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

(Mark one)

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

For the quarterly period ended December 30, 2023
or

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

For the transition period from to .

Commission File Number 0-21272

Sanmina Corporation
(Exact name of registrant as specified in its charter)

DE	**77-0228183**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2700 N. First St.,	**San Jose,**	**CA**	**95134**
(Address of principal executive offices)			(Zip Code)

(408) 964-3500
(Registrant's telephone number, including area code)

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

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

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

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

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

Large Accelerated Filer [x]	Accelerated filer [ ]	Non-accelerated filer [ ]	Smaller reporting company	☐
			Emerging growth company	☐

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

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

As of January 24, 2024, there were 55,776,074 shares outstanding of the issuer's common stock, $0.01 par value per share.

SANMINA CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. ***Interim Financial Statements (Unaudited)***

SANMINA CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

	As of	
	December 30, 2023	September 30, 2023
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 631,590	$ 667,570
Accounts receivable, net of allowances of approximately $8 million as of December 30, 2023 and September 30, 2023	1,101,902	1,230,771
Contract assets	444,544	445,757
Inventories	1,391,720	1,477,223
Prepaid expenses and other current assets	60,500	58,249
Total current assets	3,630,256	3,879,570
Property, plant and equipment, net	634,912	632,836
Deferred income tax assets	173,461	177,597
Other	178,347	183,965
Total assets	$ 4,616,976	$ 4,873,968
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 1,422,229	$ 1,612,833
Accrued liabilities	250,470	267,148
Accrued payroll and related benefits	131,919	127,406
Short-term debt, including current portion of long-term debt	17,500	25,945
Total current liabilities	1,822,118	2,033,332
Long-term liabilities:		
Long-term debt	308,105	312,327
Other	214,138	209,684
Total long-term liabilities	522,243	522,011
Commitments and Contingencies (Note 7)		
Stockholders’ equity	2,272,615	2,318,625
Total liabilities and stockholders’ equity	$ 4,616,976	$ 4,873,968

See accompanying notes to condensed consolidated financial statements.

SANMINA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(Unaudited)	
	(In thousands, except per share data)	
Net sales	$ 1,874,798	$ 2,355,808
Cost of sales	1,713,958	2,160,422
Gross profit	160,840	195,386
Operating expenses:		
Selling, general and administrative	64,785	60,730
Research and development	6,289	5,599
Restructuring	2,190	631
Total operating expenses	73,264	66,960
Operating income	87,576	128,426
Interest income	3,657	2,933
Interest expense	(8,412)	(8,681)
Other expense	(1,133)	(6,712)
Interest and other, net	(5,888)	(12,460)
Income before income taxes	81,688	115,966
Provision for income taxes	21,324	20,852
Net income before noncontrolling interest	60,364	95,114
Less: Net income attributable to noncontrolling interest	3,296	3,100
Net income attributable to common shareholders	$ 57,068	$ 92,014
Net income attributable to common shareholders per share:		
Basic	$ 1.01	$ 1.59
Diluted	$ 0.98	$ 1.54
Weighted-average shares used in computing per share amounts:		
Basic	56,538	57,727
Diluted	58,240	59,867

See accompanying notes to condensed consolidated financial statements.

SANMINA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(Unaudited) (In thousands)	
Net income before noncontrolling interest	$ 60,364	$ 95,114
Other comprehensive income (loss), net of tax:		
Change in foreign currency translation adjustments	3,491	6,183
Derivative financial instruments:		
Change in net unrealized amount	(4,225)	4,469
Amount reclassified into net income before noncontrolling interest	(2,587)	(3,296)
Defined benefit plans:		
Changes in unrecognized net actuarial losses and unrecognized transition costs	106	(751)
Amortization of actuarial losses and transition costs	(125)	345
Total other comprehensive income (loss), net of tax	(3,340)	6,950
Comprehensive income before noncontrolling interest	$ 57,024	$ 102,064
Less: Net income attributable to noncontrolling interest	3,296	3,100
Comprehensive income attributable to common shareholders	$ 53,728	$ 98,964

See accompanying notes to condensed consolidated financial statements.

SANMINA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(Unaudited) (In thousands)	
Common Stock and Additional Paid-in Capital		
Balance, beginning of period	$ 6,513,331	$ 6,381,348
Issuances under stock plans	147	173
Stock-based compensation expense	12,585	11,609
Sale of noncontrolling interest	—	78,169
Balance, end of period	6,526,063	6,471,299
Treasury Stock		
Balance, beginning of period	(1,485,252)	(1,378,159)
Repurchases of treasury stock	(115,766)	(8,009)
Balance, end of period	(1,601,018)	(1,386,168)
Accumulated Other Comprehensive Income		
Balance, beginning of period	70,879	56,325
Other comprehensive income (loss), net of tax	(3,340)	6,950
Balance, end of period	67,539	63,275
Accumulated Deficit		
Balance, beginning of period	(2,930,008)	(3,239,978)
Net income attributable to common shareholders	57,068	92,014
Balance, end of period	(2,872,940)	(3,147,964)
Noncontrolling Interest		
Balance, beginning of period	149,675	—
Sale of noncontrolling interest	—	132,132
Net income attributable to noncontrolling interest	3,296	3,100
Balance, end of period	152,971	135,232
Total stockholders' equity	$ 2,272,615	$ 2,135,674
Common Stock Shares Outstanding		
Number of shares, beginning of period	111,550	110,160
Issuances under stock plans	413	342
Number of shares, end of period	111,963	110,502
Treasury Shares		
Number of shares, beginning of period	(54,718)	(52,766)
Repurchases of treasury stock	(2,331)	(136)
Number of shares, end of period	(57,049)	(52,902)

See accompanying notes to condensed consolidated financial statements.

SANMINA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(Unaudited) (In thousands)	
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net income before noncontrolling interest	$ 60,364	$ 95,114
Adjustments to reconcile net income before noncontrolling interest to cash provided by (used in) operating activities:		
Depreciation and amortization	30,726	28,536
Stock-based compensation expense	12,585	11,609
Deferred income taxes	6,080	9,428
Other, net	(480)	(311)
Changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable	131,244	(166,333)
Contract assets	1,213	(8,749)
Inventories	87,207	(11,965)
Prepaid expenses and other assets	8,280	(27,657)
Accounts payable	(189,580)	89,365
Accrued liabilities	(21,614)	18,187
Cash provided by operating activities	126,025	37,224
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(34,216)	(37,060)
Other, net	(600)	(270)
Cash used in investing activities	(34,816)	(37,330)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Repayments of borrowings	(12,820)	(4,375)
Proceeds from revolving credit facility borrowings	752,200	737,200
Repayments of revolving credit facility borrowings	(752,200)	(737,200)
Net proceeds from stock issuances	147	173
Repurchases of common stock	(115,766)	(8,009)
Proceeds from sale of noncontrolling interest	—	215,799
Cash provided by (used in) financing activities	(128,439)	203,588
Effect of exchange rate changes	1,250	1,975
Increase (decrease) in cash and cash equivalents	(35,980)	205,457
Cash and cash equivalents at beginning of period	667,570	529,857
Cash and cash equivalents at end of period	$ 631,590	$ 735,314
Cash paid during the period for:		
Interest, net of capitalized interest	$ 7,535	$ 6,772
Income taxes, net of refunds	$ 20,122	$ 9,507
Unpaid purchases of property, plant and equipment at the end of period	$ 19,396	$ 43,648

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

The accompanying condensed consolidated financial statements of Sanmina Corporation (the “Company”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been omitted pursuant to those rules or regulations. The interim condensed consolidated financial statements are unaudited, but reflect all adjustments, consisting primarily of normal recurring adjustments that are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended September 30, 2023 included in the Company’s Annual Report on Form 10-K filed with the SEC on November 16, 2023.

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

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

Results of operations for the first quarter of 2024 are not necessarily indicative of the results that may be expected for other interim periods or for the full fiscal year.

The Company operates on a 52 or 53 week year ending on the Saturday nearest September 30. Fiscal 2024 and 2023 are each 52-week years. All references to years relate to fiscal years unless otherwise noted.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments’ significant expenses and other segment items on an interim and annual basis. ASU 2023-07 is effective for the Company in fiscal year 2025, and for interim periods within the Company's fiscal year 2026, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the effective income tax rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for the Company in fiscal year 2026, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-09.

Note 2. Revenue Recognition

The Company has determined that revenue for the majority of its contracts is required to be recognized on an over time basis. This is primarily due to the fact that the Company does not have an alternative use for the end products it manufactures for its customers and has an enforceable right to payment, including a reasonable profit, for work-in-progress upon a customer's cancellation of a contract for convenience. In certain circumstances, the Company recognizes over time because its customer simultaneously receives and consumes the benefits provided by the Company's services or the Company's customer controls the end product as the Company performs manufacturing services (continuous transfer of control). For these contracts, revenue is recognized on an over time basis using the cost-to-cost method (ratio of costs incurred to date to total estimated costs at completion) which the Company believes best depicts the transfer of control to the customer. Revenue streams for which revenue is recognized on an over time basis include sales of vertically integrated manufacturing solutions (integrated manufacturing solutions and components); logistics and repair services; design, development and engineering services; and defense and aerospace programs. At least 95% of the Company's revenue is recognized on an over time basis, which is as products are manufactured or services are performed. Because of this, and the fact that there is no work-in-process or finished goods inventory associated with contracts for which revenue is recognized on an over-time basis, 99% or more of the Company's inventory at the end of a given period is in the form of raw materials. For contracts for which revenue is required to be recognized at a point-in-time, the Company recognizes revenue when it has transferred control of the related goods, which generally occurs upon shipment or delivery of the goods to the customer.

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

Contract Assets

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

The following table presents revenue disaggregated by segment, market sector and geography.

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(In thousands)	
Segments:		
Integrated Manufacturing Solutions (“IMS”)	$ 1,498,110	$ 1,927,112
CPS	376,688	428,696
Total	$ 1,874,798	$ 2,355,808
End Markets:		
Industrial, Medical, Defense and Aerospace, and Automotive	$ 1,256,393	$ 1,340,028
Communications Networks and Cloud Infrastructure	618,405	1,015,780
Total	$ 1,874,798	$ 2,355,808
Geography:		
Americas (1)	$ 960,386	$ 1,135,751
APAC	612,056	914,341
EMEA	302,356	305,716
Total	$ 1,874,798	$ 2,355,808
Percentage of net sales represented by ten largest customers	45 %	51 %
Number of customers representing 10% or more of net sales	1	1

(1) Mexico represents approximately 60% and 70% of the Americas net sales and the U.S. represents approximately 35% and 30% of the Americas net sales for the three months ended December 30, 2023 and December 31, 2022, respectively.

