment shall relieve the assigning Party of its obligations hereunder.

## **17. COSTS AND EXPENSES**

Whether or not the Transactions are consummated, unless otherwise expressly provided herein, and except as otherwise specified in the Transaction Agreements, each Party hereto shall pay its own costs and expenses in connection with this Agreement and the Transactions, including the fees and expenses of its advisers, accountants and legal counsel.

## **18. SEVERABILITY**

- 18.1 Each of the provisions of this Agreement is severable, if any such provision is held to be or becomes illegal, invalid, void or unenforceable in whole or in part under the Legal Requirements of any applicable jurisdiction, then:
- 18.1.1 such provision shall:
- 18.1.1.1 have no effect to the extent that it is illegal, void, invalid or unenforceable and shall be deemed not to be included in this Agreement; and
- 18.1.1.2 not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or the legality, validity or enforceability under the applicable Legal Requirements of any other jurisdiction of such provision or any other provision of this Agreement; and
- 18.1.2 and the Parties shall use all reasonable endeavors to replace it in that respect with a valid and enforceable substitute provision the effect of which is as close to its intended effect as possible.

## **19. THIRD PARTY RIGHTS**

- 19.1 Unless otherwise expressly provided under this Agreement or this Clause 19, a person who is not a party to this Agreement shall not have any right to enforce any of the terms of this Agreement, whether by virtue of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) or otherwise (a "**Third Party**") and the Parties may amend, vary, waive, terminate or rescind this Agreement at any time and in any way without the consent of and without notice to any Third Party.

- 19.2 The Parties acknowledge and agree that
- 19.2.1 the D&O Indemnitees and their respective successors, heirs and legal Representatives shall have the right to enforce Clause 9.3 of this Agreement; and
- 19.2.2 the Seller Releasees shall have the right to enforce Clause 26.2 of this Agreement.
- 20. COUNTERPARTS**
- This Agreement may be signed in any number of counterparts, including electronic scan copies thereof delivered by electronic mail, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.
- 21. VARIATION AND WAIVER**
- 21.1 This Agreement shall not be amended or modified, in whole or in part, except by supplemental agreement or amendment signed by Seller and Purchaser.
- 21.2 No failure or delay by a Party in exercising any right or remedy provided by Legal Requirement or under this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.
- 21.3 The waiver by any Party to this Agreement of a breach of any term or provision of this Agreement shall not be construed as a waiver of any other provision or any subsequent breach.
- 22. ENTIRE AGREEMENT**
- This Agreement and the other Transaction Agreements together set out the whole agreement between the Parties in respect of the Transactions, and supersede any prior agreement, arrangement or understanding (whether oral or written) relating to the Transactions.
- 22.1 It is agreed that:
- 22.1.1 No Party has relied on or shall have any claim or remedy in respect of any statement, representation, warranty, covenant, undertaking or agreement made by or on behalf of the other Party (or any of its Representatives) in relation to the Transactions other than the warranties that are expressly set out in this Agreement or any other Transaction Agreement;
- 22.1.2 any terms or conditions implied by applicable Legal Requirements in any jurisdiction in relation to the Transactions are excluded to the fullest extent permitted by applicable Legal Requirements or, if incapable of exclusion, any right or remedies in relation to them are irrevocably waived;

- 22.1.3 the only right or remedy of a Party in relation to any provision of this Agreement or any other Transaction Agreement shall be for breach of this Agreement or the relevant Transaction Agreement; and
- 22.1.4 except for any liability in respect of a breach of this Agreement or any other Transaction Agreement, no Party (or any of its Representatives) shall owe any duty of care or have any liability in tort, contract or otherwise to the other Party (or their respective Representatives) in relation to the Transactions provided that this Clause 22.1.4 shall not exclude any liability for (or remedy in respect of) fraud or fraudulent misrepresentation.
- 22.2 Each Party agrees to the terms of this Clause 22 on its own behalf and as agent for each of its Representatives.
- 23. FURTHER ASSURANCE**
- 23.1 From time to time following the Closing, Seller shall, and shall cause its Subsidiaries to, and Purchaser shall, and shall cause its Affiliates (including following Closing the Target Group) to, execute, acknowledge and deliver all reasonable further conveyances, notices, assumptions, releases and acquittances and such other instruments, and shall take such reasonable actions as may be necessary or appropriate to make effective the Transactions as may be reasonably requested by the other Party; provided that except as otherwise provided in this Agreement or any of the Transaction Agreements, nothing in this Clause 23 shall require any Party hereto or any of their respective Affiliates to expend any money, commence or participate in any Proceeding, incur liabilities or offer or grant any accommodation (financial or otherwise) to any third party following the Closing.
- 23.2 In furtherance, and not by way of limitation, of the foregoing, if after the Closing:
- 23.2.1 any member of the Seller Group, or Purchaser or any of its Affiliates, discovers that any assets and properties owned, leased or licensed by the Target Group that are not used or held for use exclusively in connection with the Business were retained by or transferred to the Target Group, then Purchaser shall, and shall cause its Affiliates to:
- 23.2.1.1 immediately cease using such assets and properties; and
- 23.2.1.2 cooperate with Seller to transfer or assign such assets and properties to Seller (or its designee) with no requirement of additional consideration to the fullest extent permitted by applicable Legal Requirements and execute and deliver any amendments or supplements to this Agreement, exhibits, schedules or the Seller Disclosure Letter, as applicable, to transfer such assets and properties to Seller (or its designee) effective as of the Closing Date; and
- 23.2.2 any member of the Seller Group, or Purchaser or any of its Affiliates, discovers that any assets or properties owned, leased or licensed by any member of the Seller Group that are exclusively related to, used or held for use in connection with the Business were not retained by or transferred to the Target Group, then Seller shall, and shall cause its Subsidiaries to:

- 23.2.2.1 immediately cease using such assets and properties; and
- 23.2.2.2 cooperate with Purchaser to transfer or assign such assets and properties to Purchaser (or its designee) with no requirement of additional consideration to the fullest extent permitted by applicable Legal Requirements and execute and deliver any amendments or supplements to this Agreement, exhibits, schedules or the Seller Disclosure Letter, as applicable, to transfer such assets and properties to Purchaser effective as of the Closing Date.

The parties agree to use their reasonable best endeavors to structure any transfer of assets and properties referred to in this Clause 23.2 in a manner that minimizes applicable Taxes and is equitable for the parties hereto and the Target Group.

23.3 Following the Closing, Seller shall, and shall cause its Subsidiaries to, promptly deliver to Purchaser:

- 23.3.1 any mail, packages, orders, inquiries and other communications addressed to Seller or its Subsidiaries exclusively relating to the Business; and
- 23.3.2 any assets or property that Seller or its Subsidiaries receive and that properly belongs to the Target Group (including any assets or property exclusively related to the Business).

23.4 After the Closing, Purchaser shall, and shall cause its Affiliates to, promptly deliver to Seller:

- 23.4.1 any mail, packages, orders, inquiries and other communications addressed to Seller or any of its Affiliates or relating to a business, product line or asset of Seller or its Affiliates other than the Business (to the extent not exclusively related to the Business); and
- 23.4.2 any assets or property that Purchaser or its Affiliates receive and that properly belongs to Seller or any of its Affiliates (including any assets or property of Seller or its Affiliates that are not exclusively related to the Business).

23.5 If, following the Closing,

- 23.5.1 Seller, or any of its Subsidiaries, receives any funds belonging to Purchaser or its Affiliates in accordance with the terms of this Agreement, Seller shall, or shall cause its Subsidiaries to:
- 23.5.1.1 promptly advise Purchaser or its applicable Affiliate;
- 23.5.1.2 segregate and hold such funds in trust for the benefit of Purchaser or its applicable Affiliate; and
- 23.5.1.3 promptly deliver such funds, together with any interest earned thereon, to an account or accounts designated in writing by Purchaser; and

- 23.5.2 Purchaser or any of its Affiliates receives any funds belonging to Seller or its Affiliates in accordance with the terms of this Agreement, Purchaser shall, or shall cause its Affiliates to:
- 23.5.2.1 promptly advise Seller or its applicable Affiliates;
  - 23.5.2.2 segregate and hold such funds in trust for the benefit of Seller or its applicable Affiliates; and
  - 23.5.2.3 promptly deliver such funds, together with any interest earned thereon, to an account or accounts designated in writing by Seller.

#### **24. GOVERNING LAW; DISPUTE RESOLUTION**

- 24.1 This Agreement and any claim, dispute, suit, action or other Proceeding (including non-contractual claims, disputes, suits, actions or other Proceedings) arising out of or in connection with it or its subject matter shall be governed by, and construed in accordance with, the substantive law of Hong Kong.
- 24.2 All disputes, controversies, differences or claims arising out of or in connection with this Agreement (including, but not limited to, any dispute or question concerning the existence, validity, formation, effect, interpretation, performance or termination of this Agreement, but excluding those relating to the Final Closing Statement which shall be resolved in accordance with Schedule 6 to this Agreement), shall be referred to and finally resolved by binding arbitration administered by the Singapore International Arbitration Centre in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference in this clause. Any arbitration initiated pursuant to or in accordance with this Clause 24.2 of this Agreement shall be conducted as follows:
- 24.2.1 the seat of the arbitration shall be Singapore;
  - 24.2.2 the arbitration proceedings shall be conducted in English;
  - 24.2.3 the arbitral tribunal shall consist of three (3) arbitrators;
  - 24.2.4 any award rendered by the arbitral tribunal shall be final, conclusive and binding upon the Parties. To the extent permitted by applicable law, the Parties hereto irrevocably waive any right to any form of appeal, review or recourse of any rendered award to any state or other judicial authority;
  - 24.2.5 judgment upon any award rendered may be entered for enforcement in any court having jurisdiction; and
  - 24.2.6 in respect of any court proceedings in Singapore commenced under the International Arbitration Act 1994 in relation to the arbitration, the parties agree (a) to commence such proceedings before the Singapore International Commercial Court (the "SICC"); and (b) in any event, that such proceedings shall be heard and adjudicated by the SICC.

#### **25. SPECIFIC PERFORMANCE**

- 25.1 The Parties hereby acknowledge and agree that the failure of either Party to perform its agreements and covenants hereunder, including its failure to take all actions as are necessary on its part to consummate the Transactions, will cause irreparable injury to the other Party, for which damages alone, even if available, will not be an adequate remedy.

- 25.1.1 Without limiting the generality of the foregoing, each Party hereby agrees and undertakes that the Parties shall be entitled to the remedies of injunction, specific performance or other equitable relief from any court or tribunal of competent jurisdiction for any threatened or actual breach of the terms of this Agreement, to enforce specifically the terms and provisions hereof and to compel performance of such Party's obligations (including the taking of such actions as are required of such Party to consummate the Transactions), this being in addition to and without prejudice to any other rights or remedies to which either Party is entitled under this Agreement.
- 25.1.2 The Parties further agree to waive any requirement for the securing or posting of any bond in connection with any such remedy, and that, such remedy shall be in addition to any other remedy to which a Party is entitled at law or in equity.
- 25.2 Except as otherwise provided in this Agreement, each Party further agrees that:
- 25.2.1 by seeking the remedies provided for in this Clause 25 a Party shall not in any respect waive its right to seek any other form of relief that may be available to such Party under this Agreement or in the event that the remedies provided for in this Clause 25 are not available or otherwise are not granted;
- 25.2.2 nothing set forth in this Clause 25 shall require any Party to institute any action for (or limit any Party's right to institute any action for) specific performance under this Clause 25 prior to or as a condition to exercising any termination right under Clause 12, nor shall the commencement of any action pursuant to this Clause 25 or anything set forth in this Clause 25 restrict or limit any such Party's right to terminate this Agreement in accordance with Clause 12 or pursue any other remedies under this Agreement that may be available then or thereafter; and
- 25.2.3 if any Party hereto brings any action to enforce specifically the performance of the terms and conditions hereof by the other Party, the Party bringing such action may unilaterally extend the Outside Date (notwithstanding the termination provisions of Clause 25), so long as the Party bringing such action is actively seeking a court order for an injunction or injunctions or to specifically enforce the terms and provisions of this Agreement.

## 26. MISCELLANEOUS

- 26.1 Survival.
- 26.1.1 The warranties contained in this Agreement or in any other agreement, certificate or other document executed in connection herewith shall survive the Closing and terminate one (1) year following the Closing Date and no Claim or other claim shall be made by Purchaser or Seller against Seller or Purchaser (as applicable) and no Party shall have any liability, in any such case following Closing on account of any breach or violation of or inaccuracy in any such warranty except to the extent expressly set forth in Schedule 7. Notwithstanding the foregoing, the Tax Warranties and Tax Claim shall survive the Closing and terminate five (5) years following the Closing Date.
- 26.1.2 The covenants and agreements contained in this Agreement that are to be performed or complied with at or prior to the Closing shall not survive, and shall terminate on, the Closing and no Claim or other claim shall be made by Purchaser or Seller against Seller or Purchaser (as applicable), and no Party shall have any liability with respect thereto, following the Closing.

26.1.3 The Post-Closing Covenants shall survive the Closing until performed in accordance with their terms and no Post-Closing Covenant Claim shall be made by Purchaser or Seller against Seller or Purchaser (as applicable), and no Party shall have any liability with respect thereto, except to the extent expressly set forth in Schedule 7.

