

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

(Mark one)

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

For the fiscal year ended **October 1, 2022**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number **0-21272**

**Sanmina Corporation**

(Exact name of registrant as specified in its charter)

**DE**

(State or other jurisdiction of incorporation or organization)

**77-0228183**

(I.R.S. Employer Identification Number)

**2700 N. First St., San Jose CA**

(Address of principal executive offices)

**95134**

(Zip Code)

Registrant's telephone number, including area code:

**408 964-3500**

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

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

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

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

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

Large Accelerated Filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Emerging growth company

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

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

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was approximately \$1,453,429,173 as of April 2, 2022 based upon the last reported sale price of the common stock on the NASDAQ Global Select Market on April 1, 2022.

As of November 3, 2022, the number of shares outstanding of the registrant's common stock was 57,429,717.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information is incorporated into Part III of this report by reference to the Proxy Statement for the registrant's 2023 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K.

# SANMINA CORPORATION

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## Item 1. *Business*

### Overview

Sanmina Corporation (“we” or “Sanmina” or the “Company”) is a leading global provider of integrated manufacturing solutions, components, products and repair, logistics and after-market services. We provide these comprehensive offerings primarily to original equipment manufacturers, or OEMs, in the following industries: industrial, medical, defense and aerospace, automotive, communications networks and cloud infrastructure. The combination of our advanced technologies, extensive manufacturing expertise and economies of scale enables us to meet the specialized needs of our customers. We were originally incorporated in Delaware in May 1989.

Our end-to-end solutions, combined with our global expertise in supply chain management, enable us to manage our customers' products throughout their life cycles. These solutions include:

- product design and engineering, including concept development, detailed design, prototyping, validation, preproduction services and manufacturing design release and product industrialization;
- manufacturing of components, subassemblies and complete systems;
- high-level assembly and test;
- direct order fulfillment and logistics services;
- after-market product service and support; and
- global supply chain management.

We operate in the Electronics Manufacturing Services (EMS) industry and manage our operations as two businesses:

- 1) Integrated Manufacturing Solutions (IMS). Our IMS business consists of printed circuit board assembly and test, high-level assembly and test and direct-order-fulfillment. This segment generated approximately 80% of our total revenue in 2022.
- 2) Components, Products and Services (CPS). Components include printed circuit boards, backplanes and backplane assemblies, cable assemblies, fabricated metal parts, precision machined parts, and plastic injected molded parts. Products include memory solutions from our Viking Technology division; high-performance storage platforms for hyperscale and enterprise solutions from our Viking Enterprise Solutions (VES) division; optical, radio frequency (RF) and microelectronic (microE) design and manufacturing services from Advanced Microsystems Technologies; defense and aerospace products from SCI Technology; and cloud-based manufacturing execution software from our 42Q division. Services include design, engineering and logistics and repair. CPS generated approximately 20% of our total revenue in 2022.

We service our customers from 24 countries on five continents. We locate our facilities near our customers and their end markets in major centers for the electronics industry or in lower cost locations. Many of our operations located near our customers and their end markets are focused primarily on new product introduction, lower-volume, higher-complexity component and subsystem manufacturing and assembly, and high-level assembly and test. Our operations located in lower cost areas engage primarily in higher-volume component and subsystem manufacturing and assembly for both higher and lower complexity products.

As one of the largest global manufacturing solutions providers, we are able to capitalize on our competitive strengths including our:

- customer-focused organization with 34,000 employees;
- mission critical end-to-end solutions;
- product design and engineering resources;
- vertically integrated global/regional manufacturing capabilities;
- comprehensive IT systems and flexible global supplier base;
- expertise in serving diverse end markets; and

- expertise in industry standards and regulatory requirements.

## Industry Overview

EMS companies are the principal beneficiaries of the increased use of outsourced manufacturing services by the electronics and other industries. Outsourced manufacturing refers to an OEM's use of EMS companies to manufacture their products, rather than using internal manufacturing resources. As the EMS industry has evolved, OEMs have increased their reliance on EMS companies for end-to-end services including product design and engineering, manufacturing, high-level assembly and test, direct-order-fulfillment and logistics services, after-market product service and support, and global supply chain management.

We believe OEMs will continue to outsource manufacturing because it allows them to:

- focus on core competencies;
- access leading design and engineering capabilities;
- optimize their supply chain while reducing risk and maximizing purchasing power;
- reduce operating costs and capital investment;
- access global manufacturing services; and
- accelerate time to market.

## Our Business Strategy

Our vision is to be the trusted leader in providing mission critical products, services and supply chain solutions to accelerate customer success. Key elements of our business strategy to deliver this vision include:

***Capitalizing on Our Comprehensive Solutions.*** Capitalizing on our end-to-end solutions allows us to sell additional solutions to our existing customers and attract new customers. Our end-to-end solutions include product design and engineering, manufacturing, high-level assembly and test, direct order fulfillment and logistics services, after-market product service and support, and global supply chain management. Our vertically integrated manufacturing solutions enable us to manufacture additional system components and subassemblies for our customers. When we provide a customer with a number of services, such as component manufacturing or higher value-added solutions, we can often improve our margins and profitability. Consequently, our goal is to increase the number of manufacturing programs for which we provide multiple solutions. To achieve this goal, our sales and marketing organization seeks to cross-sell our solutions to customers.

***Extending Our Technology Capabilities.*** We rely on advanced processes and technologies to provide our products, components and vertically integrated manufacturing solutions. We continually improve our manufacturing processes and develop more advanced technologies, providing a competitive advantage to our customers. We work with our customers to anticipate their future product and manufacturing requirements and align our technology investment activities with their needs. We use our design expertise to develop product technology platforms that we can customize by incorporating other components and subassemblies to meet the needs of particular OEMs. These technologies enhance our ability to manufacture complex, high-value added products, maximizing our potential to continue to win business from existing and new customers.

***Attracting and Retaining Long-Term Customer Partnerships.*** A core component of our strategy is to attract, build and retain long-term partnerships with companies in growth industries that will benefit from our global/regional footprint and unique value proposition in advanced electronics manufacturing.

***Promoting New Product Introduction (NPI) and Joint Design Manufacturing (JDM) Solutions.*** As a result of customer feedback and our customers' desire to manage research and development expenses, we offer product design services to develop systems and components jointly with our customers. Our NPI services include quick-turn prototyping, supply chain readiness, functional test development, and release-to-volume production. In a JDM model, our customers bring market knowledge and product requirements, and we bring complete design engineering and NPI services. Our design engineering offerings include product architecture development, detailed design, simulation, test and validation, system integration, regulatory and qualification services.

***Continuing to Penetrate Diverse End Markets.*** We focus our marketing and sales efforts on major end markets within the electronics technology industry. We target markets we believe offer significant growth opportunities and for which OEMs sell mission critical products that are subject to strict regulatory requirements and/or rapid technological change because the

manufacturing of these products requires higher value-added services. We seek to diversify our business across market segments and customers to reduce our dependence on any particular market or customer.

***Pursuing Strategic Transactions.*** We continually seek to identify and undertake strategic transactions that give us the opportunity to grow our business by accessing new customers' products, manufacturing solutions, repair service capabilities, intellectual property, technologies and geographic markets.

***Continuing to Seek Cost Savings and Efficiency Improvements.*** We seek to optimize our facilities to provide cost-effective services for our customers. We continue to invest in factory automation, process improvements, robotics and AI to further enhance our efficiency output. We maintain extensive operations in lower cost locations, including Latin America, Eastern Europe, China, Southeast Asia and India, and we plan to expand our presence in these lower cost locations as appropriate to meet the needs of our customers. We believe we are well positioned to take advantage of future opportunities on a global/regional basis.

## **Our Competitive Strengths**

We believe our competitive strengths differentiate us from our competitors and enable us to better serve the needs of OEMs. Our competitive strengths include:

***End-to-End Solutions.*** We provide solutions throughout the world to support our customers' products during their entire life cycle, from product design and engineering, through manufacturing, to direct order fulfillment, logistics and after-market product service and support. Our end-to-end solutions are among the most comprehensive in the industry because we focus on adding value before and after the actual manufacturing of our customers' products. These solutions also enable us to 1) provide our customers with a single source of supply for their design, supply chain and manufacturing needs, 2) reduce the time required to bring products to market and 3) lower product costs, while allowing our customers to focus on those activities they expect to add the highest value to their business. We believe our end-to-end solutions allow us to develop closer relationships with our customers and more effectively compete for their future business.

***Product Design and Engineering Resources.*** We provide product design and engineering services for new product designs, cost reductions and Design-for-Manufacturability/Assembly/Test (DFx). Our engineers work with our customers during the complete product life cycle. Our design and NPI centers provide turnkey system design services, including: electrical, mechanical, thermal, software, layout, simulation, test development, design verification, validation, regulatory compliance and testing services. We design high-speed digital, analog, radio frequency, mixed-signal, wired, wireless, optical and electro-mechanical modules and systems.

Our engineering engagement models include Joint Design Manufacturing (JDM), Contract Design Manufacturing (CDM) and consulting engineering for DFx, Value Engineering (cost reduction re-design), and design for global environmental compliance regulations such as the European Union's Restrictions of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE). We focus on industry segments that include industrial, medical, defense and aerospace, automotive, communications networks and cloud infrastructure. System solutions for these industry segments are supported by our vertically integrated component technologies, namely printed circuit boards, backplanes, enclosures, cable assemblies, precision machining, plastics, memory modules, and optical, RF and microelectronics modules.

In these engagement models, our customers bring market knowledge and product requirements and we provide complete design engineering and new product introductions (NPI) services. For JDM products, the intellectual property is typically jointly owned by us and the customer, and we perform manufacturing and logistics services. For CDM projects, customers pay for all services and own the intellectual property.

***Vertically Integrated Manufacturing Solutions.*** We provide a range of vertically integrated manufacturing solutions, including high-technology components, new product introduction and test development services. These solutions are provided in every major region worldwide, with design and prototyping close to our customer's product development centers. Our customers benefit significantly from our experience in these areas, including product cost reduction, minimization of assets deployed for manufacturing, accelerated time-to-market and a simplified supply chain. Key system components we manufacture include high-technology printed circuit boards and printed circuit board assemblies, backplanes and backplane assemblies, cable assemblies, fabricated metal parts, precision machined parts, plastic injected molded parts, and optical and RF modules and memory modules. These components and sub-assemblies are integrated into a final product or system, configured and tested to our customer's or the end-customer's specifications and delivered to the final point of use, with us managing the entire supply chain. By manufacturing system components and subassemblies ourselves, we enhance continuity of supply and reduce costs for our customers.

Customers also benefit from our combined design, technology and manufacturing experience with specific products and markets. For example, in communications networks, we have over 40 years of experience in developing high-speed printed circuit boards (PCBs) and backplanes. Examples of products for which our experience and vertically integrated model provide competitive advantage include wireless base stations, network switches, routers and gateways, optical switches, servers and storage appliances, automotive products, avionics and satellite systems, magnetic resonance imaging (MRI) and computer tomography (CT) scanners, and equipment used in semiconductor manufacturing processes, including equipment for photolithography, chemical mechanical polishing, vapor deposition and robotics for wafer transfer. For these and many other products, customers can gain a competitive advantage with our manufacturing technology, while reducing the capital requirements associated with manufacturing and global supply chain management.

***Advanced Component Technologies.*** We provide advanced component technologies, which we believe allow us to differentiate ourselves from our competitors. These advanced technologies include the fabrication of complex printed circuit boards, backplanes and backplane assemblies, cable assemblies fabricated metal parts, precision machined parts, plastic injected molded parts, memory modules, and optical, RF and microelectronics modules. For example, we produce some of the most advanced printed circuit boards and backplanes in the world that are manufactured with a range of low signal loss, high-performance materials and include features such as buried capacitance and thin-film resistors, high-density interconnects and micro via technology. We also manufacture high-density rigid-flex printed circuit boards with up to 32 layers and 8 transition layers for the defense and aerospace markets and high-end medical electronics market.

Our printed circuit board assembly technologies include micro ball grid arrays, chip scale packages, fine-pitch discretes and small form factor radio frequency and optical components, chip on board, as well as advanced packaging technologies used in high pin count applications for specific integrated circuits and network processors. We use innovative design solutions and advanced metal forming techniques to develop and fabricate high-performance indoor and outdoor chassis, enclosures, racks and frames. Our assembly services use advanced technologies, including precision optical alignment, multi-axis precision stages and machine vision technologies. We use sophisticated procurement and production management tools to manage inventories for our customers and ourselves as effectively as possible. We have also developed build-to-order (BTO) and configure-to-order (CTO) systems and processes that enable us to manufacture and ship finished systems in as little as 8 hours after receipt of an order. We utilize a centralized Technology Council to coordinate the development and introduction of new technologies to meet our customers' needs in various locations and to increase technical collaboration among our facilities and divisions.

***Global Manufacturing Capabilities.*** Most of our customers compete and sell their products on a global basis. As such, they require global solutions that include regional manufacturing for selected end markets, especially when time to market, local manufacturing or content and low cost solutions are critical objectives. Our global network of manufacturing facilities provides our customers a combination of sites to maximize both the benefits of regional and low cost manufacturing solutions and repair services. In addition to our manufacturing and repair locations, we support our customers' logistics and repair requirements through a certified partner network.

To manage and coordinate our global operations, we employ an enterprise-wide Enterprise Resource Planning (ERP) system at substantially all of our manufacturing locations that operates on a single IT platform and provides us with company-wide inventory planning and purchasing capabilities. This system enables us to standardize planning and purchasing at the facility level and to optimize inventory visibility and management, improve asset utilization worldwide and reduce risk throughout the entire product lifecycle. Our systems also enable our customers to receive key information regarding the status of their programs.

We purchase large quantities of electronic components and other materials from a wide range of suppliers. We are committed to selecting ethical business partners that adhere to the Responsible Business Alliance (RBA) Code of Conduct. Our primary supply chain goal is to consolidate our global spend to create the synergy and leverage to drive our supply base for better cost competitiveness, more favorable terms and leading-edge supply chain solutions. As a result, we often receive favorable terms and supply chain solutions from suppliers, which generally enables us to provide our customers with greater total cost reductions than they could obtain themselves. Our strong supplier relationships are beneficial when electronic components and other materials are in short supply and provide us the necessary support to better optimize the use of our inventories.

Supply chain management also involves the planning, purchasing, transportation and warehousing of product components. We use state of the art production management systems to manage our procurement and manufacturing processes in an efficient and cost-effective manner. We collaborate with our customers to enable us to respond to their changing component requirements and to reflect any changes in these requirements in our ERP system. This system enables us to forecast

future supply and demand imbalances and develop strategies to help our customers manage their component requirements, especially during supply shortages that have affected our industry in the recent past. Our enterprise-wide ERP systems provide us with company-wide information regarding component inventories and orders to help optimize inventories, planning and purchasing at the facility level.

***Customer-Focused Organization.*** We believe customer relationships are critical to our success and we are focused on providing a high level of customer service. Account teams led by global account managers are directly responsible for account management. Global account managers coordinate the additional resources required to facilitate customer-specific solutions. As needed, these teams may include subject matter experts in design, specific technology components, services, products, and supply chain. These teams create the hub for interaction between the customer and our locations, providing local support to customers worldwide.

***Expertise in Serving Diverse End Markets.*** We have experience in serving customers in the industrial, medical, defense and aerospace, automotive, communications networks and cloud infrastructure end markets. Our diversification across end markets reduces our dependence upon any one customer or end market. In order to service to the specialized needs of customers in particular market segments, we have dedicated personnel, and in some cases facilities, with industry-specific capabilities and expertise.

***Expertise in Industry Standards and Regulatory Requirements.*** We maintain compliance with industry standards and regulatory requirements applicable to certain markets, including, among others, medical, automotive and defense and aerospace.

## **Our Products and Solutions**

We offer our OEM customers a diverse set of products and solutions with a focus on wireless, wireline and optical communications and network infrastructure equipment, such as switches, routers and base stations, computing and storage systems, defense and commercial avionics and communications, medical imaging, diagnostic and patient monitoring systems, semiconductor tools for metrology, lithography, dry and wet processing, industrial products, including large format printers and automated teller machines, energy and clean technology products such as solar and wind energy components, LED lighting, smart meters and battery systems, electric vehicle power control (and charging) systems, automotive infotainment devices, and automotive engine-control modules. These products may require us to use some or all of our end-to-end solutions, including design, component technologies and logistics and repair services.

***Integrated Manufacturing Solutions*** includes:

***Printed Circuit Board Assembly and Test.*** To meet the ever-changing needs across our diverse customer base, we continue to evolve in support of their current and future requirements. PCBAs are at the core of all electronic systems, and we continue to work to ensure that our PCBA manufacturing capabilities are aligned with the requirements for such systems. Printed circuit board assembly involves attaching electronic components, such as integrated circuits, capacitors, microprocessors, resistors, memory modules, and connectors to printed circuit boards. The most common technologies used to attach components to printed circuit boards employ surface mount technology (SMT) and pin-through-hole assembly (PTH) and press-fit technology for connectors. We use SMT, PTH, press-fit and other attachment technologies focused on miniaturization and increasing the density of component placement on printed circuit boards. These technologies, which support the needs of our customers to provide greater functionality in smaller products, include chip-scale packaging, ball grid array, direct chip attach and high density interconnect. We perform in-circuit and functional testing of printed circuit board assemblies. In-circuit testing verifies that all components are properly inserted and attached and that electrical circuits are complete. Functional tests are performed to confirm the board or assembly operates in accordance with its final design and manufacturing specifications. We design and procure test fixtures and develop our own test software or use our customers' test fixtures and test software. In addition, we provide environmental stress tests of the board or assembly that are designed to confirm that the board or assembly will meet the environmental stresses, such as heat, to which it will be subjected.

***High-Level Assembly and Test.*** We provide high-level assembly and test in which assemblies and modules are combined to form complete, finished products. Examples include complex electro-mechanical assemblies, fluid and blood analysis systems, food dispensing equipment, diagnostic medical devices, high-voltage power management systems, rotating x-ray equipment for airport security, particle analyzers for homeland security and motorized magnetic resonance imaging units. Our facilities also support full system level assembly and test and logistic support for a variety of complex electronic systems, including radio base stations and transmission equipment for 5G wireless networks, optical central offices and wireline switching and routing hardware, server and storage systems for data centers, carriers central offices and video streaming service providers, surgical controllers, ultrasound systems, patient monitoring systems, automotive sensor assemblies, and electric

vehicle power control systems and modules. With decades of experience in automated system assembly and test, we have focused on glucose meters, disposable sensors, IOT communication modules and disposable drug delivery systems. These products require highly specialized manufacturing capabilities and processes, as well as integrated IT systems and, in some cases, industry-specific certifications.

***Direct-Order-Fulfillment.*** We provide direct-order-fulfillment for our OEM customers. Direct-order-fulfillment involves receiving customer orders, configuring products to quickly fill the orders and delivering the products either to the OEM, a distribution channel, or directly to the end customer. We manage our direct-order-fulfillment processes using a core set of common systems and processes that receive order information from the customer and provide comprehensive supply chain management, including procurement and production planning. These systems and processes enable us to process orders for multiple system configurations and varying production quantities including single units. Our direct-order-fulfillment services include BTO and CTO capabilities: in BTO, we build a system with the particular configuration ordered by the OEM customer; in CTO, we configure systems to an end customer's order, for example by installing software desired by the end customer. The end customer typically places this order by choosing from a variety of possible system configurations and options. Using advanced manufacturing processes and a real-time warehouse management and data control system on the manufacturing floor, we can usually meet a 48 to 72 hour turn-around-time for BTO and CTO requests. We support our direct-order-fulfillment services with logistics that include delivery of parts and assemblies to the final assembly site, distribution and shipment of finished systems and processing of customer returns.