Note 3. Financial Instruments

Fair Value Measurements

Fair Value of Financial Instruments

The fair values of cash equivalents (represents 16% of cash and cash equivalents), accounts receivable, accounts payable and short-term debt approximate carrying values due to the short-term duration of these instruments. Additionally, the fair value of variable rate long-term debt approximates carrying value as of December 30, 2023.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company’s primary financial assets and financial liabilities measured at fair value on a recurring basis are deferred compensation plan assets and defined benefit plan assets, which are both measured using Level 1 inputs. Deferred compensation plan assets and liabilities were $42 million and $38 million as of December 30, 2023 and September 30, 2023, respectively. Defined benefit plan assets were $17 million as of September 30, 2023 and are measured at fair value only in the fourth quarter of each year. Other financial assets and financial liabilities measured at fair value on a recurring basis include foreign exchange contracts and interest rate swaps, which are both measured using Level 2 inputs. Interest rate swaps are valued based on a discounted cash flow analysis that incorporates observable market inputs such as interest rate yield curves and credit spreads. For currency contracts, inputs include foreign currency spot and forward rates and interest rates at commonly quoted intervals. Foreign exchange contracts were not material as of December 30, 2023 or September 30, 2023.

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

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

Offsetting Derivative Assets and Liabilities

The Company has entered into master netting arrangements with each of its derivative counterparties that allow net settlement of derivative assets and liabilities under certain conditions, such as multiple transactions with the same currency maturing on the same date. The Company presents its derivative assets and derivative liabilities on a gross basis on the condensed consolidated balance sheets. The amount that the Company had the right to offset under these netting arrangements was not material as of December 30, 2023 or September 30, 2023.

Derivative Instruments

Foreign Exchange Rate Risk

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

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

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

	As of	
	December 30, 2023	September 30, 2023
Derivatives Designated as Accounting Hedges:		
Notional amount (in thousands)	$ 119,842	$ 125,758
Number of contracts	50	50
Derivatives Not Designated as Accounting Hedges:		
Notional amount (in thousands)	$ 345,278	$ 338,283
Number of contracts	40	42

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

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

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

Interest Rate Risk

The Company enters into forward interest rate swap agreements with independent counterparties to partially hedge the variability in cash flows due to changes in the Secured Overnight Financing Rate benchmark interest rate ("SOFR") associated with anticipated variable rate borrowings. These interest rate swaps have a maturity date of September 27, 2027 and effectively convert a portion of the Company's variable interest rate obligations to fixed interest rate obligations. These swaps are accounted for as cash flow hedges under ASC Topic 815, *Derivatives and Hedging*. Interest rate swaps with an aggregate notional amount of $300 million and $650 million were outstanding as of December 30, 2023 and September 30, 2023, respectively. The aggregate effective interest rate of these swaps as of December 30, 2023 was approximately 4.7%. The interest rate swaps portfolio had a value of $3 million and $12 million as of December 30, 2023 and September 30, 2023, respectively. As of December 30, 2023, $4 million was included in prepaid expenses and other current assets and $1 million was included in long-term liabilities on the condensed consolidated balance sheets.

Note 4. Debt

Long-term debt consisted of the following:

	As of	
	December 30, 2023	September 30, 2023
	(In thousands)	
Term Loan Due 2027, net of issuance costs	$ 325,605	$ 329,827
Less: Current portion of Term Loan Due 2027	17,500	17,500
Long-term debt	$ 308,105	$ 312,327

Term Loan maturities by fiscal year are as follows:

	As of
	December 30, 2023
	(In thousands)
Remainder of 2024	$ 8,750
2025	17,500
2026	21,875
2027	280,000
	$ 328,125

Revolving Credit Facility

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

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

Certain of the Company's domestic subsidiaries are guarantors in respect of the Credit Agreement. The Company and the subsidiary guarantors' obligations under the Credit Agreement are secured by a lien on substantially all of their respective assets (excluding real property), including cash, accounts receivable and the shares of certain Company subsidiaries, subject to certain exceptions.

There were no borrowings outstanding under the Credit Agreement as of December 30, 2023 or September 30, 2023. Additionally, as of December 30, 2023, $13 million of letters of credit were outstanding under the Credit Agreement and $787 million was available to borrow.

Foreign Short-term Borrowing Facilities

As of December 30, 2023, certain foreign subsidiaries of the Company had a total of $71 million of uncommitted short-term borrowing facilities available, under which no borrowings were outstanding.

Debt Covenants

The Credit Agreement requires the Company to comply with certain financial covenants, namely a maximum consolidated leverage ratio and a minimum interest coverage ratio, in both cases measured on the basis of a trailing 12-month look-back period. In addition, the Company's debt agreements contain a number of restrictive covenants, including restrictions on incurring additional debt, making investments and other restricted payments, selling assets and paying dividends, subject to certain exceptions. The Company was in compliance with these covenants as of December 30, 2023.

Note 5. Leases

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

ROU assets and lease liabilities recorded in the condensed consolidated balance sheets are as follows:

	As of	
	December 30, 2023	September 30, 2023
	(In thousands)	
Other assets	$ 91,245	$ 95,750
Accrued liabilities	$ 22,724	$ 22,344
Other long-term liabilities	56,786	60,663
Total lease liabilities	$ 79,510	$ 83,007
Weighted average remaining lease term (in years)	10.90	12.97
Weighted average discount rate	3.9 %	3.9 %

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

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(In thousands)	
Operating lease expense (1)	$ 8,172	$ 9,367
Cash paid for operating lease liabilities	$ 6,457	$ 5,549

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

Future lease payments under non-cancelable operating leases as of December 30, 2023, by fiscal year, are as follows:

	Operating Leases (In thousands)
Remainder of 2024	$ 19,489
2025	23,001
2026	17,771
2027	13,908
2028	4,503
Thereafter	9,092
Total lease payments	87,764
Less: imputed interest	8,254
Total	$ 79,510

Note 6. Accounts Receivable Sale Program

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

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

Under each of the programs noted above, the Company sells its entire interest in a trade receivable for 100% of face value, less a discount. During the three months ended December 30, 2023 and December 31, 2022, the Company sold approximately $407 million and $796 million, respectively, of accounts receivable under these programs. Upon sale, these receivables are removed from the condensed consolidated balance sheets and cash received is presented as cash provided by operating activities in the condensed consolidated statements of cash flows. Discounts on sold receivables were $3 million and $6 million for the three months ended December 30, 2023 and December 31, 2022, respectively, and were recorded in other expense in the condensed consolidated statements of income. As of December 30, 2023 and September 30, 2023, $146 million and $162 million, respectively, of accounts receivable sold under the RPA and subject to servicing by the Company remained outstanding and had not yet been collected. The Company's sole risk with respect to receivables it services is with respect to commercial disputes regarding such receivables. Commercial disputes include billing errors, returns and similar matters. To date, the Company has not been required to repurchase any receivable it has sold due to a commercial dispute. Additionally, the Company is required to remit amounts collected as a servicer under the RPA on a weekly basis to the financial institutions that purchased the receivables. As of December 30, 2023 and September 30, 2023, $24 million and $33 million, respectively, had been collected but not yet remitted. These amounts are classified in accrued liabilities on the condensed consolidated balance sheets.

Note 7. Commitments and Contingencies

From time to time, the Company is a party to litigation, claims and other contingencies, including environmental, regulatory and employee matters and examinations and investigations by governmental agencies, which arise in the ordinary course of business. The Company records a contingent liability when it is probable that a loss has been incurred and the amount of loss is reasonably estimable in accordance with ASC Topic 450, *Contingencies,* or other applicable accounting standards. As of December 30, 2023 and September 30, 2023, the Company had estimated liabilities of $35 million and $34 million, respectively, for environmental matters, warranty, litigation and other contingencies (excluding reserves for uncertain tax positions), which the Company believes are adequate. However, there can be no assurance that the Company's reserves will be sufficient to settle these contingencies. Such reserves are included in accrued liabilities and other long-term liabilities on the condensed consolidated balance sheets.

Legal Proceedings

Environmental Matters

The Company is subject to various federal, state, local and foreign laws and regulations and administrative orders concerning environmental protection, including those addressing the discharge of pollutants into the environment, the management and disposal of hazardous substances, the cleanup of contaminated sites, the materials used in products, and the recycling, treatment and disposal of hazardous waste. As of December 30, 2023, the Company had been named in a lawsuit and several administrative orders alleging that certain of its current and former sites sent waste for disposal that contributed to groundwater contamination, which require further management and care. One such order demands that the Company and other alleged defendants fund continued post-closure care and remediation at four properly permitted former hazardous waste landfills located in Northern California to which the Company may have sent wastewater in the past. The Company is participating with a working group of a number of other alleged defendants in a pending settlement of this matter and has reserved its estimated exposure for this matter as of December 30, 2023, which amount is immaterial.

In June 2008, the Company was named by the Orange County Water District in a suit alleging that a predecessor company's actions at a plant the Company sold in 1998 contributed to polluted groundwater managed by the plaintiff. The complaint seeks recovery of compensatory and other damages, as well as declaratory relief, for the payment of costs necessary to investigate, monitor, remediate, abate and contain contamination of groundwater. In April 2013, all claims against the Company were dismissed. The plaintiff appealed this dismissal and the Court of Appeal reversed the judgment in August 2017, remanding the case back to the Superior Court of California for trial. The trial against the Company and several other defendants commenced in April 2021 and the submission of evidence concluded in May 2022. On April 3, 2023, the Court published a statement of decision finding the Company and other remaining defendants liable for certain past investigation costs incurred by the plaintiff. The Company believes a loss in this matter is probable and has recorded its estimated loss as of December 30, 2023. There will be subsequent proceedings to assess the Company's and other defendants' liability for the plaintiff's future remediation and other costs, including attorneys' fees. It is probable that the Company will record additional losses in connection with this matter, and it is reasonably possible that the amount of such additional losses will be material. However, the Company is unable to estimate the amount of such additional losses or a range of losses. The Company intends to continue defending the case vigorously and to seek appellate review at the appropriate time.

Other Matters

In December 2019, the Company sued a former customer, Dialight plc ("Dialight"), in the United States District Court for the Southern District of New York to collect approximately $10 million in unpaid accounts receivable and net obsolete inventory obligations. Later the same day, Dialight commenced its own action in the same court. Dialight's complaint, which asserts claims for fraudulent inducement, breach of contract and willful misconduct, alleges that the Company fraudulently misrepresented its capabilities to induce Dialight to enter into a Manufacturing Services Agreement (the "Dialight MSA"), and then breached its obligations contained in the Dialight MSA relating to quality, on-time delivery and supply chain management. Dialight seeks compensatory and punitive damages that it contends exceed $200 million, but the Company believes Dialight's claimed damages are vastly overstated and are subject to a contractual limitation of liability that limits any Dialight recovery to less than $2 million. In an Opinion and Order dated March 14, 2023, the Court granted in part the Company's motion for partial summary judgment and dismissed Dialight's willful misconduct claim. The Company continues to vigorously prosecute its claims against Dialight. Further, the Company strongly disagrees with Dialight's allegations and is defending against Dialight's remaining claims vigorously. A trial date has been set in this matter for July 2024.