26.2 Certain Releases.

- 26.2.1 Except in the case of fraud, Purchaser, for itself and on behalf of its Affiliates (including, after the Closing, the Target Group) and its and their Representatives, intends to and acknowledges and agrees that, from and after the Closing, to the fullest extent permitted by law, including by contractually shortening the applicable statute of limitations, any and all rights, claims and causes of action it has or may have against any Seller or any of its Affiliates or its or their respective Representatives (each, a “**Seller Releasee**”) relating to or accruing from (i) operation of the Business, (ii) the negotiation, execution or performance of this Agreement, the other Transaction Agreements or the Transactions, (iii) any inaccuracy or breach of any warranty or the breach of any covenant, undertaking or other agreement contained in this Agreement, the Seller Disclosure Letter and Exhibits hereto or in any certificate contemplated hereby and delivered in connection herewith, (iv) any information (whether written or oral), documents or materials furnished in connection with the Transactions or (v) any COVID-19 Measure taken prior to the Closing, are hereby irrevocably and unconditionally waived and released and covenants not to initiate any Proceeding relating to the foregoing against any Seller Releasee; provided that nothing contained in this Agreement shall release, waive, discharge, relinquish or otherwise affect the rights or obligations of any party to this Agreement or any other Transaction Agreement with respect to enforcing the terms of this Agreement or such other Transaction Agreement, respectively, against any other party hereto or thereto.
- 26.2.2 Without limiting the generality of this Clause 26.2.2 and notwithstanding anything to the contrary set forth in this Agreement, except in the case of fraud, Purchaser shall not bring or maintain, and shall cause each of its Affiliates (including, after the Closing, the Target Group) and its and their respective Representatives not to bring or maintain, any claim or cause of action against any Seller Releasee, and no recourse shall be sought or granted against any Seller Releasee, by virtue of, or based upon, any alleged misrepresentation or inaccuracy in, or breach of, any of the warranties, covenants, undertakings or agreements of Seller, the Company or any other Person set forth or contained in this Agreement, any certificate, instrument, opinion, agreement or other document of the Company or any other Person delivered in connection with the Transactions, the subject matter of this Agreement, the other Transaction Agreements, the Seller Disclosure Letter, or the Transactions, the Business or the ownership, operation, management, use or control of the Business, any of its assets, or any actions or omissions at, or prior to, the Closing; provided that nothing contained in this Agreement shall release, waive, discharge, relinquish or otherwise affect the rights or obligations of any party to this Agreement or any other Transaction Agreement with respect to enforcing the terms of this Agreement or such other Transaction Agreement, respectively, against any other party hereto or thereto.

- 26.2.3 Notwithstanding anything in this Agreement to the contrary, Purchaser acknowledges and agrees that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any Seller Releasee (other than Seller) whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable Legal Requirement, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Seller Releasee (other than Seller) for any obligation of Seller under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.
- 26.2.4 Purchaser unconditionally and irrevocably acknowledges and agrees that (i) the agreements contained in this Clause 26.2 are an integral part of this Agreement and the Transactions and (ii) without the agreements set forth in this Clause 26.2, Seller would not enter into this Agreement or otherwise agree to consummate the Transactions.
- 26.3 Provision Regarding Legal Representation.
- 26.3.1 It is acknowledged by each Party hereto that Seller has retained Skadden to act as its counsel in connection with the Transactions and that Skadden has not acted as counsel for any other party in connection with such Transactions.
- 26.3.2 The parties agree that, in the event that a dispute arises after the Closing between Purchaser, the Company or their Affiliates, on the one hand, and Seller or its Affiliates, on the other hand, Skadden may represent Seller and its Affiliates in such dispute even though the interests of Seller and its Affiliates may be directly adverse to Purchaser, the Company or their Affiliates, and even though Skadden may have represented the Company or any of its Affiliates in a matter substantially related to such dispute, or may be handling ongoing matters for Purchaser, the Company or any of their Affiliates. Purchaser further agrees that, all communications among Seller, the Company or any of their respective Affiliates, on the one hand, and their counsel, including Skadden, on the other hand, that relate in any way to the Transactions shall be deemed attorney-client or solicitor-client privileged communications (collectively, the “**Privileged Communications**”) and the attorney-client or solicitor-client privilege and the expectation of client confidence belongs to Seller and may be controlled by Seller and, notwithstanding anything to the contrary contained in this Agreement, shall not pass to or be claimed by Purchaser, the Company or any of their Affiliates.
- 26.3.2.1 The Privileged Communications are (and upon the Closing shall remain) the property of Seller, and from and after the Closing, none of Purchaser, the Company, their Affiliates or any Person purporting to act on behalf of or through Purchaser, the Company or their Affiliates will seek to access, use or obtain such communications, whether by seeking a waiver of the attorney-client or solicitor-client privilege or through other means.

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- 26.3.2.2 As to any such Privileged Communications made prior to the Closing Date, Purchaser, together with its Affiliates (including the Company), successors and assigns, further agree that no such party may access, use or rely on any of the Privileged Communications in any Proceeding against or involving any of the parties hereto after the Closing.
- 26.3.2.3 The Privileged Communications may be used by Seller in connection with any dispute that relates in any way to the Transactions.
- 26.3. Notwithstanding the foregoing, in the event that a dispute arises between Purchaser, the Company or any of their Affiliates, on the one hand, and any other Person or Persons (other than a party to this Agreement or any of its respective Affiliates), on the other hand, after the Closing, the Company and its Affiliates may assert the attorney-client or solicitor-client privilege to prevent disclosure of the Privileged Communications to such Person or Persons; provided that none of the Company nor its Affiliates may waive any such privilege without the prior written consent of Seller.
- 26.4 Reliance on Counsel and Other Advisors. Each Party hereto has consulted such legal, financial, technical or other expert as it deems necessary or desirable before entering into this Agreement.

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**SCHEDULE 1**  
**SELLER REORGANIZATION**

S-1-1

**SCHEDULE 2**  
**CONDUCT OF BUSINESS PRIOR TO CLOSING**

1. Subject in all cases to paragraph 2 through 4 of this Schedule 2, from the date of this Agreement until the earlier of the Closing or the termination of this Agreement pursuant to its terms, Seller shall, and shall cause the Target Group to, in each case, with respect to the Business:
  - 1.1 use commercially reasonable endeavors to operate the Business in the ordinary course of business consistent with past practice;
  - 1.2 use commercially reasonable endeavors to ensure that the Cash as of the Benchmark Time does not exceed US\$100,000,000 insofar as reasonably practicable and is otherwise in compliance with the other provisions of paragraph 1 of this Schedule 2;
  - 1.3 use commercially reasonable endeavors to preserve substantially intact their business organization and assets;
  - 1.4 use commercially reasonable endeavors to keep available the services of the current officers, management-level and professional-level employees and consultants of the Target Group and Seller Entities, subject to paragraph 1.7(q) of this Schedule 2;
  - 1.5 use commercially reasonable endeavors to preserve the current relationships of the Target Group and Seller Entities with customers, suppliers and other Persons with which they have significant business relations;
  - 1.6 use commercially reasonable endeavors to keep and maintain their tangible assets and properties in good repair and normal operating condition, wear and tear excepted; and
  - 1.7 not do any of the following without Purchaser's consent (which shall not be unreasonably withheld, conditioned or delayed):
    - (a) amend the organizational documents of any member of the Target Group in a manner materially adverse to Purchaser or the Target Group;
    - (b) split, reverse split, combine, subdivide or reclassify the outstanding capital stock of any member of the Target Group;
    - (c) except for (A) transactions in the ordinary course of business, (B) indebtedness that will be settled in full or terminated or canceled at or before the Closing, (C) indebtedness incurred under credit facilities in existence as of the date hereof and (D) indebtedness in respect of currency or interest rate hedges entered into to hedge currency or interest rate risks arising in the ordinary course of business and not for speculative purposes:
      - (i) incur in excess of US\$10,000,000 of indebtedness for borrowed money;

- (ii) enter into any Contract involving financing or borrowing of money; or
- (iii) assume, guarantee or endorse the obligations of any Person if, in each case, such obligations would be obligations of the Target Group following the Closing;
- (d) materially amend, waive, modify or consent to the termination of any Material Contract, or materially amend, waive, modify or consent to the termination of the Company's or any of its Subsidiaries' rights thereunder, or enter into any Material Contract, in each case other than in the ordinary course of business consistent with past practice and other than expiration and renewals of Material Contracts pursuant to their terms;
- (e) permit any of the material assets of the Business to become subjected to any Encumbrance other than (A) those Encumbrances which will be removed at or prior to Closing, (B) Permitted Encumbrances or (C) Encumbrances incurred in the ordinary course of business consistent with past practice;
- (f) other than as otherwise permitted pursuant to this Schedule 2, pay, discharge or satisfy any claim, liability or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise), other than any such payment, discharge or satisfaction in the ordinary course of business consistent with past practice;
- (g) with respect to the Target Group, fail to maintain its corporate existence or merge or consolidate with any other Person or enter into any joint venture or similar venture with any other Person;
- (h) enter into any Contract with any Related Party of the Seller Group, except for Contracts that will be terminated in accordance with Clause 5.11.1.1 of this Agreement;
- (i) except in the ordinary course of business or in order to settle, pay, repay, capitalize, restructure or unwind existing intercompany loans or indebtedness between or among Seller or one of its Affiliates and the Target Group, purchase any securities or make any material investment in any Person, either by purchase of stock or securities, contributions to capital, asset transfers, or purchase of any assets, or enter into any joint venture, strategic alliance, exclusive dealing, noncompetition or similar contract or arrangement, or otherwise acquire direct or indirect control over any Person;
- (j) authorize, or make any commitment with respect to, any single capital expenditure that is in excess of US\$20,000,000 or capital expenditures that are, in the aggregate, in excess of US\$285,000,000 for the Business as a whole;
- (k) except in the ordinary course of business and for Permitted Encumbrances, transfer, lease (other than renewals of existing leases), sublease or otherwise dispose of any material properties or assets of the Business;

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- (l) declare or set aside any dividends or distributions on any equity interest of any member of the Target Group (in cash or in kind) to the extent such dividends or distributions are payable after the Closing;
  - (m) compromise, settle or grant any release of any claim relating to any Proceeding where the amount involved is in excess of US\$1,000,000 or involves a material restriction upon the operations of the Business;
  - (n) make any material change to any accounting method or system of internal accounting control of the Business, except as may be appropriate to conform to changes in Legal Requirements, regulatory accounting requirements, GAAP, PRC GAAP, IFRS or in the ordinary course of business;
  - (o) permit the lapse of any material existing policy of insurance relating to the Business (other than where renewed or replaced on substantially similar terms);
  - (p) accelerate the collection of or discount any accounts receivable, delay the payment of accounts payable or defer expenses, reduce inventories or otherwise increase cash on hand, except in the ordinary course of business consistent with past practice;
  - (q) except (A) as may be required by the terms of a Benefit Plan or collective bargaining agreement, (B) as the Seller Group shall be solely obligated to pay and as would not result in a liability to Purchaser or the Company or (C) in the ordinary course of business:
    - (i) materially increase the compensation or benefits of any Business Employee;
    - (ii) enter into, adopt, amend or terminate any Company Benefit Plan;
    - (iii) hire any Person as a Business Employee, other than the hiring of Business Employees with a gross annual base salary not in excess of US\$110,000, or terminate the employment, other than a termination for Cause (as defined in Clause 11.4.1) or in accordance with Article 39 and Article 40 of Employment Contract Law of the PRC, of any Business Employee with a gross annual base salary in excess of US\$110,000; or
    - (iv) enter into any new local collective bargaining agreement (other than the renewal of any existing local collective bargaining agreements) with respect to Business Employees;
  - (r) make, revoke or modify any Tax election, settle or compromise any Tax liability or file (or amend) any Tax return other than on a basis consistent with past practice or where a mistake has been identified;
  - (s) enter into any agreement or commitment to do any of the foregoing.

2. Notwithstanding the other provisions of this Agreement, neither Clause 5.1 or this Schedule 2 shall apply to, and neither Seller nor the Target Group shall be prevented or restricted from, or required to refrain from, any act:
  - 2.1 which is contemplated, required or permitted by (or which is necessary in order to implement) the terms of this Agreement (including the Reorganization) or the other Transaction Agreements;
  - 2.2 which is required by Legal Requirement or Contract existing as of the Cutoff Time;
  - 2.3 which is disclosed in the Seller Disclosure Letter or this Agreement or the Unaudited Financial Information or is consistent with any agreement, arrangement, policy or practice Fairly Disclosed in the Data Room or the Seller Public Filings;
  - 2.4 with the consent of Purchaser; or
  - 2.5 reasonably undertaken by any Seller Entity or any member of the Target Group in the case of an emergency or disaster with the intention of minimizing any adverse effect on the Target Group and Purchaser (and of which Purchaser will be notified as soon as reasonably practicable).
3. Notwithstanding anything to the contrary contained in this Agreement, nothing herein shall prevent Seller and the Target Group from taking or failing to take any action in good faith (including the establishment of any policy, procedure or protocol) in reasonable response to or related to any (i) Contagion Event, (ii) COVID-19 Measures or (iii) change in Legal Requirement or policy (including guidelines and directives of industry groups) relating to or resulting from any Contagion Event or COVID-19 Measures.
4. Nothing contained in this Agreement is intended to give Purchaser, directly or indirectly, the right to control or direct the operations of the Business or the Target Group prior to the Closing. Prior to the Closing, Seller shall, and shall cause the Target Group to exercise, consistent with the terms and conditions of this Agreement, control and supervision over the operations of the Business and the Company.