***Components, Products and Services*** includes:

***Product Design and Engineering.*** Our design and engineering groups provide customers with comprehensive services from initial product design and detailed product development to prototyping and validation, production launch and end-of-life support for a wide range of products covering all our market segments. These groups complement our vertically integrated manufacturing capabilities by providing component level design services for printed circuit boards, backplanes and a variety of electro-mechanical systems. Our offerings in design engineering include product architecture, detailed development, simulation, test and validation, integration and regulatory and qualification services, and our NPI services include quick-turn prototypes, functional test development and release-to-volume production. We also offer post-manufacturing and end-of-life support, including repair and sustaining engineering support through our Global Services division. We can also complement our customer's design team with our unique skills and services which can be used to develop custom, high-performance products that are manufacturable and cost optimized to meet product and market requirements. Such engineering services can help in improving a customer's time-to-market and cost-to-market objectives.

***Printed Circuit Boards.*** We produce a wide range of multilayer printed circuit boards on a global basis with high layer counts and fine line circuitry. Specialized production equipment along with an in-depth understanding of high performance laminate materials allow us to fabricate some of the largest form factor and highest speed circuit boards in the industry.

Our ability to support NPI and quick-turn fabrication followed by manufacturing in both North America and Asia allows our customers to accelerate their time-to-market as well as their time-to-volume. Standardized processes and procedures make transitioning of products easier for our customers. Our worldwide engineering teams support designers in Design for Manufacturability (DFM) analysis and assemblers with field applications support.

***Backplanes and Backplane Assemblies.*** Backplanes are typically very large printed circuit boards that serve as the backbones of sophisticated electronics products, such as internet routers. Backplanes provide interconnections for printed circuit board assemblies, power supplies, and other electronic components. We fabricate backplanes in our printed circuit board factories. Backplane fabrication is significantly more complex than printed circuit board fabrication due to the large size and thickness of the backplanes. We manufacture backplane assemblies by press-fitting high density connectors into plated through-holes in the fabricated backplane. In addition, many of the newer, advanced technology backplanes require surface-mounted attachment of components, including active high-pin count packages that come in a variety of sophisticated package types. These advanced assembly processes require specialized equipment and a strong focus on quality and process control. We often perform in-circuit and functional tests on backplane assemblies. We have developed proprietary technologies and process "know-how" which enable backplanes to run at data rates in excess of 50 gigahertz. We currently have capabilities to manufacture backplanes at greater than 60 layers in sizes up to 26x40 inches and up to a nominal thickness of 0.425 inches and in a wide variety of high performance laminate materials. These are among the largest and most complex commercially manufactured backplanes and the test equipment we have ensures the quality and performance of these backplane systems is "world class." We are capable of testing the signal integrity of these backplanes, and often also utilize state of the art x-ray equipment to verify defect-free installation of the new high density/high speed connectors.



**Cable Assemblies.** Cable assemblies are used to connect modules, assemblies and subassemblies, including backplane assemblies in electronic systems. We provide a broad range of cable assembly products and services, from cable assemblies and harnesses for automobiles to very complex harnesses for industrial products and semiconductor manufacturing equipment. We also provide mechanical assembly and integration services where we often assemble, integrate and test cables with electromechanical systems or sub-systems. We design and manufacture a broad range of high-speed data, radio frequency and fiber optic cabling products. We build cable assemblies that are used in power systems typically classified as low and medium voltage. Our manufacturing footprint with facilities in the U.S., the EU, Mexico and China enables us to support our customers' NPI and volume production needs on a global basis.

**Fabricated Metal Parts.** Parts that are fabricated from metal are often used in sub-assemblies and full enclosures, racks or cabinets that are used to house and protect complex, critical and fragile electronic components, modules and sub-systems so that the system's functional performance is not compromised due to mechanical, environmental or any other use conditions. Our mechanical systems manufacturing services are capable of fabricating mechanical components that range from single parts to complex enclosures, racks or cabinets and we often integrate these with various electronic components and sub-systems including backplane assemblies and cables with power and thermal management, and other sensor and control systems. Our services often will include overseeing specialist cleaning or surface treatments with our suppliers as well as painting using a variety of techniques in our own facilities.

**Precision Machined Parts.** We offer a suite of world-class precision machining services in the U.S. and Israel. We use advanced numerically controlled machines enabling the manufacture of components that are machined to very tight tolerances and we often perform further assembly services with these components in clean-room environments. Our capabilities include complex medium and large format mill and lathe machining of aluminum, stainless steel, plastics, ferrous and nonferrous alloys and exotic alloys. We also have helium and hydrostatic leak-test capabilities. By leveraging our established supply chain, we oversee lapping, anodizing, electrical discharge machining (EDM), heat-treating, cleaning, laser inspection, painting and packaging. We have specialized facilities supporting machining and complex integration with access to a range of state-of-the-art, computer-controlled machining equipment that can satisfy rigorous demands for production and quality and meet very tight tolerance specifications. With some of the largest horizontal milling machines in the U.S., we are a supplier of vacuum chamber systems for the semiconductor, flat-panel display, LED equipment, industrial, medical and AS9100-certified aerospace markets.

**Plastic Injection Molded Parts.** Plastic injection molded parts are used to create a vast array of everyday items, from very small intricate plastic parts to cosmetic enclosures designed to protect sensitive electronic equipment. Our diverse capability within the plastic injection molding space spans all major markets and industries. We are equipped with nearly 80 plastic injection molding machines with a wide variety of clamping pressures. Our experienced tooling, process, quality and resin engineers work concurrently using a scientific molding approach to develop cost-effective, highly reliable manufacturing solutions for medical, industrial, defense, multimedia, computing and data storage customers. Strategic relationships with U.S. and Asian toolmakers allow us to deliver cost-effective high-quality plastic manufacturing solutions.

**Advanced Microsystems Technologies.** Optical and radio frequency (RF) components built off of advanced micro-electronics are key building blocks of many systems. Our Advanced Microsystems Technologies product technology and engineering division focuses on optical, RF and microelectronics (microE) design and manufacturing services. Our mission is to deliver leading-edge technology solutions that enable our customer products while optimizing the value and performance of our customers' applications.

Based on our microelectronic design and advanced manufacturing technologies, built off Advanced Microsystems Technologies foundational IP, we provide RF and optical components, modules and systems for customers across many industries including the communications, networking, automotive, medical, industrial, military and aerospace markets. Within the Advanced Microsystems Technologies Division, we produce both passive and active optical components as well as modules that are built from a combination of industry standard and/or custom components and interconnected using microelectronic and micro-optic technologies to achieve a unique function. Our experience in RF and optical communication and networking products spans across long-haul/ultra-long-haul and metro applications for transport/transmission, as well as broadband access and switching applications, including last-mile solutions. We currently supply optical products ranging from 10G to 800G to the optical communication marketplace. For the medical end market, we develop components and subassemblies that support Sanmina's medical manufacturing operations for products such as blood analyzers, food contamination analyzers, and specialized optical spectrometers and fluorometers utilizing the latest optical technologies. In the

automotive and industrial end markets, we are working with customers on next generation photonics based Lidar product offerings.

Our Advanced Microsystems Technologies service offerings are designed to deliver end-to-end solutions with special focus on product design, test infrastructure development and commercialization, along with optical module and mmWave RF components and module manufacturing. Customers can couple these components with Sanmina's broader IMS services of blade server manufacturing, as well as system integration and test, providing a complete end-to-end solution for their customers.

***Viking Technology.*** Viking Technology supplies leading-edge Solid State Drives (SSD), DRAM memory modules and Non-Volatile DIMMs (NVDIMM), along with state-of-the-art ruggedized Microelectronics Multi-Chip Package (MCP) memory solutions.

Viking Technology provides DRAM memory and flash storage solutions, including high-performance computing SSDs tailored, high reliable / high performance small form factor flash and DRAM modules, to diverse application for the networking, industrial, data center, transportation, medical, AI to military markets.

***Viking Enterprise Solutions.*** Viking Enterprise Solutions (VES) is a market leader in high-performance storage platforms for hyperscale and enterprise data centers worldwide. Leveraging our portfolio of proven product designs, Viking Enterprise Solutions provides advanced data center products, including NVMe flash memory and disk-based storage server appliances, JBOD storage systems and related products for a variety of storage and data center applications including rack scale solutions. With advances in interconnect speeds and architectural changes to disaggregate storage and compute for scale, Viking Enterprise Solutions is well positioned with a product portfolio to take advantage of these trends.

VES provides end-to-end, design and manufacturing solutions for both platform-based and fully customized data center products. From our US-based design and development team, we provide a full array of services from early product conceptualization, through design, product validation and world-wide product certifications. In addition, VES supports all phases of product manufacturing, including NPI, support for unique product configurations, RMA and product end-of-life support.

***SCI Technology Inc. (SCI).*** SCI has provided engineering services, products, manufacturing, test, and depot and repair solutions to the global defense and aerospace industry for nearly 60 years. SCI offers advanced products for aircraft systems and tactical communications, unmanned aerial systems and components, counter-unmanned aerial systems and components, and fiber-optics capabilities for use in a variety of defense-related applications.

SCI's customers include U.S. government agencies, U.S. allies and major defense and aerospace prime contractors. SCI has the infrastructure and facility security clearance to support the stringent certifications, regulations, processes and procedures required by these customers.

***Global Services.*** Sanmina Global Services complements our end-to-end manufacturing strategy by integrating engineering, supply chain, manufacturing, logistics, repair and environmentally friendly disposition into a seamless solution for customers, for both Sanmina manufactured, and non-Sanmina manufactured products around the world. We provide a wide range of services, including new product introduction, high-level assembly, distribution services and warranty management, life-extension services and end-of-life management as well as programs that focus on reuse, repair, refurbishment, recycle, recover and redesign.

***42Q.*** 42Q provides an innovative, world-class cloud-based manufacturing execution solution (MES) that is scalable, flexible, secure and easy to implement. Our solution provides customers advantages in efficiencies and costs relative to legacy systems and offers traceability and genealogy, multi-plant visibility, compliance management and on-demand work instructions.

## **Our End Markets**

We target markets that we believe offer significant growth opportunities and in which OEMs sell complex mission critical products that are subject to strict regulatory requirements and/or rapid technological change. We believe that markets involving complex, rapidly changing products offer opportunities to produce products with higher margins because they require higher value-added manufacturing services and may also include our advanced vertically integrated components. Our

diversification across the industrial, medical, defense and aerospace, automotive, communications networks and cloud infrastructure market segments and customers helps mitigate our dependence on any particular market or customer.

### **Seasonality**

Because of the diversity of our customer base, we generally have not experienced significant seasonality in our business in recent years. However, we cannot predict whether this trend will continue.

### **Backlog**

We generally do not obtain firm, long-term commitments from our customers and our customers usually do not make firm orders for product delivery more than thirty to ninety days in advance. Additionally, customers may cancel or postpone scheduled deliveries, in some cases without significant penalty. Therefore, we do not believe the backlog of expected product sales covered by firm orders is a meaningful measure of future sales.

### **Customers and Marketing**

A key component of our strategy is to attract and retain long-term customer partnerships with leading companies in growth industries that will benefit from our global/regional footprint and unique value proposition in advanced electronics manufacturing. We develop relationships with our customers and market our vertically integrated manufacturing solutions through our sales and marketing staff. Our sales team works closely with our customers' engineering and technical personnel to understand their strategy and roadmaps to enable their go-to-market strategy. Our sales and marketing staff supports our business strategy of providing end-to-end solutions by encouraging cross-selling vertically integrated manufacturing solutions and component manufacturing across a broad range of major OEM products. We utilize our existing technical capabilities in design, technology components, and complex assembly, integration, and after-sales services to provide tailored solutions to our customers. With our extensive market knowledge and global/regional footprint, we can align these solutions to our facilities in each region around the world.

Sales to our ten largest customers typically represent approximately 50% of our net sales. Nokia and Motorola each represented 10% or more of our net sales in 2022. Nokia represented 10% or more of our net sales in 2021 and 2020.

We typically enter into supply agreements with our major OEM customers with terms ranging from three to five years. Our supply agreements generally do not obligate the customer to purchase minimum quantities of products. However, the customer is typically liable for the cost of the materials and components we have ordered to meet their production forecast but which are not used, provided that the material was ordered in accordance with an agreed-upon procurement plan. In some cases, the procurement plan contains provisions regarding the types of materials for which our customers will assume responsibility. Our supply agreements generally contain provisions permitting cancellation and rescheduling of orders upon notice and are subject to cancellation charges and, in some cases, rescheduling charges. In some circumstances, our supply agreements with customers include provisions for cost reduction objectives during the term of the agreement, which can have the effect of reducing revenue and profitability from these arrangements.

### **Competition**

For our integrated manufacturing solutions business, we face competition from other major global EMS companies such as Benchmark Electronics, Inc., Celestica, Inc., Flex Ltd., Hon Hai Precision Industry Co., Ltd. (Foxconn), Jabil Inc. and Plexus Corp. Our components, products and services business faces competition from EMS and non-EMS companies that often have a regional product, service or industry-specific focus. In addition, our potential customers may also compare the benefits of outsourcing their manufacturing to us with the merits of manufacturing products themselves.

We compete with different companies depending on the type of solution or geographic area. We believe the primary competitive factors in our industry include manufacturing technology, quality, global/regional footprint, delivery, responsiveness, provision of value-added solutions and price. We believe our primary competitive strengths include our ability to provide mission critical end-to-end solutions, product design and engineering resources, vertically integrated manufacturing solutions, advanced technologies, global manufacturing capabilities, global supplier base, customer focus and responsiveness, expertise in serving diverse end markets, and expertise in industry standards and regulatory requirements.

### **Intellectual Property**

We hold U.S. and foreign patents and patent applications relating to, among other things, printed circuit board manufacturing technology, enclosures, cables, memory modules, optical technology, medical devices and computing and

storage. For other proprietary processes, we rely primarily on trade secret protection. A number of our patents have expired or will expire in the near term. The expiration and abandonment of patents reduces our ability to assert claims against competitors or others who use similar technologies and to license such patents to third parties. We have registered a number of trademarks and have pending trademark applications in both the U.S. and internationally. Sanmina, Viking, Viking Enterprise Solutions, Viking Technology and 42Q are registered trademarks of Sanmina Corporation.

## **Compliance with Government Regulations**

### *Environmental Regulations*

We are subject to a variety of local, state, federal and foreign environmental laws and regulations relating to the storage and use of hazardous materials used in our manufacturing processes, as well as the storage, treatment, discharge, emission and disposal of hazardous waste that are by-products of these processes. We are also subject to occupational safety and health laws, product labeling and product content requirements, either directly or as required by our customers. Proper waste disposal is a major consideration for printed circuit board manufacturers due to the metals and chemicals used in the manufacturing process. Water used in the printed circuit board manufacturing process must be treated to remove metal particles and other contaminants before it can be discharged into municipal sanitary sewer systems. We operate on-site wastewater treatment systems at our printed circuit board manufacturing plants in order to treat wastewater generated in the fabrication process.

Additionally, the electronics assembly process can generate lead dust. Upon vacating a facility, we are responsible for remediating lead dust from the interior of the manufacturing facility. Although there are no applicable standards for lead dust remediation in manufacturing facilities, we endeavor to remove the residues. To date, lead dust remediation costs have not been material to our results of operations. We also monitor for airborne concentrations of lead in our buildings and are unaware of any significant lead concentrations in excess of the applicable OSHA or other local standards.

We have a range of corporate programs that aim to reduce the use of hazardous materials in manufacturing. We developed corporate-wide standardized environmental management systems, auditing programs and policies to enable better management of environmental compliance activities. For example, almost all of our manufacturing facilities are certified under ISO 14001, a set of standards and procedures relating to environmental compliance management. In addition, the electronics industry must adhere to the European Union's Restrictions of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE). Parallel initiatives have been adopted in other jurisdictions throughout the world, including several states in the U.S. and the Peoples' Republic of China. RoHS limits the use of lead, mercury and other specified substances in electronics products. WEEE requires producers to assume responsibility for the collection, recycling and management of waste electronic products and components. We have implemented procedures intended to ensure our manufacturing processes are compliant with RoHS and the European Union's Registration, Evaluation and Authorization of Chemicals (REACH) legislation, when required. WEEE compliance is primarily the responsibility of OEMs.

Asbestos containing materials, or ACM, are present at several of our manufacturing facilities. Although ACM is being managed and controls have been put in place pursuant to ACM operations and maintenance plans, the presence of ACM could give rise to remediation obligations and other liabilities.

Our facilities generally operate under environmental permits issued by governmental authorities. For the most part, these permits must be renewed periodically and are subject to revocation in the event of violations of environmental laws. Any such revocation may require us to cease or limit production at one or more of our facilities, adversely affecting our results of operations.

In connection with certain acquisitions, we have incurred liabilities associated with environmental contamination. These include ongoing investigation and remediation activities at a number of current and former sites, including those located in Owego, New York; Derry, New Hampshire; and Brockville, Ontario. In addition, we have been named in a lawsuit alleging operations at our current and former facilities in Orange County, California contributed to groundwater contamination, and also have ongoing investigation activities at and adjacent to a former facility to determine the extent of any soil, soil vapor, and groundwater contamination. Finally, there are some sites, including our acquired facility in Gunzenhausen, Germany, which are known to have groundwater contamination caused by a third-party, and that third-party has provided indemnification to us for the related liability. However, in certain situations, third-party indemnities may not be effective to reduce our liability for environmental contamination.

We use environmental consultants primarily for risk assessments and remediation, including remedial investigation and feasibility studies, remedial action planning and design and site remediation. Our consultants provide information regarding the nature and extent of site contamination, acceptable remediation alternatives and estimated costs associated with each remediation alternative. We consider their recommendations together with other information when determining the appropriate amount to accrue for environmental liabilities.

Our capital expenditures for environmental control facilities were not material in any of the last three fiscal years and we do not expect to make material expenditures for this purpose during the current fiscal year.

#### *Other Regulations*

We are also subject to a number of domestic and foreign regulations relating to our operations worldwide. In particular, our sales activities must comply with restrictions relating to the export of controlled technology and sales to denied or sanctioned parties contained in the U.S. International Traffic in Arms Regulations (ITAR), U.S. Export Administration Regulations and sanctions administered by the Office of Foreign Asset Controls of the U.S. Treasury Department (OFAC). 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 regulations are complex, require extensive compliance efforts and expenditures in the form of additional personnel, systems and processes, and, in some cases, require us to ensure that our suppliers adhere to such regulations. Furthermore, our compliance with these regulations is subject to audit or investigation by governmental authorities and, from time to time, we receive formal and informal inquiries from government agencies and regulators regarding our compliance. Finally, the design, manufacture and repair of products that we conduct for the medical industry often requires compliance with domestic and foreign regulations, including the Food and Drug Administration’s (FDA’s) quality system regulations and the European Union’s medical device directive. In addition to complying with these standards, our medical facilities comply with ISO 13485 (formerly EN 46002) and ISO 9001, where required. Should we be found to have violated one or more of such regulations, we could become subject to civil damages (which in some cases can be trebled) or criminal penalties and administrative sanctions, including fines, penalties, 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.

### **Human Capital Resources**

#### *General Information About Our Human Capital Resources*

As of October 1, 2022, we had approximately 34,000 employees and approximately 4,000 temporary employees, in 24 countries.

<b>Region</b>	<b>Approximate Breakdown of Employees</b>
Americas	51 %
APAC	37 %
EMEA	12 %
Total	<u>100 %</u>

#### *Core Principles*

At Sanmina, we believe our employees are the key to our success. We cultivate an agile, innovative workplace culture fueled by collaboration, diversity, equity and inclusion. Having highly engaged employees is essential to our culture and achieving our mission. We embrace diverse perspectives and empower our employees to improve our organization, help us innovate, and continuously strengthen our workplace.

As a founding member of the Responsible Business Alliance (“RBA”), the principles of the RBA are fundamental to our corporate culture and core values and are reflected in our commitments to our customers, stakeholders, employees and communities in which we do business around the world. We have aligned our work programs, processes and procedures to the RBA Code of Conduct to help ensure a safe and positive work environment for our employees that emphasizes learning and professional development, respect for individuals and ethical conduct, and that is facilitated by a direct management-employee engagement model.

For over a decade, we have tracked human capital metrics that we consider to be key to our business, including health and safety, career growth and development, turnover, hiring and diversity, equity and inclusion. Management regularly reviews these metrics and seeks to improve them.