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

On November 14, 2023, Gerardo Ramirez, an employee at the Company's Newark, California plant, filed two lawsuits against the Company in the Alameda County Superior Court. The first, a putative class action, alleges violations of various California Labor Code and Wage Order requirements, including provisions governing overtime, meal and rest periods, minimum wage requirements, payment of wages during employment and final wages, wage statements, payroll records, and reimbursement of business expenses. The class action complaint seeks certification of a class of all current and former non-exempt employees who worked for the Company within the State of California at any time between November 14, 2019 and final judgment, as well as unspecified damages, penalties, restitution, attorneys' fees, pre-judgment interest, and costs of suit. The second action, a complaint under California's Private Attorneys General Act of 2004 (Labor Code §§ 2698 et seq.), alleges substantially similar violations and seeks penalties individually and on behalf of the State of California and other "aggrieved employees," along with attorneys' fees and costs. The Company intends to defend these cases vigorously.

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

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

Note 8. Income Tax

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

The Company's provision for income taxes for the three months ended December 30, 2023 and December 31, 2022 was $21 million (26% of income before taxes) and $21 million (18% of income before taxes), respectively. Income tax expense for the three months ended December 31, 2022 included approximately $8 million of recognized tax benefits from the release of certain foreign tax reserves due to lapse of time and expiration of statutes of limitations. No such tax benefits were recognized for the three months ended December 30, 2023.

As a result of an audit by the Internal Revenue Service ("IRS") for fiscal years 2008 through 2010, the Company received a Revenue Agent's Report ("RAR") on November 17, 2023 asserting an underpayment of tax of approximately $8 million for fiscal year 2009. The asserted underpayment results from the IRS's proposed disallowance of a $503 million worthless stock deduction in fiscal year 2009. Such disallowance, if upheld, would reduce the Company's available net operating loss carryforwards and result in additional tax and interest attributable to fiscal year 2021 and later years, which could be material. The Company disagrees with the IRS's position as asserted in the RAR and intends to vigorously contest this matter through the applicable IRS administrative and judicial procedures, as appropriate. The Company does not expect resolution of this matter within twelve months and cannot predict with any certainty the timing of such resolution. Although the final resolution of this matter remains uncertain, the Company continues to believe that it is more likely than not the Company's tax position will be sustained. However, an unfavorable resolution of this matter could have a material adverse impact on the Company's condensed consolidated financial statements.

Note 9. Stockholders' Equity

Accumulated Other Comprehensive Income

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

	As of	
	December 30, 2023	September 30, 2023
	(In thousands)	
Foreign currency translation adjustments	$ 71,796	$ 68,305
Unrealized holding gains on derivative financial instruments	2,615	9,427
Unrecognized net actuarial losses and transition costs for benefit plans	(6,872)	(6,853)
Total	$ 67,539	$ 70,879

Stock Repurchase Programs

During the three months ended December 30, 2023 and December 31, 2022, the Company repurchased 2 million and 4 thousand shares of its common stock for $106 million and $0.2 million, respectively, under stock repurchase programs authorized by the Board of Directors. These programs have no expiration dates and the timing of repurchases will depend upon capital needs to support the growth of the Company's business, market conditions and other factors. Although stock repurchases are intended to increase stockholder value, they also reduce the Company's liquidity. The estimated excise tax on corporate share repurchases under the U.S. Inflation Reduction Act of 2022 is recorded to equity and was not material as of December 30, 2023. As of December 30, 2023, an aggregate of $174 million remained available under these programs.

In addition to the repurchases discussed above, the Company withheld 0.2 million and 0.1 million shares of its common stock during the three months ended December 30, 2023 and December 31, 2022, respectively, in settlement of employee tax withholding obligations due upon the vesting of restricted stock units. The Company paid $10 million and $8 million for the three months ended December 30, 2023 and December 31, 2022, respectively, to applicable tax authorities in connection with these repurchases.

Noncontrolling Interest

During the first quarter of 2023, the Company entered into a joint venture transaction pursuant to which Reliance Strategic Business Ventures Limited, acquired 50.1% of the outstanding shares of Sanmina SCI India Private Limited ("SIPL"), the Company's existing Indian manufacturing entity for $216 million of cash. The remaining 49.9% of the outstanding shares of SIPL are held by the Company. The Company has, by contract, the unilateral ability to control the significant decisions made in the ordinary course of SIPL's business. Because the Company has a controlling financial interest in SIPL, it consolidates SIPL.

SIPL's cash and cash equivalents balance of $217 million as of December 30, 2023 is not available for general corporate purposes and must be retained in SIPL to fund its operations.

Note 10. Business Segment, Geographic and Customer Information

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

The Company's chief operating decision maker is the Chief Executive Officer who allocates resources and assesses performance of operating segments based on a measure of revenue and gross profit that excludes items not directly related to the Company's ongoing business operations. These items are typically either non-recurring or non-cash in nature. Intersegment revenue consist primarily of sales of components from CPS to IMS.

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

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(In thousands)	
Gross sales:		
IMS	$ 1,505,521	$ 1,937,668
CPS	394,271	458,093
Intersegment revenue	(24,994)	(39,953)
Net sales	$ 1,874,798	$ 2,355,808
Gross profit:		
IMS	$ 113,800	$ 133,337
CPS	51,090	66,524
Total	164,890	199,861
Unallocated corporate items (1)	(4,050)	(4,475)
Total	$ 160,840	$ 195,386

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

Note 11. Earnings Per Share

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

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(In thousands, except per share data)	
Numerator:		
Net income attributable to common shareholders	$ 57,068	$ 92,014
Denominator:		
Weighted average common shares outstanding	56,538	57,727
Effect of dilutive stock options and restricted stock units	1,702	2,140
Denominator for diluted earnings per share	58,240	59,867
Net income attributable to common shareholders per share:		
Basic	$ 1.01	$ 1.59
Diluted	$ 0.98	$ 1.54

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

Note 12. Stock-Based Compensation

Stock-based compensation expense was recognized as follows:

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(In thousands)	
Cost of sales	$ 4,050	$ 4,242
Selling, general and administrative	8,340	7,142
Research and development	195	225
Total	$ 12,585	$ 11,609

As of December 30, 2023, an aggregate of 5 million shares of common stock was authorized for future issuance under the Company's stock plans, of which 3 million of such shares were issuable upon exercise of outstanding options and delivery of shares upon vesting of restricted stock units and 2 million of such shares were available for future grant.

Restricted and Performance Stock Units

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

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

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

	Number of Shares	Weighted-Average Grant Date Fair Value ($)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($)
	(In thousands)			(In thousands)
Outstanding as of September 30, 2023	2,881	45.07	1.14	150,547
Granted	588	54.17		
Vested/Forfeited/Cancelled	(424)	38.92		
Outstanding as of December 30, 2023	3,045	47.68	1.31	158,323
Expected to vest as of December 30, 2023	2,765	47.34	1.26	143,799

As of December 30, 2023, unrecognized compensation expense of $87 million is expected to be recognized over a weighted average period of 1.3 years.

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

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

Sanmina Corporation and its subsidiaries ("Sanmina", the "Company", "we" or "us") operate on a 52 or 53 week year ending on the Saturday nearest September 30. Fiscal 2024 and 2023 are each 52-week years. All references to years relate to fiscal years unless otherwise noted.

Overview

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

Our operations are managed as two businesses:

1. Integrated Manufacturing Solutions ("IMS"). Our IMS segment consists of printed circuit board assembly and test, high-level assembly and test and direct-order-fulfillment.

2. Components, Products and Services ("CPS"). Components include printed circuit boards, backplanes and backplane assemblies, cable assemblies, fabricated metal parts, precision machined parts, and plastic injected molded parts. Products include optical, radio frequency ("RF") and microelectronic design and manufacturing services from our Advanced Microsystems Technologies division; multi-chip package memory solutions from our Viking Technology division; high-performance storage platforms for hyperscale and enterprise solutions from our Viking Enterprise Solutions division; defense and aerospace product, design, manufacturing, repair and refurbishment services from our SCI Technology Inc. ("SCI") subsidiary; and cloud-based smart manufacturing execution software from our 42Q division. Services include design, engineering, and logistics and repair.

Our only reportable segment for financial reporting purposes is IMS, which represented approximately 80% of our total revenue for the three months ended December 30, 2023. Our CPS business consists of multiple operating segments which do not individually meet the quantitative thresholds for being presented as reportable segments. Therefore, financial information for these operating segments is combined and presented in a single category entitled “CPS”.

Trends and Uncertainties

Our business has been exposed to macroeconomic challenges such as inflation, supply chain constraints, foreign currency fluctuations, rising interest rates, market volatility, recession concerns and other factors that have been exacerbated by recent geopolitical conflicts such as the war in Ukraine and conflict in the Middle East. Although the supply chain constraints continue to ease, we expect to see some headwinds to our revenue growth at least in the short term due to customers making adjustments to inventory levels in some of our end markets, combined with softness in the economy. Despite these many challenges, we remain focused on improving our operations, building flexibility and efficiencies in our processes and adjusting our business models to changing circumstances. We intend to continue diversifying into mission critical markets, creating a portfolio with longer product life cycles and higher technology and complex products. As our end markets evolve and grow, our ability to optimize our product and portfolio mix towards higher value opportunities will continue to be an important driver for our business going forward. Additionally, given that maintaining low costs is a cornerstone to our success and growth, we proactively handle cost impacts through a combination of well-calibrated pricing actions and targeted cost-saving measures to enhance overall stockholder value.

The overall impact of these challenges on our financial condition and operating results will depend on the severity of the macroeconomic factors and the duration of geopolitical conflicts. There can be no assurance that the measures we take will counteract the negative impact of these challenges.

Critical Accounting Policies and Estimates

Management’s discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). We review the accounting policies used in reporting our financial results on a regular basis. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, net sales and expenses and related disclosure of contingent liabilities. On an ongoing basis, we evaluate the process used to develop estimates related to accounts receivable, inventories, income taxes, environmental matters, litigation and other contingencies, as well as estimates related to costs expected to be incurred to satisfy performance obligations under long-term contracts and variable consideration related to such contracts. We base our estimates on historical experience and on various other assumptions that we believe are reasonable for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ materially from these estimates.

A complete description of our critical accounting policies and estimates is contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 filed with the SEC on November 16, 2023.