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## SCHEDULE 3 COMPLETION

### **Part 1** **Actions to be taken by Seller**

At Closing, Seller shall procure the delivery to Purchaser of:

1. certificates evidencing the Shares;
2. instrument(s) of transfer in respect of the Shares duly executed by Seller in favor of Purchaser;
3. copy of the minutes of a duly held meeting of the directors of the Company (or written resolutions of the directors of the Company), approving and authorizing:
  - 3.1 the transfer of the Shares to Purchaser;
  - 3.2 the cancellation of old share certificates in respect of the Shares issued in the name of Seller;
  - 3.3 the resignation of the existing directors of the Company and subject to them consenting to act, the appointment of the new directors to be nominated by Purchaser at least ten (10) Business Days prior to the Closing Date, with such resignations and appointments conditional on, and taking effect as of, Closing;
  - 3.4 subject to (i) the transfer of the Shares being duly stamped and evidence thereof having been delivered to the Company and (ii) delivery to the Company of an instrument(s) of transfer in respect of the Shares in favor of Purchaser duly executed by Purchaser, the entry of the name of Purchaser into the electronic register of members maintained by the Accounting and Corporate Regulatory Authority of Singapore as the holder of the Shares and the making of such other entries into other corporate records of the Company as may be necessary; and
  - 3.5 subject to (i) the transfer of the Shares being duly stamped and evidence thereof having been delivered to the Company and (ii) delivery to the Company of an instrument(s) of transfer in respect of the Shares in favor of Purchaser duly executed by Purchaser, the issuance of new share certificate(s) in respect of the Shares in the name of Purchaser;
4. copy or extracts of the resolutions of a duly held meeting of the directors of Seller (or written resolutions of the directors of Seller), approving and authorizing (i) Seller's entry into the Share Purchase Agreement, Transition Services Agreement and IP License Agreement and (ii) the transfer of the Shares to Purchaser;
5. to the extent requested by Purchaser at least five Business Days prior to Closing, copies of resignation letters of each director and officer of the Company;
6. duly executed counterparts to the Transition Services Agreement;

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7. duly executed counterparts to an intellectual property license agreement, substantially in the form attached hereto as Exhibit B (the “**IP License Agreement**”);
  8. duly executed counterparts to the Escrow Agreement; and
  9. duly executed counterparts to the Assignment and Assumption Agreement.

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**Part 2**  
**Actions to be taken by Purchaser**

At Closing, Purchaser shall:

1. pay to Seller by wire transfer of immediately available funds:
  - 1.1 the Closing Purchase Price less the Deposit, less the Severance Escrow Amount;
  - 1.2 cause the Escrow Agent to release the portion of the Deposit held by it to Seller;
2. pay to the Escrow Agent by wire transfer of immediately available funds the Severance Escrow Amount;
3. procure the delivery to Seller of:
  - 3.1 duly executed counterparts to the Transition Services Agreement;
  - 3.2 duly executed counterparts to the IP License Agreement duly executed by the party thereto other than Jabil Inc.;
  - 3.3 duly executed counterparts to the Loan Agreement duly executed by Purchaser and Purchaser Parent;
  - 3.4 duly executed counterparts to the Escrow Agreement; and
  - 3.5 duly executed counterparts to the Assignment and Assumption Agreement.

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**SCHEDULE 4**  
**SELLER WARRANTIES**

1. Authority: Enforceability.

- 1.1 Seller has the requisite corporate power and authority to execute and deliver this Agreement and each other Transaction Agreement to which it is a party, to perform its obligations hereunder and under each other Transaction Agreement to which it is a party and to consummate the Transactions in accordance with the terms of this Agreement and each other Transaction Agreement to which it is a party.
- 1.2 The execution, delivery and performance by Seller of this Agreement and the consummation of the Transactions have been duly and validly authorized by all necessary corporate power on the part of Seller and such authorization has not been subsequently modified or rescinded.
- 1.3 This Agreement has been duly and validly executed and delivered by Seller and constitutes, assuming due authorization, execution and delivery of this Agreement by Purchaser, a valid and binding legal obligation of Seller, enforceable against Seller in accordance with the terms hereof, in each case, subject to the Enforceability Exceptions.
- 1.4 Assuming due authorization, execution and delivery of each other Transaction Agreement to which it is a party by the other parties thereto, each such Transaction Agreement will constitute a valid and binding legal obligation of Seller, enforceable against Seller in accordance with the terms thereof, in each case, subject to the Enforceability Exceptions.

2. Non-Contravention; Consents.

- 2.1 The execution and delivery of this Agreement by Seller and each other Transaction Agreement to which it is a party does not, and the performance of this Agreement by Seller and each other Transaction Agreement to which it is a party will not, require any Consent or Permit of, filing with, or notification to, any Governmental Authority, except (i) the Required Approvals, (ii) under applicable Antitrust Laws or Investment Screening Laws, (iii) under applicable requirements of the Companies Act 1967 of Singapore, and (iv) under applicable requirements of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or applicable blue sky laws, and (v) for such other Consents, filings or notifications, the failure of which to make or obtain would not be, individually or in the aggregate, material to the Business, taken as a whole.
- 2.2 The execution, delivery and performance by Seller of this Agreement and each other Transaction Agreement to which Seller is a party, and the consummation of the Transactions will not, (i) conflict with or violate any provision of the organizational documents of Seller or any member of the Target Group, (ii) conflict with or violate any Legal Requirement applicable to Seller or any member of the Target Group or the Business except with respect to the required filings and approvals set forth in Section 2.2 of the Seller Disclosure Letter, or (iii) result in a breach of, constitute a default under, result in the acceleration of, or create in any party the right to accelerate, terminate, modify, or cancel any Material Contract, except, in the case of the foregoing clauses (ii) or (iii), as would not be, individually or in the aggregate, material to the Business.

3. Organization; Company.

- 3.1 Seller is duly incorporated, validly existing and in good standing (where such concept exists under applicable laws of the jurisdiction of incorporation) under the laws of its place of incorporation.
- 3.2 Seller has all necessary corporate power and authority to conduct the business in all material respects in the manner in which it is currently being conducted.
- 3.3 Each member of the Target Group is (i) duly incorporated, validly existing and in good standing (where such concept exists under applicable laws of the jurisdiction of incorporation) under the Legal Requirements of the jurisdiction of its incorporation, and (ii) has all necessary corporate power and authority to conduct its business in all material respects in the manner in which it is currently being conducted.
- 3.4 As of the date of this Agreement, except for obligations or liabilities incurred in connection with such entity's incorporation or formation and in connection with the Transactions, the Company has not incurred and will not have incurred, directly or indirectly, any obligations or liabilities or engaged in any business activities of any type or kind whatsoever or entered into agreements or arrangements with any Person.
- 3.5 None of Seller or the Target Group is the subject of any bankruptcy, dissolution, liquidation, reorganization or similar proceeding.
- 3.6 Seller has made available to Purchaser accurate and complete copies of the organizational documents of the Target Group as in effect as of the date of this Agreement.

4. Title; Shares.

- 4.1 Seller is the legal and beneficial owner of all of the outstanding Shares and has full power and authority to sell, transfer and deliver to Purchaser the Shares free and clear of all Encumbrances (other than Permitted Encumbrances).
- 4.2 Except pursuant to this Agreement, there is no contractual obligation pursuant to which Seller has granted any option, warrant or other right to any Person to acquire or vote any Shares.
- 4.3 The Shares are duly authorized, validly issued and allotted, and fully paid or credited as fully paid.
- 4.4 There are no outstanding warrants, options, rights, agreements, convertible or exchangeable securities or other commitments pursuant to which the Company is or may become obligated to issue, sell, purchase, return or redeem any Shares.

- 4.5 There is no outstanding or authorized appreciation, phantom interest, profit participation or similar rights with respect to the Company.
- 4.6 There are no voting trusts, proxies or other agreements or undertakings with respect to the voting of the Shares.
5. **Capitalization.** Each outstanding share of share capital or other equity or ownership interest of each member of the Target Group is duly authorized, validly issued, fully paid and non-assessable. As of the Closing, each share or other equity or ownership interest of each member of the Target Group (other than the Company) is owned by the Company or another member of the Target Group, free and clear of any Encumbrance (other than Permitted Encumbrances). Except as expressly provided for under this Agreement or in connection with the Reorganization, there are no outstanding obligations of any member of the Target Group to issue, sell or transfer or repurchase, redeem or otherwise acquire, or that relate to the holding, voting or disposition of or that restrict the transfer of, the issued or unissued share capital or other equity or ownership interests of any member of the Target Group. No shares, share capital or other equity or ownership interests of any member of the Target Group have been issued in violation of applicable Legal Requirements or the certificate of incorporation or memorandum of articles of associations or equivalent organizational documents of any member of the Target Group.
6. **Equity Interests.** Except for any Subsidiaries of the Company as of the Closing, none of the Target Group directly or indirectly owns any equity interest in any Person.
7. **Seller Reorganization.** As of Closing, the Seller Reorganization Actions shall have been completed:
- 7.1 in accordance with Clause 5.5 in all material respects;
- 7.2 in compliance in all material respects with all applicable Legal Requirements.
8. **Financial Information; Liabilities.**
- 8.1 Section 8.1 of the Seller Disclosure Letter sets forth (i) the unaudited combined balance sheet of the Business as of August, 31, 2020, 2021 and 2022 and as of May 31, 2023 (the “**Reference Date**”), (ii) the related unaudited consolidated statements of income of the Business for the financial years ended August 31, 2020, August 31, 2021 and August 31, 2022 and the nine-month period ended May 31, 2023 (such unaudited schedules referred to in the foregoing clauses “(i)” and “(ii),” collectively, the “**Unaudited Carve-Out Financial Information**”), (iii) the statutory audited balance sheets of CTU, EPZ and GSW as of December 31, 2020, December 31, 2021 and December 31, 2022, and (iv) the related audited statements of income, shareholder’s equity and cash flows of CTU, EPZ and GSW for the calendar year ended December 31, 2020, December 31, 2021 and December 31, 2022 (such audited financial statements referred to in the foregoing clauses “(iii)” and “(iv),” collectively, the “**Audited Entity Financial Information**”).

- (a) The Unaudited Carve-Out Financial Information and the Audited Entity Financial Information: (i) have been prepared in good faith in accordance with GAAP and the PRC GAAP respectively applied on a consistent basis throughout the periods indicated and (ii) have been derived from books and records that are regularly maintained with sound accounting practice by management of the Seller Entities and the Target Group throughout the periods indicated (except as may be indicated in the notes thereto (if any)). The Unaudited Carve-Out Financial Information fairly present, in all material respects, the combined balance sheet and consolidated income statement of the Business on a carved-out stand-alone basis as at the respective dates thereof and for the respective periods indicated therein (except as may be indicated in the notes thereto). The Audited Entity Financial Information fairly present, in all material respects, the financial position and results of operations of the applicable entity at the respective dates thereof and for the respective periods indicated therein, except as otherwise noted therein.
- (b) To Seller's Knowledge and having regard for the purpose for which the Unaudited Carve-Out Financial Information and the Audited Entity Financial Information were prepared, the Unaudited Carve-Out Financial Information and the Audited Entity Financial Information present a reasonable view of the results of operations of the Business for the periods covered by such Unaudited Financial Information.
- 8.2 To Seller's Knowledge, for the period from the Reference Date through the date of this Agreement, there are no liabilities or obligations of the Business, that would be required to be reflected or specifically reserved against on a balance sheet of the Business prepared in accordance with GAAP, other than such liabilities or obligations: (i) that are set forth in the Unaudited Carve-Out Financial Information, (ii) for Taxes, (iii) incurred in the ordinary course of business since the Reference Date consistent with past practice, (iv) arising out of, relating to or resulting from the Transactions or the announcement, execution or performance of this Agreement or the other Transaction Agreements, (v) that have been (or will be prior to the Closing) discharged or paid off, (vi) arising out of, relating to or resulting from any Contagion Event or COVID-19 Measure or (vii) that otherwise would not, individually or in the aggregate, be material to the Business.
9. Absence of Certain Changes. Since the Reference Date through the date of this Agreement, except (a) in connection with the Transactions, (b) as required by Legal Requirement or Order, or (c) to the extent any Seller Entity or any member of the Target Group took any action that it deemed necessary, appropriate or advisable to comply with any COVID-19 Measures or otherwise to protect the health and safety of the Business Employees in connection with any Contagion Event:
- 9.1 the Seller Entities and the Target Group have conducted the Business in the ordinary course of business consistent with past practice; and
  - 9.2 there has not occurred any event, change, development or effect that is continuing and would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

10. Compliance with Legal Requirements; Permits.

- 10.1 For the three (3) years prior to the date hereof, (i) the Business has been operated in compliance in all material respects with applicable Legal Requirements, (ii) the Target Group is and has been in compliance in all material respects with all Legal Requirements, and (iii) to the Seller's Knowledge, the Seller Entities and the Target Group have not received any notice with respect to the Business and the Target Group, alleging that any member of the Target Group or the Business is in violation of any applicable Legal Requirement.
- 10.2 For the three (3) years prior to the date hereof, the Seller Entities and the Target Group own, hold, possess or use all Permits necessary to carry on the Business in all material respects. As of the date of this Agreement and the Closing Date, such Permits are valid and in full force and effect. The Seller Entities and the Target Group are and have been in compliance in all material respects with all such Permits.

11. Title to and Sufficiency of Assets.

- 11.1 The Target Group has good and valid title to or a valid leasehold interest in all of their assets, including all of the assets reflected on the Unaudited Carve-Out Financial Information and the Audited Entity Financial Information or acquired since the Reference Date, except those sold or otherwise disposed of for fair value since the Reference Date in the ordinary course of business consistent with past practice and except for the Specified Singapore Assets, except where the absence of such title or interest would not reasonably be expected to be material to the Business.
- 11.2 The assets, rights, properties and interests owned, leased, licensed or held by the Target Group following the Reorganization and as of the Closing, together with the Specified Singapore Assets and the other assets, rights, properties and interests to be provided pursuant to the Transaction Agreements or any other transitional arrangements between Seller and Purchaser or any of their respective Affiliates, in the aggregate, include all of the material assets, rights, properties and interests used in and necessary to conduct the Business in substantially the same manner as conducted as of the date of this Agreement.