### *Health and Safety*

The health and safety of our employees is of utmost importance to us. In the U.S., we are subject to the requirements of the United States Department of Labor's Occupational Safety & Health Administration ("OSHA") and we are guided by the Environmental Health and Safety principles as described in the RBA's Code of Conduct worldwide. We conduct regular self-assessments and audits to ensure compliance with our health and safety guidelines and regulatory requirements. Our ultimate goal is to achieve a level of work-related injuries as close to zero as possible through continuous investment in our safety programs. We provide protective gear (e.g. eye protection, masks and gloves) as required by applicable standards and as appropriate given employee job duties. Additionally, during the COVID-19 pandemic, we have invested heavily to help ensure the health of our employees. Through the use of education and awareness, provision of necessary PPE, and changes to our manufacturing sites and screening, we strive to make our workplaces a safe place for employees during the workday.

### *Career Growth and Development*

We invest resources in professional development and growth as a means of improving employee performance and retaining our employees. We leverage both formal and informal programs, including in-person, virtual, social and self-directed learning, mentoring, coaching, and outside seminars and educational programs, when applicable, to identify, foster, and retain top talent. Employees have access to courses through our learning and development platforms including Pilgrim, Sanmina Online Education and Sanmina University.

Our performance review process is intended to promote transparent communication of team member performance, which we believe is a key factor in our success. The performance reviews enable ongoing assessments, reviews, and mentoring to identify career development and learning opportunities for our employees. Our emphasis on employee retention, talent reviews, employee evaluations and succession planning contributed to a promotion rate of approximately 5% in 2022.

### *Turnover*

We continually monitor employee turnover rates, both regionally and as a whole, as our success depends upon retaining our highly trained manufacturing and operating personnel. We believe the combination of competitive compensation, career growth and development opportunities have helped increase employee tenure and reduce voluntary turnover. The average tenure of our employees is approximately seven years and approximately 30% of our employees have been employed by us for more than ten years.

### *Hiring Practices*

We recruit the best people for the job without regard to gender, ethnicity or other protected traits and it is our policy to comply fully with all domestic, foreign and local laws relating to discrimination in the workplace.

### *Diversity, Equity and Inclusion*

At Sanmina, we are focused on creating a culture of belonging where employees can be their authentic selves and cultivate a workplace where everyone has an opportunity to succeed. Recognizing and respecting our global presence, we strive to maintain a diverse, equitable and inclusive workforce everywhere we operate. Almost 50% of our employees worldwide are female and, in the U.S., non-Caucasian employees account for almost 55% of the employee base. Our diversity, equity and inclusion principles are reflected in our employee training, in particular with respect to our policies against harassment and bullying and the elimination of bias in the workplace.

### *Management Engagement Practices*

We believe in a direct management-employee engagement model by which managers and employees maintain a regular dialogue about working conditions, compensation, compliance with laws and applicable standards, safety and advancement opportunities. This model is also reflected in our training and compliance programs, which emphasize the need to report concerns about violations of policy or law. None of our U.S. employees are represented by a labor union. In some

international locations, our employees are represented by labor unions on either a national or plant level or are subject to collective bargaining agreements.

### **Available Information**

Our Internet address is <http://www.sanmina.com>. We make available through our website, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission, or SEC. All reports we file with the SEC are also available free of charge via EDGAR through the SEC's website at <http://www.sec.gov>.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table sets forth the name, position and age of our current executive officers and their ages as of October 1, 2022.

Name	Age	Position
Jure Sola	71	Chairman and Chief Executive Officer
Kurt Adzema	53	Executive Vice President, Chief Financial Officer
Alan Reid	59	Executive Vice President, Global Human Resources

**Jure Sola** has served as our Chairman and Chief Executive Officer since August 2020. Prior to that time, from October 2017 until August 2020, Mr. Sola served as our Executive Chairman. Mr. Sola also served as our Chief Executive Officer from April 1991 until October 2017, as Chairman of our Board of Directors from April 1991 until December 2001 and from December 2002 until October 2017, and as Co-Chairman of our Board of Directors from December 2001 until December 2002. In 1980, Mr. Sola co-founded Sanmina and initially held the position of Vice President of Sales. In October 1987, he became the Vice President and General Manager of Sanmina, responsible for manufacturing operations, sales and marketing. Mr. Sola served as our President from October 1989 to March 1996.

**Kurt Adzema** has served as our Executive Vice President and Chief Financial Officer since October 2019. Mr. Adzema previously served as the Executive Vice President, Finance and Chief Financial Officer of Finisar Corporation, an optical components company, from March 2010 until September 2019. Prior to March 2010, Mr. Adzema held the positions of Vice President of Strategy and Corporate Development at Finisar, which he joined in 2005. Prior to joining Finisar, Mr. Adzema held various positions at SVB Alliant, a subsidiary of Silicon Valley Bank, which advised technology companies on merger and acquisition transactions, at Montgomery Securities/Banc of America Securities, an investment banking firm, and in the financial restructuring group of Smith Barney.

**Alan Reid** has served as our Executive Vice President of Global Human Resources since October 2012. Mr. Reid has held various roles at Sanmina, including Senior Vice President of Global Human Resources and Human Resources Director of EMEA, from July 2001 to October 2012. Prior to joining us, he was Group Human Resources Manager at Kymata Ltd., an optoelectronic technology startup from June 2000 to July 2001. Prior to Kymata, Mr. Reid held various roles in operations and human resources with The BOC Group PLC. (British Oxygen Company), a global industrial gases and engineering company, from September 1986 to June 2000.



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

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

***Worldwide supply chain shortages caused by supply/demand imbalances, most notably in the semiconductor industry, the COVID-19 pandemic and geopolitical events are collectively limiting 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 pass on increasing component costs.***

Our supply chain is being significantly impacted by a number of factors, including supply/demand imbalances, most notably in the semiconductor industry, interruptions in supplier and port operations due to the COVID-19 pandemic during a time when strong worldwide demand for electronic products and components has resumed and geopolitical events, such as the war in Ukraine. As a result, we are experiencing 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 have 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, which we incorporate into our products. We expect these delays and shortages to persist through at least the remainder of calendar year 2022 and that such shortages could result in delays in shipments to our customers during the period of such shortages. Any such delays 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 are leading 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 has had, and may continue to 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 or 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 two years. Among other impacts, the pandemic:

- Resulted in the temporary closure of certain of our facilities;
- Temporarily reduced the amount of staffing at certain of our plants;
- Required us in some cases to pay staff who are not able to work due to government orders or illness;
- Limited the capacity of logistics providers to deliver the components we use and ship the products we manufacture;
- Reduced demand for certain of our customers' products;
- Resulted in interruptions in supply of components, either because our suppliers have themselves been prevented from operating or because major distribution channels (e.g. sea transport) were disrupted by the pandemic; and
- Resulted in certain of our customers and suppliers experiencing financial difficulties, which could impact their ability or willingness to satisfy their payment or delivery obligations, respectively, to us in the future.

Although conditions have improved in many of the regions in which we operate, we cannot predict when the COVID-19 pandemic will cease to present risks to our business due to a large number of uncertainties, including the duration of ongoing supply chain constraints directly and indirectly caused by the pandemic, the extent of the impact of the pandemic on our customers' businesses, the number of our employees who may become infected, the continued efficacy and availability of COVID-19 vaccines and treatments, the geographic locations 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. For example, China continues to maintain a "zero tolerance" policy towards COVID-19 infections, which has disrupted and could continue to disrupt our operations and our suppliers operations there. Thus, we believe that the pandemic could continue to have a negative impact on our business, results of operations and financial condition for the foreseeable future.

***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 and any potential resultant recession on customer demand.

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

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

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

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

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

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

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

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

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

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

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

We generally do not obtain firm, long-term purchase commitments from our customers and our bookings may generally be canceled prior to the scheduled shipment date. Although customers are generally liable for components we procure on their behalf, finished goods and work-in-process at the time of cancellation, customers may fail to honor this commitment or we may be unable or, for other business reasons, choose not to enforce our contractual rights. Cancellations, reductions or push-outs of orders by customers and reduced customer forecasts could cause our inventory levels to increase, consuming working capital, lead to write-offs of inventory that customers fail to purchase for any reason and 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 to capitalize on our ability to provide end-to-end manufacturing solutions is to grow our Components, Products and Services (“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 carry higher than average contribution margins than our core IMS business. In addition, in order to grow this portion of our business profitably, we must continually 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.

***Customer requirements to transfer business may increase our costs.***

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

***Transfers of our operations to other facilities caused by lease terminations could cause disruptions in our ability to service our customers***

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

### **Regulatory, Compliance and Litigation Risks**

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

We are subject to a number of laws and regulations relating to the export of U.S. technology, anti-corruption and the award, administration and performance of U.S. government contracts and subcontracts. In particular, our activities must comply with the restrictions relating to the export of controlled technology and sales to denied or sanctioned parties contained in the International Traffic in Arms Regulations (“ITAR”), the U.S. Export Administration Regulations and sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”). The U.S. Commerce Department recently released rules that in some cases significantly restrict the export of U.S. technology to or from China. These laws could negatively impact our operations in China by making it more difficult to import components containing U.S. technology into China and to export finished products containing such components out of China. Any failure to comply with export control laws could result in significant fines or penalties. We must also comply with regulations relating to the award, administration and performance of U.S. government contracts and subcontracts with respect to our defense business, including regulations that govern price negotiations, cost accounting standards, procurement practices, termination at the election of the government and many other aspects of performance under government contracts and subcontracts. These laws and regulations are complex, require extensive compliance efforts and expenditures in the form of additional systems and personnel, and, in some cases,

require us to ensure that our suppliers adhere to such regulations. Furthermore, our compliance with such regulations is subject to audit or investigation by governmental authorities. From time to time, we receive formal and informal inquiries from government agencies and regulators regarding our compliance. Should we be found to have violated one or more of such 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 they 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 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 these customers will have the financial resources to indemnify us for such liabilities and we could nonetheless be required to expend significant resources to defend ourselves if named in a product liability suit over such defects.

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

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

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

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

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

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

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

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

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

Concern over climate change may lead to state, federal and international legislative and regulatory initiatives aimed at reducing carbon dioxide and other greenhouse gas emissions through incentives, taxes or mandates and there is increased stockholder 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 June 2022, a court issued a tentative ruling finding us liable for certain investigation costs relating to a site owned by a predecessor company in Southern California at which a disposal was alleged to have occurred. Although we estimate and regularly reassess our potential liability with respect to violations or alleged violations and accrue for such liability, our accruals may not be sufficient. Any increase in existing reserves or establishment of new reserves for environmental liability would reduce our net income. Our failure or inability to comply with applicable environmental laws and regulations could also limit our ability to expand facilities or could require us to acquire costly equipment or to incur other significant expenses to comply with these laws and regulations.

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

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

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

We prepare our consolidated financial statements in conformity with U.S. Generally Accepted Accounting Principles ("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 were designed to provide reasonable assurance of achieving their 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.

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

## Liquidity and Credit Risks

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

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

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

Our liquidity is dependent on a number of factors, including profitability, business volume, inventory requirements, 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, availability under the Fifth Amended and Restated Credit Agreement, dated as of September 27, 2022, as amended (the “Amended Cash Flow Revolver”), 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. 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 in particular worsening economic conditions caused by the COVID-19 pandemic or otherwise, 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, in which case all or a portion of our uninsured funds on deposit with such institutions could be lost. 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.

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

***Our Amended Cash Flow Revolver 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 Amended Cash Flow Revolver contains a maximum leverage and minimum interest coverage ratio, in both cases measured on the basis of a trailing 12-month look-back period, 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 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 Amended Cash Flow Revolver 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 Circuit, Inc. and Plexus Corp., as well as other companies that have a regional, product, service or industry-specific focus. We also face competition from current and potential OEM customers who may elect to manufacture their own products internally rather than outsourcing to EMS providers.

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

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

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

***Unanticipated changes in our income tax rates or exposure to additional tax liabilities could increase our taxes and decrease our net income; our projections of future taxable income that drove the release of our valuation allowance in prior years could prove to be incorrect, which could cause a charge to earnings.***

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

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

Because we manufacture and sell the majority of our products abroad, our operating results can be negatively impacted due to fluctuations in foreign currency exchange rates, particularly in volatile currencies to which we are exposed, such as the Euro, Mexican peso, Malaysian ringgit and Chinese renminbi. 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. This has become more difficult 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. 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 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.

***Risks of Investing in Our Stock***

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

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

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

None.

## Item 2. *Properties*

*Facilities.* Our customers sell their products throughout the world and therefore need access to manufacturing services globally. For this reason, we maintain facilities both near our major customers and their end markets and also in lower cost locations, including Latin America, Eastern Europe, China, India and Southeast Asia. Many of our plants located near customers or their end markets are focused primarily on new product introduction and high-level assembly and test, and plants located in lower cost areas are engaged primarily in higher volume, less complex component and subsystem manufacturing and assembly.

We continually evaluate our global manufacturing operations and adjust our facilities and operations to keep our manufacturing capacity in line with demand and our manufacturing strategy and to provide cost efficient services to our customers. As a result, we have closed certain facilities not required to satisfy current demand levels in the past and may continue to do so in the future.

As of October 1, 2022, the approximate square footage of our active manufacturing facilities by region was as follows:

	<b>Approximate Square Footage</b>
Americas	5,717,385
APAC	3,938,308
EMEA	1,640,780
Total	<u>11,296,473</u>

As of October 1, 2022, our active manufacturing facilities consist of nine million square feet in facilities that we own and two million square feet in leased facilities with lease terms expiring between 2022 and 2042.

We regularly evaluate our expected future facilities requirements and believe our existing facilities are adequate to meet our requirements for the next 12 months.

*Certifications and Registrations.* Certifications and registrations under industry standards are important to our business because many customers rely on them to confirm our adherence to manufacturing process and quality standards. Certain markets, such as telecommunications, medical, defense, aerospace, automotive and oil and gas, require adherence to industry-specific standards. Substantially all of our manufacturing facilities are certified to ISO 9001:2015, a standard published by the International Organization for Standardization. As part of the ISO 9001:2015 certification process, we have a highly developed quality management system and continually improve its effectiveness in accordance with its requirements. We use this certification to demonstrate our ability to consistently provide product that meets customer and applicable regulatory requirements and enhance customer satisfaction through its effective application.

In addition to ISO 9001:2015, many of our facilities are TL 9000 6.3 certified. The TL 9000 quality system requirements and quality system metrics are designed specifically for the telecommunications industry to promote consistency and efficiency, reduce redundancy and improve customer satisfaction. Included in the TL 9000 system are performance-based metrics that quantify reliability and quality performance of the product. The majority of our facilities are also compliant with the standards set by Underwriters Laboratories (UL). These standards define requirements for quality, manufacturing process control and manufacturing documentation and are required by many OEMs in the communications sector of the electronics industry.

Our medical systems division has identified certain manufacturing facilities to be centers of excellence for medical products manufacturing. These facilities are ISO 13485:2016 certified and, where appropriate, FDA registered and MDSAP certified. All such facilities are fully compliant with the FDA's quality systems regulations.

Our defense and aerospace operations are headquartered in Huntsville, Alabama in a facility dedicated to meeting the specialized needs of our defense and aerospace customers. These defense and aerospace operations are AS9100 2016 certified and maintain other certifications in accordance with various U.S. military specifications, ANSI and other standards as appropriate for defense and aerospace suppliers. Other selected operations around the world are also AS9100 Rev. D certified.

Our automotive facilities are strategically located worldwide. Substantially all of our automotive facilities are certified to IATF16949:2016, the automotive industry standard.

Our oil and gas related manufacturing operations are, as applicable, certified to American Petroleum Institute (API) requirements.

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

In June 2008, we were named by the Orange County Water District in a suit alleging that a predecessor company's actions at a plant we 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 us 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 first phase of a multi-phase trial commenced in April 2021 and the submission of evidence concluded in May 2022. On June 28, 2022, the Court issued a tentative ruling finding Sanmina and the other defendants liable for certain past investigation costs incurred by the plaintiff. A final statement of decision in this phase of the trial is expected on or about the middle of calendar year 2023. Based upon the Court's tentative ruling, we believe a loss in this matter is probable and have recorded an estimated loss. Subsequent trial phases to assess Sanmina's and certain other defendants' liability for the plaintiff's future remediation and other costs, and the allocation of damages among the liable defendants, are anticipated to occur in 2024 and beyond. It is probable that we 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, at the current time, we are unable to estimate the amount of such additional losses or a range of losses. We intend to continue defending the case vigorously and to seek appellate review of any adverse liability rulings or judgment at the appropriate time.

On December 20, 2019, we sued our 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 gross negligence/willful misconduct, alleges that we fraudulently misrepresented our capabilities to induce Dialight to enter into a Manufacturing Services Agreement ("Dialight MSA"), and then breached our obligations under 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 which we believe are vastly overstated and subject to a contractual limitation of liability that limits any Dialight recovery to less than \$2 million. We continue to vigorously prosecute our claims against Dialight. Further, we strongly disagree with Dialight's allegations and are defending against them vigorously. No trial date has been set in this matter.

In addition, from time to time, we 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. We record 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 our results of operations and financial condition. Regardless of outcome, litigation can have an adverse impact on us as a result of incurrence of litigation costs, diversion of management resources, and other factors.

See also Note 10 of Notes to Consolidated Financial Statements.

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

Not applicable.

## PART II

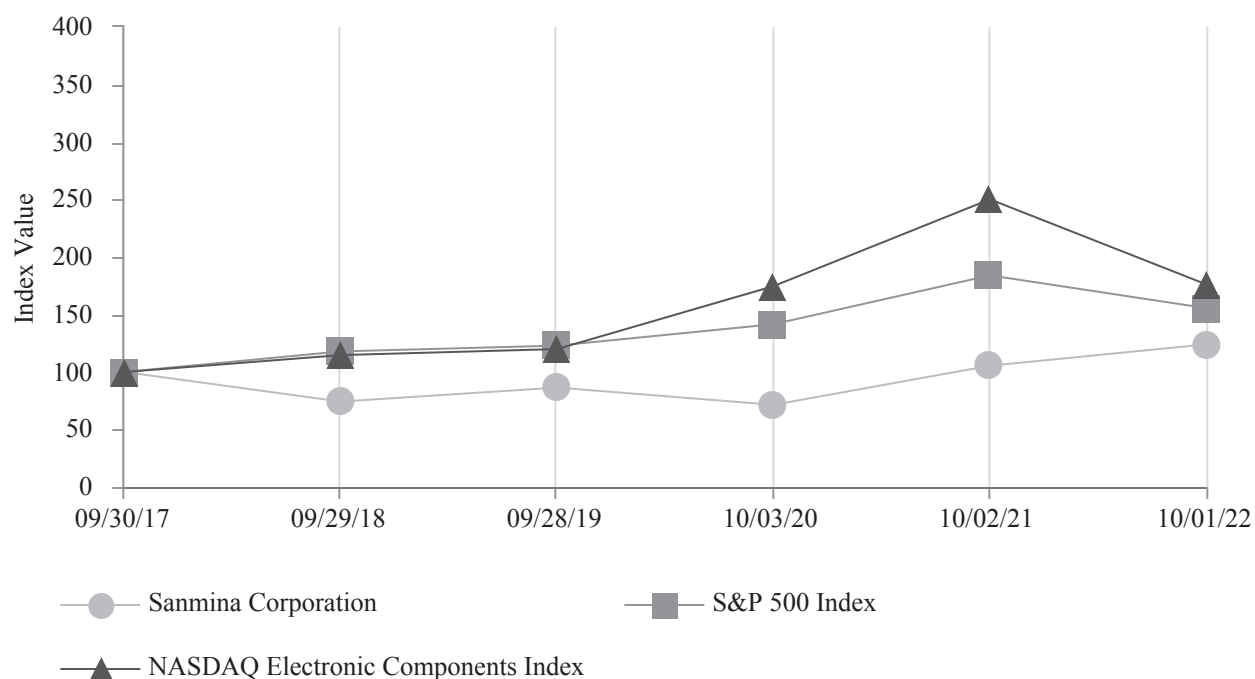
### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

#### Market Information

Our common stock is traded on the Nasdaq Global Select Market under the symbol SANM. As of November 3, 2022, we had approximately 789 holders of record of our common stock.