Results of Operations

Key Operating Results

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(In thousands)	
Net sales	$ 1,874,798	$ 2,355,808
Gross profit	$ 160,840	$ 195,386
Operating income	$ 87,576	$ 128,426
Net income attributable to common shareholders	$ 57,068	$ 92,014

Net Sales

Net sales decreased to $1.9 billion for the three months ended December 30, 2023 from $2.4 billion for the three months ended December 31, 2022, a decrease of 20.4%. Sales by end market were as follows:

	Three Months Ended						
	December 30, 2023		December 31, 2022		Increase/(Decrease)		
	(Dollars in thousands)						
Industrial, Medical, Defense and Aerospace, and Automotive	$	1,256,393	$	1,340,028	$	(83,635)	(6.2)%
Communications Networks and Cloud Infrastructure		618,405		1,015,780		(397,375)	(39.1)%
Total	$	1,874,798	$	2,355,808	$	(481,010)	(20.4)%

Net sales decreased 20.4% in the three months ended December 30, 2023 compared to the three months ended December 31, 2022, primarily driven by reduced demand in our telecommunications end market and customers in other markets making adjustments to inventory levels. The impact of these factors was partially offset by new program wins.

Gross Margin

Gross margin was 8.6% and 8.3% for the three months ended December 30, 2023 and December 31, 2022, respectively. IMS gross margin increased to 7.6% for the three months ended December 30, 2023 from 6.9% for the three months ended December 31, 2022, primarily due to improved operating efficiencies and better margins from easing of supply chain constraints which, in the prior year, increased the cost of components and we passed the increased cost to our customers with little-to-no markup. CPS gross margin decreased to 13.0% for the three months ended December 30, 2023 from 14.5% for the three months ended December 31, 2022, primarily due to lower volume and reduced operating efficiencies.

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

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

Selling, General and Administrative

Selling, general and administrative expenses for the three months ended December 30, 2023 and December 31, 2022 were $65 million and $61 million, respectively. As a percentage of net sales, selling, general and administrative expenses were 3.5% and 2.6% for the three months ended December 30, 2023 and December 31, 2022, respectively. The increase in absolute dollars was primarily due to higher incentive compensation and an increase in our deferred compensation liability resulting from strong stock market performance that increased the market value of participant investment accounts.

Other Expense

Other expense for the three months ended December 30, 2023 and December 31, 2022 was $1 million and $7 million, respectively. The decrease in other expense was primarily due to a $3 million decrease in fees for accounts receivable factoring and a gain of $4 million in the market value of participant investment accounts in our deferred compensation plan compared to the same period in 2023.

Provision for Income Taxes

Our provision for income taxes for the three months ended December 30, 2023 and December 31, 2022 was $21 million (26% of income before taxes) and $21 million (18% of income before taxes), respectively. The effective tax rate was lower for the year ended December 31, 2022 due to an approximate $8 million release of tax reserves.

As a result of an audit by the Internal Revenue Service ("IRS") for fiscal years 2008 through 2010, we received a Revenue Agent's Report ("RAR") on November 17, 2023 asserting an underpayment of tax of approximately $8 million for fiscal year 2009. The asserted underpayment results from the IRS's proposed disallowance of a $503 million worthless stock deduction in fiscal year 2009. Such disallowance, if upheld, would reduce our available net operating loss carryforwards and result in additional tax and interest attributable to fiscal year 2021 and later years, which could be material. We disagree with the IRS's position as asserted in the RAR and intend to vigorously contest this matter through the applicable IRS administrative and judicial procedures, as appropriate. We do not expect resolution of this matter within twelve months and cannot predict with any certainty the timing of such resolution. Although the final resolution of this matter remains uncertain, we continue to believe that it is more likely than not our tax position will be sustained. However, an unfavorable resolution of this matter could have a material adverse impact on our condensed consolidated financial statements.

Liquidity and Capital Resources

	Three Months Ended	
	December 30, 2023	December 31, 2022
	(In thousands)	
Net cash provided by (used in):		
Operating activities	$ 126,025	$ 37,224
Investing activities	(34,816)	(37,330)
Financing activities	(128,439)	203,588
Effect of exchange rate changes on cash and cash equivalents	1,250	1,975
Increase (decrease) in cash and cash equivalents	$ (35,980)	$ 205,457

Key Working Capital Management Measures

	As of	
	December 30, 2023	September 30, 2023
Days sales outstanding (1)	56	55
Contract asset days (2)	21	20
Inventory turns (3)	4.8	5.1
Days inventory on hand (4)	76	72
Accounts payable days (5)	80	81
Cash cycle days (6)	73	66

(1) Days sales outstanding (a measure of how quickly we collect our accounts receivable), or "DSO", is calculated as the ratio of average accounts receivable, net, to average daily net sales for the quarter.

(2) Contract asset days (a measure of how quickly we transfer contract assets to accounts receivable) are calculated as the ratio of average contract assets to average daily net sales for the quarter.

(3) Inventory turns (annualized) (a measure of how quickly we sell inventory) are calculated as the ratio of four times our cost of sales for the quarter to average inventory.

(4) Days inventory on hand (a measure of how quickly we turn inventory into sales) is calculated as the ratio of average inventory for the quarter to average daily cost of sales for the quarter.

(5) Accounts payable days (a measure of how quickly we pay our suppliers), or "DPO", is calculated as the ratio of 365 days divided by accounts payable turns, in which accounts payable turns is calculated as the ratio of four times our cost of sales for the quarter to average accounts payable.

(6) Cash cycle days (a measure of how quickly we convert investments in inventory to cash) is calculated as days inventory on hand plus days sales outstanding and contract assets days minus accounts payable days.

Cash and cash equivalents were $632 million at December 30, 2023 and $668 million at September 30, 2023. Our cash levels vary during any given quarter depending on the timing of collections from customers and payments to suppliers, borrowings under our credit facilities, sales of accounts receivable under numerous programs we utilize, repurchases of common stock and other factors. Our working capital was $1.8 billion as of December 30, 2023 and September 30, 2023.

Net cash provided by operating activities was $126 million and $37 million for the three months ended December 30, 2023 and December 31, 2022, respectively. Our working capital metrics tend to fluctuate from quarter-to-quarter based on factors such as the linearity of our shipments to customers and purchases from suppliers, customer and supplier mix, the extent to which we factor customer receivables and the negotiation of payment terms with customers and suppliers. These fluctuations can significantly affect our cash flows from operating activities.

During the three months ended December 30, 2023, we generated $109 million of cash primarily from earnings, excluding non-cash items, and generated $17 million of cash due primarily to decreases in accounts receivable and inventory, which were partially offset by a decrease in accounts payable. Individual components of operating assets and liabilities fluctuate for a number of reasons, including linearity of purchases and sales, the mix of customer and supplier payment terms within our accounts receivable and accounts payable, and the amount and timing of sales of accounts receivable. The decrease in accounts receivable, inventory and accounts payable was primarily attributable to a decrease in business volume.

Net cash used in investing activities was $35 million and $37 million for the three months ended December 30, 2023 and December 31, 2022, respectively. During the three months ended December 30, 2023 and December 31, 2022, we used $34 million and $37 million, respectively, of cash for capital expenditures.

Net cash provided by (used in) financing activities was $(128) million and $204 million for the three months ended December 30, 2023 and December 31, 2022, respectively. During the three months ended December 30, 2023, we used $116 million of cash to repurchase common stock (including $10 million paid to applicable tax authorities in connection with these repurchases) and repayment of $13 million of borrowings. During the three months ended December 31, 2022, we received $216 million from sale of shares to Reliance Strategic Business Ventures Limited (“RSBVL”), used $8 million of cash to repurchase common stock primarily related to employee tax withholding on vested restricted stock units and repaid $4 million of long-term debt.

Other Liquidity Matters

During the three months ended December 30, 2023 and December 31, 2022, we repurchased 2 million shares of our common stock for $106 million under stock repurchase programs authorized by the Board of Directors. These programs have no expiration dates and the timing of repurchases will depend upon capital needs to support the growth of our business, market conditions and other factors. Although stock repurchases are intended to increase stockholder value, they also reduce our liquidity. As of December 30, 2023, an aggregate of $174 million remained available under these programs.

We are party to a Receivables Purchase Agreement (the “RPA”) with certain third-party banking institutions for the sale of trade receivables generated from sales to certain customers. The amount available under the RPA is uncommitted and, as such, is available at the discretion of our third-party banking institutions. Under the Fifth Amended and Restated Credit Agreement (the “Credit Agreement”), the percentage of our total accounts receivable that can be sold and outstanding at any time is 50%. Therefore, as of December 30, 2023, a maximum of $450 million of sold receivables could be outstanding at any point in time under this program, as amended, as required by our Credit Agreement. Trade receivables sold pursuant to the RPA are serviced by us.

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

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

Under each of the programs noted above, we sell our entire interest in a trade receivable for 100% of face value, less a discount. During the three months ended December 30, 2023 and December 31, 2022, we sold approximately $407 million and $796 million, respectively, of accounts receivable under these programs. As of December 30, 2023 and September 30, 2023, $146 million and $162 million, respectively, of accounts receivable sold under the RPA and subject to servicing by us remained outstanding and had not yet been collected. Our sole risk with respect to receivables we service is with respect to commercial disputes regarding such receivables. Commercial disputes include billing errors, returns and similar matters. To date, we have not been required to repurchase any receivable we have sold due to a commercial dispute. Additionally, we are required to remit amounts collected as servicer on a weekly basis to the financial institutions that purchased the receivables. As of December 30, 2023 and September 30, 2023, $24 million and $33 million, respectively, had been collected but not yet remitted. This amount is classified in accrued liabilities on the condensed consolidated balance sheets.

We enter into forward interest rate swap agreements with independent counterparties to partially hedge the variability in cash flows due to changes in the Secured Overnight Financing Rate benchmark interest rate associated with anticipated variable rate borrowings. See Note 3, “Financial Instruments” of the notes to Condensed Consolidated Financial Statements contained in this report for details.

In the ordinary course of business, we are or may become party to legal proceedings, claims and other contingencies, including environmental, regulatory, warranty and employee matters and examinations by government agencies. As of December 30, 2023, we had accrued liabilities of $35 million related to such matters. We cannot accurately predict the outcome of these matters or the amount or timing of cash flows that may be required to defend ourselves or to settle such matters or that these reserves will be sufficient to fully satisfy our contingent liabilities.

As of December 30, 2023, we had a liability of $54 million for uncertain tax positions. Our estimate of liabilities for uncertain tax positions is based on a number of subjective assessments, including the likelihood of a tax obligation being assessed, the amount of taxes (including interest and penalties) that would ultimately be payable, and our ability to settle any such obligations on favorable terms. Therefore, the amount of future cash flows associated with uncertain tax positions may be significantly higher or lower than our recorded liability and we are unable to reliably estimate when cash settlement may occur.