12. List of Equipment, Unvested RSU and M04 and P04 Employees.

- 12.1 Section 12.1 of the Seller Disclosure Letter lists all of the following equipment owned, leased, licensed or held by the Target Group following the Reorganization and as of the Closing [\*\*\*]
  - (a) [\*\*\*]
  - (b) [\*\*\*]

- (c) [\*\*\*]
- 12.2 Section 12.2 of the Seller Disclosure Letter sets forth in all material respects the following information for each Business Employee that holds outstanding unvested equity awards (including time-based restricted stock units, performance-based restricted stock units and phantom awards) granted under the RSU Plans, as of September 18, 2023:
- (a) employee number; and
  - (b) number of restricted stock units, performance-based restricted stock units and / or phantom awards that such Business Employee held as of September 18, 2023 and that are scheduled to vest after October 22, 2023, assuming (i) such vesting occurs in accordance with the terms and conditions of the RSU Plans and (ii) such Business Employee is still employed by the Target Group or a Seller Entity on the applicable vesting date(s).
- 12.3 Section 12.3 of the Seller Disclosure Letter sets forth in all material respects the following information of all Business Employees at or above an M04 or P04 level (in each case, under the applicable policies of the Seller Group) employed by the Seller Entities or the Target Group as of September 16, 2023:
- (a) employee number;
  - (b) business title;
  - (c) job category; and
  - (d) employer entity.
13. Material Contracts.
- 13.1 Section 13.1 of the Seller Disclosure Letter lists all of the following Contracts to which the Target Group is a party or which exclusively relate to the Business and that are in effect and not fulfilled or performed in all material respects as of the date of this Agreement (other than (i) Contracts that will terminate prior to or as of the Closing and (ii) Benefit Plans) (collectively, the “**Material Contracts**”):
- (a) any master-level or similar principal Contract (and any material amendments, supplements or modifications thereto) with a Key Customer (collectively, the “**Key Customer Contracts**”);
  - (b) any master-level or similar principal Contract (and any material amendments, supplements or modifications thereto) with a Key Vendor (collectively, the “**Key Vendor Contracts**”);
  - (c) any Contract that requires any Seller Entity or any member of the Target Group to deal exclusively with a third party in connection with the sale or purchase of any product or service if such products or services have a purchase price in excess of US\$2,000,000 individually per annum and cannot be terminated by a Seller Entity or a member of the Target Group with ninety (90) days’ or less notice;

- (d) any Contract that relates to an acquisition or divestiture of assets with a purchase price in excess of US\$2,000,000 that is material to the operation of the Business, taken as a whole, that contains covenants, indemnities or other obligations that remain in effect and would reasonably be likely to be material to the Business, taken as a whole;
  - (e) any Contract relating to indebtedness for borrowed money or Contract in connection with the granting of credit in an aggregate principal amount in excess of US\$2,000,000;
  - (f) any Contract pursuant to which a Seller Entity (i) is granted a material license under any material Intellectual Property right owned by any Person that is used by the Target Group in the Business as currently conducted, or (ii) grants to any Person a license under any material Business IP, other than, in each case of the foregoing (i) and (ii), non-disclosure agreements, employee invention assignments, customer agreements, customer end user agreements, contracts concerning the licensing of generally commercially available software, hardware or other technology and similar agreements entered into in the ordinary course of business and Contracts in which grants of rights to use Intellectual Property are incidental to and not material to performance under the agreement;
  - (g) any material joint venture Contracts;
  - (h) any Contract limiting or restraining in any material respect the Seller Entities or the Target Group from competing with any Person in any location or in any business other than Contracts that may be terminated by the Seller Entities or the Target Group with ninety (90) days' or less notice;
  - (i) any Real Property Leases;
  - (j) any Contract constituting a lease of equipment or any personal property that is material to the Business, taken as a whole (the "**Personal Property Leases**");
  - (k) any material Affiliate Contracts; or
  - (l) any material Contract with any Governmental Authority.
- 13.2 Except as would not be, individually or in the aggregate, material to the Business:
- (a) each of the Material Contracts is in full force and effect in all material respects;
  - (b) there exists no default of any material obligation under any such Material Contracts by the Target Group or any Seller Entity or, to Seller's Knowledge, any other party to such Material Contracts or any event that will create a default thereunder by the Target Group or any Seller Entity; and
  - (c) there exists no actual or, to Seller's Knowledge, threatened in writing termination or cancellation of any Material Contract.

- 13.3 Seller has delivered or made available to Purchaser an accurate copy of the material provisions of each Material Contract that is in effect as of the date of this Agreement, including any material amendments thereto.
14. **Litigation.** Except as set forth on Section 14 of the Seller Disclosure Letter, there is no Proceeding pending before any Governmental Authority, or, to Seller's Knowledge, threatened in writing, against any Seller Entity or any member of the Target Group, or any material property or asset of any member of the Target Group used, in each case, that (a) involves a claim in excess of US\$1,000,000 or (b) involves a claim for an unspecified amount or injunctive relief that would, individually or in the aggregate, be material to the Business. As of the date of this Agreement, there is no Proceeding pending or, to Seller's Knowledge, threatened which questions the validity of this Agreement or any of the other Transaction Agreements. As of the date hereof, there is no pending material Proceeding by any Seller Entity or any member of the Target Group. For all the concluded cases against any Seller Entity (solely with respect to the Business) or any member of the Target Group, there are no remaining obligations by any Seller Entity (solely with respect to the Business) or any member of the Target Group that would be, individually or in the aggregate, material to the Business.
15. **Intellectual Property and Information Technology.**
- 15.1 To Seller's Knowledge, except as would not be, individually or in the aggregate, material to the Business, taken as a whole, the Seller Group owns, in each case free from Encumbrances other than Permitted Encumbrances, or is validly licensed the Intellectual Property rights used to operate the Business as conducted as of and immediately prior to the Closing Date, and has the right to grant the license granted in the IP License Agreement to Purchaser and its Affiliates, as applicable; provided that nothing in this Clause 15.1 is a representation or warranty with respect to infringement, misappropriation or other violations of Intellectual Property rights.
- 15.2 Except as would not be, individually or in the aggregate, material to the Business, taken as a whole, as of the date of this Agreement, no Proceeding is pending, or to Seller's Knowledge, threatened in writing, against the Seller Group or Target Group, alleging that the conduct of the Business (including the use of the Business IP and Seller Trademarks therein) as conducted as of the date of this Agreement, infringes, misappropriates or otherwise violates any Person's Intellectual Property. To Seller's Knowledge, except as would not be, individually or in the aggregate, material to the Business, taken as a whole, as of the date of this Agreement, no Proceeding is pending or has been threatened in writing by the Seller Group or Target Group, alleging that any Person is infringing, misappropriating or otherwise violating any Business IP owned by any member of the Target Group or any Seller Trademark to be used during the Wind-Down Period.
- 15.3 To Seller's Knowledge, except as would not be, individually or in the aggregate, material to the Business, taken as a whole, as of the date of this Agreement, the Seller Group and the Target Group have not experienced any unauthorized access to the information technology systems owned by the Seller Group or the Target Group that are used by the Seller Group or the Target Group in the operation of the Business or any Personal Information, to the extent with respect to the Business, stored thereon.

Real Property.

- 16.1 As of the date of this Agreement, the Target Group does not own any real property. Section 16.1 of the Seller Disclosure Letter sets forth a list of all real property used by a Seller Entity or a member of the Target Group, as applicable, as of the date hereof and that is leased, subleased, licensed or otherwise occupied by any Seller Entity or any member of the Target Group, as applicable, pursuant to a lease, and that is material to the continued operation of the Business as of the date hereof (the “**Leased Real Property**”), and such leases related thereto to which the Seller Group or the Target Group, as applicable, is a party and that are in effect as of the date of this Agreement, (the “**Real Property Leases**”). Except as would not reasonably be expected to be, individually or in the aggregate, material to the Business, neither Seller nor any member of the Target Group has received written notice from any Governmental Authority having jurisdiction over such Leased Property that any parcel of Leased Real Property is subject to any decree of any such Governmental Authority or order to be sold or is being condemned, expropriated, re-zoned or otherwise taken by any such Governmental Authority with or without payment of compensation therefore, nor, to Seller’s Knowledge, has any such condemnation, expropriation or taking been proposed by any such Governmental Authority. All Real Property Leases and all amendments and modifications thereto are: (i) in full force and effect in all material respects, and (ii) there exists no default of any material obligation under any such lease by the Target Group or any Seller Entity or, to Seller’s Knowledge, any other party to such Material Contracts or any event that will create a default thereunder by the Target Group or any Seller Entity.
- 16.2 With respect to each Leased Real Property, the Seller Entity or the member of the Target Group, as applicable, which is the lessee or sublessee for such Leased Real Property has a valid leasehold, sub leasehold or other similar interest in such Leased Real Property that is free and clear of all Encumbrances, other than Permitted Encumbrances.
- 16.3 (a) There are no contractual or legal restrictions that preclude or restrict the ability to use the Leased Real Property, by any Target Group for the operation of the Business as conducted thereon as of the date of this Agreement; (b) to Seller’s Knowledge, there are no material latent defects or material adverse physical conditions affecting Leased Real Property; and (c) all structures and other buildings on Leased Real Property are adequately maintained and are in a condition reasonably sufficient for the operation of the Business as conducted thereon as of the date of this Agreement; except, in each case, as would not be reasonably expected to be, individually or in the aggregate, material to the Business.

- 16.4 All the rental rates and any preferential policies in each case with respect to the Leased Real Property as set forth in the Real Property Leases and in the Material Contracts, are complete and accurate, except as would not individually or in the aggregate be material to the Business and there are no other material binding arrangements between any Seller Entity (solely with respect to the Business) or the Target Group on the one hand, and any lessor under a Real Property Lease or Governmental Authority on the other hand, with respect to the rental rates and rental payments, except as would not individually or in the aggregate be material to the Business. To the Seller's Knowledge, as of the date of this Agreement no Governmental Authority has delivered any notice to a Seller Entity (solely with respect to the Business) or the Target Group disputing any such rental rates.
17. Labor Matters.
- 17.1 With respect to Business Employees, there is no, and during the three (3) years has been no, strike, material slowdown, concerted refusal to work overtime, work stoppage or unfair labor practice claim against any Seller Entity (solely with respect to the Business Employees) or any member of the Target Group, nor, to Seller's Knowledge, is there any basis of the foregoing. There are no, and during the three (3) years prior to the date hereof have been no, activities or proceedings of any labor union to organize any Business Employees. No labor union or works council represents any Business Employees in connection with their employment with any Seller Entity or any member of the Target Group as of the date hereof. As of the date of this Agreement, none of any Seller Entity (solely with respect to the Business Employees) or any member of the Target Group is actively negotiating in connection with entering into any new collective bargaining agreement that is applicable to the Business Employees.
- 17.2 Except as set forth on Section 17.2 of the Seller Disclosure Letter, each Seller Entity (solely with respect to the Business Employees) and member of the Target Group is and during the three (3) years prior to the date hereof has been in compliance in all material respects with all applicable Legal Requirements with respect to employment, labor dispatch, labor outsourcing and secondment, including discrimination or harassment in employment, terms and conditions of employment, termination of employment, wages, overtime classification, hours, overtime, occupational safety and health, employee whistle-blowing, immigration, employee privacy, employment practices and classification of employees, consultants and independent contractors. As of the date of this Agreement, no Target Group is engaged in any unfair labor practice, as defined in applicable Legal Requirements, and no unfair labor practice or labor charge or complaint is pending or, to Seller's Knowledge, threatened with respect to any Target Group before any Governmental Authority.
- 17.3 Except as set forth on Section 17.3 of the Seller Disclosure Letter, during the three (3) years prior to the date hereof, each Seller Entity (solely with respect to the Business Employees) and member of the Target Group has in all material respects withheld and paid to the appropriate Governmental Authority, or, in all material respects, is holding for payment not yet due to such Governmental Authority all amounts required to be withheld from employees of any Seller Entity (solely with respect to the Business Employees) and any member of the Target Group and is not liable for any material arrears of wages, material Taxes, penalties or other material sums for failure to comply with any applicable Legal Requirements relating to the employment of such employees. During the past three (3) years, each member of the Target Group has paid in all material respects to their respective employees, or adequately accrued in all material respects in accordance with the Accounting Principles for, all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees.

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- 17.4 Except as set forth on Section 17.4 of the Seller Disclosure Letter, during the three (3) years prior to the date hereof, all payments and contributions to, or relating to, the mandatory social insurance funds (including pension, medical, unemployment, work related injury and maternity insurance) and housing funds which are required to be made under applicable Legal Requirements in the PRC by each Seller Entity (solely with respect to the Business Employees) or member of the Target Group, in each case, on behalf of employees and by its respective employees, or to its employees, have been duly paid in all material respects.
- 17.5 During the three (3) years prior to the date hereof, none of the Seller Entities (solely with respect to the Business Employees) or the Target Group has been a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Authority, in each case, relating to employees or employment practices. None of the Seller Entities (solely with respect to the Business Employees) or the Target Group or any of its or their directors or officers has received within the three (3) years prior to the date hereof any written notice of intent by any Governmental Authority responsible for the enforcement of labor or employment laws to conduct an investigation relating to any member of the Target Group and, to Seller's Knowledge, no such investigation is in progress.
18. Employee Benefits. Except as described in Section 18 of the Seller Disclosure Letter:
- 18.1 Section 18.1 of the Seller Disclosure Letter sets forth a list, as of the date of this Agreement, of each Company Benefit Plan. With respect to each Company Benefit Plan, Seller has made available to Purchaser accurate and complete copies of, as applicable, the current plan documents (or, if such plan is not in writing, a written description of such plan), trust agreements, insurance contracts or other funding vehicles and all amendments thereto.
- 18.2 Other than would not result in material liability to the Target Group taken as a whole: (i) each Company Benefit Plan has been administered, funded and operated in compliance with applicable Legal Requirements and in accordance with its terms in all material respects, (ii) no action is pending or, to Seller's Knowledge, threatened in writing with respect to any Company Benefit Plan (other than routine claims for benefits payable in the ordinary course, and appeals of denied claims) and (iii) with respect to any employee benefit plan that is required to be maintained by a Governmental Authority and is contributed to by the Target Group for the benefit of employees (including any mandatory social insurance funds (pension, medical, unemployment, work related injury and maternity insurance) and the housing provident fund provided by the Target Group established in the PRC under applicable Legal Requirements), the Target Group has contributed to such plans in accordance with applicable Legal Requirements.