The following graph compares the cumulative 5-year total stockholder return on our common stock relative to the cumulative total returns of the S&P 500 index and the NASDAQ Electronic Components index. An investment of \$100 (with reinvestment of all dividends, if any) is assumed to have been made in our common stock on September 30, 2017 and in each of such indices at month end starting on September 30, 2017 and its relative performance is tracked through October 1, 2022.

### Comparison of 5 Year Cumulative Total Return \*



\* \$100 invested on 9/30/2017, including reinvestment of dividends, as applicable. Indexes calculated on a month-end basis.

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	9/30/2017	9/29/2018	9/28/2019	10/3/2020	10/2/2021	10/1/2022
<b>Sanmina Corporation</b>	100.00	74.29	86.46	71.47	105.46	124.04
<b>S&amp;P 500</b>	100.00	117.91	122.93	141.55	184.02	155.55
<b>NASDAQ Electronic Components</b>	100.00	114.71	119.95	174.67	250.16	176.17

*Sanmina's stock price performance included in this graph is not necessarily indicative of future stock price performance.*

## Dividends

We have never declared or paid cash dividends on our common stock. We currently expect to retain future earnings for use in our operations, for expansion of our business, and potentially for share repurchases and do not anticipate paying cash dividends in the foreseeable future. Additionally, our ability to pay dividends is limited pursuant to covenants contained in our various debt agreements. See also “Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources.”

## Stock Repurchases

The table below sets forth information regarding repurchases of our common stock during the fourth quarter of 2022.

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				
July 3, 2022 through July 30, 2022	131,756	\$ 39.79	131,756	\$ 182,312,678
Month #2				
July 31, 2022 through August 27, 2022	—	\$ —	—	\$ 182,312,678
Month #3				
August 28, 2022 through October 1, 2022	402,765	\$ 46.19	402,765	\$ 163,710,163
Total	<u>534,521</u>	<u>\$ 44.61</u>	<u>534,521</u>	

- (1) All months shown are our fiscal months.
- (2) Amounts do not include commissions 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 2022, our Board of Directors authorized us to repurchase up to \$200 million of our common stock in the open market or in negotiated transactions off the market. This program has no expiration date.

## Item 6. [Reserved]



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

*This report 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, any statements regarding expected restructuring costs and benefits; any statements concerning the adequacy of our current liquidity and the availability of additional sources of liquidity; any statements regarding the potential impact of the COVID-19 pandemic on our business, results of operations and financial condition; any statements regarding the potential impact of supply chain shortages and inflation on our business; any statements regarding the future impact of tariffs and export controls on our business; any statements relating to the expected impact of accounting pronouncements not yet adopted; any statements regarding future repurchases of our common stock; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Generally, the words “anticipate,” “believe,” “plan,” “expect,” “future,” “intend,” “may,” “will,” “should,” “estimate,” “predict,” “potential,” “continue” and similar expressions identify forward-looking statements. Our forward-looking statements are based on current expectations, forecasts and assumptions and are subject to risks and uncertainties, including those contained in Part I, 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. 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 annual report on Form 10-K or in any other report or document we file with the SEC.*

### 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 memory solutions from our Viking Technology division; high-performance storage platforms for hyperscale and enterprise solutions from our Viking Enterprise Solutions (VES) division; optical, radio frequency (RF) and microelectronic (microE) design and manufacturing services from Advanced Microsystems Technologies; defense and aerospace products from SCI Technology; and cloud-based manufacturing execution software from our 42Q division. Services include design, engineering and logistics and repair.

Our only reportable segment for financial reporting purposes is IMS, which represented approximately 80% of our total revenue in 2022. Our CPS business consists of multiple operating segments which do not individually meet the quantitative thresholds for being presented as reportable segments. Therefore, financial information for these operating segments is combined and presented in a single category entitled “Components, Products and Services”.

All references in this section to years refer to our fiscal years ending on the Saturday nearest to September 30. Fiscal 2022 and 2021 were each 52-weeks and fiscal 2020 was a 53-week year, with the extra week occurring during the fourth quarter of fiscal 2020. All references to years relate to fiscal years unless otherwise noted.

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

There are many challenges to successfully executing our strategy. For example, we compete with a number of companies in each of our key end markets. This includes companies that are much larger than we are and smaller companies that focus on a particular niche. Although we believe we are well-positioned in each of our key end markets and seek to differentiate ourselves from our competitors, competition remains intense and profitably growing our revenues has been challenging. Additionally, the COVID-19 pandemic created a unique and challenging environment in which our revenue and profitability in 2021 and 2020 were significantly and negatively impacted. These impacts arose from rapidly changing market and economic conditions caused by the pandemic, as well as by numerous measures imposed by government authorities to try to limit the spread of the virus. These conditions and measures disrupted our operations and those of our customers, interrupted the supply of components, reduced the capacity of our logistics providers to deliver the components we use and ship the products we manufacture and resulted in temporary closures of manufacturing sites and reduced staffing of our plants. Although conditions have improved in many of the regions in which we operate, we cannot predict when the COVID-19 pandemic will cease to present risks to our business due to a large number of uncertainties, including the duration of ongoing supply chain constraints directly and indirectly caused by the pandemic, the extent of the impact of the pandemic on our customers' businesses, the number of employees who may become infected or exposed to infected persons, the need for temporary plant closures caused by large scale employee infections, the duration of the outbreak, the continued efficacy and availability of COVID-19 vaccines, the geographic locations of any future outbreaks, including outbreaks caused by variants of COVID-19, such as the Omicron variant and its subvariants, and actions that government authorities may take in response. For example, China continues to maintain a "zero tolerance" policy towards COVID-19 infections, which has disrupted and could continue to disrupt our operations and our suppliers' operations there. Thus, we believe the pandemic and related supply chain disruptions could continue to have a negative impact on our business, results of operations and financial condition for the foreseeable future.

Separately, over the past three years, we incurred restructuring charges of \$31 million under our company-wide restructuring plan adopted in October 2019 ("Q1 FY20 Plan"). These charges consist primarily of severance. Substantially all cash payments have occurred.

Sales to our ten largest customers typically represent approximately 50% of our net sales in any given year. Sales to Nokia and Motorola each represented 10% or more of our net sales in 2022. Nokia represented 10% or more of our net sales in 2021 and 2020.

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

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

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

On October 3, 2022, subsequent to the end of the fourth quarter of 2022, we completed a joint venture transaction in which we entered into a Share Subscription and Purchase Agreement (the “SSPA”) and a Joint Venture and Shareholders’ Agreement (the “Shareholders’ Agreement”) with Reliance Strategic Business Ventures Limited (“RSBVL”), a wholly owned subsidiary of Reliance Industries Limited. Pursuant to the SSPA and the Shareholders’ Agreement, the parties established Sanmina SCI India Private Limited (“SIPL”), our existing Indian manufacturing entity, as a joint venture to engage in manufacturing in India of telecommunications equipment, data center and internet equipment, medical equipment, clean technology equipment and other high-tech equipment. As a result of the transaction, RSBVL acquired shares of SIPL for approximately \$215 million of cash such that immediately after the closing of the transaction, RSBVL holds 50.1% of the outstanding shares of SIPL and Sanmina holds the remaining 49.9% of the outstanding shares of SIPL. The amount received from RSBVL was based on preliminary calculations and is subject to adjustment based on final calculations. Given the terms of the agreements entered into by the parties concerning management of the joint venture, we expect to continue to consolidate SIPL in future periods.

## Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our 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. 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. Due to the COVID-19 pandemic, the global economy and financial markets were disrupted and there is a significant amount of uncertainty about the length and severity of the consequences caused by the pandemic. We have considered information available to us as of the date of issuance of these financial statements and, other than the impairments described in Note 5, are not aware of any specific events or circumstances that would require an update to our estimates or judgments, or a revision to the carrying value of our assets or liabilities. Our estimates may change as new events occur and additional information becomes available. Our actual results may differ materially from these estimates.

We believe the following critical accounting policies reflect the more significant judgments and estimates used by us in preparing our consolidated financial statements:

*Revenue Recognition.* We derive revenue principally from sales of integrated manufacturing solutions, components and Company-proprietary products. Other sources of revenue include logistic and repair services; design, development and engineering services; defense and aerospace programs; and sales of raw materials to customers whose requirements change after we have procured inventory to fulfill the customer's forecasted demand.

For purposes of determining when to recognize revenue, and in what amount, we apply a 5-step model: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) we satisfy a performance obligation. Each of these steps may involve the use of significant judgments.

We recognize revenue for the majority of our contracts on an over time basis. This is due to the fact that 1) we do not have an alternative use for the end products we manufacture for our customers and have an enforceable right to payment, including a reasonable profit, for work-in-progress upon a customer's cancellation of a contract for convenience or 2) our customer simultaneously receives and consumes the benefits provided by our services. For these contracts, revenue is recognized on an over time basis using the cost-to-cost method (ratio of costs incurred to date to total estimated costs at completion) which we believe 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.

Application of the cost-to-cost method for government contracts in our Defense and Aerospace division requires the use of significant judgments with respect to estimated materials, labor and subcontractor costs. This division is an operating segment whose results are combined with eleven other operating segments and reported under CPS. In 2022, CPS revenue and gross profit were \$1.5 billion and \$194 million, respectively.

We update our estimates of materials, labor and subcontractor costs on a quarterly basis. These updated estimates are reviewed each quarter by a group of employees that includes representatives from numerous functions such as engineering, materials, contracts, manufacturing, program management, finance and senior management. If a change in estimate is deemed necessary, the impact of the change is recognized in the period of change.

For contracts for which revenue is required to be recognized at a point-in-time, we recognize revenue when we have transferred control of the related goods, which generally occurs upon shipment or delivery of the goods to the customer. Revenue streams for which revenue is recognized at a point-in-time include Company-proprietary products and sales of raw materials.

*Inventories*— We state inventories at the lower of cost (first-in, first-out method) and net realizable value. Cost includes raw materials, labor and manufacturing overhead. We regularly evaluate the carrying value of our inventories and make provisions to reduce excess and obsolete inventories to their estimated net realizable values. The ultimate realization of

inventory carrying amounts is affected by changes in customer demand for inventory that customers are not contractually obligated to purchase and inventory held for specific customers who are experiencing financial difficulties. Inventory write-downs are recorded based on forecasted demand, past experience with specific customers, the ability to redistribute inventory to other programs or return inventories to our suppliers, and whether customers are contractually obligated and have the ability to pay for the related inventory. Certain payments received from customers for inventories that have not been shipped to customers or otherwise disposed of are netted against inventory.

We generally procure inventory based on specific customer orders and forecasts. Customers generally have limited rights of modification (for example, rescheduling or cancellations) with respect to specific orders. Customer modifications of orders affecting inventory previously procured by us and our purchases of inventory beyond customer needs may result in excess and obsolete inventory. Although we may be able to use some excess inventory for other products we manufacture, a portion of this excess inventory may not be returnable to vendors or recoverable from customers. Write-offs or write-downs of inventory could be caused by:

- changes in customer demand for inventory, such as cancellation of orders, and our purchases of inventory beyond customer needs that result in excess quantities on hand that we are not able to return to the vendor, use to fulfill orders from other customers or charge back to the customer;
- financial difficulties experienced by specific customers for whom we hold inventory; and
- declines in the market value of inventory.

*Long-lived Assets*—We review property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An asset group is the unit of accounting that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets. An asset or asset group is considered impaired if its carrying amount exceeds the undiscounted future net cash flows the asset or asset group is expected to generate. If an asset or asset group is considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset or asset group exceeds its fair value. For asset groups for which a building is the primary asset, we estimate fair value primarily based on data provided by commercial real estate brokers. For other assets, we estimate fair value based on projected discounted future net cash flows, which requires significant judgment.

*Income Taxes*—We estimate our income tax provision or benefit in each of the jurisdictions in which we operate, including estimating exposures related to examinations by taxing authorities. We believe our accruals for tax liabilities are adequate for all open years based on our assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter. Although we believe our accruals for tax liabilities are adequate, tax regulations are subject to interpretation and the tax controversy process is inherently lengthy and uncertain; therefore, our assessments can involve a series of complex judgments about future events and rely heavily on estimates and assumptions. To the extent the probable tax outcome of these matters changes, such changes in estimate will impact our income tax provision in the period in which such determination is made. We only recognize or continue to recognize tax positions that meet a “more likely than not” threshold of being upheld. Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

We must also make judgments regarding the realizability of deferred tax assets. The carrying value of our net deferred tax assets is based on our belief that it is more likely than not that we will generate sufficient future taxable income in certain jurisdictions to realize these deferred tax assets. We evaluate positive and negative evidence each reporting period when assessing the need for a valuation allowance. A valuation allowance is established for deferred tax assets if we believe realization of such assets is not more likely than not. Our judgments regarding future taxable income may change due to changes in market conditions, new or modified tax laws, tax planning strategies or other factors. If our assumptions, and consequently our estimates, change in the future, the valuation allowances we have established may be increased or decreased, resulting in a respective increase or decrease in income tax expense.

Our effective tax rate is highly dependent upon the amount and geographic distribution of our worldwide income or losses, the tax regulations, rates and holidays in each geographic region, the utilization of net operating losses, the availability of tax credits and carryforwards, and the effectiveness of our tax planning strategies.

## Results of Operations

*Years Ended October 1, 2022, October 2, 2021 and October 3, 2020.*

The following table presents our key operating results.

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Net sales	\$ 7,890,475	\$ 6,756,643	\$ 6,960,370
Gross profit	\$ 640,514	\$ 551,805	\$ 525,707
Gross margin	8.1 %	8.2 %	7.6 %
Operating expenses	\$ 272,727	\$ 270,505	\$ 298,020
Operating income	\$ 367,787	\$ 281,300	\$ 227,687
Operating margin	4.7 %	4.2 %	3.3 %
Net income	\$ 256,121	\$ 268,998	\$ 139,713

### *Net Sales*

Net sales increased from \$6.8 billion for 2021 to \$7.9 billion for 2022, an increase of 16.8%. Net sales decreased from \$7.0 billion for 2020 to \$6.8 billion for 2021, a decrease of 2.9%. Sales by end market were as follows:

	Year Ended			2022 vs. 2021		2021 vs. 2020	
	October 1, 2022	October 2, 2021	October 3, 2020	Increase/(Decrease)		Increase/(Decrease)	
	(Dollars in thousands)						
Industrial, Defense, Medical and Automotive	\$ 4,714,941	\$ 3,890,041	\$ 4,127,720	\$ 824,900	21.2 %	\$ (237,679)	(5.8)%
Communications Networks and Cloud Infrastructure	3,175,534	2,866,602	2,832,650	308,932	10.8 %	33,952	1.2 %
Total	\$ 7,890,475	\$ 6,756,643	\$ 6,960,370	\$ 1,133,832	16.8 %	\$ (203,727)	(2.9)%

### *Comparison of 2022 to 2021 by End Market*

The increase in sales was primarily due to three factors. First, there was stronger demand overall in each of our end markets, driven in part by the continued stabilization of lead times for supply constrained parts. Secondly, we were able to pass to our customers the vast majority of the increased cost of components caused by supply constraints. Lastly, we added several new programs that contributed to increased sales in 2022.

### *Comparison of 2021 to 2020 by End Market*

The decrease in sales in our industrial, defense, medical and automotive end market was caused primarily by the continuing negative impact of the COVID-19 pandemic in 2021, which resulted in supply shortages, restrictions on the types of products we could manufacture and disruptions to our operations and those of our customers. In particular, there was a shortage of components in our industrial segment starting in the second half of 2021 that prevented us from shipping all of the product for which we had demand. The slight increase in sales in our communications networks and cloud infrastructure end market was primarily due to a more significant impact from the COVID-19 pandemic in 2020 than in 2021.

### *Gross Margin*

Gross margin was 8.1%, 8.2% and 7.6% in 2022, 2021 and 2020, respectively. IMS gross margin increased to 7.2% in 2022 from 7.1% in 2021. Despite an increase in revenue, IMS gross margin increased only slightly because there was little to no markup on the increased cost of components that we were able to pass on to our customers. Despite higher revenues, CPS gross margin decreased to 11.9% in 2022 from 12.7% in 2021, primarily due to a less favorable mix of revenue between the individual businesses in CPS.

IMS gross margin increased to 7.1% in 2021 from 6.7% in 2020, primarily due to increased operational efficiencies and the benefit of cost reduction and containment efforts implemented in 2020, some of which were in response to the COVID-19 pandemic. CPS gross margin increased to 12.7% in 2021 from 11.5% in 2020, primarily due to increased volume, operational efficiencies, favorable product mix and the benefit of cost reduction and containment efforts described above.

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

- the ongoing impacts of the COVID-19 pandemic and related supply chain constraints on our operations, the operations of our suppliers and on our customers' businesses;
- capacity utilization which, if lower, results in lower margins due to fixed costs being absorbed by lower volumes;
- changes in the mix of high and low margin products demanded by our customers;
- competition in the EMS industry and pricing pressures from OEMs due to greater focus on cost reduction;
- the amount of our provisions for excess and obsolete inventory, including those associated with distressed customers;
- levels of operational efficiency and production yields; 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 were \$244.6 million, \$234.5 million and \$240.9 million in 2022, 2021 and 2020, respectively. As a percentage of net sales, selling, general and administrative expenses were 3.1%, 3.5% and 3.5% for 2022, 2021 and 2020, respectively. The increase in absolute dollars in 2022 was primarily due to higher incentive compensation, partially offset by a decrease in our deferred compensation liability resulting from a decline in the market value of participant investment accounts in 2022. The decrease in absolute dollars in 2021 was primarily attributable to reduced headcount in 2021 resulting from continued actions under our Q1 FY20 Plan and reduced travel and certain other expenses in 2021 in continued response to the COVID-19 pandemic.

### ***Restructuring***

Restructuring costs were \$11 million, \$15 million, and \$27 million in 2022, 2021, and 2020, respectively.

The following table is a summary of restructuring costs:

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Severance costs	\$ 319	\$ 9,405	\$ 17,919
Other exit costs (recognized as incurred)	1,500	1,834	71
Total - Q1 FY20 Plan	1,819	11,239	17,990
Costs incurred for other plans	9,606	3,818	8,793
Total - all plans	<u>\$ 11,425</u>	<u>\$ 15,057</u>	<u>\$ 26,783</u>

#### *Q1 FY20 Plan*

On October 28, 2019, we adopted a Company-wide restructuring plan ("Q1 FY20 Plan") under which we have incurred restructuring costs of approximately \$31 million through October 1, 2022. These charges consist primarily of severance. Substantially all cash payments have occurred and actions under this plan are complete.

#### *Other plans*

Other plans include a number of plans for which costs are not expected to be material individually or in the aggregate.

### *All Plans*

Our Integrated Manufacturing Solutions (“IMS”) segment incurred costs of \$1 million and \$9 million for the year ended October 1, 2022 and October 2, 2021, respectively. Our CPS segment incurred costs of \$10 million and \$5 million for the years ended October 1, 2022 and October 2, 2021, respectively. In addition, we incurred costs of \$1 million for the year ended October 2, 2021 for corporate headcount reductions that were not allocated to our IMS and CPS segments. We had accrued liabilities of \$6 million as of October 1, 2022 and October 2, 2021 for restructuring costs (exclusive of long-term environmental remediation liabilities).

We expect to incur restructuring costs, which could be material, in future periods primarily relating to vacant facilities and former sites for which we are or may be responsible for environmental remediation.

### ***Goodwill And Other Impairments***

We recorded an impairment charge of \$2 million in 2022 and 2020 for certain long-lived assets.