Our liquidity is largely dependent on changes in our working capital, including sales of accounts receivable under our receivables sales programs and the extension of trade credit by our suppliers, investments in manufacturing inventory, facilities and equipment, repayments of obligations under outstanding indebtedness and repurchases of common stock. We generated $126 million of cash from operations for the three months ended December 30, 2023. Our primary sources of liquidity as of December 30, 2023 consisted of (1) cash and cash equivalents of $632 million (an aggregate of $217 million of our cash is held by Sanmina SCI India Private Limited ("SIPL"), our existing Indian manufacturing entity, that may not be used for general corporate purposes and must be retained in SIPL to fund its operations); (2) our Credit Agreement, under which $787 million, net of outstanding borrowings and letters of credit, was available; (3) our foreign short-term borrowing facilities of $71 million, all of which was available; (4) proceeds from the sale of accounts receivable under our receivables sales programs and (5) cash generated from operations. Subject to satisfaction of certain conditions, including obtaining additional commitments from existing and/or new lenders, we may increase the revolving commitments under the Credit Agreement up to an additional $200 million.

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

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

As of December 30, 2023, 33% of our cash balance was held in the United States. Should we choose or need to remit cash to the United States from our foreign locations, we may incur tax obligations which would reduce the amount of cash ultimately available to the United States. We believe that cash held in the United States, together with liquidity available under our Credit Agreement and cash from foreign subsidiaries that could be remitted to the United States without tax consequences, will be sufficient to meet our United States liquidity needs for at least the next twelve months.

Information regarding our contractual obligations was provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023. There were no material changes in our contractual obligations as of December 30, 2023.

Off-Balance Sheet Arrangements

As of December 30, 2023, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC, that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

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

There were no material changes in our primary risk exposures or management of market risks from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

Item 4. *Controls and Procedures*

(a) Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all errors and all fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that their objectives are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits of disclosure controls and procedures must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of disclosure controls and procedures can provide absolute assurance that all disclosure control issues and instances of fraud, if any, have been detected. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 30, 2023. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 30, 2023 because of the material weaknesses in our internal control over financial reporting discussed below.

(b) Material Weaknesses in Internal Control Over Financial Reporting

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

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

These material weaknesses resulted in the restatement of our consolidated financial statements for the fiscal years ended October 3, 2020, October 2, 2021 and October 1, 2022 and for the quarterly fiscal periods included in such fiscal years and for the first fiscal quarter ended December 31, 2022. These material weaknesses also resulted in immaterial misstatements of our consolidated financial statements for the quarterly fiscal periods as of and for the periods ended April 1, 2023, July 1, 2023, September 30, 2023 and December 30, 2023. Additionally, each of these material weaknesses could result in misstatements of the accounts and disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Management intends to remediate the material weaknesses described above primarily by ensuring that relevant program management and finance personnel possess sufficient knowledge and experience and are sufficiently engaged to identify, escalate and drive closure of matters that could impact estimated long-term customer program costs and/or require the recording of additional expenses in the Company's financial statements. This is expected to be achieved through 1) replacements or new hires and organizational realignment, 2) providing training to relevant personnel, 3) expanding controls and designing appropriate procedures to support the completeness and accuracy of financial processes and 4) enhancing policy and procedures documentation to include more robust and specific guidance with respect to accounting for long-term contracts, including revenue recognition and the EAC process.

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

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

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f)) under the Exchange Act that occurred during the quarter ended December 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

For a description of our material legal proceedings, see Note 7 “Commitments and Contingencies” of the notes to the Condensed Consolidated Financial Statements.

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

<u>End Market and Operational Risks</u>

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

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

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

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

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

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

- our ability to replace declining sales from end-of-life programs and customer disengagements with new business wins;
- conditions in the global economy as a whole and in the industries we serve, which have been significantly impacted by the COVID-19 pandemic, supply chain disruptions, inflationary pressures and higher interest rates;
- fluctuations in component prices, component shortages and extended component lead times caused by high demand and supply chain constraints, disruptions relating to the COVID-19 pandemic, geopolitical events, such as the war in Ukraine and conflict in the Middle East, natural disasters or otherwise;
- timing and success of new product developments and ramps by our customers, which create demand for our services, but which can also require us to incur start-up costs relating to new tooling and processes;
- levels of demand in the end markets served by our customers;
- timing of orders from customers, the accuracy of their forecasts which drive the amount of components we order and the extent to which customers reschedule or cancel their orders;
- our inventory levels, which have been driven higher as a result of ongoing supply chain disruptions, with higher levels of inventory reducing our operating cash flow;
- customer payment terms and the extent to which we factor customer receivables during the quarter;
- increasing labor costs in the regions in which we operate;
- mix of products ordered by and shipped to major customers, as high volume and low complexity manufacturing services typically have lower gross margins than more complex and lower volume services;
- our ability to pass tariffs and price increases of components through to our customers;
- resolution of quality or other claims made by our customers;
- the degree to which we are able to fully utilize our available manufacturing capacity or expand, when necessary to satisfy customer demand;

- customer insolvencies resulting in bad debt or inventory exposures that are in excess of our reserves;
- our ability to efficiently move manufacturing operations to lower cost regions when requested by our customers;
- changes in our tax provision due to changes in our estimates of pre-tax income in the jurisdictions in which we operate, uncertain tax positions and our continued ability to utilize our deferred tax assets;
- political and economic developments in countries in which we or our customers or our suppliers have operations, which could restrict our operations or those of our suppliers and/or customers or increase our costs; and
- accuracy of management's estimates of materials, labor and subcontractor costs relating to long-term contracts particularly for new products, as any impact due to changes in estimates must be recognized in the period of change.

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

We are subject to risks arising from our international operations.

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

- changes in trade and tax laws that may result in us or our customers being subject to increased taxes, duties and tariffs and import and export restrictions, which could increase our costs and/or reduce our customers' willingness to use our services in countries in which we are currently manufacturing their products;
- compliance with foreign laws, including labor laws that generally provide for increased notice, severance and consultation requirements compared to U.S. labor laws;
- labor unrest, including strikes;
- difficulties in staffing due to immigration or travel restrictions imposed by national governments, including the U.S.;
- security concerns;
- political instability and/or regional military tension or hostilities, such as the war in Ukraine and conflict in the Middle East, the possibility of such conflicts broadening to areas outside the area of immediate hostilities and the actions taken by national governments in response to such hostilities;
- fluctuations in currency exchange rates, which may either increase or decrease our operating costs and for which we have significant exposure;
- the imposition of currency controls, which would have the effect of preventing us from repatriating profits from our foreign subsidiaries;
- exposure to heightened corruption risks;
- aggressive, selective or lax enforcement of laws and regulations by national governmental authorities; and
- potentially increased risk of misappropriation of intellectual property.

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

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

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

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

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

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

A key part of our strategy of providing end-to-end manufacturing solutions is to grow our CPS businesses, which supplies printed circuit boards, backplane and backplane assemblies, cable assemblies, fabricated metal parts, precision machined parts, and plastic injected molded parts, memory, RF, optical and microelectronic solutions, and data storage solutions and design, engineering, logistics and repair services and our SCI defense and aerospace products. A decrease in orders for these components, products and services can have a disproportionately adverse impact on our profitability since these components, products and services generally yield higher margins than our core IMS business. In addition, in order to grow this portion of our business profitably, we must continue to make substantial investments in the development of our product development capabilities, research and development activities, test and tooling equipment and skilled personnel, all of which reduce our operating results in the short term. The success of our CPS businesses also depends on our ability to increase sales of our proprietary products, convince our customers to purchase our components rather than those of third parties for use in the manufacture of their products, and expand the number of our customers who contract for our design, engineering, logistics and repair services. We may face challenges in achieving commercially viable yields and difficulties in manufacturing components in the quantities and to the specifications and quality standards required by our customers, as well as in qualifying our components for use in our customers' designs. Our proprietary products and design, engineering, logistics and repair services must compete with products and services offered by established vendors which focus solely on development of similar technologies or the provision of similar services. Any of these factors could reduce the revenue and margins of our CPS businesses, which in turn would have an adverse and potentially disproportionate effect on our overall revenues and profitability.

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

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

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

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

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

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

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

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

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

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

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

<u>Regulatory, Compliance and Litigation Risks</u>

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

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

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

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

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

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

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

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

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

We are subject to a variety of domestic and foreign employment laws, including those related to safety, wages and overtime, discrimination, harassment, organizing, whistleblowing, classification of employees, privacy and severance payments. We may be required to defend against allegations that we have violated such laws. Allegations that we have violated labor laws could lead to damages being awarded to employees or fines from or settlements with plaintiffs or federal, state or foreign regulatory authorities, the amounts of which could be substantial, and which would reduce our net income. For example, in the first quarter of 2022, we paid approximately $4 million in a judicially approved settlement in connection with a lawsuit against us alleging violations of California Labor Code provisions governing overtime, meal and rest periods, wages, wage statements and reimbursements of business expenses.

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

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

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

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

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

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

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

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

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

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

Our system of internal and disclosure controls and procedures was designed to provide reasonable assurance of achieving its objectives. However, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been or will be detected. As a result, there can be no assurance that our system of internal and disclosure controls and procedures will be successful in preventing all errors, theft and fraud, or in informing management of all material information in a timely manner. For example, as disclosed in Item 9A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2023, we have identified material weaknesses in the control environment at one of our divisions due in part to the division maintaining an inappropriate tone at the top. This division accounted for approximately 3% of our revenues on an annual basis.

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

Liquidity and Credit Risks

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

Certain of our customers have experienced significant financial difficulties in the past, with a few filing for bankruptcy. Financial difficulties experienced by one or more of our customers, could negatively affect our business by decreasing demand from such customers and through the potential inability of these companies to make full payment on amounts owed to us. Customer bankruptcies also entail the risk of potential recovery by the bankruptcy estate of amounts previously paid to us that are deemed a preference under bankruptcy laws. There can be no assurance that additional customers will not declare bankruptcy or suffer financial distress, in which case our future revenues, net income and cash flow could be reduced.

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

Our liquidity is dependent on a number of factors, including profitability, business volume, inventory levels, the extension of trade credit by our suppliers, the degree of alignment of payment terms from our suppliers with payment terms granted to our customers, the amount we invest in our facilities and equipment, the timing of acquisitions and divestitures, the schedule for repayment of our outstanding indebtedness, the timing of stock repurchases, the amount available to borrow under our credit agreement and the amount of accounts receivable eligible for sale under our factoring programs. In the event we need or desire additional liquidity beyond the sources described above to maintain or expand our business levels, make acquisitions or repurchase stock, there can be no assurance that such additional liquidity will be available on acceptable terms or at all. The sale of receivables under our factoring programs is subject to the approval of the banks or customers involved and there can be no assurance that we will be able to sell the maximum amount of receivables permitted by these programs when desired. In addition, because the interest rate we pay for borrowings under the Credit Agreement and the interest rate used to calculate the purchase price for receivables under our factoring programs are variable, recent sustained increases in interest rates resulting from actions taken by the Federal Reserve to reduce inflation both increases the amount of interest expense we pay, which reduces net income, and also reduces the amount of proceeds we receive from purchasers under our receivables factoring program, which reduces operating cash flow.