- 18.3 Except as otherwise provided in this Agreement, the consummation of the Transactions will not (whether alone or together with any other event), other than would not be material to the Target Group taken as a whole (i) result in any payment or benefit becoming due to any Business Employee or Former Business Employee, (ii) increase any payment or benefit to be paid or provided to any Business Employee or Former Business Employee, (iii) result in an acceleration of the time of payment, funding or vesting of any payments or benefits to any Business Employee or Former Business Employee or (iv) result in the forgiveness of any indebtedness of any Business Employee or Former Business Employee.
19. Taxes. Except as described in Section 19 of the Seller Disclosure Letter:
- 19.1 The Target Group has accurately and timely filed, or has caused to be accurately and timely filed on its behalf, all Tax Returns required to be filed by it (taking into account any extensions of time in which to file). All such Tax Returns are true, complete and accurate in all material respects. All Taxes due and owing by any member of the Target Group (whether or not shown on any Tax Returns) have been timely paid in full. None of the members of the Target Group is currently the beneficiary of any extension of time within which to file any Tax Return.
- 19.2 The Target Group has deducted, withheld and paid to the appropriate Tax Authority all material Taxes required to be deducted, withheld or paid by it.
- 19.3 To Seller's Knowledge, there is no pending material dispute, audit or claim, including any deficiency claim or proposed adjustment, concerning any Tax liability of the Target Group.
- 19.4 To Seller's Knowledge, none of the members of the Target Group is engaged in a trade or business or has a permanent establishment (within the meaning of an applicable Tax treaty) in a jurisdiction other than the jurisdiction of its formation.
- 19.5 Each member of the Target Group has complied with applicable transfer pricing laws.
- 19.6 To Seller's Knowledge, no currently effective extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes or Tax Returns of any member of the Target Group.
- 19.7 The Target Group has provided or made available to Purchaser reasonable detail of any Tax exemption, Tax holiday, Tax incentive or other Tax reduction agreement or order of a territorial government, in each case, that is not generally available to Persons without specific application therefor.
- 19.8 None of the members of the Target Group is a partner for Tax purposes with respect to any joint venture, partnership, or other arrangement or Contract which is treated as a partnership for Tax purposes.
- 19.9 None of the members of the Target Group is a party to or bound by any Tax Sharing Agreement.

- 19.10 There are no outstanding Encumbrances for Taxes (other than Permitted Encumbrances) on the assets of the Target Group.
- 19.11 The Target Group has no liability for the Taxes of any other Person under applicable Legal Requirements related to the Consolidated Return, as a transferee or successor (including, without limitation, any successor Tax liability derived from an acquisition of an ongoing concern), by operation of applicable Legal Requirements, or by Contract (other than an agreement such as a lease, the principal purpose of which is not the sharing or allocation of Taxes).

20. Environmental Matters.

- 20.1 Each Seller Entity (solely with respect to the Business) and each member of the Target Group is and, except for matters which have been resolved, has been in compliance in all material respects with all applicable Environmental Law. Except for matters which have been resolved, none of the Seller Entities or the Target Group or any of its or their executive officers has received during the past five years, any notice, request for information, communication or complaint from a Governmental Authority alleging that any Seller Entity (solely with respect to the Business) or any member of the Target Group has any material liability under any Environmental Law or is not in compliance with any Environmental Law.
- 20.2 To Seller's Knowledge, there is and has been no Release or threatened Release of Hazardous Materials on, in, at or under any properties (i) currently or formerly owned, leased or operated by or for any member of the Target Group; or (ii) with respect to which any member of the Target Group is liable.
- 20.3 There is no pending or, to Seller's Knowledge, threatened investigation by any Governmental Authority, nor any pending or, to Seller's Knowledge, threatened Proceeding with respect to any member of the Target Group relating to Hazardous Materials or otherwise under any Environmental Law.
- 20.4 Each Seller Entity (solely with respect to the Business) and each member of the Target Group holds all Permits required under the Environmental Law, and is and, except for matters which have been resolved, has been in compliance therewith. Neither the execution, delivery nor performance of this Agreement nor the consummation of the Transactions will subject such Permits to suspension, cancellation, an adverse modification thereto, revocation or nonrenewal, except for such permits which are duly transferred to or obtained according to the Seller Reorganization Actions.

21. Insurance. All material insurable risks in respect of the Business are covered by insurance policies and the types and amounts of coverage provided therein, to Seller's Knowledge, are usual and customary in the context of the Business in which the Target Group and Seller Entities, as applicable, are engaged. The activities and operations of the Business have been conducted in a manner so as to conform in all material respects to all applicable provisions of such insurance policies. The consummation of the Transactions will not cause a cancellation or material reduction in the coverage of such policies.

22. OFAC. Neither the Seller Group nor any of its officers or directors is a person or entity that appears on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”) with whom a U.S. person (as defined by the Legal Requirements administered by OFAC, 31 C.F.R. Parts 500-598 (the “**OFAC Regulations**”)) or a Person subject to the jurisdiction of the United States (as defined by the OFAC Regulations) is prohibited from dealing under the OFAC Regulations.

23. Anti-Bribery Matters; Unfair Competition.

- 23.1 To Seller’s Knowledge and in connection with the Business, except as would not have, individually or in the aggregate, a Material Adverse Effect, since January 1, 2020 through the date of this Agreement, none of the Seller Entities, the Target Group nor Business Employees have taken any action which would cause the Business to be in violation of any applicable anti-corruption or anti-bribery Legal Requirement (in each case, as in effect at the time of such action) (collectively, the “**Anti-Bribery Laws**”) or, in violation of such Anti-Bribery Laws (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (b) made, offered or authorized any unlawful payment to foreign or domestic government officials or employees or (c) made, offered or authorized any unlawful bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment.
- 23.2 To Seller’s Knowledge and in connection with the Business, since January 1, 2020 through the date of this Agreement, except as would not be, individually or in the aggregate, material to the Business, taken as a whole, none of any member of the Target Group or the Seller Entities nor their Representatives has ever violated the principle of fair competition, by offering or taking property or other interests to obtain business opportunities or other improper benefits, such as making payments or paying anything of value to existing or potential business partners (including Governmental Authorities), in order to impose undue influence on existing or potential business partners or to obtain inappropriate commercial advantage.

24. Data Compliance.

- 24.1 As of the Closing Date, the Target Group is in material compliance with Cyber Security and Data Protection Related Laws and has adopted sufficient technical measures and other reasonably necessary measures to comply with the Cyber Security and Data Protection Related Laws when collecting, storing, using, processing, sharing, transferring, publicly disclosing and cross-border transmitting Personal Information in the conduct of the Business.
- 24.2 No member of the Target Group or its Representatives have taken any action that constitutes material data breach, infringement of Personal Information or violation of any Cyber Security and Data Protection Related Laws in the conduct of the Business, including:
- (a) collecting or using Personal Information without obtaining prior consent of the persons whose information is collected in material violation of any Cyber Security and Data Protection Related Laws;

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- (b) disclosing, damaging, tampering with or illegally (including without obtaining authorization or beyond the authorization scope) providing others with any Personal Information in violation of any Cyber Security and Data Protection Related Laws;
  - (c) collecting, using or processing Personal Information in Target Group's possession or control in violation of any Cyber Security and Data Protection Related Laws or binding agreements with the person whose Personal Information is collected; and
  - (d) stealing or otherwise unlawfully obtaining Personal Information, including obtaining Personal Information from sources that are illegal.

25. **Brokers.** Other than with respect to fees or commissions that will be borne solely by the Seller Group, no Seller Entity nor any member of the Target Group has retained any broker or finder or incurred any liability or obligation for any brokerage fees, commissions or finders' fees with respect to this Agreement or the Transactions.

**SCHEDULE 5**  
**PURCHASER WARRANTIES**

1. Authority; Enforceability.
  - 1.1 Purchaser has the requisite corporate power and authority to execute and deliver this Agreement and each other Transaction Agreement to which it is a party, to perform its obligations hereunder and under each other Transaction Agreement to which it is a party and to consummate the Transactions in accordance with the terms of this Agreement and each other Transaction Agreement to which it is a party.
  - 1.2 The execution, delivery and performance by Purchaser of this Agreement and the consummation of the Transactions have been duly and validly authorized by all necessary corporate action on the part of Purchaser and such authorization has not been subsequently modified or rescinded.
  - 1.3 This Agreement has been duly and validly executed and delivered by Purchaser and constitutes, assuming due authorization, execution and delivery of this Agreement by Seller, a valid and binding legal obligation of Purchaser, enforceable against Purchaser in accordance with the terms hereof, subject to the Enforceability Exceptions.
  - 1.4 Assuming due authorization, execution and delivery of each other Transaction Agreement to which it is a party by the other parties thereto, each such Transaction Agreement will constitute a valid and binding legal obligation of Purchaser, enforceable against Purchaser in accordance with the terms thereof, in each case, subject to the Enforceability Exceptions.
2. Non-Contravention; Consents.
  - 2.1 The execution and delivery of this Agreement by Purchaser and each other Transaction Agreement to which it is a party does not, and the performance of this Agreement by Purchaser will not, require any Consent or Permit of, or filing with, or notification to, any Governmental Authority, except (i) the Required Approvals, (ii) under applicable Antitrust Laws or Investment Screening Laws, (iii) under the applicable requirements of Hong Kong Companies Ordinance or the Hong Kong Listing Rules, and (iv) under the applicable requirements of the Exchange Act or applicable blue sky laws).
  - 2.2 The execution, delivery and performance by Purchaser of this Agreement and each other Transaction Agreement to which Purchaser is a party, and consummation of the Transactions will not, (i) conflict with or violate any provision of the organizational documents of Purchaser, (ii) conflict with or violate in any material respect any Legal Requirement applicable to Purchaser except with respect to required filings and approvals under ODI Approval, the listing rules of the Hong Kong Stock Exchange, and Antitrust Laws or (iii) result in a breach of, constitute a default under, result in the acceleration of, or create in any party the right to, accelerate, terminate, modify or cancel any Contract, allow the imposition of any fees or penalties, require the offering or making of any payment or redemption, give rise to any increased, guaranteed, accelerated

or additional rights or entitlements of any Person or otherwise adversely affect any rights of Purchaser, or result in the creation of any Encumbrance on any property, asset or right of Purchaser pursuant to any note, bond, mortgage, indenture, agreement, lease, license, permit, franchise, instrument, obligation or other Contract to which Purchaser is a party or by which Purchaser or any of its properties, assets or rights is bound or affected, except, in the case of the foregoing clauses (ii) or (iii), as would not be, individually or in the aggregate, material to Purchaser.

3. **Organization.** Purchaser is duly organized, validly existing and in good standing under the laws of its place of incorporation. Purchaser has all necessary power and authority to conduct its business in the manner in which it is currently being conducted.

4. **Litigation.** As of the date of this Agreement:

4.1 there is no Proceeding pending before any Governmental Authority, or to Purchaser's Knowledge, threatened in writing, against Purchaser which questions the validity of this Agreement or any of the other Transaction Agreements to which it is a party; and

4.2 Purchaser is not subject to any Orders of any Governmental Authority that would have, individually or in the aggregate, a Purchaser Material Adverse Effect.

5. **Securities Matters.** The Shares are being acquired by Purchaser for its own account, and not with a view to, or for the offer or sale in connection with, any public distribution or sale of the Shares or any interest in them. Purchaser acknowledges that the Shares are not registered under the Securities Act, any state securities Legal Requirement or any non-US foreign securities Legal Requirement.

6. **Financial Ability.**

6.1 Purchaser has delivered to Seller true, correct and complete copies of the Loan Agreement and Loan Documents. Upon funding of the Financing in accordance with the terms of and subject to the conditions set forth in the Loan Agreement, the aggregate proceeds of the Financing (together with the Deposit) will be in an aggregate amount that is sufficient and available in immediately available USD funds in deposit accounts in banks located outside the PRC to enable Purchaser to consummate the Transactions and to perform all of its obligations hereunder, including payment of the Purchase Price.

6.2 As of the date hereof, (i) the Loan Agreement constitutes the legal, valid and binding obligation of Purchaser and Purchaser Parent, is in full force and effect and is enforceable against Purchaser and Purchaser Parent, in accordance with its terms, except as such enforceability may be limited by the Enforceability Exceptions, (ii) Purchaser has no reason to believe that any of the conditions precedent to the Financing in the Loan Agreement will not be satisfied on a timely basis (and, in any event, prior to or as of the Closing), (iii) none of the commitments contained in the Loan Agreement, have been withdrawn, rescinded, terminated or otherwise amended or modified or waived in any respect, and no such amendment or modification or waiver is contemplated and

(iv) no event has occurred or circumstance exists that, with or without notice, lapse of time or both, could or could reasonably be expected to (A) constitute or result in a default, breach or failure to satisfy any of the terms or conditions precedent set forth in the Loan Agreement by Purchaser, or otherwise result in any portion of the Financing being unavailable at the Closing or (B) otherwise result in the Financing not being available in accordance with the terms of the Loan Agreement.