During the second quarter of 2020, commodity prices in the oil and gas market experienced a sharp decline due to a combination of an oversaturated supply and a decrease in demand caused by the COVID-19 pandemic. This commodity price decline negatively impacted the projected cash flows of our oil and gas reporting unit, which is part of our CPS operating segment. Therefore, we performed a goodwill impairment test for this particular reporting unit and concluded that the fair value of the reporting unit was below its carrying value, resulting in an impairment charge of \$7 million. The fair value of the reporting unit was estimated based on the present value of future discounted cash flows. We had no such charge in 2022 and 2021.

### ***Gain on Sale of Long-lived Assets***

During the first quarter of 2022, we recognized a gain of \$4.6 million primarily from the sale of a certain real property.

### ***Interest Expense***

Interest expense was \$22.5 million, \$19.6 million and \$28.9 million in 2022, 2021 and 2020, respectively. Interest expense increased \$3 million in 2022 primarily due to higher daily average borrowings under our revolving credit facility. Interest expense decreased \$9 million in 2021 compared to 2020 due primarily to lower daily average borrowings under our revolving credit facility in 2021.

### ***Other Income (Expense), net***

Other income (expense), net was \$(26.3) million in 2022, \$44.3 million in 2021 and a \$(0.3) million in 2020.

Other income (expense), net of \$(26.3) million in 2022 consists primarily of a \$7 million allowance that was provided for a note receivable from the 2021 sale of certain intellectual property assets based on our expectation that we will incur credit losses with the counterparty, a \$6 million decline in the market value of participant investment accounts in our deferred compensation plan in 2022, \$5 million in fees for sales of accounts receivable, a pension settlement charge of \$2 million for the termination of our frozen U.S. defined benefit plan and a loss on extinguishment of debt of \$1 million consisting of a write-off of unamortized debt issuance costs.

Other income (expense), net of \$44.3 million in 2021 consists primarily of receipt of payments of \$16 million in connection with settlements of certain anti-trust class action matters, a \$15 million gain from the sale of certain intellectual property assets and an \$8 million gain on liquidation of a foreign entity.

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

We recorded income tax expense of \$64.5 million, \$38.0 million and \$61.0 million in 2022, 2021 and 2020, respectively. Our effective tax rate was 20.1%, 12.4% and 30.4% for 2022, 2021 and 2020, respectively.

Our effective tax rates for 2022 and 2021 were lower than the expected U.S. statutory rate of 21.0% primarily due to a \$16 million and \$43 million tax benefit, respectively, resulting from the release of foreign tax reserves due to lapse of time and expiration of statutes of limitations.



## Liquidity and Capital Resources

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
<b>Net cash provided by (used in):</b>			
Operating activities	\$ 330,854	\$ 338,342	\$ 300,555
Investing activities	(132,214)	(91,325)	(64,409)
Financing activities	(314,299)	(77,318)	(210,280)
Effect of exchange rate changes	(4,510)	(199)	(81)
Increase (decrease) in cash and cash equivalents	<u>\$ (120,169)</u>	<u>\$ 169,500</u>	<u>\$ 25,785</u>

### Key Working Capital Management Measures

	As of	
	October 1, 2022	October 2, 2021
Days sales outstanding (1)	48	64
Contract asset days (2)	20	19
Inventory turns (3)	4.9	6.3
Days inventory on hand (4)	74	58
Accounts payable days (5)	90	83
Cash cycle days (6)	52	58

- (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 to 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 minus accounts payable days.

Cash and cash equivalents were \$530 million at October 1, 2022 and \$650 million at October 2, 2021. Our cash levels vary during any given period depending on the timing of collections from customers and payments to suppliers, borrowings under credit facilities, sales of accounts receivable under numerous programs we utilize, repurchases of capital stock and other factors. Our working capital was approximately \$1.5 billion as of October 1, 2022 and October 2, 2021.

Net cash provided by operating activities was \$331 million, \$338 million and \$301 million for 2022, 2021 and 2020, respectively. Cash flows from operating activities consists of: (1) net income adjusted to exclude non-cash items such as depreciation and amortization, deferred income taxes and stock-based compensation expense and (2) changes in net operating assets, which are comprised of accounts receivable, contract assets, inventories, prepaid expenses and other assets, accounts payable, accrued liabilities and other long-term liabilities. Our working capital metrics tend to fluctuate from quarter-to-quarter based on factors such as the linearity of our shipments to customers and purchases from suppliers, customer and supplier mix, and payment terms with customers and suppliers. These fluctuations can significantly affect our cash flows from operating activities.

During 2022, we generated \$446 million of cash from earnings, excluding non-cash items, and used \$115 million of cash because of an increase in our net operating assets and liabilities, resulting primarily from increases in inventories and contract assets of \$663 million and \$155 million, respectively, partially offset by increases in accounts payable and accrued liabilities of \$554 million and \$134 million, respectively. The increase in inventories is primarily due to shortages of certain components that prevented us from shipping all products for which we had both demand and the other components necessary to build such products. The increase in contract assets is primarily due to an increase in overall demand in 2022, which resulted in a higher level of services performed for which revenue has been recognized, but products had not been delivered to the customer. The increase in accounts payable is primarily attributable to an increase in inventory. The increase in accrued liabilities is primarily due to an increase in advance payments from customers and an increase in amounts collected under our accounts receivable sales program that had not been remitted as of the end of the quarter to the financial institutions that purchased the receivables. DSO decreased from 64 days as of 2021 to 48 days as of 2022 due primarily to an increase in accounts receivable factoring.

Net cash used in investing activities was \$132 million, \$91 million and \$64 million for 2022, 2021 and 2020, respectively. In 2022, we used \$139 million of cash for capital expenditures, purchased \$2 million of long-term investments and received \$8 million primarily from the sale of a certain property. In 2021, we used \$73 million of cash for capital expenditures, paid \$21 million in connection with a business combination, purchased \$3 million of long-term investments and received \$5 million from the sale of certain intellectual property assets.

Net cash used in financing activities was \$314 million, \$77 million and \$210 million for 2022, 2021 and 2020, respectively. In 2022, we repurchased \$331 million of common stock (including \$14 million in settlement of employee tax withholding obligations), repaid an aggregate of \$333 million of long-term debt using \$350 million of proceeds from the issuance of a term loan, incurred \$3 million of costs in connection with the amendment of the Fourth Amended and Restated Loan Agreement, dated as of November 30, 2018 (the “Existing Credit Agreement”) and received \$2 million of proceeds from issuances of common stock pursuant to stock option exercises. In 2021, we repurchased \$64 million of common stock (including \$10 million in settlement of employee tax withholding obligations), repaid an aggregate of \$19 million of long-term debt, received \$3 million of proceeds from issuances of common stock pursuant to stock option exercises and received \$3 million of installment payments from the sale of certain intellectual property assets.

*Revolving Credit Facility.* During the fourth quarter of 2022, we entered into a Fifth Amended and Restated Credit Agreement (“Credit Agreement”) that amended and restated the Existing Credit Agreement. The Credit Agreement provides for an \$800 million revolving credit facility and a \$350 million secured term loan (“Term Loan Due 2027”), together with an accordion feature by which we can obtain, subject to the satisfaction of specified conditions and commitment of the lenders, additional revolving commitments in an aggregate amount of up to \$200 million.

Costs incurred in connection with the Credit Agreement of \$3 million are classified as long-term debt and are being amortized to interest expense over the life of the Term Loan Due 2027 using the effective interest method.

The Term Loan Due 2027 was fully drawn on the Closing Date and proceeds were used to repay the term loan outstanding under the Existing Credit Agreement. Upon repayment, we recorded a loss on extinguishment of debt of \$1 million consisting of a write-off of unamortized debt issuance costs for the Existing Credit Agreement.

Loans under the Credit Agreement bear interest, at our option, at either the Secured Overnight Financing Rate benchmark interest rate (“SOFR”) or a base rate, in each case plus a spread determined based on our 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 (and 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. We are 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.

Our and our subsidiary guarantors’ obligations under the Credit Agreement are secured by substantially all of the assets (excluding real property) of Sanmina and its subsidiary guarantors, including cash, accounts receivable, inventory and the shares of certain of our subsidiaries, subject to certain exceptions.

As of October 1, 2022, no borrowings and \$9 million of letters of credit were outstanding under the Credit Agreement, under which \$791 million was available to borrow. There were no borrowings outstanding under the Credit Agreement as of October 2, 2021.

*Short-term Borrowing Facilities.* As of October 1, 2022, certain of our foreign subsidiaries had a total of \$70 million of short-term borrowing facilities available, under which no borrowings were outstanding. These facilities expire at various dates through the second quarter of 2024.

#### *Debt Covenants*

The Credit Agreement requires us to comply with a minimum consolidated interest coverage ratio, measured at the end of each fiscal quarter, and at all times a maximum consolidated leverage ratio. The Credit Agreement contains customary affirmative covenants, including covenants regarding the payment of taxes and other obligations, maintenance of insurance, reporting requirements and compliance with applicable laws and regulations. Further, the Credit Agreement contains customary negative covenants limiting our ability and that of our subsidiaries to, among other things, incur debt, grant liens, make investments, make acquisitions, make certain restricted payments and sell assets, subject to certain exceptions.

As of October 1, 2022, we were in compliance with these covenants.

#### *Other Liquidity Matters*

During 2022 and 2021 we repurchased 8.0 million shares and 1.5 million shares of our common stock for \$317 million and \$54 million (including commissions), respectively, under stock repurchase programs authorized by the Board of Directors. These programs have no expiration dates and the timing of repurchases will depend upon capital needs to support the growth of our business, market conditions and other factors. Although stock repurchases are intended to increase stockholder value, purchases of shares reduce our liquidity. As a result, the timing of future repurchases depends upon our future capital needs, market conditions and other factors. As of October 1, 2022, an aggregate of \$164 million remains 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, subject to acceptance by, and a funding commitment from, the banks that are party to the RPA. As of October 1, 2022, a maximum of \$539 million of sold receivables can be outstanding at any point in time under this program, as amended, subject to limitations under our Existing Credit Agreement. Additionally, the amount available under the RPA is uncommitted and, as such, is available at the discretion of our third-party banking institutions. Under the Credit Agreement, the percentage of our total accounts receivable that can be sold and outstanding at any time is 50%. Trade receivables sold pursuant to the RPA are serviced by us.

In addition to the RPA, we have the option to 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. For the years ended October 1, 2022 and October 2, 2021, we sold \$1.9 billion and \$0.5 billion, respectively, of accounts receivable under these programs. Upon sale, these receivables are removed from the consolidated balance sheets and cash received is presented as cash provided by operating activities in the consolidated statements of cash flows. Discounts on sold receivables were not material for any period presented. As of October 1, 2022 and October 2, 2021, \$194 million and \$7 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 by us as servicer on a weekly basis to the financial institutions that purchased the receivables. As of October 1, 2022 and October 2, 2021, \$49 million and \$18 million, respectively, had been collected but not yet remitted. This amount is classified in accrued liabilities on the 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 benchmark interest rate (Term SOFR) associated with anticipated variable rate borrowings. These interest rate swaps have a maturity date of December 1, 2023, and effectively converts a portion of our variable interest rate obligations under our Amended Cash Flow Revolver 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 \$350 million were outstanding as of October 1, 2022 and October 2, 2021. The aggregate effective interest rate of these swaps as of October 1, 2022 was approximately 4.1%. Given the recent rise in interest rates and the continued likelihood of additional rate increases, these interest rate swaps had a positive value of \$6 million as of October 1, 2022, of which the majority is included in prepaid expenses and other current assets and the remaining amount is included in other assets on the consolidated balance sheets.

In the ordinary course of business, we are or may become party to legal proceedings, claims and other contingencies, including environmental, warranty and employee matters and examinations by government agencies. As of October 1, 2022, we had accrued liabilities of \$38 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 October 1, 2022, we had a liability of \$65 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. In 2022, we generated \$331 million of cash from operations. Our primary sources of liquidity as of October 1, 2022 consisted of (1) cash and cash equivalents of \$530 million; (2) our Credit Agreement, under which \$791 million, net of outstanding borrowings and letters of credit, was available; (3) our foreign short-term borrowing facilities of \$70 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 revolver commitments under the Credit Agreement by 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 12 months. However, should demand for our services decrease significantly over the next 12 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 distribute 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 October 1, 2022, approximately 50% 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 Amended Cash Flow Revolver 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.

### *Contractual Obligations*

As part of our ongoing operations, we enter into contractual arrangements that obligate us to make future cash payments. These obligations impact our liquidity and capital resource needs. Our estimated future obligations consist of leases, the Term Loan, pension plan funding obligations and unrecognized tax benefits as of October 1, 2022.

A summary of our operating lease obligations as of October 1, 2022 can be found in Note 8, "Leases", to the Consolidated Financial Statements contained in this report.

A summary of our long-term debt obligations as of October 1, 2022 can be found in Note 7, “Debt”, to the Consolidated Financial Statements contained in this report.

We have defined benefit pension plans with an underfunded amount of \$34 million as of October 1, 2022. We will be required to provide additional funding to these plans in the future if our returns on plan assets are not sufficient to meet our funding obligations. Additionally, as of October 1, 2022, we were unable to reliably estimate when cash settlements or closure of audits with taxing authorities may occur with respect to our long-term liabilities arising from unrecognized tax benefits of \$65 million. The statutes of limitations for these matters range up to 10 years, and unsettled liabilities are released upon expiration of the statutes.

We also have outstanding firm purchase orders with certain suppliers for the purchase of inventory, which are not included in the table above. These purchase orders are generally short-term in nature. Orders for standard, or catalog, items can typically be canceled with little or no financial penalty. Our policy regarding non-standard or customized items dictates that such items are only ordered specifically for customers who have contractually assumed liability for the inventory, although exceptions are made to this policy in certain situations. Accordingly, our liability from purchase obligations under these purchase orders is not expected to be significant. Lastly, pursuant to arrangements under which vendors consign inventory to us, we may be required to purchase such inventory after a certain period of time. To date, we have not been required to purchase a significant amount of inventory pursuant to these time limitations.

#### *Off-Balance Sheet Arrangements*

As of October 1, 2022, 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 7A. *Quantitative and Qualitative Disclosures about Market Risk***

### **Interest Rate Risk**

Our primary exposure to market risk for changes in interest rates relates to our Term Loan of \$350 million under our Credit Agreement for which the interest rate we pay is determined at the time of borrowing based on a floating index. As of October 1, 2022, we had interest rate swaps with an aggregate notional amount of \$350 million that effectively convert \$350 million of our outstanding floating rate debt to fixed rate debt. An immediate 10 percent change in interest rates would not have a significant impact on our results of operations.

### **Foreign Currency Exchange Risk**

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

Our primary foreign currency cash flows are in certain Asian and European countries, Israel, Brazil and Mexico. We enter into short-term foreign currency forward contracts to hedge currency exposures associated with certain monetary assets and liabilities denominated in non-functional currencies. These contracts generally have maturities of up to two months. Accordingly, these forward contracts are not designated as part of a hedging relationship for accounting purposes. All outstanding foreign currency forward contracts are marked-to-market at the end of the period with unrealized gains and losses included in other income (expense), net, in the consolidated statements of income. As of October 1, 2022, we had outstanding foreign currency forward contracts to exchange various foreign currencies for U.S. dollars in an aggregate notional amount of \$532 million.

We also utilize foreign currency forward contracts to hedge certain operational (“cash flow”) exposures resulting from changes in foreign currency exchange rates. Such exposures result from (1) forecasted non-functional currency sales and (2) forecasted non-functional currency materials, labor, overhead and other expenses. These contracts may be up to twelve months in duration and are designated as cash flow hedges for accounting purposes. The effective portion of changes in the fair value of the contracts is recorded in stockholders' equity as a separate component of accumulated other comprehensive income and recognized in earnings when the hedged item affects earnings. We had forward contracts related to cash flow hedges in various foreign currencies in an aggregate notional amount of \$123 million as of October 1, 2022.

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

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

The information required by this item is included below and incorporated by reference from the financial statement schedule included in “Part IV-Item 15(a)(2)”.

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

To the Board of Directors and Stockholders of Sanmina Corporation

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Sanmina Corporation and its subsidiaries (the “Company”) as of October 1, 2022 and October 2, 2021, and the related consolidated statements of income, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended October 1, 2022, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of October 1, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of October 1, 2022 and October 2, 2021, and the results of its operations and its cash flows for each of the three years in the period ended October 1, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 1, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

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

### ***Critical Audit Matters***

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

#### *Revenue Recognition - Cost-to-cost method for government contracts in the Defense and Aerospace division*

As described in Notes 2 and 4 to the consolidated financial statements, revenues for the CPS segment were \$1.5 billion for the year ended October 1, 2022, of which the defense and aerospace division represents a portion of the segment. The Company recognizes revenue for defense and aerospace government contracts on an over time basis using the cost-to-cost method (ratio of costs incurred to date to total estimated costs at completion), which management believes best depicts the transfer of control to the customer. Recognition of revenue on government contracts requires the use of significant judgment with respect to estimated materials, labor, and subcontractor costs.

The principal considerations for our determination that performing procedures relating to revenue recognition - cost-to-cost method for government contracts in the defense and aerospace division is a critical audit matter are the significant judgment by management when determining the estimated costs for such contracts, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating the audit evidence related to management's determination of estimated materials, labor, and subcontractor costs.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the cost-to-cost method for government contracts in the defense and aerospace division. These procedures also included, among others, (i) testing management's process for determining the estimation of costs for a sample of defense and aerospace government contracts, (ii) testing the completeness and accuracy of underlying data used in the estimate, and (iii) evaluating the reasonableness of management's determination of estimated materials, labor, and subcontractor costs. Evaluating the reasonableness of the estimated materials, labor and subcontractor costs used involved assessing management's ability to reasonably estimate costs for government contracts by assessing the nature and status of government contracts, performing retrospective reviews of government contract estimates and changes in estimates over time, and obtaining evidence to support estimated costs.

/s/ PricewaterhouseCoopers LLP

San Jose, California  
November 10, 2022

We have served as the Company's auditor since 2016.



**SANMINA CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

	As of	
	October 1, 2022	October 2, 2021
	(In thousands, except par value)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 529,857	\$ 650,026
Accounts receivable, net of allowances of approximately \$8 million and \$7 million as of October 1, 2022 and October 2, 2021, respectively	1,138,894	1,192,434
Contract assets	503,674	348,741
Inventories	1,691,081	1,036,511
Prepaid expenses and other current assets	62,044	53,952
Total current assets	3,925,550	3,281,664
Property, plant and equipment, net	575,170	532,985
Deferred income tax assets, net	198,588	235,117
Other	160,192	156,953
Total assets	\$ 4,859,500	\$ 4,206,719
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,029,534	\$ 1,464,693
Accrued liabilities	275,735	161,896
Accrued payroll and related benefits	130,892	117,648
Short-term debt, including current portion of long-term debt	17,500	18,750
Total current liabilities	2,453,661	1,762,987
Long-term liabilities:		
Long-term debt	329,237	311,572
Other	215,333	253,532
Total long-term liabilities	544,570	565,104
Commitments and Contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 5,000 shares, none issued and outstanding	—	—
Common stock, \$0.01 par value, authorized 166,667 shares; 110,160 and 108,734 shares issued and 57,394 and 64,307 shares outstanding as of October 1, 2022 and October 2, 2021, respectively	574	643
Treasury stock, 52,766 and 44,427 shares as of October 1, 2022 and October 2, 2021, respectively, at cost	(1,378,159)	(1,047,202)
Additional paid-in capital	6,380,774	6,338,863
Accumulated other comprehensive income	56,325	40,690
Accumulated deficit	(3,198,245)	(3,454,366)
Total stockholders' equity	1,861,269	1,878,628
Total liabilities and stockholders' equity	\$ 4,859,500	\$ 4,206,719

See accompanying notes to the consolidated financial statements.