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

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

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

As of December 30, 2023, approximately 70% of our cash was held in foreign jurisdictions. Some of these jurisdictions restrict the amount of cash that can be transferred to the U.S. or impose taxes and penalties on such transfers of cash. To the extent we have excess cash in foreign locations that could be used in, or is needed by, our U.S. operations, we may incur significant foreign taxes to repatriate these funds which would reduce the net amount ultimately available for such purposes.

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

Our credit agreement contains a maximum leverage and minimum interest coverage ratio and a number of restrictive covenants, including restrictions on incurring additional debt, making investments and other restricted payments, selling assets and paying dividends, subject to certain exceptions, with which we must comply. Collectively, these covenants could constrain our ability to grow our business through acquisition or engage in other strategic transactions. Such facility also contains customary events of default, including that a material business interruption or cessation has not occurred. Finally, such facility includes covenants requiring, among other things, that we timely file quarterly and annual financial statements with the SEC, comply with all laws, pay all taxes and maintain casualty insurance. If we are not able to comply with these covenants or if an event of default were to occur and not be cured, all of our outstanding debt would become immediately due and payable and the incurrence of additional debt under our Credit Agreement would not be allowed, either of which would have a material adverse effect on our liquidity and ability to continue to conduct our business.

General Risk Factors

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

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

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

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

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

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

We are or may become subject to income, sales, value-added, goods and services, withholding and other taxes in the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for taxes and, in the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. Our effective income tax rates and liability for other taxes could increase as a result of changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in enacted tax laws, the effectiveness of our cash and tax management strategies, our ability to negotiate advance pricing agreements with foreign tax authorities, compliance with local trade laws and other factors. International initiatives require multinational enterprises, like ours, to report profitability on a country-by-country basis, which could increase scrutiny by foreign tax authorities. In addition, our tax determinations are regularly subject to audit by tax authorities. For example, we are currently undergoing audits of our tax returns for certain recent tax years in a number of jurisdictions, including the United States. In connection with one such audit, on November 17, 2023, we received a revenue agent's report ("RAR") from the Internal Revenue Service ("IRS"), which asserted an underpayment of tax of approximately $8 million for fiscal year 2009. The proposed underpayment results from the IRS's proposed disallowance of a $503 million worthless stock deduction previously taken by us. We disagree with the IRS's position as asserted in the RAR and intend to vigorously contest this matter through the applicable IRS administrative and judicial procedures, as appropriate. However, an adverse result in this matter or additional developments in these or future audits would adversely affect our tax provisions, including through the disallowance or reduction of deferred tax assets or the assessment of back taxes, interest and penalties, any of which could result in a material increase to our income tax expense and therefore a material decrease in our net income and could have a material adverse impact on our condensed consolidated financial statements. Further, as of September 30, 2023, we have cumulative net operating loss carryforwards ("NOLs") for federal, state and foreign tax purposes of $155 million, $337 million and $433 million, respectively. Our federal and state NOLs begin expiring in fiscal years 2028 and 2024, respectively, and expire completely at various dates through September 29, 2035. Certain foreign NOLs will begin expiring in 2024. When NOLs expire, our federal and state income tax rates will increase, which will reduce our net income.

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

Because we manufacture the majority of our products abroad, our operating results can be negatively impacted due to fluctuations in foreign currency exchange rates. We use financial instruments, primarily short-term foreign currency forward contracts, to hedge our exposure to exchange rate fluctuations. However, the success of our foreign currency hedging activities in preventing foreign exchange losses depends largely upon the accuracy of our forecasts of future sales, expenses, capital expenditures and assets and liabilities. As such, our foreign currency hedging program may not fully cover all of our exposure to exchange rate fluctuations. If our hedging activities are not successful, our net income may be reduced. In addition, certain countries in which we operate have adopted currency controls requiring that local transactions be settled only in local currency rather than in our functional currency, which is generally different than the local currency. Such controls could require us to hedge larger amounts of local currency than we otherwise would and/or prevent us from repatriating cash generated by our operations in such countries.

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

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

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

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

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

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

In addition, we have in the past recorded, and may be required to record in the future, goodwill and other intangible assets in connection with our acquisitions. We evaluate, at least on an annual basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of our goodwill and other intangible assets may no longer be recoverable. Should we determine in the future that our goodwill or other intangible assets have become impaired, an impairment charge to earnings would become necessary, which could be significant. For example, during our fiscal 2018 annual goodwill impairment analysis, we fully impaired goodwill of $31 million associated with the acquisition of a storage software business we purchased in 2016.

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

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

Risks of Investing in Our Stock

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

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

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

The table below sets forth information regarding our repurchases of our common stock during the first quarter of 2024:

Period (1)	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE (2)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PROGRAMS (3)	MAXIMUM DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PROGRAMS (2)
Month #1				
October 1, 2023 through October 28, 2023	206,662	$ 51.12	206,662	$ 268,766,104
Month #2				
October 29, 2023 through November 25, 2023	1,094,429	$ 48.26	1,094,429	$ 215,953,200
Month #3				
November 26, 2023 through December 30, 2023	845,823	$ 49.82	845,823	$ 173,815,658
Total	2,146,914	$ 49.15	2,146,914	

(1) All months shown are our fiscal months.

(2) Amounts do not include commission or excise tax payable on shares repurchased. The total average price paid per share is a weighted average based on the total number of shares repurchased during the period.

(3) During the third quarter of fiscal 2022 and third quarter of fiscal 2023, our Board of Directors authorized us to repurchase up to $200 million and $200 million of our common stock, respectively, in the open market or in negotiated private transactions. These programs have no expiration date.

Item 5. Other Information

During the first fiscal quarter of 2024, the following director adopted a “Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408, as follows:

On November 17, 2023, Susan Johnson, a member of the Board of Directors of the Company, adopted a Rule 10b5-1 trading arrangement (the “Plan”) with respect to the sale of 3,000 shares of common stock during the term of the Plan. The Plan terminates on November 15, 2024 or at such time all shares under the Plan are sold and is intended to satisfy the affirmative defense conditions of Rule 10b5–1(c) under the Securities Exchange Act of 1934, as amended.

No other directors or officers, as defined in Rule 16a-1(f), adopted and/or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408, during the first fiscal quarter of 2024.

Item 6. ***Exhibits***

Exhibit Number	Description
10.44	Separation and Release Agreement dated December 13, 2023 between Sanmina Corporation and Kurt Adzema (filed herewith).
31.1	Certification of the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1 (1)	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2 (1)	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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

SIGNATURES

Pursuant to the requirements of 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.

SANMINA CORPORATION
(Registrant)

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

Date: January 31, 2024

By: /s/ JONATHAN FAUST
Jonathan Faust
Executive Vice President and
Chief Financial Officer (Principal Financial Officer)

Date: January 31, 2024

CONFIDENTIAL SEPARATION AGREEMENT
AND GENERAL RELEASE OF ALL CLAIMS

This Confidential Separation Agreement and General Release of All Claims ("Separation Agreement") is entered into by and between Kurt Adzema ("Employee") and Sanmina Corporation ("Employer"). The term "Party" or "Parties" as used herein shall refer to Employee, Employer, or both, as may be appropriate.

1. **Last Day of Employment**. Employee's last day of employment with Employer shall be **January 5, 2024** ("Separation Date"), on which day Employee also will receive his final paycheck (including any unused, accrued paid time off).

2. **Consideration; Indemnification of Tax Consequences**.

(a) In consideration for signing this Separation Agreement and complying fully with its terms, and provided Employee does not subsequently revoke this Separation Agreement within the allotted time, Employer agrees to provide the following financial consideration to Employee:

(1) A lump-sum payment of **FIVE HUNDRED SEVENTY THOUSAND DOLLARS ($570,000)** (the "Separation Payment"). The Separation Payment, less applicable deductions and withholdings for federal, state and local income and employment taxes, shall be paid on the next regular payroll date of the Employer after the Separation Date.

(2) Employer shall accelerate the vest date of twenty-two thousand three hundred thirty-four (22,334) shares subject to Employee's existing RSU and PSU grants, as further described in Attachment A hereto, effective on the Separation Date. Employee understands, acknowledges, and agrees that any accelerated vesting is conditioned upon and subject to the approval of the Compensation Committee of Employer's Board of Directors, and the Parties' execution of any other documentation or approvals required under the terms of such equity awards and the 2019 Equity Incentive Plan (as amended). The Employer shall inform the Employee in writing within 5 days of the signing of this agreement if the approvals were received.

(b) Employee acknowledges and agrees that with the exception of (i) his base salary payable through the Separation Date, (ii) a cash bonus under the FY23 Bonus Plan equal to TWO HUNDRED SEVENTY-FVE THOUSAND DOLLARS ($275,000) to be paid on or about December 15, 2023, (iii) the continued vesting of the equity awards listed on Attachment B-1 hereto, (iv) provided Employee does not subsequently revoke this Separation Agreement within the allotted time, the continued vesting of the equity awards listed on Attachment B-2 hereto and (v) the consideration provided for in Section 2(a), Employee: (i) shall receive no further payment in respect of his employment and separation from Employer; (ii) is not entitled to any additional payments of any kind or type in consideration of such employment, including payment under the terms of any bonus, performance, or incentive plan, specifically including any Annual Bonus (collectively, "Compensation Plans"); and (iii) voluntarily waives irrevocably any claim under any such Compensation Plans.

(c) Except as provided in Section 2(a)(2) and 2(b), Employee understands and acknowledges that any unvested equity awards shall be cancelled on the Separation Date in accordance with the terms of such equity awards and the 2019 Equity Incentive Plan (as amended), as applicable, and that no amounts shall be payable in respect of such awards.

(d) Employee agrees to indemnify and hold Employer harmless for the amount of any taxes, penalties, or interest that may be assessed by any governmental tax authority against Employer in connection with such governmental authority's determination that Employer was required to, but failed to, withhold or report the correct amount of income or employment taxes from the payments made to Employee pursuant to this Section 2. Employee agrees that Employee shall indemnify Employer for the full amount of such liability within thirty (30) days after receipt of notice from Employer of the assessment of such taxes, penalties, or interest.

3. **Non-Solicitation**. In exchange for the financial consideration set forth in Section 2(a) above, and in view of the highly sensitive strategic, operational, financial, and personnel-related trade secrets and other confidential information to which Employee was exposed and had access during his period of employment with Employer, Employee agrees, for a period of twelve (12) months from the Separation Date, Employee shall not, directly or indirectly, solicit any employee who is uniquely essential to the management, organization, or service of Employer's business to accept employment elsewhere. "Employer's business," as used herein, shall include the business of Employer's subsidiaries and affiliates. Employee acknowledges and agrees that the foregoing covenant constitutes a material inducement to Employer to enter into this Separation Agreement; (ii) any breach of these covenants would substantially damage Employer's business; and (iii) the remedy for any such breach shall be, upon Employer's written demand, the return of all consideration received under Section 2(a) of this Separation Agreement.