- 6.3 The Loan Agreement contains all of the conditions precedent to the obligations Purchaser Parent to make the Financing available to Purchaser on the terms thereof. There are no side letters or other contracts related to the funding or investing, as applicable, of the full amount of the Financing that would adversely affect the conditionality or availability of the Financing on the Closing Date or could result in a reduction of the aggregate principal amount of the Financing below the amount required to pay the Required Funds thereunder. As of the date hereof, Purchaser has no reason to believe that it will be unable to satisfy on a timely basis, and in any event, not later than the Closing, each term and condition to the Financing required to be satisfied by it or that the full amounts committed pursuant to the Loan Agreement will not be available at the Closing if the terms or conditions to be satisfied by it contained in the Loan Agreement are satisfied.
- 6.4 Purchaser hereby acknowledges and agrees that its obligations hereunder are not subject to any conditions regarding Purchaser's or any other Person's ability to obtain financing for the consummation of the Transactions.
7. Solvency. No insolvency proceeding of any character, including bankruptcy, receivership, reorganization, composition, administration or arrangement with creditors, voluntary or involuntary, of Purchaser or with respect to any of its assets or properties is pending or threatened.
8. Brokers. Other than with respect to fees or commissions that will be borne solely by Purchaser or its Affiliates, Purchaser and its Affiliates have not retained any broker or finder or incurred any liability or obligation for any brokerage fees, commissions or finders' fees with respect to this Agreement or the Transactions.
9. Intercompany Arrangements. Purchaser acknowledges and agrees that (i) the Business as presently conducted receives or benefits from general corporate functions furnished by Seller and its Affiliates, including the Corporate Functions and (ii) effective as of the Closing, the sole obligations of Seller and its Affiliates with respect to the provision of any general corporate functions to the Business shall be as expressly set forth in the Transaction Agreements.
10. Pending Transactions. Neither Purchaser nor any of its Affiliates is a party to any pending transaction or contemplating any transaction, in each case, to acquire (by merging or consolidating with, by purchasing a substantial portion of the assets of or equity in, or by any other similar transaction) any Person (or business division or unit thereof), where, in the case of such contemplated transaction, the entering into of a definitive agreement relating to or, in either case, the consummation of such transaction would reasonably be expected to (a) impose any delay in the obtaining of, or materially increase the risk of not obtaining, any Consents, Orders or Governmental Approvals

necessary to consummate the Transactions or the expiration or termination of any applicable waiting period, (b) increase the risk of any Governmental Authority entering an Order prohibiting the consummation of the Transactions, (c) require any additional shareholder approval or result in Purchaser Parent or any other shareholder of Purchaser being required to abstain from any vote to approve the Transactions, or (d) otherwise delay the consummation of the Transactions.

11.

Investigation.

- 11.1 Purchaser is an informed and sophisticated purchaser and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of the Company.
- 11.2 Purchaser acknowledges and agrees that it has (a) completed such inquiries and independent investigations into the Business and the Company as it has deemed necessary and sufficient to make an independent and informed decision with respect to the execution, delivery and performance of this Agreement and the consummation of the Transactions and (b) been furnished with or afforded adequate access to and the adequate opportunity to review the books, records, facilities and personnel of Seller and the Company for purposes of conducting a due diligence investigation of the Business and the Company.
- 11.3 Purchaser has conducted to its satisfaction an independent due diligence investigation of the Business and the Company and has received satisfactory answers to all inquiries it has made respecting the Business and the Company.
- 11.4 Purchaser expressly acknowledges and agrees that none of Seller, its Affiliates nor any other Person has made, makes or is authorized to make any representations or warranties to Purchaser, express or implied, other than the Seller Warranties expressly set forth in Schedule 4, and that none of Seller, its Affiliates nor any other Person shall be subject to any liability or any claim by Purchaser in respect of such other representations or warranties.
- 11.5 In making its determination to proceed with the Transactions and acquire the Shares, Purchaser expressly acknowledges and agrees that it has relied exclusively on its own independent investigation, and that it is not relying on and expressly disclaims reliance on any other statement, representation or warranty made by Seller, its Affiliates or any other Person, including those relating to Seller, the Company, the Business or the Transactions, or any of their financial condition, business, operations, results of operations, properties, assets, liabilities or prospects, or any estimate, projection, prediction, data, financial information, teaser, confidential information presentation or any other materials or information (including all information in the Data Room) provided or addressed to Purchaser, its Affiliates or its and their Representatives or any other Person, including with respect to the accuracy or completeness of any such information
- 11.6 Purchaser does not have any knowledge of any inaccuracy or failure to be true of any of the Seller Warranties set forth in Schedule 4, or in any of the other Transaction Agreements, or any condition or circumstance that would excuse Purchaser from performance of its obligations under the terms and conditions of this Agreement or any other Transaction Agreement, or of any matter or circumstance which may give rise to a Claim.

Disclaimer Regarding Projections.

- 12.1 In connection with Purchaser's due diligence investigation of the Business and the Company, Purchaser has received from Seller and its Affiliates and its and its Affiliates' Representatives certain projections and other forecasts, including projected financial statements, cash flow items, certain business plan information and other data and information, whether written or oral, related to the Business, Seller and the Company.
- 12.2 Purchaser expressly acknowledges and agrees that:
- (a) there are uncertainties inherent in attempting to make such projections, forecasts and plans;
  - (b) Purchaser is familiar with such uncertainties and is taking full responsibility for making its own evaluation of the adequacy and accuracy of all forecasts, predictions, projections, estimates or other materials, documents or information relating to the Business;
  - (c) Purchaser is not relying upon such projections and other forecasts; and
  - (d) Purchaser shall have no claim against anyone (and Seller and its Affiliates shall have no liability) with respect to any inaccuracy, misstatement or omission with respect to any such forecasts, predictions, projections, estimates or other materials, documents or information relating to the Business, the Seller Group, the Company or the Transactions, whether written or oral, made available to Purchaser, its Affiliates or its and their Representatives or any other Person in any data room (including the Data Room), confidential information presentation or any other materials or information provided or addressed to Purchaser, its Affiliates or its and their Representatives or any other Person by Seller, its Affiliates or its and their Representatives.

**SCHEDULE 6**  
**CLOSING STATEMENTS**

**Part 1**  
**Certain Definitions and Principles of Closing Statements**

1. Each component of the Estimated Closing Statement and Post-Closing Statement shall be finally and solely determined consistent with the applicable definitions of such terms set forth herein and calculated in accordance with the Accounting Principles, as applicable (*i.e.*, no accounting principles, policies, treatments, categorizations, practices, methods, bases or estimation techniques inconsistent with the Accounting Principles may be used by Purchaser (or if applicable, the Settlement Accountant) in calculating or determining any such terms as the sole purpose of the adjustment contemplated by Clause 3.5 is to measure the difference, if any, between the estimate of an amount of an item set forth in the Estimated Closing Statement and the actual amount of such item as of the Benchmark Time or Closing, as applicable).
2. No amount shall be included in the calculations of the items in the Post-Closing Statement for changes in assets or liabilities of the Company as a result of purchase accounting adjustments.
3. The “**Final Closing Statement**” shall mean the Post-Closing Statement:
  - 3.1 in the event that Seller has accepted the Post-Closing Statement in writing or does not deliver a Statement of Objections prior to the expiration of the Review Period pursuant to paragraph 5.3 of Part 2 of this Schedule 6;
  - 3.2 as agreed to in writing by Seller and Purchaser in accordance with paragraph 7 of Part 2 of Schedule 6; or
  - 3.3 as determined by either the Seller Accounting Firm in accordance with paragraph 3.2 of Part 2 of Schedule 6 or the Settlement Accountant in accordance with paragraph 9 of Part 2 of Schedule 6.
4. The Purchase Price set forth on such Final Closing Statement shall be deemed the final Purchase Price (the “**Final Purchase Price**”), and
  - 4.1 the Cash set forth on such Final Closing Statement shall be deemed the final Cash,
  - 4.2 the Indebtedness set forth on such Final Closing Statement shall be deemed the final Indebtedness, and
  - 4.3 the Net Working Capital set forth on such Final Closing Statement shall be deemed the final Net Working Capital.

**Part 2**  
**Preparation of the Final Closing Statement**

1. As soon as practicable after the Closing Date but in no event later than sixty (60) days after the Closing Date, Purchaser shall deliver to Seller a written statement (the “**Post-Closing Statement**”) setting forth Purchaser’s good faith calculation of:
  - 1.1 Cash as of the Benchmark Time (the “**Preliminary Cash**”);
  - 1.2 Indebtedness as of the Benchmark Time (the “**Preliminary Indebtedness**”);
  - 1.3 Net Working Capital as of the Benchmark Time (the “**Preliminary Net Working Capital**”) and
  - 1.4 the resulting calculation of the Purchase Price (such amount, the “**Preliminary Closing Purchase Price**”), together with reasonable supporting detail.
2. Purchaser may not amend, supplement or otherwise modify the Post-Closing Statement at any time following delivery of such statement to Seller in accordance with paragraph 1 of this Part 2 of Schedule 6.
3. If Purchaser fails to deliver a Post-Closing Statement within the time period contemplated by paragraph 1 of this Part 2 of Schedule 6, then, at the election of Seller, either:
  - 3.1 the Estimated Closing Statement shall be final and binding on all parties hereto; or
  - 3.2 not later than the date that is the twentieth (20th) day following the expiration of the sixty (60) day period provided in paragraph 1 of this Part 2 of Schedule 6, Seller shall retain (at the expense of Purchaser) a Settlement Accountant (the “**Settlement Accounting Firm**”) to prepare a statement setting forth its calculation of (i) Cash as of the Benchmark Time, (ii) Indebtedness as of the Benchmark Time, (iii) Net Working Capital as of the Benchmark Time and (iv) the resulting calculation of the Purchase Price, and such resulting calculation shall be final and binding on all parties hereto.
4. If Seller elects to retain a Settlement Accounting Firm pursuant to paragraph 3.2 of this Part 2 of Schedule 6:
  - 4.1 The Settlement Accounting Firm’s determination shall be made solely in accordance with the terms and procedures set forth in this Agreement, including the Accounting Principles, and based solely on the submissions and supporting materials provided by Purchaser and Seller in accordance with the terms and procedures set forth in this Agreement (*i.e.*, not on the basis of an independent review).
  - 4.2 If Seller so retains a Settlement Accounting Firm, then, until the Purchase Price is finally determined by the Seller Accounting Firm and without limiting Clause 9.2 in any respect, Purchaser shall provide the Seller Accounting Firm with reasonable access to

- (a) any and all books, records, workpapers, Contracts and other documents of Purchaser and its Affiliates (including the Company) relating to the Seller Accounting Firm's audit or other review of the Estimated Closing Statement as may be reasonably requested by the Seller Accounting Firm; and
- (b) the Representatives of Purchaser and its Affiliates (including the Company), in each case, during normal business hours; *provided that* Purchaser's accountants shall not be obligated to make any work papers available to the Seller Accounting Firm except in accordance with such accountants' normal disclosure procedures and then only after the Seller Accounting Firm has signed a customary agreement relating to such access to work papers in form and substance reasonably acceptable to such accountants.

5. Upon receipt of the Post-Closing Statement, Seller shall have thirty (30) days (the "**Review Period**") to review such Post-Closing Statement and related computations of the Preliminary Cash, the Preliminary Indebtedness, the Preliminary Net Working Capital and the Preliminary Closing Purchase Price.

- 5.1 Following the Closing through the date that the Final Closing Statement becomes final and binding in accordance with paragraph 3 of Part 1 of Schedule 6, Seller, its Affiliates, and its and their Representatives retained by Seller shall be permitted to access and review the books, records and work papers of the Company, the Target Group and Purchaser that are reasonably related to the calculations of Cash, Indebtedness and Net Working Capital, and Purchaser shall, and shall cause its Affiliates (including the Company) and its and their respective Representatives to, cooperate with and assist Seller, its Affiliates, and its and their Representatives retained by Seller in connection with such review, including by providing access to such books, records and work papers and making available personnel to the extent requested, in each case, upon reasonable notice and during normal business hours; *provided that* in the event that Purchaser or its Affiliates (including the Company) fail to provide such cooperation, assistance or access, the Review Period shall be extended by one (1) day for each day Purchaser or its Affiliates (including the Company and the Target Group) fail to provide such cooperation, assistance or access.
- 5.2 Purchaser agrees that, following the Closing through the date that the Final Closing Statement becomes final and binding in accordance with paragraph 3 of Part 1 of Schedule 6, it will not take, or permit to be taken, any actions with respect to any accounting books, records, policies or procedures on which the Unaudited Financial Information or the Post-Closing Statement are based, or upon which the Final Closing Statement is to be based, that would impede or delay the determination of the amount of Cash, Indebtedness, Net Working Capital (each as of the Benchmark Time) or the preparation of any Statement of Objections (as defined below) or the Final Closing Statement in the manner and utilizing the methods provided by this Agreement, including the Accounting Principles.

- 5.3 If Seller has accepted the Post-Closing Statement in writing or has not given written notice to Purchaser setting forth any objection of Seller to such Post-Closing Statement, specifying in reasonable detail the basis for such objection and Seller's proposed modifications to the Post-Closing Statement (such notice, the "**Statement of Objections**") prior to the expiration of the Review Period, then such Post-Closing Statement shall be final, binding and non-appealable upon the parties hereto, and shall be deemed the Final Closing Statement for purposes of paragraph 3 of Part 1 of Schedule 6.
6. In the event that Seller delivers a Statement of Objections to Purchaser prior to the expiration of the Review Period, Seller and Purchaser shall negotiate in good faith to resolve any such objection on Cash, Indebtedness, as the case may be, within thirty (30) days following the receipt by Purchaser of the Statement of Objections (the "**Consultation Period**").
7. If Seller and Purchaser reach an agreement in writing as to any such objections within the Consultation Period, the amounts so agreed upon shall be final, binding and non-appealable upon the parties hereto and such agreement shall be deemed to be included in the Final Closing Statement for purposes of paragraph 3 of Part 1 of Schedule 6.
8. If Seller and Purchaser are unable to reach an agreement in writing as to any such objections within the Consultation Period, then either Seller or Purchaser may submit such matter to Deloitte Touche Tohmatsu, or if Deloitte Touche Tohmatsu is unable or unwilling to serve in such capacity, such other internationally recognized accounting firm mutually acceptable to Seller and Purchaser (in each case, the "**Settlement Accountant**"), for resolution of those items on the Statement of Objections that remain in dispute (the "**Disputed Items**").
- 8.1 If, within ten (10) Business Days after the date Deloitte Touche Tohmatsu informs Seller and Purchaser that it is unable or unwilling to serve as the Settlement Accountant, Seller and Purchaser cannot mutually agree on an alternate independent accounting firm to serve as the Settlement Accountant, either Seller or Purchaser may request the American Arbitration Association to appoint as the Settlement Accountant, within fifteen (15) days from the date of such request or as soon as practicable thereafter, a partner in a nationally recognized accounting firm that is not the auditor, independent accounting firm or otherwise an advisor on the Transactions to Seller or any of its Subsidiaries or Purchaser or any of its Affiliates, who is a certified public accountant.
- 8.2 If requested by the Settlement Accountant, each of Seller and Purchaser agrees that it will enter into a customary engagement letter with the Settlement Accountant and provide customary indemnities in favor of the Settlement Accountant.
- 8.3 The Settlement Accountant shall act as an expert and not as an arbitrator, and shall only consider the Disputed Items.
- (a) If any Disputed Item is referred to the Settlement Accountant, Seller, on the one hand, and Purchaser, on the other hand, shall prepare separate written reports of each such Disputed Item and deliver such reports to the Settlement Accountant, and each other within ten (10) Business Days after the date the Settlement Accountant is retained.