**SANMINA CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands, except per share amounts)		
Net sales	\$ 7,890,475	\$ 6,756,643	\$ 6,960,370
Cost of sales	7,249,961	6,204,838	6,434,663
Gross profit	640,514	551,805	525,707
Operating expenses:			
Selling, general and administrative	244,569	234,537	240,931
Research and development	21,343	20,911	22,564
Restructuring and other	11,425	15,057	27,916
Goodwill impairment	—	—	6,609
Gain on sale of long-lived assets	(4,610)	—	—
Total operating expenses	272,727	270,505	298,020
Operating income	367,787	281,300	227,687
Interest income	1,628	925	2,322
Interest expense	(22,473)	(19,551)	(28,903)
Other income (expense), net	(26,314)	44,331	(348)
Interest and other, net	(47,159)	25,705	(26,929)
Income before income taxes	320,628	307,005	200,758
Provision for income taxes	64,507	38,007	61,045
Net income	\$ 256,121	\$ 268,998	\$ 139,713
Net income per share:			
Basic	\$ 4.18	\$ 4.12	\$ 2.02
Diluted	\$ 4.06	\$ 4.01	\$ 1.97
Weighted-average shares used in computing per share amounts:			
Basic	61,310	65,318	69,041
Diluted	63,117	67,084	70,793

See accompanying notes to the consolidated financial statements.

SANMINA CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Net income	\$ 256,121	\$ 268,998	\$ 139,713
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(12,191)	(9,223)	(925)
Derivative financial instruments:			
Change in net unrealized amount	8,414	3,034	(3,646)
Amount reclassified into net income	10,003	4,863	1,332
Defined benefit plans:			
Changes in unrecognized net actuarial losses and unrecognized transition cost	5,884	4,713	(6,240)
Amortization of actuarial losses and transition cost	3,525	2,417	2,106
Total other comprehensive income (loss)	<u>\$ 15,635</u>	<u>\$ 5,804</u>	<u>\$ (7,373)</u>
Comprehensive income	<u>\$ 271,756</u>	<u>\$ 274,802</u>	<u>\$ 132,340</u>

See accompanying notes to the consolidated financial statements.

**SANMINA CORPORATION**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Common Stock and Additional Paid-in Capital		Treasury Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount			
	<b>(In thousands)</b>						
BALANCE AT SEPTEMBER 28, 2019	105,551	\$ 6,267,509	(35,831)	\$ (804,118)	\$ 42,259	\$ (3,863,077)	\$1,642,573
Issuances under stock plans	2,078	7,793	—	—	—	—	7,793
Stock-based compensation	—	26,235	—	—	—	—	26,235
Repurchases of treasury stock	—	—	(6,799)	(179,025)	—	—	(179,025)
Other comprehensive loss	—	—	—	—	(7,373)	—	(7,373)
Net income	—	—	—	—	—	139,713	139,713
BALANCE AT OCTOBER 3, 2020	107,629	\$ 6,301,537	(42,630)	\$ (983,143)	\$ 34,886	\$ (3,723,364)	\$1,629,916
Issuances under stock plans	1,105	2,993	—	—	—	—	2,993
Stock-based compensation	—	34,976	—	—	—	—	34,976
Repurchases of treasury stock	—	—	(1,797)	(64,059)	—	—	(64,059)
Other comprehensive loss	—	—	—	—	5,804	—	5,804
Net income	—	—	—	—	—	268,998	268,998
BALANCE AT OCTOBER 2, 2021	108,734	\$ 6,339,506	(44,427)	\$ (1,047,202)	\$ 40,690	\$ (3,454,366)	\$1,878,628
Issuances under stock plans	1,426	2,378	—	—	—	—	2,378
Stock-based compensation	—	39,608	—	—	—	—	39,608
Repurchases of treasury stock	—	(144)	(8,339)	(330,957)	—	—	(331,101)
Other comprehensive income	—	—	—	—	15,635	—	15,635
Net income	—	—	—	—	—	256,121	256,121
BALANCE AT OCTOBER 1, 2022	110,160	\$ 6,381,348	(52,766)	\$ (1,378,159)	\$ 56,325	\$ (3,198,245)	\$1,861,269

See accompanying notes to the consolidated financial statements.

**SANMINA CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Net income	\$ 256,121	\$ 268,998	\$ 139,713
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	108,783	109,656	114,218
Stock-based compensation expense	39,608	34,976	26,235
Deferred income taxes	31,733	33,724	13,567
Impairment of goodwill and other assets	1,848	—	8,409
Loss (Gain) on sale of intellectual property	7,000	(15,000)	—
Gain on liquidation of foreign entity	—	(8,263)	—
Other, net	1,260	(1,371)	(239)
Changes in operating assets and liabilities, net of amounts acquired:			
Accounts receivable	46,480	(146,516)	83,623
Contract assets	(154,933)	47,842	(283)
Inventories	(663,379)	(167,186)	39,564
Prepaid expenses and other assets	(31,700)	(6,486)	17,798
Accounts payable	554,492	236,270	(106,640)
Accrued liabilities	133,541	(48,302)	(35,410)
<b>Cash provided by operating activities</b>	<b>330,854</b>	<b>338,342</b>	<b>300,555</b>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	(138,639)	(73,296)	(65,982)
Proceeds from sales of property, plant and equipment	8,425	1,084	1,573
Purchases of investments	(2,000)	(2,705)	(30,000)
Sale of investments	—	—	30,000
Cash paid for business acquisition, net of cash acquired	—	(21,408)	—
Proceeds from sale of intellectual property	—	5,000	—
<b>Cash used in investing activities</b>	<b>(132,214)</b>	<b>(91,325)</b>	<b>(64,409)</b>
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:</b>			
Proceeds from revolving credit facility borrowings	1,874,000	399,600	1,909,000
Repayments of revolving credit facility borrowings	(1,874,000)	(399,600)	(1,909,000)
Repayments of long-term debt	(332,814)	(18,752)	(39,048)
Proceeds from issuance of long-term debt	350,000	—	—
Debt issuance costs	(3,263)	—	—
Net proceeds from stock issuances	2,379	2,993	7,793
Repurchases of common stock	(331,101)	(64,059)	(179,025)
Proceeds from collection of notes receivable	500	2,500	—
<b>Cash used in financing activities</b>	<b>(314,299)</b>	<b>(77,318)</b>	<b>(210,280)</b>
Effect of exchange rate changes	(4,510)	(199)	(81)
Increase (decrease) in cash and cash equivalents	(120,169)	169,500	25,785
Cash and cash equivalents at beginning of year	650,026	480,526	454,741
<b>Cash and cash equivalents at end of year</b>	<b>\$ 529,857</b>	<b>\$ 650,026</b>	<b>\$ 480,526</b>
Cash paid during the year:			
Interest, net of capitalized interest	\$ 18,243	\$ 15,264	\$ 20,477
Income taxes, net of refunds	\$ 48,131	\$ 33,358	\$ 30,700
Unpaid purchases of property, plant and equipment at end of period	\$ 38,570	\$ 20,929	\$ 12,371

See accompanying notes to the consolidated financial statements.

## SANMINA CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Note 1. Organization of Sanmina

Sanmina Corporation (“Sanmina,” or the “Company”) was incorporated in Delaware in 1989. The Company is a leading global provider of integrated manufacturing solutions, components, products and repair, logistics and after-market services. The Company provides these comprehensive solutions primarily to original equipment manufacturers (OEMs) that serve the industrial, medical, defense and aerospace, automotive, communications networks and cloud infrastructure industries.

The Company's operations are managed as two businesses:

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

The Company's only reportable segment is IMS, which represented approximately 80% of total revenue in 2022. CPS consists of multiple operating segments which do not individually meet the quantitative thresholds for being presented as reportable segments. Therefore, financial information for these operating segments is combined and presented in a single category entitled “Components, Products and Services”.

#### Basis of Presentation

*Fiscal Year.* The Company operates on a 52 or 53 week year ending on the Saturday nearest September 30. Fiscal 2022 and 2021 were each 52 weeks and fiscal 2020 was a 53-week year, with the extra week occurring during the fourth quarter of fiscal 2020. All references to years relate to fiscal years unless otherwise noted.

*Principles of Consolidation.* The consolidated financial statements include the Company's accounts and those of its subsidiaries. All intercompany balances and transactions have been eliminated.

#### Note 2. Summary of Significant Accounting Policies

*Management Estimates and Uncertainties.* The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Due to the COVID-19 pandemic, the global economy and financial markets were disrupted and there is a significant amount of uncertainty about the length and severity of the consequences caused by the pandemic. The Company has considered information available to it as of the date of issuance of these financial statements and is not aware of any specific events or circumstances that would require an update to its estimates or judgments, or a revision to the carrying value of its assets or liabilities. Significant estimates made in preparing the consolidated financial statements relate to allowances for accounts receivable; provisions for excess and obsolete inventories, environmental matters, and legal exposures; determining liabilities for uncertain tax positions; determining the realizability of deferred tax assets; and determining fair values of tangible and intangible assets for purposes of impairment tests. These estimates may change as new events occur and additional information becomes available. Actual results could differ materially from these estimates.

*Financial Instruments and Concentration of Credit Risk.* Financial instruments consist primarily of cash and cash equivalents, accounts receivable, foreign currency forward contracts, interest rate swap agreements, accounts payable and debt obligations. The fair value of these financial instruments approximates their carrying amount as of October 1, 2022 and

October 2, 2021 due to the nature or short maturity of these instruments, or because, in some cases, the instruments are recorded at fair value on the consolidated balance sheets.

*Cash and Cash Equivalents.* Cash and cash equivalents include cash on hand and on deposit and investments in highly liquid debt instruments with maturities of three months or less.

*Accounts Receivable and Other Related Allowances.* The Company had allowances of approximately \$8 million and \$7 million as of October 1, 2022 and October 2, 2021, respectively, for uncollectible accounts, product returns and other net sales adjustments. To establish the allowance for doubtful accounts, the Company estimates credit risk associated with accounts receivable by considering the creditworthiness of its customers, past experience, specific facts and circumstances, and the overall economic climate in industries that it serves. To establish the allowance for product returns and other adjustments, the Company primarily utilizes historical data.

*Accounts Receivable Sales.* 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. Accounts receivable balances sold are removed from the consolidated balance sheets and the related proceeds are reported as cash provided by operating activities in the consolidated statements of cash flows.

*Inventories.* Inventories are stated at the lower of cost (first-in, first-out method) and net realizable value. Cost includes labor, materials and manufacturing overhead.

Provisions are made to reduce excess and obsolete inventories to their estimated net realizable values. The ultimate realization of inventory carrying amounts is primarily affected by changes in customer demand. Inventory provisions are established based on forecasted demand, past experience with specific customers, the age and nature of the inventory, the ability to redistribute inventory to other programs or back to suppliers, and whether customers are contractually obligated and have the ability to pay for the related inventory. Certain payments received from customers for inventory held by the Company are recorded as a reduction of inventory.

*Long-lived Assets.* Property, plant and equipment are stated at cost or, in the case of property and equipment acquired through business combinations, at fair value as of the acquisition date. Depreciation is provided on a straight-line basis over 20 to 40 years for buildings and 3 to 15 years for machinery, equipment, furniture and fixtures. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or useful life of the asset.

The Company reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An asset group is the unit of accounting which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets. An asset or asset group is considered impaired if its carrying amount exceeds the undiscounted future net cash flows the asset or asset group is expected to generate. If an asset or asset group is considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset or asset group exceeds its fair value. For asset groups for which the primary asset is a building, the Company estimates fair value based on data provided by commercial real estate brokers. For other asset groups, the Company estimates fair value based on projected discounted future net cash flows.

*Foreign Currency Translation.* For foreign subsidiaries using the local currency as their functional currency, assets and liabilities are translated to U.S. dollars at exchange rates in effect at the balance sheet date and income and expenses are translated at average exchange rates. The effects of these translation adjustments are reported in stockholders' equity as a component of accumulated other comprehensive income (“AOCI”). For all entities, remeasurement adjustments for non-functional currency monetary assets and liabilities are included in other income (expense), net in the accompanying consolidated statements of income. Remeasurement gains and losses arising from long-term intercompany loans denominated in a currency other than an entity's functional currency are recorded in AOCI if repayment of the loan is not anticipated in the foreseeable future.

*Derivative Instruments and Hedging Activities.* The Company conducts business on a global basis in numerous currencies and certain of the Company's outstanding debt has a variable interest rate. Therefore, the Company is exposed to movements in foreign currency exchange rates and interest rates. The Company uses derivatives, such as foreign currency forward contracts and interest rate swaps, to minimize the volatility of earnings and cash flows associated with changes in foreign currency exchange rates and interest rates.

The Company accounts for derivative instruments and hedging activities in accordance with ASC Topic 815, Derivatives and Hedging, which requires each derivative instrument to be recorded on the consolidated balance sheets at its fair value as either an asset or a liability. If a derivative is designated as a cash flow hedge, 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. 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. If a derivative is designated as a fair value hedge, changes in the fair value of the derivative and of the item being hedged are recognized in earnings in the current period.

Derivative instruments are entered into for periods of time consistent with the related underlying exposures and are not entered into for speculative purposes. At the inception of a hedge, the Company documents all relationships between derivative instruments and related hedged items, as well as its risk-management objectives and strategies for the hedging transaction.

The Company's foreign currency forward contracts and interest rate swaps potentially expose the Company to credit risk to the extent the counterparties may be unable to meet the terms of the agreement. The Company minimizes such risk by seeking high quality counterparties.

*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") asset 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.

The Company's lease liability and ROU assets represent the present value of future lease payments which are a combination of lease components and non-lease components such as maintenance and utilities. Operating lease expense is recognized on a straight line basis over the term of the lease. Certain of the Company's lease payments are variable because such payments adjust periodically based on changes in consumer price and other indexes. Variable payments are expensed as incurred and not included in the measurement of lease liabilities and ROU assets. Since the Company's leases generally do not provide an implicit rate, the Company uses an incremental borrowing rate based on information available at the lease commencement date for purposes of determining the present value of lease payments. The Company's incremental borrowing rate is based on the term of the lease, the economic environment of the lease and the effect of collateralization, if any.

*Revenue Recognition.* The Company derives revenue principally from sales of integrated manufacturing solutions, components and Company-proprietary products. Other sources of revenue include logistics and repair services; design, development and engineering services; defense and aerospace programs; and sales of raw materials to customers whose requirements change after the Company has procured inventory to fulfill the customer's forecasted demand.

For purposes of determining when to recognize revenue, and in what amount, the Company applies a 5-step model: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Company satisfies a performance obligation. Each of these steps may involve the use of significant judgments.

The Company recognizes revenue for the majority of its contracts on an over time basis. This is due to the fact that 1) the Company does not have an alternative use for the end products it manufactures for its customers and has an enforceable right to payment, including a reasonable profit, for work-in-progress upon a customer's cancellation of a contract for convenience or 2) the Company's customer simultaneously receives and consumes the benefits provided by the Company's services. For these contracts, revenue is recognized on an over time basis using the cost-to-cost method (ratio of costs incurred to date to total estimated costs at completion) which the Company believes best depicts the transfer of control to the customer. Revenue streams for which revenue is recognized on an over time basis include sales of vertically integrated manufacturing solutions (integrated manufacturing solutions and components); global services (logistics and repair); design, development and engineering services; and defense and aerospace programs.



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. This division is an operating segment whose results are combined with eleven other operating segments and reported under Components, Products and Services ("CPS") for segment reporting purposes. In 2022, CPS revenue and gross profit were \$1.5 billion and \$194 million, respectively.

The Company updates its estimates of materials, labor and subcontractor costs on a quarterly basis. These updated estimates are reviewed each quarter by a group of employees that includes representatives from numerous functions such as engineering, materials, contracts, manufacturing, program management, finance and senior management. If a change in estimate is deemed necessary, the impact of the change is recognized in the period of change.

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. Revenue streams for which revenue is recognized at a point-in-time include Company-proprietary products and sales of raw materials.

Refer to Note 4 for further discussion.

*Income taxes.* The Company estimates its income tax provision or benefit in each of the jurisdictions in which it operates, including estimating exposures and making judgments regarding the realizability of deferred tax assets. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The carrying value of the Company's net deferred tax assets is based on the Company's belief that it is more likely than not that the Company will generate sufficient future taxable income in certain jurisdictions to realize these deferred tax assets. A valuation allowance has been established for deferred tax assets which do not meet the "more likely than not" criteria discussed above.

The Company's tax rate is dependent upon the geographic distribution of its worldwide income or losses, the tax regulations and tax holidays in each geographic region, the availability of tax credits and carryforwards, including net operating losses, and the effectiveness of its tax planning strategies.

The Company makes an assessment of whether each income tax position is "more likely than not" of being sustained on audit, including resolution of related appeals or litigation, if any. For each income tax position that meets the "more likely than not" recognition threshold, the Company then assesses the largest amount of tax benefit that is greater than 50% likely of being realized upon effective settlement with the tax authority. Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

#### *Recent Accounting Pronouncement Adopted*

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848)", which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. The amendments are effective for all entities as of March 12, 2020 through December 31, 2022. The Company adopted this ASU during the fourth quarter of 2022. The impact of adoption was not material.

### Note 3. Balance Sheet and Income Statement Details

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

Property, plant and equipment consisted of the following:

	As of	
	October 1, 2022	October 2, 2021
	(In thousands)	
Machinery and equipment	\$ 1,523,598	\$ 1,491,156
Land and buildings	656,839	645,639
Leasehold improvements	42,793	44,899
Furniture and fixtures	24,805	25,394
Construction in progress	91,928	40,524
	<u>2,339,963</u>	<u>2,247,612</u>
Less: Accumulated depreciation and amortization	<u>(1,764,793)</u>	<u>(1,714,627)</u>
Property, plant and equipment, net	<u>\$ 575,170</u>	<u>\$ 532,985</u>

Depreciation expense was \$108 million, \$109 million and \$113 million for 2022, 2021 and 2020, respectively.

#### *Other Income (Expense), net*

The Company terminated its frozen U.S. defined benefit plan (the “Plan”) effective July 3, 2022 and recorded a pension settlement charge of \$2 million during the fourth quarter of 2022 which includes the reclassification of unrecognized pension losses from accumulated other comprehensive income to other income (expense), net on the consolidated statements of income. Refer to Note 17 for discussion.

The Company recorded a loss on extinguishment of debt of \$1 million during the fourth quarter of 2022, consisting of a write-off of unamortized debt issuance costs arising from the amendment and restatement of the Fourth Amended and Restated Loan Agreement, dated as of November 30, 2018. Refer to Note 7 for discussion.

In 2021, the Company sold intellectual property for \$15 million, of which \$8 million has been received in cash. The sale of intellectual property was included in other income (expense), net on the consolidated statements of income. During the fourth quarter of 2022, the Company concluded it expected to incur credit losses with the counterparty for the remaining \$7 million due under the arrangement. Accordingly, the Company recorded a charge of \$7 million in other income (expense), net on the consolidated statements of income to establish an allowance for the expected credit loss.

A foreign entity of the Company was substantially liquidated in 2021 and the Company reclassified \$8 million of cumulative translation adjustments associated with this entity from accumulated other comprehensive income to other income (expense), net on the consolidated statements of income in 2021.

The Company received \$16 million of cash in 2021 in connection with settlements of certain anti-trust class action matters.

### Note 4. Revenue Recognition

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

#### *Step 1 - Identify the contract with a customer*

A contract is defined as an agreement between two parties that creates enforceable rights and obligations. The Company generally enters into a master supply agreement (“MSA”) with its customers that provides the framework under which business will be conducted, and pursuant to which a customer will issue purchase orders or other binding documents to

specify the quantity, price and delivery requirements for products or services the customer wishes to purchase. The Company generally considers its contract with a customer to be a firm commitment, consisting of the combination of an MSA and a purchase order or any other similar binding document.

*Step 2 - Identify the performance obligations in the contract*

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

*Step 3 - Determine the transaction price*

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

*Step 4 - Allocate the transaction price to the performance obligations in the contract*

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

*Step 5 - Recognize revenue when (or as) a performance obligation is satisfied*

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

The Company has determined that revenue for the majority of its contracts is required to be recognized on an over time basis. This determination is based on the fact that 1) the Company does not have an alternative use for the end products it manufactures for its customers and has an enforceable right to payment, including a reasonable profit, for work-in-progress upon a customer's cancellation of a contract for convenience or 2) the Company's customer simultaneously receives and consumes the benefits provided by the Company's services. For these contracts, revenue is recognized on an over time basis using the cost-to-cost method (ratio of costs incurred to date to total estimated costs at completion) which the Company believes best depicts the transfer of control to the customer. At least 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. This division is an operating segment whose results are combined with eleven other operating segments and reported under Components, Products and Services ("CPS") for segment reporting purposes. In 2022, CPS revenue and gross profit were \$1.5 billion and \$194 million, respectively.