4. **No Consideration Absent Execution of this Agreement**. Employee understands and agrees that Employee would not receive the consideration specified in Section 2 above, except for Employee's execution of this Separation Agreement and the fulfillment of the promises contained herein.

5. **COBRA Benefits**. Employee understands and agrees that Employee's right to benefits under Employer's health and welfare benefit program, if any, shall be limited to and governed by those set forth under the Consolidated Omnibus Budget Reconciliation Act ("COBRA").

6. **General Release, Claims Not Released, and Related Provisions**.

(a) **General Release of Claims**. Employee, individually and on behalf of Employee's heirs, executors, administrators, representatives, attorneys, successors, and assigns, knowingly and voluntarily releases and forever discharges Employer, including its affiliates, subsidiaries, divisions, predecessors, insurers, successors, and assigns, and their current and former employees, representatives, attorneys, officers, directors, and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and the trustees, administrators, representatives, fiduciaries, and insurers of such plans and programs (collectively, the "Released Parties"), to the fullest extent permitted by law, of and from any and all claims, known and unknown, asserted and unasserted, which Employee has or may have against the Released Parties as of the date of execution of this Separation Agreement, including, but not limited to, any alleged violation of:

Title VII of the Civil Rights Act of 1964;

The Civil Rights Act of 1991;

Sections 1981 through 1988 of Title 42 of the United States Code, as amended;

The Employee Retirement Income Security Act of 1974 ("ERISA") (as modified below);

The Immigration Reform and Control Act;

The Americans with Disabilities Act of 1990;

The Age Discrimination in Employment Act of 1967 ("ADEA");

The Workers Adjustment and Retraining Notification Act;

The Occupational Safety and Health Act;

The Sarbanes-Oxley Act of 2002;

The Fair Credit Reporting Act;

The Family and Medical Leave Act;

The Equal Pay Act;

The Genetic Information Nondiscrimination Act of 2008;

The California Family Rights Act – Cal. Gov't Code § 12945.2;

The California Fair Employment and Housing Act – Cal. Gov't Code § 12900 et seq.;

The California Unruh Civil Rights Act – Cal. Civ. Code § 51 et seq.;

Statutory Provisions Regarding the Confidentiality of AIDS Information – Cal. Health & Safety Code § 120775 et seq.;

The California Confidentiality of Medical Information Act – Cal. Civ. Code § 56 et seq.;

The California Parental Leave Law – Cal. Lab. Code § 230.7 et seq.;

The California Apprenticeship Program Bias Law – Cal. Lab. Code § 3070 et seq.;

The California Equal Pay Law – Cal. Lab. Code § 1197.5;

The California Whistleblower Protection Law – Cal. Lab. Code § 1102.5;

The California Military Personnel Bias Law – Cal. Mil. & Vet. Code § 394;

Statutory Provisions Regarding California Family and Medical Leave – Cal. Lab. Code § 233;

Statutory Provisions Regarding California Electronic Monitoring of Employees – Cal. Lab. Code § 435;

The California Occupational Safety and Health Act, as amended, California Labor Code § 6300 et seq., and any applicable regulations thereunder;

The California Obligations of Investigative Consumer Reporting Agencies Law – Cal. Civ. Code § 1786.10 et seq.;

The California Political Activities of Employees Law – Cal. Lab. Code § 1101 et seq.;

The California Domestic Violence Victim Employment Leave Law – Cal. Lab. Code § 230.1;

The California Court Leave Law – Cal. Lab. Code § 230;

Those other provisions of the California Labor Code that lawfully may be released;

Any other federal, state or local civil or human rights law or any other federal, state or local law, regulation or ordinance;

Any public policy, contract (express or implied), tort or common law; or

Any basis for recovering costs, fees or other expenses, including attorneys' fees, incurred in these matters, unless specifically not released as described in Section 6(b) below.

(b) **Claims Not Released**. Employee is not waiving any rights Employee may have to: (i) Employee's own vested accrued employee benefits under Employer's health, welfare, or retirement benefit plans as of the Separation Date; (ii) benefits or rights to seek benefits under applicable workers' compensation or unemployment insurance or indemnification statutes; (iii) pursue claims that by law cannot be waived by signing this

Separation Agreement; (iv) enforce this Separation Agreement; or (v) challenge the validity of this Separation Agreement.

(c) **Government Agencies**. Nothing in this Separation Agreement prohibits or prevents Employee from filing a charge with or participating, testifying, or assisting in any investigation, hearing, action, or other proceeding before any federal, state, or local government agency (*e.g*. EEOC, NLRB, U.S. Securities and Exchange Commission ("SEC"), *etc*.), nor does anything in this Separation Agreement preclude, prohibit, or otherwise limit, in any way, Employee's rights and abilities to contact, communicate with, report matters to, or otherwise participate in any whistleblower program administered by any government agencies. In addition, nothing in this Separation Agreement, including, but not limited to, the release of claims, prohibits Employee from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity, including, but not limited to, the DOJ, the SEC, the U.S. Congress, or any agency Inspector General; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including, but not limited to, any such programs managed by the SEC or the Occupational Safety and Health Administration. However, to the maximum extent permitted by law and expressly excluding Employee's participation in the above-described federal whistleblower programs, Employee agrees that Employee shall not be entitled to recover any individual monetary relief or other individual remedies in connection with an Employee-initiated administrative claim.

(d) **Collective/Class Action Waiver**. If any claim is not subject to release, to the extent permitted by law, Employee waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective, or multi-party action or proceeding based on such a claim in which any one or more Released Parties is involved.

7. **Waiver of California Civil Code section 1542.** To effect a full and complete general release as described above, Employee expressly waives and relinquishes all rights and benefits of section 1542 of the Civil Code of the State of California, and does so understanding and acknowledging the significance and consequence of specifically waiving rights under section 1542. Section 1542 of the Civil Code of the State of California states as follows:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Thus, notwithstanding the provisions of section 1542, and to implement a full and complete release and discharge of the Released Parties, Employee expressly acknowledges this Separation

Agreement is intended to include in its effect, without limitation, all claims Employee does not know or suspect to exist in Employee's favor at the time of signing this Separation Agreement, and that this Separation Agreement contemplates the extinguishment of any such claims. Employee affirms that Employee has read this Separation Agreement, including this waiver of California Civil Code section 1542, and that Employee has consulted with or had the opportunity to consult with counsel of Employee's choosing about this Separation Agreement and specifically about the waiver of section 1542, and that Employee understands this Separation Agreement and the waiver of section 1542, and so Employee freely and knowingly enters into this Separation Agreement. Employee further acknowledges that Employee later may discover facts different from or in addition to those Employee now knows or believes to be true regarding the matters released or described in this Separation Agreement, and even so Employee agrees that the releases and agreements contained in this Separation Agreement shall remain effective in all respects notwithstanding any later discovery of any different or additional facts. Employee expressly assumes any and all risk of any mistake in connection with the true facts involved in the matters, disputes, or controversies released or described in this Separation Agreement or with regard to any facts now unknown to Employee relating thereto.

8. **Acknowledgements and Affirmations**.

(a) Employee affirms that Employee has not filed or caused to be filed any claim, complaint, or action against any of the Released Parties in any forum or form, and that Employee presently is not a party to any claim, complaint, or action against any of the Released Parties in any forum or form.

(b) Employee further affirms that Employee has reported all hours worked as of the date of execution of this Separation Agreement and timely has been paid or has received all compensation, wages, bonuses, commissions, and benefits that are due and payable as of the date of execution of this Separation Agreement.

(c) Employee also affirms that Employee has no known workplace injuries or occupational diseases and that Employee has been granted or has not been denied any leave to which Employee was entitled under the Family and Medical Leave Act or disability accommodation laws.

(d) Employee affirms that all of Employer's decisions regarding Employee's pay and benefits through the date of Employee's execution of this Separation Agreement were not discriminatory based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, medical condition, age, pregnancy, denial of medical and family care leave, pregnancy disability leave, or any other classification protected by law.

(e) Employee affirms that as of the date Employee signs this Separation Agreement, Employee is not Medicare eligible (*i.e.*, is not sixty-five (65) years of age or older; is not suffering from end-stage renal failure; has not received Social Security Disability Insurance benefits for twenty-four (24) months or longer, *etc.*). Nonetheless, if the Centers for Medicare & Medicaid Services (the "CMS") (this term includes any related agency representing Medicare's interests) determines that Medicare has an interest in the payment to Employee under this Separation Agreement, Employee agrees to indemnify, defend, and hold the Released Parties harmless from any action by the CMS relating to medical expenses of Employee. Employee agrees to reasonably cooperate with the Released Parties upon request with respect to (i) any information needed to satisfy the reporting requirements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007, and (ii) any claim the CMS may make and for which Employee is required to indemnify the Released Parties under this Section. Further, Employee agrees to waive any and all future actions against the Released Parties for any private cause of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A).

9. **<u>Limited Disclosure/Confidentiality</u>**.

(a) For purposes of this Section 9, "Confidential Information" is defined as: information relating to the Employer (and its affiliates) that is proprietary and/or confidential to the Employer and that is not generally known by or readily accessible to the public (unless due to a wrongful disclosure by Employee). Confidential Information includes, but is not limited to, to the maximum extent permitted by law: financial data, employee data, operational data, prices, costs, bids, estimates, plans, blueprints, drawings and project descriptions; legal, accounting, marketing and business plans, strategies and techniques; trade secrets and other formulas; and the identity and requirements of the customers/clients, suppliers, vendors or potential customers/clients of the Employer or any of its affiliates.

(b) Employee further agrees that Confidential Information shall include: the fact of this Separation Agreement, the contents of this Separation Agreement (including the amount paid as consideration), and the discussions leading up to this Separation Agreement.

(c) Employee agrees that Employee will not publicize or disclose, or cause or knowingly permit or authorize the disclosure of, any Confidential Information to any person, firm, organization, or entity of any and every type, public or private, for any reason, at any time, without the prior written consent of Employer unless otherwise compelled or permitted by operation of law. The Parties acknowledge their intention that the provisions of this Section 9 create no liability for disclosures made: (i) by persons from public information released prior to Employee's execution of this Separation Agreement; (ii) pursuant to Section 17 below to enforce the terms of this Separation Agreement; or (iii) as otherwise compelled or permitted by operation of law.

(d) Employee acknowledges the confidentiality provisions of this Section 9 constitute a material inducement to Employer to enter into this Separation Agreement and represents that Employee has not directly or indirectly disclosed any Confidential

Information to any third-party prior to Employee's execution of this Separation Agreement. In view of the nature of Employee's employment and the nature of Confidential Information Employee received during the course of Employee's employment, Employee agrees that any unauthorized disclosure to third-parties of Confidential Information or other violation, or threatened violation, of this Separation Agreement would cause irreparable damage to the confidential or trade secret status of Confidential Information and to Employer, and that, therefore, Employer, and each person constituting Employer hereunder, shall be entitled to an injunction prohibiting Employee from any such disclosure, attempted disclosure, violation, or threatened violation.