- (b) If either of Seller or Purchaser's written reports contains new information, material or arguments that were not addressed in the other party's initial submission, Seller and Purchaser, as applicable, shall have ten (10) Business Days to deliver to the Settlement Accountant, and each other one written rebuttal solely to such new information, material or arguments.
- (c) The Settlement Accountant may not assign a value to any Disputed Item greater than the greatest value for such Disputed Item claimed by either Seller or Purchaser in the Statement of Objections and Post-Closing Statement, respectively, or less than the smallest value for such Disputed Item claimed by either Purchaser or Seller in the Statement of Objections and Post-Closing Statement, respectively.
- 8.4 Seller and Purchaser shall use their respective commercially reasonable endeavors to cause the Settlement Accountant to resolve all disagreements as soon as practicable and in any event within thirty (30) days after the later of the submission of the (i) written reports and (ii) written rebuttals, if any.
- 8.5 The Settlement Accountant's review and determination shall be (A) limited only to the reports, rebuttals and materials concerning Disputed Items prepared and submitted to the Settlement Accountant by Seller and Purchaser (*i.e.*, not on the basis of an independent review), (B) based solely on such reports, rebuttals and materials submitted by Seller and Purchaser and the basis for Seller's and Purchaser's respective positions and (C) in accordance with the terms and procedures set forth in this Agreement, including the Accounting Principles, and consistent with the definitions of Cash, Indebtedness and Net Working Capital contained herein.
- 8.6 Neither Seller nor Purchaser shall authorize the Settlement Accountant to modify or amend any term or provision hereof or modify items previously agreed in writing between Seller and Purchaser.
- 8.7 During the review by the Settlement Accountant, each of Seller and Purchaser shall, and shall cause their respective Subsidiaries (including, in the case of Purchaser, the Company) and their respective Representatives to, each make available to the Settlement Accountant such information, books, records and work papers as may be reasonably requested by the Settlement Accountant to fulfill its obligations under this Schedule 6; *provided* that the accountants of Seller or Purchaser shall not be obliged to make any work papers available to the Settlement Accountant except in accordance with such accountants' normal disclosure procedures and then only after such Settlement Accountant has signed a customary agreement relating to such access to work papers.
- 8.8 A copy of all materials submitted to the Settlement Accountant shall be promptly provided by Seller or Purchaser, as applicable, to the other party in the dispute; *provided* that the accountants of Seller or Purchaser, as applicable, shall not be obliged to make any work papers available to the other Party except in accordance with such accountants' normal disclosure procedures and then only after such other party has signed a customary agreement relating to such access to work papers.

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- 8.9 Neither Seller nor Purchaser may disclose to the Settlement Accountant, and the Settlement Accountant may not consider for any purpose, any settlement discussions or settlement offer(s) made by or on behalf of either Seller or Purchaser unless otherwise agreed by Seller and Purchaser.
- 8.10 None of Seller, Purchaser or any of their respective Affiliates shall have any *ex parte* communications or meetings with the Settlement Accountant regarding the subject matter hereof without the other party's prior written consent.
9. The Settlement Accountant shall have exclusive jurisdiction over, and resort to the Settlement Accountant as provided in this Schedule 6 shall be the only recourse and remedy of the parties hereto against one another with respect to, any disputes arising out of or relating to the calculation of, and any adjustments to, the Purchase Price; *provided that* upon the determination of the Settlement Accountant, such determination may be entered and enforced in any court of competent jurisdiction in accordance with Clause 25 of this Agreement.
- 9.1 The final determination with respect to all Disputed Items shall be set forth in a written statement by the Settlement Accountant delivered to Seller and Purchaser and, absent mathematical error that is not promptly corrected by the Settlement Accountant or manifest error, the resolution of the dispute by the Settlement Accountant shall be final, binding and non-appealable on the parties hereto and such determination may be entered and enforced in any court of competent jurisdiction in accordance with Clause 25.1.1 of this Agreement.
- 9.2 The costs and expenses of the Settlement Accountant shall be borne by Seller and Purchaser in proportion to the difference between the Settlement Accountant's determination of the Purchase Price and the determination of the Purchase Price claimed by Seller and Purchaser. For example, if Purchaser claims that the Purchase Price is, in the aggregate, US\$1,000 greater than the amount determined by Seller and if the Settlement Accountant ultimately resolves the dispute by awarding to Purchaser an aggregate of US\$300 of the US\$1,000 contested, then the costs and expenses of the Settlement Accountant will be allocated 30% to Seller and 70% to Purchaser.

## SCHEDULE 7 LIMITATION OF LIABILITIES

Notwithstanding any other provision of this Agreement, except in the case of fraud, all Claims shall be subject to and qualified and limited by this Schedule 7.

1. Time Limits.

- 1.1 A Party shall not be liable for any Claim (other than a Tax Claim or any Claim for a breach or violation of any covenant or agreement hereunder or a Tax Claim) unless one Party receives from the other Party, prior to one (1) year following the Closing Date, a written notice of the Claim containing specific details of the Claim, including: (i) clear identification of the underlying factual basis of such Claim; (ii) the provisions of this Agreement alleged to have been breached; and (iii) a calculation of the amount of the Claim.
- 1.2 Seller shall not be liable for any Tax Claim unless Seller receives from Purchaser, prior to five (5) years following the Closing Date, a written notice of the Tax Claim containing specific details of the Tax Claim, including: (i) clear identification of the underlying factual basis of such Tax Claim; (ii) the provisions of this Agreement under which the Tax Claim is being made; and (iii) Purchaser's calculation of the amount of the Tax Claim.
- 1.3 A Party shall not be liable for any Claim for a breach or violation of any covenant or agreement hereunder following Closing except for any Post-Closing Covenant Claim where one Party receives from the other Party prior to the date that is one (1) year following the alleged breach of such Post-Closing Covenant a written notice of such Post-Closing Covenant Claim containing specific details of such Claim, including: (i) clear identification of the underlying factual basis of such Claim; (ii) the provisions of this Agreement alleged to have been breached (to the extent applicable) or that otherwise apply; and (iii) a calculation of the amount of such Claim,

2. Thresholds for Claims. Seller shall not be liable for any single Claim unless the amount that would be recoverable from Seller of that Claim, when aggregated with any other amount or amounts recoverable in respect of other Claims, exceeds US\$20,000,000 (the "Basket") and in the event that the aggregated amounts exceed the Basket, Purchaser shall be entitled to claim for the entire aggregate amount and not the excess only.

3. Maximum limits. Other than a Tax Claim in respect of any Covered Excluded Tax, the aggregate amount of the liability of Seller for all Claims under this Agreement shall not exceed US\$110,000,000. This provision shall not apply to any Tax Claim arising from any Covered Excluded Tax.

4. Matters Disclosed.

- 4.1 Other than a Tax Claim in respect of any Covered Excluded Tax, Seller shall not be liable for any Claim if and to the extent that the fact, matter, event or circumstance giving rise to such Claim is disclosed in the Disclosure Letter, the Unaudited Financial Information, this Agreement or any other Transaction Agreement, or is Fairly Disclosed in the Data Room or the Seller Public Filings; provided that that matters Fairly Disclosed in the Data Room and the Seller Public Filings shall not qualify any Seller Warranties to the extent related to obligations or liabilities of GPW which are unrelated to the Business.

- 4.2 The Seller Warranties are made and given subject to the disclosures contained in the Seller Disclosure Letter, the Unaudited Financial Information, this Agreement or any other Transaction Agreement, the Data Room or the Seller Public Filings, and neither Seller nor any of its Affiliates, shall be, or be deemed to be, in breach of any such Seller Warranty (and no Claim (other than a Tax Claim) shall lie in respect thereof) in respect of any such matter so disclosed.
- (a) Inclusion of information in the Seller Disclosure Letter will not be construed as an admission that such information is material to the business, operations or condition (financial or otherwise) of Seller, the Business or the Company.
  - (b) Disclosure of any matter in any Section of the Seller Disclosure Letter shall be deemed to be disclosure of such matter with respect to any other schedule of the Seller Disclosure Letter to which such matter is specifically cross referenced or to which such matter otherwise relates to the extent it is reasonably apparent that such disclosure applies to any Seller Warranty of such other Section.
  - (c) The headings contained in the Seller Disclosure Letter are inserted for convenience only and shall not be considered in interpreting or construing any of the provisions contained in this Agreement.

5. **Purchaser's Knowledge.** Other than a Tax Claim in respect of any Covered Excluded Tax, Seller shall not be liable for any Claim:

- 5.1 if the fact, matter, event or circumstance giving rise to such Claim is disclosed by or contained in this Agreement or any other Transaction Agreement or is otherwise Fairly Disclosed in the Data Room or the Seller Public Filings on or prior to the Cutoff Time;
- 5.2 if Purchaser, any member of the Purchaser Group or any of their respective Representatives was aware or would have been aware of such fact, matter or circumstance had Purchaser and its Representatives made all due and careful enquiries on or before the execution of this Agreement of the fact, matter or circumstance forming the basis of the Claim; or
- 5.3 if and to the extent any fact, matter event or circumstance would be revealed by or apparent from making a search on September 18, 2023 of the public records and filings of the Company or any member of the Target Group at the courts, relevant company registries, land registries or other public registries (or such equivalent Governmental Authority in the jurisdictions of incorporation or principal place of business of the relevant member of the Target Group).

6. **Contingent liabilities.** If any Claim is based upon a liability which is contingent only, Seller shall not be liable unless and until such contingent liability gives rise to an obligation to make a payment; provided that nothing in this paragraph 6 shall prevent a party from giving written notice of such Claim at an earlier time in accordance with paragraph 1 of this Schedule 7 in order to preserve a Claim.

7. No liability for Claims arising from acts or omissions of Purchaser. Seller shall not be liable for any Claim if such Claim would not have arisen but for, or has been increased or not reduced as a result of, any voluntary act, omission or transaction carried out:
- 7.1 after the Closing Date, by Purchaser or any member of the Purchaser Group (or its respective Representatives or successors in title or any of its Affiliates); or
  - 7.2 before or after the Closing Date, by any member of the Seller Group or any Target Group acting at the direction or request or with the approval of Purchaser or any member of the Purchaser Group.
8. Duty to mitigate. A Party shall procure that all reasonable steps are taken to avoid or mitigate any Loss which it may suffer as a consequence of any breach by the other Party of the terms of this Agreement or any other Transaction Agreement or any fact, matter, event or circumstance likely to give rise to a Claim. Nothing in this paragraph 8 shall limit the obligations of such Party to mitigate any Loss under applicable Legal Requirements.
9. Recovery from third party. Where one Party or any of its Affiliates has made a payment to the other Party in relation to any Claim and the other Party or any of its Affiliates is entitled to recover (whether by insurance, payment, discount, credit, use or set off of a relief or otherwise) from a third party (including a Tax Authority) a sum which (i) indemnifies or compensates the other Party or any of its Affiliates (in whole or in part) in respect of the liability or loss which is, or (ii) is referable to, the subject of such Claim, the other Party and its Affiliates shall:
- 9.1 promptly notify such Party in writing of the fact and provide such information as such Party may reasonably require;
  - 9.2 take all reasonable steps or proceedings as such Party may require to enforce such right; and
  - 9.3 pay to such Party as soon as practicable after receipt an amount equal to the amount recovered from the third party (net of any reasonable costs of recovery).
10. Net financial benefit. A Party shall not be liable to satisfy any Claim to the extent of any corresponding saving actually realized or realizable by, or net quantifiable financial benefit actually realized or realizable to, the other Party, any member of (x) the Purchaser Group or the Target Group (in the case of a Claim by Purchaser) or (y) the Seller Group (in the case of a Claim by Seller), arising from the matter(s) giving rise to such Claim, including the amount (if any) by which any Tax for which (x) Purchaser, any member of the Purchaser Group or the Target Group (in the case of a Claim by Seller) or (y) Seller or any member of the Seller Group (in the case of a Claim by Seller) would otherwise have been accountable or liable to be assessed is actually reduced or extinguished within two (2) taxable years of the Closing as a result of the matter(s) giving rise to the Claim.
11. No liability for changes in legislation, Tax rules or accounting policy. A Party shall not be liable for any Claim if and to the extent it is attributable to, or the amount of such Claim is increased as a result of, any:

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- 11.1 legislation not in force at the execution of this Agreement;
  - 11.2 change in the applicable Legal Requirements (or any change in interpretation or the application of any Legal Requirement by any Governmental Authority on the basis of case law) after the execution of this Agreement;
  - 11.3 change in the rates of Tax in force at the execution of this Agreement or any imposition of any Tax or any withdrawal of relief or in any published practice or concession of a Tax Authority, in each case after the execution of this Agreement; or
  - 11.4 changes in accounting or Tax policy, basis or practice of the Purchaser Group or the Target Group introduced or having effect after the execution of this Agreement (other than any Tax resulting from changes to Bulletin 7, which shall be the sole responsibility of Seller).
12. **No double recovery.** Neither Party shall be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of any one liability, Loss, cost, shortfall, damage, deficiency, breach or other set of circumstances which gives rise to more than one Claim.
13. **Certain Losses.** Neither Party nor any of its Affiliates shall be entitled to make a Claim for any punitive or special loss, loss of profit, loss of revenue, loss of goodwill or loss of business after Closing or loss calculated on a multiple basis, whether actual or prospective, or for any special, indirect or consequential loss.
14. **Preservation of Information.** The Parties shall preserve all documents, records, correspondence, accounts and other information whatsoever relevant to a matter which may give rise to a Claim.
15. **Conduct of Third Party Claims.** If the matter or circumstance that may give rise to a Claim against one Party is a result of or in connection with a claim by a third party (amongst Purchaser or any of its Affiliates or their respective Representatives) (a "**Third Party Claim**") then:
- 15.1 the other Party shall consult with such Party in relation to the conduct of the Third Party Claim and shall take reasonable account of the views of such Party before taking any action in relation to the Third Party Claim;
  - 15.2 no admissions in relation to the Third Party Claim shall be made by or on behalf of the other Party or its Affiliates and the Third Party Claim shall not be compromised, disposed of or settled without the prior written consent of such Party;
  - 15.3 such Party shall be entitled at its own expense and in its absolute discretion, by notice in writing to the other Party, to take such action as it shall deem necessary to avoid, dispute, deny, defend, resist, appeal, compromise or contest the Third Party Claim (including making counterclaims or other claims against third parties) in the name of and on behalf of the other Party and to conduct any related proceedings, negotiations or appeals;

- 15.4 if such Party sends a notice to the other Party pursuant to paragraph 15.4 of this Schedule 7,
- (a) the other Party shall, and its shall procure that its Affiliates shall:
- (i) give, subject to it being paid all reasonable out-of-pocket costs and expenses, all such information and assistance including access to premises and personnel, and the right to examine and copy or photograph any assets, accounts, documents and records, as such Party may reasonably request, including instructing such professional or legal advisors as such Party may nominate to act on behalf of the other Party and its Affiliates concerned but in accordance with such Party's instructions;
- (ii) let such Party assume and control the conduct of the Third Party Claim; and
- (iii) if the Third Party Claim is wholly rejected by the court or arbitrator, indemnify, defend and hold harmless such Party against all costs and expenses (including legal and professional costs and expenses) that such Party incurs as a result of such Party assuming conduct of the Third Party Claim; and
- (b) such Party shall:
- (i) consult with the other Party and take reasonable account of the views of other Party before taking any action in relation to the Third Party Claim;
- (ii) keep the other Party informed of all relevant matters relating to the Third Party Claim and shall promptly forward or procure to be forwarded to other Party copies of all correspondence and other written communications relating to the Third Party Claim except for those correspondences and documents that may be subject to any confidentiality obligations or the preservation of any rights of legal privilege; and
- (iii) not make any settlement or compromise of the Third Party Claim without the written consent of the other Party, such consent not to be unreasonably withheld conditioned or delayed; provided that if the other Party or any of its Affiliates fails to consent to a settlement or compromise, the maximum liability of such Party shall (but subject to and without prejudice to the other provisions of this Schedule 7) not exceed the full amount of the proposed settlement or compromise and the other Party and its Affiliates shall (subject to the foregoing) be liable for any damages awarded in excess of the proposed settlement or compromise and costs incurred from (and including) the date such Party notified the other Party of the settlement or compromise.

**IN WITNESS WHEREOF** the Parties have entered into this Agreement on the day and year first above written.

**Jabil Inc. Subsidiaries\***

*Ownership is 100% except where designated.*

Subsidiary	Country/State of Incorporation/Organization
AOC Technologies (Wuhan) Co., Ltd.	China
AOC Technologies, Inc.	United States (California)
Badger Technologies, LLC	United States (Delaware)
Celetronix India Private Limited	India
Celetronix USA, Inc.	United States (Delaware)
Clothing Plus Zhejiang Ltd.	China
eco.logic brands inc.	United States (Delaware)
F-I Holding Company	Cayman Islands
Green Point (Suzhou) Technology Co., Ltd.	China
Green Point (Tianjin) Precision Electronic Co., Ltd.	China
Green Point (Wuxi) Electronic Technology Co., Ltd.	China
Green Point Precision (M) Sdn. Bhd.	Malaysia
Green Point Technology (Shenzhen) Co., Ltd.	China
Green Point Technology (Wuxi) Co., Ltd.	China
Green Prosperity Co., Ltd.	Virgin Islands, British
Greenam Electricity (Proprietary) Limited ( <i>Jabil indirectly owns 79% of this entity</i> )	Namibia
Jabil (Mauritius) Holdings Ltd.	Mauritius
Jabil Advanced Mechanical Solutions de Mexico, S. de R.L. de C.V.	Mexico
Jabil Advanced Mechanical Solutions, Inc.	United States (Delaware)
Jabil AMS, LLC	United States (Delaware)
Jabil Canada Corporation	Canada
Jabil Circuit (Beijing) Ltd.	China
Jabil Circuit (BVI) Inc.	Virgin Islands, British
Jabil Circuit (Guangzhou) Ltd.	China
Jabil Circuit (Shanghai) Co. Ltd.	China
Jabil Circuit (Singapore) Pte. Ltd.	Singapore
Jabil Circuit (Wuxi) Co. Ltd.	China
Jabil Circuit Austria GmbH	Austria
Jabil Circuit Belgium N.V.	Belgium
Jabil Circuit Cayman L.P.	Cayman Islands
Jabil Circuit China Limited	Hong Kong
Jabil Circuit de Chihuahua S. de R.L. de C.V.	Mexico
Jabil Circuit de Mexico, S. de R.L. de C.V.	Mexico
Jabil Circuit Financial II, Inc.	United States (Delaware)
Jabil Circuit Hong Kong Limited	Hong Kong
Jabil Circuit Hungary Contract Manufacturing Services Ltd.	Hungary
Jabil Circuit India Private Limited	India
Jabil Circuit Investment (China) Co., Ltd	China
Jabil Circuit Italia S.r.l.	Italy
Jabil Circuit Limited	United Kingdom
Jabil Circuit Luxembourg II S.à r.l.	Luxembourg

Jabil Circuit Luxembourg S.à.r.l.	Luxembourg
Jabil Circuit Netherlands B.V.	Netherlands
Jabil Circuit of Michigan, Inc.	United States (Michigan)
Jabil Circuit SAS	France
Jabil Circuit Sdn. Bhd.	Malaysia
Jabil Circuit Technology LLC	Cayman Islands
Jabil Circuit Ukraine Limited	Ukraine
"Jabil Consulting" Limited Liability Company	Ukraine
Jabil Croatia d.o.o.	Croatia
Jabil Defense and Aerospace Services, LLC	United States (Delaware)
Jabil Denmark ApS	Denmark
Jabil do Brasil Indústria Eletroeletrônica Ltda.	Brazil
JABIL DR, S.R.L.	Dominican Republic
Jabil Dutch Mexico B.V.	Netherlands
Jabil Electronics (Weihai) Co., Ltd.	China
Jabil EMS Switzerland GmbH	Switzerland
Jabil Energy (Namibia) (Proprietary) Limited	Namibia
Jabil Green Point Precision Electronics (Wuxi) Co. Ltd.	China
Jabil Green Point Technology (Huizhou) Co., Ltd.	China
Jabil Healthcare DR, S.R.L.	Dominican Republic
Jabil Hungary LP Services Limited Liability Company	Hungary
Jabil India Manufacturing Private Limited	India
Jabil Industrial do Brasil Ltda.	Brazil
Jabil International Holding II, S. de R.L. de C.V.	Mexico
Jabil International Holding S. de R.L. de C.V.	Mexico
Jabil International Treasury Pte. Ltd	Singapore
Jabil Investment Pte. Ltd.	Singapore
Jabil Israel Ltd.	Israel
Jabil Japan, Inc.	Japan
Jabil Korea International Limited	Korea, Republic of
Jabil Mexico Holding, S. de R.L. de C.V.	Mexico
Jabil Mexico Investment, S. de R.L. de C.V.	Mexico
Jabil Monterrey S. de R.L. de C.V.	Mexico
Jabil Nypro Holding LLC	United States (Delaware)
Jabil Nypro I, LLC	United States (Delaware)
Jabil Nypro II, LLC	United States (Delaware)
Jabil Nypro International B.V.	Netherlands
Jabil Optics Germany GmbH	Germany
Jabil Poland Sp. z o.o.	Poland
Jabil Precision Industry (Guangzhou) Co., Ltd.	China
Jabil Procurement Services, Inc.	United States (Delaware)
Jabil Science & Telecommunication Trading (Wuxi) Co. Ltd.	China
Jabil Sdn. Bhd.	Malaysia
Jabil Services Korea Limited	Korea, Republic of
Jabil Silver Creek, Inc.	United States (California)
Jabil Switzerland Manufacturing GmbH	Switzerland
Jabil Technology (Chengdu) Co., Ltd	China

Jabil Technology and Trading (Wuxi) Co., Ltd.	China
Jabil Torres S. de R.L. de C.V.	Mexico
Jabil Tuttlingen Manufacturing GmbH	Germany
Jabil Umkirch Manufacturing GmbH	Germany
Jabil Vietnam Company Limited	Vietnam
JCI (L) Pte. Ltd. (f/k/a JCI Labuan Limited)	Malaysia
JCI Funding Ireland Designated Activity Company	Ireland
JN Global Holding C.V.	Netherlands
Juno Newco Target Holdco Singapore Pte. Ltd.	Singapore
Kasalis Inc.	United States (Delaware)
“Kuatro Ukraine” LLC	Ukraine
Manna Renewable Energy Investments Two (Pty) Ltd	Namibia
N P Medical Inc.	United States (Massachusetts)
NPA de Mexico S. de R.L. de C.V.	Mexico
Nypyro Atlanta LLC	United States (Texas)
Nypyro China Holdings Limited	Hong Kong
Nypyro de la Frontera, S. de R.L. de C.V.	Mexico
Nypyro Deutschland GmbH	Germany
Nypyro DR, LLC	United States (Delaware)
Nypyro Guadalajara S.A. de C.V.	Mexico
Nypyro Healthcare Baja Inc.	United States (Nevada)
Nypyro Healthcare GmbH	Germany
Nypyro Healthcare LLC	United States (Delaware)
Nypyro Inc.	United States (Massachusetts)
Nypyro Iowa Inc.	United States (Iowa)
Nypyro Limited	Ireland
Nypyro Plastics & Metal Products (Shenzhen) Co., Ltd.	China
Nypyro Plastics & Molding Products (Suzhou) Co., Ltd.	China
Nypyro Puerto Rico Inc.	United States (Massachusetts)
Nypyro Research and Developments Unlimited Company	Ireland
Nypyro Spain Holding, S.L.U.	Spain
NypyroMold Chicago Inc.	United States (Illinois)
NypyroMold Inc.	United States (Massachusetts)
NypyroMold Investment Corp.	United States (Massachusetts)
Plasticast Hungary Korlatolt Felelossegú Tarsasag	Hungary
Plasticos Castella S.A.U.	Spain
PT Jabil Circuit Indonesia	Indonesia
Radius Hong Kong Limited	Hong Kong
Retronix Global Inc.	United States (Texas)
Retronix Ltd.	United Kingdom
Roosevelt Insurance Company, Ltd.	Cayman Islands
S.M.R. Metal Ltd.	Israel
Shemer Motion (2009) Ltd.	Israel
Taiwan Green Point Enterprises Co., Ltd.	Taiwan (Province of China)
Taiwan Green Point Enterprises Co., Ltd.	Virgin Islands, British
Westing Green (Tianjin) Plastic Co., Ltd.	China
Wolfe Engineering (Shanghai) Co., Ltd.	China

Yen Investments 140 (Proprietary) Limited  
YouTransactor SAS

Namibia  
France

\* Jabil Inc. subsidiaries list as of August 31, 2023.

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-273111) of Jabil Inc. and subsidiaries, and
- (2) Registration Statements (Form S-8 Nos. 333-252301, 333-252300, 333-239917, 333-221022, 333-187772, 333-172458, 333-172457, 333-172443, 333-165921, 333-132721, 333-112264, 333-98299, 333-106123, 333-146577, 333-149277 and 333-158291) of Jabil Inc. and subsidiaries

of our reports dated October 20, 2023, with respect to the consolidated financial statements and schedule of Jabil Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Jabil Inc. and subsidiaries included in this Annual Report (Form 10-K) for the year ended August 31, 2023.

/s/ ERNST & YOUNG LLP

Tampa, Florida  
October 20, 2023

**CERTIFICATIONS**

I, Kenneth S. Wilson, certify that:

1. I have reviewed this annual report on Form 10-K of Jabil Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a – 15 (e) and 15d – 15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing 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: October 20, 2023

/s/ KENNETH S. WILSON

**Kenneth S. Wilson**  
**Chief Executive Officer**

**CERTIFICATIONS**

I, Michael Dastoor, certify that:

1. I have reviewed this annual report on Form 10-K of Jabil Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a – 15 (e) and 15d – 15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing 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: October 20, 2023

/s/ MICHAEL DASTOOR

**Michael Dastoor**  
**Chief Financial Officer**

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

In connection with the Annual Report of Jabil Inc. (the “Company”) on Form 10-K for the fiscal year ended August 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, Kenneth S. Wilson, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 20, 2023

/s/ KENNETH S. WILSON

**Kenneth S. Wilson  
Chief Executive Officer**

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

In connection with the Annual Report of Jabil Inc. (the “Company”) on Form 10-K for the fiscal year ended August 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, Michael Dastoor, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 20, 2023

/s/ MICHAEL DASTOOR

**Michael Dastoor  
Chief Financial Officer**

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