The Company updates its estimates of materials, labor and subcontractor costs on a quarterly basis. These updated estimates are reviewed each quarter by a group of employees that includes representatives from numerous functions such as engineering, materials, contracts, manufacturing, program management, finance and senior management. If a change in estimate is deemed necessary, the impact of the change is recognized in the period of change.

## 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 consolidated balance sheets and transferred to accounts receivable when rights to payment become unconditional. Because of the Company's short manufacturing cycle times, the transfer from contract assets to accounts receivable generally occurs within the next fiscal quarter.

## Other

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

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

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

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

## Disaggregation of revenue

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

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Segments:			
IMS	\$ 6,372,442	\$ 5,454,269	\$ 5,699,751
CPS	1,518,033	1,302,374	1,260,619
Total	<u>\$ 7,890,475</u>	<u>\$ 6,756,643</u>	<u>\$ 6,960,370</u>
End Markets:			
Communications Networks and Cloud Infrastructure	\$ 3,175,534	\$ 2,866,602	\$ 2,832,650
Industrial, Defense, Medical and Automotive	4,714,941	3,890,041	4,127,720
Total	<u>\$ 7,890,475</u>	<u>\$ 6,756,643</u>	<u>\$ 6,960,370</u>
Geography:			
Americas (1)	\$ 3,719,496	\$ 3,182,849	\$ 3,450,527
APAC	3,007,904	2,517,963	2,514,005
EMEA	1,163,075	1,055,831	995,838
Total	<u>\$ 7,890,475</u>	<u>\$ 6,756,643</u>	<u>\$ 6,960,370</u>

(1) Mexico represents approximately 60% of the Americas revenue and the U.S. represents approximately 35%.

## **Note 5. Financial Instruments**

### ***Fair Value Measurements***

#### *Fair Value of Financial Instruments*

The fair values of cash equivalents (generally 10% or less of cash and cash equivalents), accounts receivable, accounts payable and short-term debt approximate carrying value due to the short-term duration of these instruments. Additionally, the fair value of variable rate long-term debt approximates carrying value as of October 1, 2022.

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

The Company's primary financial assets and financial liabilities measured at fair value on a recurring basis are deferred compensation plan assets and defined benefit plan assets, which are both measured using Level 1 inputs. Deferred compensation plan assets were \$37 million and \$46 million as of October 1, 2022 and October 2, 2021, respectively. Defined benefit plan assets were \$17 million and \$40 million as of October 1, 2022 and October 2, 2021, respectively. Other financial assets and financial liabilities measured at fair value on a recurring basis include foreign exchange contracts and interest rate swaps, which are both measured using Level 2 inputs. Foreign exchange contracts were not material as of October 1, 2022 or October 2, 2021. Interest rate swaps had a positive value of \$6 million and a negative value of \$19 million, as of October 1, 2022 and October 2, 2021, respectively.

#### *Offsetting Derivative Assets and Liabilities*

The Company has entered into master netting arrangements with each of its derivative counterparties that allows net settlement of derivative assets and liabilities under certain conditions, such as multiple transactions with the same currency maturing on the same date. The Company presents its derivative assets and derivative liabilities on a gross basis on the consolidated balance sheets. The amount that the Company had the right to offset under these netting arrangements was not material as of October 1, 2022 or October 2, 2021.

#### *Non-Financial Assets Measured at Fair Value on a Nonrecurring Basis*

Other non-financial assets, such as intangible assets, 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. During 2020, commodity prices in the oil and gas market experienced a sharp decline due to a combination of an oversaturated supply and a decrease in demand caused by the COVID-19 pandemic. This commodity price decline resulted in a negative impact to the projected cash flows of the Company's oil and gas reporting unit that is part of the Company's Components, Products and Services ("CPS") operating segment and, therefore, the Company performed a goodwill impairment test for this particular reporting unit. The Company concluded that the fair value of the reporting unit was below its carrying value, resulting in a goodwill impairment charge of \$7 million. The fair value of the reporting unit was estimated based on the present value of future discounted cash flows. The Company also recorded an impairment charge of \$2 million in 2022 and 2020 for certain long-lived assets.

### ***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 certain Asian and European countries, Brazil, Israel and Mexico.

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

	As of	
	October 1, 2022	October 2, 2021
<b>Derivatives Designated as Accounting Hedges:</b>		
Notional amount (in thousands)	\$ 123,172	\$ 110,098
Number of contracts	50	48
<b>Derivatives Not Designated as Accounting Hedges:</b>		
Notional amount (in thousands)	\$ 531,558	\$ 353,108
Number of contracts	43	46

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 income (expense), net, in the 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 Secured Overnight Financing Rate benchmark interest rate (“SOFR”) associated with anticipated variable rate borrowings. These interest rate swaps have a maturity date of December 1, 2023, and effectively convert 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 \$350 million were outstanding as of October 1, 2022 and October 2, 2021. The aggregate effective interest rate of these swaps as of October 1, 2022 was approximately 4.1%. Given the recent rise in interest rates and the likelihood of additional rate increases, these interest rate swaps had a positive value of \$6 million as of October 1, 2022, of which the majority is included in prepaid expenses and other current assets and the remaining amount is included in other assets on the consolidated balance sheets.

#### **Note 6. Financial Instruments and Concentration of Credit Risk**

Financial instruments that potentially subject the Company to credit risk consist primarily of cash, cash equivalents, trade accounts receivable, foreign currency forward contracts and interest rate swap agreements. The carrying value of assets such as cash, cash equivalents and accounts receivable is expected to approximate fair value due to the short duration of the assets. The Company maintains its cash and cash equivalents with recognized financial institutions that management believes to be of high credit quality. One of the Company's most significant credit risks is the ultimate realization of accounts receivable. This risk is mitigated by ongoing credit evaluations of, and frequent contact with, the Company's customers, especially its most

significant customers, thus enabling it to monitor changes in business operations and respond accordingly. The Company generally does not require collateral for sales on credit. The Company considers these concentrations of credit risks when estimating its allowance for doubtful accounts. Foreign currency forward contracts and interest rate swaps are maintained with high quality counterparties to reduce the Company's credit risk and are recorded on the Company's balance sheets at fair value.

Nokia and Motorola each represented more than 10% of the Company's net sales in 2022. Nokia represented more than 10% of the Company's net sales in 2021 and 2020. Motorola represented 10% or more of the Company's gross accounts receivable as of October 1, 2022 and Nokia represented 10% or more of the Company's gross accounts receivable as of October 2, 2021.

## Note 7. Debt

Long-term debt consisted of the following:

	As of	
	October 1, 2022	October 2, 2021
	(In thousands)	
Term loan due 2023, net of issuance costs	\$ —	\$ 330,322
Term loan due 2027, net of issuance costs	346,737	—
Less: Current portion of long-term debt	17,500	18,750
Long-term debt	<u>\$ 329,237</u>	<u>\$ 311,572</u>

### *Revolving Credit Facility.*

On September 27, 2022 (the “Closing Date”), the Company entered into a Fifth Amended and Restated Credit Agreement (the “Credit Agreement”) that amended and restated the Company’s existing Fourth Amended and Restated Loan Agreement, dated as of November 30, 2018 (the “Existing Credit Agreement”) by, among other things: (i) increasing the revolving commitments amount, (ii) providing for a term loan facility and (iii) replacing LIBOR with SOFR for purposes of determining the interest rate payable for borrowings under the Credit Agreement.

The Credit Agreement provides for an \$800 million revolving credit facility and 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. Costs incurred in connection with the amendment of the Existing Credit Agreement of \$3 million are classified as long-term debt and are being amortized to interest expense over the life of the Term Loan Due 2027 using the effective interest method.

The Term Loan Due 2027 was fully drawn on the Closing Date and the proceeds were used to repay the term loan outstanding under the Existing Credit Agreement. Upon repayment, the Company recorded a loss on extinguishment of debt of \$1 million consisting of a write-off of unamortized debt issuance costs of the Existing Credit Agreement.

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 (and 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.

Maturities of the Term Loan Due 2027 as of October 1, 2022 by fiscal year are as follows:

	<u>(In Thousands)</u>
2023	\$ 17,500
2024	13,125
2025	17,500
2026	21,875
2027	280,000
	<u>\$ 350,000</u>

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.

As of October 1, 2022, no borrowings and \$9 million of letters of credit were outstanding under the Credit Agreement, under which \$791 million was available to borrow. There were no borrowings outstanding under the Credit Agreement as of October 2, 2021.

*Foreign Short-term Borrowing Facilities.* As of October 1, 2022, certain foreign subsidiaries of the Company had a total of \$70 million of short-term borrowing facilities available, under which no borrowings were outstanding. These facilities expire at various dates through the second quarter of 2024.

#### *Debt Covenants*

The Company's 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 October 1, 2022.

#### **Note 8. Leases**

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

	<u>As of</u>	
	<u>October 1, 2022</u>	<u>October 2, 2021</u>
	<u>(In thousands)</u>	
Other assets	\$ 79,495	\$ 68,012
Accrued liabilities	\$ 16,695	\$ 17,219
Other long-term liabilities	48,566	38,587
Total lease liabilities	<u>\$ 65,261</u>	<u>\$ 55,806</u>
Weighted average remaining lease term (in years)	15.74	14.46
Weighted average discount rate	2.4 %	2.72 %



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

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
Operating lease expense (1)	\$ 23,978	\$ 21,455	\$ 20,670

	As of	
	October 1, 2022	October 2, 2021
	(In thousands)	
Cash paid for operating lease liabilities	\$ 19,249	\$ 19,531

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

Future lease payments under non-cancelable operating leases as of October 1, 2022, by fiscal year, are as follows:

	Operating Leases (In thousands)
2023	\$ 18,109
2024	15,350
2025	12,450
2026	8,907
2027	5,724
Thereafter	10,412
Total lease payments	70,952
Less: imputed interest	5,691
Total	\$ 65,261

### Note 9. Accounts Receivable Sale Program

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

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

Under each of the programs noted above, the Company sells its entire interest in a trade receivable for 100% of face value, less a discount. For the years ended October 1, 2022 and October 2, 2021, the Company sold approximately \$1.9 billion and approximately \$0.5 billion, respectively, of accounts receivable under these programs. Upon sale, these receivables are removed from the consolidated balance sheets and cash received is presented as cash provided by operating activities in the consolidated statements of cash flows. Discounts on sold receivables were not material for any period presented. As of October 1, 2022 and October 2, 2021, \$194 million and \$7 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 servicer under the RPA on a weekly basis to the financial institutions that purchased the receivables. As of October 1, 2022 and October 2, 2021, \$49 million and \$18 million, respectively, had been collected but not yet remitted. This amount is classified in accrued liabilities on the consolidated balance sheets.

## **Note 10. 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 October 1, 2022 and October 2, 2021, the Company had reserves of \$38 million and \$37 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 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 October 1, 2022, the Company had been named in a lawsuit and several administrative orders alleging certain of its current and former sites contributed to groundwater contamination. One such order demands that the Company and other alleged defendants remediate groundwater contamination at four landfills located in Northern California to which the Company may have sent wastewater in the past. The Company is participating in a working group of other alleged defendants to better understand its potential exposure in this action and has reserved its estimated exposure for this matter as of October 1, 2022. However, there can be no assurance that the Company's reserve will ultimately be sufficient.

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 first phase of a multi-phase trial against the Company and several other defendants commenced in April 2021 and the submission of evidence concluded in May 2022. On June 28, 2022, the Court issued a tentative ruling finding Sanmina and the other defendants liable for certain past investigation costs incurred by the plaintiff. A final statement of decision in this phase of the trial is expected on or about the middle of calendar year 2023. Based upon the Court's tentative ruling, the Company believes a loss in this matter is probable and has recorded an estimated loss. Subsequent trial phases to assess the Company's and certain other defendants' liability for the plaintiff's future remediation and other costs, and the allocation of damages among the liable defendants, are anticipated to occur in 2024 and beyond. 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, at the current time, 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 of any adverse liability rulings or judgment at the appropriate time.

#### *Other Matters*

In October 2018, a contractor who had been retained by the Company through a third party temporary staffing agency filed a lawsuit against the Company in the Santa Clara County Superior Court on behalf of himself and all other similarly situated Company contractors and employees in California, alleging violations of California Labor Code provisions governing overtime, meal and rest periods, wages, wage statements and reimbursement of business expenses. The complaint sought certification of a class of all non-exempt employees. Although the Company continued to deny any wrongdoing, on November 19, 2020, the Company reached an agreement to resolve all claims, including claims under California's Private Attorneys General Act of 2004 (the "Settlement"), which also resulted in the dismissal of a suit alleging substantially similar claims filed in the Santa Clara County Superior Court in June 2021. The final amount of the judicially approved Settlement was approximately \$4 million, and was paid during the first quarter of fiscal 2022.

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 gross negligence/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 which the Company believes are vastly overstated and are subject to a contractual limitation of liability that limits any Dialight recovery to less than \$2 million. The Company continues to vigorously prosecute its claims against Dialight. Further, the Company strongly disagrees with Dialight’s allegations and is defending against them vigorously. No trial date has been set in this matter.

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

#### Note 11. Restructuring

Restructuring costs were \$11 million, \$15 million, and \$27 million in 2022, 2021, and 2020, respectively.

The following table is a summary of restructuring costs:

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Severance costs	\$ 319	\$ 9,405	\$ 17,919
Other exit costs (recognized as incurred)	1,500	1,834	71
Total - Q1 FY20 Plan	1,819	11,239	17,990
Costs incurred for other plans	9,606	3,818	8,793
Total - all plans	<u>\$ 11,425</u>	<u>\$ 15,057</u>	<u>\$ 26,783</u>

#### *Q1 FY20 Plan*

On October 28, 2019, the Company adopted a Company-wide restructuring plan (“Q1 FY20 Plan”) under which the Company has incurred restructuring costs of approximately \$31 million as of October 1, 2022. These charges consist primarily of severance. Substantially all cash payments have occurred and actions under this plan are complete.

#### *Other plans*

Other plans include a number of plans for which costs are not expected to be material individually or in the aggregate.

#### *All Plans*

The Company’s Integrated Manufacturing Solutions (“IMS”) segment incurred costs of \$1 million and \$9 million for the years ended October 1, 2022 and October 2, 2021, respectively. The Company’s CPS segment incurred costs of \$10 million and \$5 million for the years ended October 1, 2022 and October 2, 2021, respectively. In addition, the Company incurred costs of \$1 million for the year ended October 2, 2021 for Corporate headcount reductions that were not allocated to the Company’s IMS and CPS segments. The Company had accrued liabilities of \$6 million as of October 1, 2022 and October 2, 2021, for restructuring costs (exclusive of long-term environmental remediation liabilities).

The Company expects to incur restructuring costs, which could be material, in future periods primarily relating to vacant facilities and former sites for which the Company is or may be responsible for environmental remediation.

## Note 12. Income Taxes

Domestic and foreign components of income before income taxes were as follows:

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Domestic	\$ 163,979	\$ 200,300	\$ 96,993
Foreign	156,649	106,705	103,765
Total	<u>\$ 320,628</u>	<u>\$ 307,005</u>	<u>\$ 200,758</u>

The provision for income taxes consists of the following:

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Federal:			
Current	\$ 1,070	\$ 705	\$ (917)
Deferred	29,222	34,157	9,460
State:			
Current	2,060	4,241	1,705
Deferred	3,081	(302)	2,579
Foreign:			
Current	29,640	(906)	46,376
Deferred	(566)	112	1,842
Total provision for income taxes	<u>\$ 64,507</u>	<u>\$ 38,007</u>	<u>\$ 61,045</u>

The Company's provision for income taxes for 2022, 2021 and 2020 was \$65 million (20% of income before taxes), \$38 million (12% of income before taxes) and \$61 million (30% of income before taxes), respectively.

The effective tax rates for 2022 and 2021 were lower than the expected U.S. statutory rate of 21% primarily due to a \$16 million and \$43 million tax benefit, respectively, resulting from the release of a foreign tax reserves due to lapse of time and expiration of statutes of limitations. The effective tax rate for 2020 is higher than the expected U.S. statutory rate of 21% primarily due to foreign operations that are taxed at rates higher than the U.S. statutory rate.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities are as follows:

	As of	
	October 1, 2022	October 2, 2021
(In thousands)		
Deferred tax assets:		
U.S. net operating loss carryforwards	\$ 81,917	\$ 127,243
Foreign net operating loss carryforwards	109,416	112,516
Intangibles	25,099	24,219
Accruals not currently deductible	44,963	43,932
Property, plant and equipment	27,514	25,494
Tax credit carryforwards	18,465	17,250
Reserves not currently deductible	14,939	11,534
Stock compensation expense	6,365	7,677
Federal benefit of foreign operations	21,312	18,336
Derivatives and other impacts of OCI	838	7,637
Lease deferred tax asset	15,018	11,563
Other	1,915	—
Valuation allowance	(118,210)	(115,258)
Total deferred tax assets	<u>249,551</u>	<u>292,143</u>
Deferred tax liabilities on undistributed earnings	(14,775)	(14,775)
Deferred tax liabilities on branch operations	(24,182)	(30,000)
Revenue recognition	(1,572)	(1,702)
Lease deferred tax liability	(14,808)	(11,349)
Other	—	(2,495)
Net deferred tax assets	<u>\$ 194,214</u>	<u>\$ 231,822</u>
Recorded as:		
Deferred tax assets	\$ 198,588	\$ 235,117
Deferred tax liabilities	(4,374)	(3,295)
Net deferred tax assets	<u>\$ 194,214</u>	<u>\$ 231,822</u>

A valuation allowance is established or maintained when, based on currently available information and other factors, it is more likely than not that all or a portion of the deferred tax assets will not be realized. The Company regularly assesses its valuation allowance against deferred tax assets on a jurisdiction by jurisdiction basis. The Company considers all available positive and negative evidence, including future reversals of temporary differences, projected future taxable income, tax planning strategies and recent financial results. Significant judgment is required in assessing the Company's ability to generate revenue, gross profit, operating income and jurisdictional taxable income in future periods. The Company's valuation allowance as of October 1, 2022 relates primarily to foreign net operating losses, with the exception of \$14 million related to U.S. state net operating losses.

The Company provides deferred tax liabilities for the tax consequences associated with the undistributed earnings that are expected to be repatriated to subsidiaries' parent unless the subsidiaries' earnings are considered indefinitely reinvested. As of October 1, 2022, income taxes and foreign withholding taxes have not been provided for approximately \$439 million of cumulative undistributed earnings of several non-U.S. subsidiaries. The Company intends to reinvest these earnings indefinitely in operations outside of the U.S. Determination of the amount of unrecognized deferred tax liabilities on these undistributed earnings is not practicable.

As of October 1, 2022, the Company has cumulative net operating loss carryforwards for federal, state and foreign tax purposes of \$292 million, \$357 million and \$465 million, respectively. The federal and state net operating loss carryforwards begin expiring in fiscal years 2028 and 2023, respectively, and expire at various dates through September 29, 2035. Certain foreign net operating losses start expiring in 2023. However, the majority of foreign net operating losses carryforward indefinitely. As of October 1, 2022, the Company has federal tax credits of \$21 million that expire between 2031 and 2042. There are certain restrictions on the utilization of net operating loss and tax credit carryforwards in the event of an “ownership change” as defined in the Internal Revenue Code. The utilization of certain net operating losses may be restricted due to changes in ownership and business operations.