(e) Notwithstanding the foregoing, Employee is permitted to disclose the contents of this Separation Agreement to Employee's spouse, tax advisors, or attorneys with whom Employee chooses to consult regarding Employee's consideration of this Separation Agreement. However, each such person to whom Employee discloses the contents of this Separation Agreement shall be bound to the confidentiality provisions hereof and any disclosure of the contents of this Separation Agreement by any such person shall constitute a breach by Employee of Section 9(a) above.

10. **Pre-Existing Agreements; Personal Information**.

(a) The Parties acknowledge and agree that with the exception of the non-solicitation provision (Section 3(h)) and choice of law provision (Section 7) contained in the "Proprietary Information and Inventions Agreement" signed by Employee on October 14, 2019 (the "PII Agreement"), which Sections 3 and 17 respectively of this Separation Agreement hereby amend, the terms and conditions set forth in the PII Agreement shall in no way be altered, modified, enhanced, diminished, or amended by this Separation Agreement, and that the PII Agreement stands alone, operates individually, and shall be enforced separately without reference to or effect by the Separation Agreement.

(b) Employee also affirms that Employee is in possession of all of Employee's property that Employee had at Employer's premises and that Employer is not in possession of any of Employee's property.

11. **Cooperation**. Upon reasonable advance written notice, Employee will make himself available to meet or speak informally with Employer or its representatives to answer questions to the best of his ability about any documents, or the meetings, conversations, transactions, or events described in such documents, that Employer reasonably believes to be relevant to any legal, regulatory, or investigatory proceeding or matter (formal or informal) related in whole or in part to the time period Employee was employed by Employer.

12. **Other Agreements**.

(a) Neither Employer nor Employee shall make any disparaging or defamatory remarks, in writing, orally, or electronically, about the other Party or, in the case of Employee, any of the Released Parties, or any of their respective practices, products, and services. This restriction applies to all formats and platforms now known or hereafter developed, whether written, printed, oral or electronic (including, without limitation, emails, blogs, internet and social media sites, "tweets," chat or news rooms, podcasts, webcasts or any online forum).

(b) Nothing in Section 9 or Section 12(a) is intended to or shall be interpreted to restrict the respective rights and or obligations of Employee: (i) to testify truthfully in any forum; (ii) to contact, cooperate with, or provide truthful testimony and information to any government agency or commission; (iii) to comply with any law or legal duty; or (iv) to seek to enforce this Agreement. Employee is not required to contact Employer regarding the subject matter of any such communications before engaging in such communications. Further, this Section does not in any way restrict or impede Employee from complying with any valid order of a court of competent jurisdiction or an authorized government agency; *provided, however,* that such compliance shall not exceed the extent required by such order.

13. **Nonadmission of Wrongdoing**. The Parties agree that neither this Separation Agreement nor the furnishing of the consideration for this Separation Agreement shall be deemed or construed at any time for any purpose as an admission by the Released Parties of wrongdoing or evidence of any liability or unlawful conduct of any kind.

14. **Job References**. Employee shall direct all individuals inquiring about Employee’s employment with Employer to Employer’s Human Resources Department, which will follow Employer’s policy by responding with only Employee’s last position and dates of employment; provided, however, that this provision shall not apply to any request from a prospective employer who provides a release signed by Employee pursuant to the Fair Credit Reporting Act or any state counterpart. Employer will not disclose to a prospective employer the circumstances of Employee’s separation, including whether it was voluntary or involuntary, but will respond truthfully to any requests for information from any government agency.

15. **Consideration and Revocation Periods – Notice**.

(a) Employee acknowledges that Employee already has attained the age of forty (40) and understands that this is a full release of all existing claims, whether currently known or unknown, including, but not limited to, claims for age discrimination under the Age Discrimination in Employment Act.

(b) Employee further acknowledges that Employee has been advised to consult with an attorney of Employee’s own choosing before signing this Separation

Agreement, in which Employee waives important rights, including those under the Age Discrimination in Employment Act.

(c) By executing this Separation Agreement, Employee also acknowledges that Employee has been afforded at least twenty-one (21) calendar days to consider the meaning and effect of this Separation Agreement and to discuss the contents and meaning of this Separation Agreement, as well as the alternatives to signing this Separation Agreement, with an attorney of Employee's choosing. Employee agrees that the twenty-one (21) day consideration period began on the date this Separation Agreement first was delivered to Employee and that if Employer changes any of the terms of the offer contained in this Separation Agreement (whether the changes are material or not), the twenty-one (21) day consideration period shall not be restarted but shall continue without interruption.

(d) Employee understands that the releases contained in this Separation Agreement do not extend to any rights or claims that Employee has under the Age Discrimination in Employment Act that first arise after execution of this Separation Agreement.

(e) If Employee signs this Separation Agreement before the twenty-one (21) day consideration period expires, the seven (7) day revocation period (described in Section 15(f) below) immediately shall begin. If Employee signs this Separation Agreement before the twenty-one (21) day consideration period expires, Employee agrees that Employee knowingly and voluntarily has accepted the shortening of the twenty-one (21) day consideration period and that Employer has not promised Employee anything or made any representations that are not contained in this Separation Agreement. In addition, if Employee signs this Separation Agreement before the twenty-one (21) day consideration period expires, Employee acknowledges and affirms that Employer has not threatened to withdraw or alter the offer contained in this Separation Agreement prior to the expiration of the twenty-one (21) day consideration period.

(f) Employee may revoke this Separation Agreement for a period of seven (7) calendar days following the date Employee signs it. Any revocation during this period must be submitted in writing and state, "I hereby revoke my acceptance of our Confidential Separation Agreement and General Release of All Claims." **The revocation must be emailed to Alan Reid (alan.reid@sanmina.com) within seven (7) calendar days after Employee's execution of this Separation Agreement.** This Separation Agreement shall not become effective and enforceable until the seven (7) day revocation period has expired.

16. **Effective Date**. Unless revoked, this Separation Agreement shall be effective on the eighth (8^{th}) day after the date on which Employee executes it.

17. **Final and Binding Arbitration and Governing Law**. The Parties agree that in the event any disputes arise relating to the terms of this Agreement, their interpretation, and any of the matters herein released, the Parties shall submit such disputes to final and binding

arbitration in San Jose, California before the American Arbitration Association (AAA) applying the laws of the State of California, notwithstanding any conflict of laws rules. Employer shall be responsible for any arbitration filing fee and other case management or administrative fee required by AAA. The cost of the arbitrator and, if charged separately, meeting room will be split equally between the Parties. In an action to enforce any term or terms of this Agreement or to seek damages for breach of this Agreement, the prevailing party in that action shall be entitled to recover costs and reasonable attorney's fees.

18. **Amendment**. This Separation Agreement may not be modified, altered, or changed except in writing and signed by both Parties wherein specific reference is made to this Separation Agreement.

19. **Miscellaneous**.

(a) This Separation Agreement may be signed in counterparts, both of which shall be deemed an original, but both of which, taken together shall constitute the same instrument. A signature made on a faxed or electronically mailed copy of the Separation Agreement or a signature transmitted by facsimile or electronic mail shall have the same effect as the original signature.

(b) The section headings used in this Separation Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify, or otherwise be used in the interpretation of any of the provisions hereof.

(c) This Separation Agreement was the result of negotiations between the Parties. In the event of vagueness, ambiguity, or uncertainty, this Separation Agreement shall not be construed against the Party preparing it, but shall be construed as if both Parties prepared it jointly.

(d) If Employee or Employer fails to enforce this Separation Agreement or to insist on performance of any term, that failure does not constitute a waiver of that term or of the Separation Agreement. The Separation Agreement remains in full force and effect anyway.

20. **Entire Agreement**. This Separation Agreement sets forth the entire agreement between the Parties, and fully supersedes any prior agreements or understandings between the Parties, except the PII Agreement specifically identified in Section 10(a), which is incorporated (as amended by this Separation Agreement) herein by reference. Employee acknowledges that Employee has not relied on any representations, promises, or agreements of any kind made to Employee in connection with Employee's decision to accept this Separation Agreement, except for those set forth in this Separation Agreement.

EMPLOYEE UNDERSTANDS AND ACKNOWLEDGES THAT EMPLOYEE HAS UP TO TWENTY-ONE (21) CALENDAR DAYS TO REVIEW THIS SEPARATION AGREEMENT PRIOR TO SIGNING IT. EMPLOYEE FURTHER UNDERSTANDS AND ACKNOWLEDGES THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS SEPARATION AGREEMENT DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

FOR THE AVOIDANCE OF ANY DOUBT, IF EMPLOYEE ELECTS NOT TO SIGN THIS SEPARATION AGREEMENT WITHIN THE TWENTY-ONE CALENDAR DAY CONSIDERATION PERIOD, THE EMPLOYER'S OFFER OF CONSIDERATION WILL BE, AND WILL BE DEEMED, WITHDRAWN WITHOUT FURTHER ACTION OR NOTICE, AND THIS SEPARATION AGREEMENT, AND EACH OF ITS TERMS, SHALL BE NULL AND VOID.

HAVING ELECTED TO EXECUTE THIS SEPARATION AGREEMENT, TO FULFILL THE PROMISES AND TO RECEIVE THE CONSIDERATION SET FORTH IN SECTION 2 **ABOVE, EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS SEPARATION AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EMPLOYEE HAS OR MIGHT HAVE AGAINST THE RELEASED PARTIES AS OF THE DATE OF EXECUTION OF THIS SEPARATION AGREEMENT.**

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Separation Agreement as of the date set forth below:

Executed on December 13, 2023 ____/s/ Kurt Adzema________________
KURT ADZEMA

SANMINA CORPORATION

Executed on December 13, 2023 By: ___/s/ Alan Reid____________________
Alan Reid
Executive Vice President, Global Human Resources

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Jure Sola, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sanmina Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 31, 2024

/s/ JURE SOLA

Jure Sola
Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Jonathan Faust, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sanmina Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 31, 2024

/s/ JONATHAN FAUST

Jonathan Faust

Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

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

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

1. The Company's Quarterly Report on Form 10-Q for the period ended December 30, 2023, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

IN WITNESS WHEREOF, the undersigned has set his hand hereto as of January 31, 2024.

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

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

EXHIBIT 32.2

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

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

1. The Company's Quarterly Report on Form 10-Q for the period ended December 30, 2023, to which this Certification is attached as Exhibit 32.2 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

IN WITNESS WHEREOF, the undersigned has set his hand hereto as of January 31, 2024.

/s/ JONATHAN FAUST
Jonathan Faust
Chief Financial Officer (Principal Financial Officer)

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