Following is a reconciliation of the statutory federal tax rate to the Company's effective tax rate:

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
Federal tax at statutory tax rate	21.00 %	21.00 %	21.00 %
Effect of foreign operations	2.63	7.33	13.02
Permanent items	0.07	(1.86)	(0.59)
Federal credits	(0.65)	(0.50)	(1.31)
Other	0.28	(0.17)	(0.06)
State income taxes, net of federal benefit	1.74	1.01	1.96
Release of foreign tax reserves	(4.96)	(14.43)	(3.61)
Effective tax rate	<u>20.11 %</u>	<u>12.38 %</u>	<u>30.41 %</u>

A reconciliation of the beginning and ending amount of total liabilities for unrecognized tax benefits, excluding accrued penalties and interest, is as follows:

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Balance, beginning of year	\$ 67,781	\$ 74,612	\$ 66,677
Increase (decrease) related to prior year tax positions	(4,456)	6,063	1,327
Increase related to current year tax positions	7,154	7,349	9,907
Settlements	(7,596)	—	—
Decrease related to lapse of time and expiration of statutes of limitations	(9,331)	(20,243)	(3,299)
Balance, end of year	<u>\$ 53,552</u>	<u>\$ 67,781</u>	<u>\$ 74,612</u>

The Company had reserves of \$11 million and \$17 million as of October 1, 2022 and October 2, 2021, respectively, for the payment of interest and penalties relating to unrecognized tax benefits. During 2022, the Company recognized an income tax benefit for interest and penalties of \$3 million due to lapse of time and expiration of statutes of limitations compared to an income tax benefit of \$23 million in 2021. The Company recognizes interest and penalties related to liabilities for unrecognized tax benefits as a component of income tax expense. Should the Company be able to ultimately recognize all of these uncertain tax positions, it would result in a benefit to net income of \$44 million in 2022.

The Company conducts business globally and, as a result, files income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company is currently being audited by the Internal Revenue Service for tax years 2008 through 2010. To the extent the final tax liabilities are different from the amounts accrued, this would result in an increase or decrease in net operating loss carryforwards which could materially impact tax expense. Additionally, the Company is being audited by various state tax agencies and certain foreign countries. To the extent the final tax liabilities are different from the amounts accrued, the increases or decreases would be recorded as income tax expense or benefit in the consolidated statements of income. Although the Company believes that the resolution of these audits will not have a material adverse impact on the Company's results of operations, the outcome is subject to uncertainty.

In general, the Company is no longer subject to United States federal or state income tax examinations for years before 2003, and to foreign examinations for years prior to 2006 in its major foreign jurisdictions. It is reasonably possible that the

balance of gross unrecognized tax benefits could decrease in the next 12 months by approximately \$9 million related to payments, the resolution of audits and expiration of statutes of limitations. In addition, there could be a corresponding decrease in accrued interest and penalties of approximately \$4 million.

### Note 13. Earnings Per Share

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

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
(In thousands, except per share amounts)			
Numerator:			
Net income	\$ 256,121	\$ 268,998	\$ 139,713
Denominator:			
Weighted average common shares outstanding	61,310	65,318	69,041
Effect of dilutive stock options and restricted stock units	1,807	1,766	1,752
Denominator for diluted earnings per share	<u>63,117</u>	<u>67,084</u>	<u>70,793</u>
Net income per share:			
Basic	\$ 4.18	\$ 4.12	\$ 2.02
Diluted	\$ 4.06	\$ 4.01	\$ 1.97

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 14. Stockholders' Equity

The Company's 2009 Stock Plan ("2009 Plan") expired as to future grants on January 26, 2019. Although the 2009 Plan expired, it will continue to govern all awards granted under it prior to its expiration date. On March 11, 2019, the Company's stockholders approved the Company's 2019 Equity Incentive Plan ("2019 Plan") and the reservation of 4 million shares of common stock for issuance thereunder, plus any shares subject to stock options or similar awards granted under the 2009 Plan that expire or otherwise terminate without having been exercised in full and shares issued pursuant to awards granted that are forfeited by the Company.

As of October 1, 2022, an aggregate of 7 million shares were authorized for future issuance under the Company's stock plans, of which 4 million of such shares were issuable upon exercise of outstanding options and delivery of shares upon vesting of restricted stock units and 3 million shares of common stock were available for future grant. Awards other than stock options reduce common stock available for grant by 1.36 shares for every share of common stock subject to such an award. Awards under the 2019 Plan and 2009 Plan that expire or are cancelled without delivery of shares generally become available for issuance under the 2019 Plan. The 2019 Plan will expire as to future grants in December 2028.

#### *Stock Repurchase Program*

During 2022, 2021 and 2020, the Company repurchased 8.0 million shares, 1.5 million shares and 6.4 million shares of its common stock for \$317 million, \$54 million and \$166 million (including commissions), 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, purchases of shares reduce the Company's liquidity. As of October 1, 2022, an aggregate of \$164 million remains available under these programs.

In addition to the repurchases discussed above, the Company repurchased 369,000, 286,000 and 398,000 shares of its common stock during 2022, 2021, and 2020, respectively, in settlement of employee tax withholding obligations due upon the vesting of restricted stock units. The Company paid \$14 million, \$10 million and \$13 million, respectively, to applicable tax authorities in connection with these repurchases.

#### *Accumulated Other Comprehensive Income*

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

	As of	
	October 1, 2022	October 2, 2021
	(In thousands)	
Foreign currency translation adjustments	\$ 63,929	\$ 76,120
Unrealized holding gain (loss) on derivative financial instruments	4,112	(14,305)
Unrecognized net actuarial loss and unrecognized transition cost for benefit plans	(11,716)	(21,125)
Total	<u>\$ 56,325</u>	<u>\$ 40,690</u>

During the third quarter of 2021, a foreign entity of the Company was substantially liquidated and the Company reclassified \$8 million of cumulative translation adjustments associated with this entity from accumulated other comprehensive income to other income (expense), net in the consolidated statements of income. During the fourth quarter of 2022, the Company reclassified \$2 million of unrecognized pension losses from accumulated other comprehensive income to other income (expense), net in the consolidated statements of income. There were no other significant reclassifications from accumulated other comprehensive income to the consolidated statements of income for any period presented.

Unrealized holding gain (loss) on derivative financial instruments includes losses from interest rate swap agreements with independent counterparties to partially hedge the variability in cash flows due to changes in the benchmark interest rate (SOFR) associated with anticipated variable rate borrowings. 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 \$350 million were outstanding as of October 1, 2022 and October 2, 2021. The aggregate effective interest rate of these swaps as of October 1, 2022 was approximately 4.1% and was approximately 4.3% as of October 2, 2021. These interest rate swaps had a negative value of \$19 million as of October 2, 2021, of which \$9 million is included in accrued liabilities and the remaining amount is included in other long-term liabilities on the consolidated balance sheets. Given the recent rise in interest rates and the likelihood of additional rate increases, these interest rate swaps had a positive value of \$6 million as of October 1, 2022, of which the majority is included in prepaid expenses and other current assets and the remaining amount is included in other assets on the consolidated balance sheets.

#### **Note 15. Business Segment, Geographic and Customer Information**

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

The Company's operations are managed as two businesses:

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



The Company determined that it has only one reportable segment - IMS, which generated approximately 80% of the Company's total revenue in 2022. CPS 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 combined and presented in a single category entitled "Components, Products and Services".

The accounting policies for each segment are the same as those disclosed by the Company for its consolidated financial statements. Intersegment sales consist primarily of sales of components from CPS to IMS.

The Company's chief operating decision making group 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.

Segment information is as follows:

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
<b>Gross sales:</b>			
IMS	\$ 6,407,724	\$ 5,485,612	\$ 5,733,180
CPS	1,631,918	1,397,742	1,365,712
Intersegment revenue	(149,167)	(126,711)	(138,522)
Net Sales	<u>\$ 7,890,475</u>	<u>\$ 6,756,643</u>	<u>\$ 6,960,370</u>
<b>Gross Profit:</b>			
IMS	\$ 462,606	\$ 391,339	\$ 381,638
CPS	193,817	177,248	156,844
Total	656,423	568,587	538,482
Unallocated items (1)	(15,909)	(16,782)	(12,775)
Total	<u>\$ 640,514</u>	<u>\$ 551,805</u>	<u>\$ 525,707</u>
<b>Depreciation and amortization:</b>			
IMS	\$ 73,914	\$ 77,076	\$ 81,169
CPS	30,061	27,770	26,718
Total	103,975	104,846	107,887
Unallocated corporate items (2)	4,808	4,810	6,331
Total	<u>\$ 108,783</u>	<u>\$ 109,656</u>	<u>\$ 114,218</u>
<b>Capital expenditures (receipt basis):</b>			
IMS	\$ 94,636	\$ 44,672	\$ 23,933
CPS	55,993	33,839	23,915
Total	150,629	78,511	47,848
Unallocated corporate items (2)	5,650	3,343	3,227
Total	<u>\$ 156,279</u>	<u>\$ 81,854</u>	<u>\$ 51,075</u>

(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, amortization of intangible assets, charges or credits resulting from distressed customers and litigation settlements.

(2) Primarily related to selling, general and administration functions.

Segment assets, consisting of accounts receivable, inventories and fixed assets, are substantially proportional to segment sales.

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

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Net sales:			
Americas (1)	\$ 3,719,496	\$ 3,182,849	\$ 3,450,527
APAC	3,007,904	2,517,963	2,514,005
EMEA	1,163,075	1,055,831	995,838
Total	<u>\$ 7,890,475</u>	<u>\$ 6,756,643</u>	<u>\$ 6,960,370</u>

(1) Mexico represents approximately 60% of the Americas revenue and the U.S. represents approximately 35%.

Percentage of net sales represented by ten largest customers	48.7 %	52.7 %	55.5 %
Number of customers representing 10% or more of net sales	2	1	1

	As of	
	October 1, 2022	October 2, 2021
	(In thousands)	
Property, plant and equipment, net:		
Americas	\$ 367,172	\$ 322,545
APAC	151,254	143,111
EMEA	56,744	67,329
Total	<u>\$ 575,170</u>	<u>\$ 532,985</u>

#### Note 16. Stock-Based Compensation

Stock-based compensation expense was recognized as follows:

	Year Ended		
	October 1, 2022	October 2, 2021	October 3, 2020
	(In thousands)		
Cost of sales	\$ 14,065	\$ 14,472	\$ 10,099
Selling, general and administrative	25,037	20,118	15,897
Research and development	506	386	239
Total	<u>\$ 39,608</u>	<u>\$ 34,976</u>	<u>\$ 26,235</u>

The Company grants restricted stock units 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.

The Company grants shares for which vesting is contingent on cumulative non-GAAP earnings per share measured over three fiscal years. If a minimum threshold is not achieved during the measurement period, the shares will be cancelled. If a minimum threshold is achieved or exceeded, the number of shares of common stock that will be issued will range from 80% to 120% of the number of PSUs granted, depending on the extent of performance. Additionally, the number of shares that vest may be adjusted up or down by up to 15% based on the Company's total shareholder return relative to that of its peer group over this same period.

Activity with respect to the Company's restricted stock units and PSUs was as follows:

	Number of Shares <u>(In thousands)</u>	Weighted Average Grant- Date Fair Value ( <u>\$</u> )	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ( <u>\$</u> ) <u>(In thousands)</u>
Outstanding as of September 28, 2019	3,153	27.82	1.30	102,720
Granted	1,340	32.51		
Vested/Forfeited/Cancelled	<u>(1,925)</u>	28.62		
Outstanding as of October 3, 2020	2,568	29.67	1.23	71,571
Granted	1,529	34.26		
Vested/Forfeited/Cancelled	<u>(1,143)</u>	29.27		
Outstanding as of October 2, 2021	2,954	32.21	1.23	113,591
Granted	1,644	40.54		
Vested/Forfeited/Cancelled	<u>(1,318)</u>	30.42		
Outstanding as of October 1, 2022	<u>3,280</u>	37.11	1.35	155,049
Expected to vest as of October 1, 2022	<u>2,909</u>	36.93	1.28	137,524

The fair value of restricted stock units that vested during the year was \$44 million for 2022, \$32 million for 2021 and \$43 million for 2020. As of October 1, 2022, unrecognized compensation expense of \$68 million is expected to be recognized over a weighted average period of 1.3 years.

#### Note 17. Employee Benefit Plans

The Company has various defined contribution retirement plans that cover the majority of its domestic employees. These retirement plans permit participants to elect to have contributions made to the retirement plans in the form of salary deferrals. Under these retirement plans, the Company may match a portion of employee contributions. Amounts contributed by the Company were not material for any period presented herein.

The Company sponsors a deferred compensation plan for eligible employees that allows participants to defer payment of all or part of their compensation. Deferrals under this plan were immaterial. Assets associated with these plans were \$37 million and \$46 million as of October 1, 2022 and October 2, 2021, respectively. Liabilities associated with these plans were \$37 million and \$46 million as of October 1, 2022 and October 2, 2021, respectively. These amounts are recorded in other non-current assets and other long-term liabilities on the consolidated balance sheets.

Defined benefit plans covering certain employees in the United States and Canada were frozen in 2001. Employees who had not yet vested will continue to be credited with service until vesting occurs, but no additional benefits will accrue. During the third quarter of 2022, the Board of Directors approved the termination of the Company's frozen U.S. defined benefit plan (the "Plan") effective July 3, 2022. In connection with this termination, the Company purchased a group annuity contract for \$6 million during the fourth quarter of 2022 that provides for the administration of future payments to eligible plan participants. In addition, the Company recorded a pension settlement charge of \$2 million during the fourth quarter of 2022, which includes the reclassification of unrecognized pension losses from accumulated other comprehensive income to other income (expense), net on the consolidated statements of income.

The Company also provides defined benefit pension plans in certain other countries. The assumptions used for calculating the pension benefit obligations for non-U.S. plans depend on the local economic environment and regulations. The measurement date for the Company's defined benefit plans is October 1, 2022.

The funded status and plan assets for the defined benefit plans and amount reported on the consolidated balance sheets were as follows:

	As of				
	October 1, 2022	October 2, 2021		October 3, 2020	
	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
	(In thousands)				
Plan Assets	\$ 17,290	\$ 16,435	\$ 23,575	\$ 15,430	\$ 23,575
Projected Benefit Obligation	50,871	22,943	63,217	25,704	64,453
Underfunded Status	<u>\$ 33,581</u>	<u>\$ 6,508</u>	<u>\$ 39,642</u>	<u>\$ 10,274</u>	<u>\$ 40,878</u>
Current Liabilities	\$ 3,038	\$ —	\$ 2,674	\$ —	\$ 2,054
Non-current liabilities	30,543	6,508	36,968	10,274	38,824
Total liabilities	<u>\$ 33,581</u>	<u>\$ 6,508</u>	<u>\$ 39,642</u>	<u>\$ 10,274</u>	<u>\$ 40,878</u>

The Company's investment strategy is designed to help ensure that sufficient pension assets are available to pay benefits as they become due. Plan assets are invested in mutual funds that are valued using the NAV that is quoted in active markets (Level 1 input). These plans are managed consistent with regulations or market practices of the country in which the assets are invested. As of October 1, 2022 there were no significant concentrations of credit risk related to pension plan assets. All other amounts and assumptions were not material for any period presented herein.

## Note 18. Strategic Transactions

### *India Joint Venture*

On October 3, 2022, subsequent to the end of the fourth quarter of 2022, the Company completed a joint venture transaction in which the Company entered into a Share Subscription and Purchase Agreement (the "SSPA") and a Joint Venture and Shareholders' Agreement (the "Shareholders' Agreement") with Reliance Strategic Business Ventures Limited ("RSBVL"), a wholly owned subsidiary of Reliance Industries Limited. Pursuant to the SSPA and the Shareholder' Agreement, the parties established Sanmina SCI India Private Limited ("SIPL"), the Company's existing Indian manufacturing entity, as a joint venture to engage in manufacturing in India of telecommunications equipment, data center and internet equipment, medical equipment, clean technology equipment and other high-tech equipment. As a result of the transaction, RSBVL acquired shares of SIPL for approximately \$215 million of cash such that immediately after the closing of the transaction, RSBVL holds 50.1% of the outstanding shares of SIPL and Sanmina holds the remaining 49.9% of the outstanding shares of SIPL. The amount received from RSBVL was based on preliminary calculations and is subject to adjustment based on final calculations. Given the terms of the agreements entered into by the parties concerning management of the joint venture, the Company expects to continue to consolidate SIPL in future periods.

### *Acquisition*

On April 6, 2021, the Company purchased all of the outstanding stock of a European subsidiary of a multinational company in the industrial end market. This acquisition increased the Company's IMS capabilities in Europe. The Company also entered into a master supply agreement with the seller in connection with this acquisition. Total consideration paid in this acquisition was \$38 million of cash, of which \$29 million was paid upon closing and \$9 million is due in April 2023. The acquiree had \$8 million of cash as of the acquisition date, resulting in a net cash outlay upon closing of \$21 million. The pro-forma effect of the acquisition, as if it had occurred at the beginning of the year, was not material to the consolidated financial statements. The acquisition is reported in the Company's IMS reportable segment.

The Company's allocation of the purchase price was based on management's estimate of the acquisition-date fair values of the tangible and identifiable intangible assets acquired and liabilities assumed.

The following represents the allocation of the purchase price to the acquired assets and liabilities assumed.

	(In thousands)	
Current assets, including cash acquired of \$8.1 million	\$	18,696
Noncurrent assets, including identifiable intangible assets of \$4.4 million and goodwill of \$8.5 million		30,711
Current liabilities		(10,671)
Noncurrent liabilities		(152)
Total net assets acquired	\$	<u>38,584</u>

Goodwill reflects the expectation that the acquisition enables the Company to increase its IMS capabilities in Europe. Goodwill and identifiable intangible assets are recorded in other non-current assets on the consolidated balance sheets. Identifiable intangible assets are being amortized over four years.

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

None.

**Item 9A. *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, or 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 error 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. Nonetheless, our Chief Executive Officer and Chief Financial Officer have concluded that, as of October 1, 2022, (1) our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives, and (2) our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

**(b) *Management's Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of October 1, 2022. In making this assessment, our management used the criteria established in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our management has concluded that, as of October 1, 2022, our internal control over financial reporting was effective based on the COSO criteria.

The effectiveness of our internal control over financial reporting as of October 1, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears under Item 8.

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

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended October 1, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. *Other Information***

None.

**Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not applicable.

### **PART III**

The information called for by Items 10, 11, 12, 13 and 14 of Part III are incorporated by reference from our definitive Proxy Statement to be filed in connection with our 2023 Annual Meeting of Stockholders pursuant to Regulation 14A, except that the information regarding our executive officers called for by Item 401(b) of Regulation S-K has been included in Part I of this report.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

- (a) (1) **Financial Statements.** The following financial statements are filed under Item 8 hereof as part of this report:

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	47
Financial Statements:	
Consolidated Balance Sheets, As of October 1, 2022 and October 2, 2021	49
Consolidated Statements of Income, Years Ended October 1, 2022, October 2, 2021 and October 3, 2020	50
Consolidated Statements of Comprehensive Income, Years Ended October 1, 2022, October 2, 2021 and October 3, 2020	51
Consolidated Statements of Stockholders' Equity, Years Ended October 1, 2022, October 2, 2021 and October 3, 2020	52
Consolidated Statements of Cash Flows, Years Ended October 1, 2022, October 2, 2021 and October 3, 2020	53
Notes to Consolidated Financial Statements	54

- (2) **Financial Statement Schedules.** The following financial statement schedule of Sanmina Corporation is filed as part of this report on Form 10-K immediately after the signature pages hereto and should be read in conjunction with our Financial Statements included in this Item 15:

Schedule II-Valuation and Qualifying Accounts, Years Ended October 1, 2022, October 2, 2021 and October 3, 2020

All other schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or the notes thereto.

- (3) **Exhibits.** Refer to Item 15(b) immediately below.



(b) Exhibits

Exhibit Number	Description
3.1(1)	Restated Certificate of Incorporation of the Registrant, dated January 31, 1996.
3.2(2)	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant, dated March 9, 2001.
3.3(3)	Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock of the Registrant, dated May 31, 2001.
3.4(4)	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant, dated December 7, 2001.
3.5(5)	Amended and Restated Bylaws of the Registrant dated December 1, 2008.
3.6(6)	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant, as amended, dated July 27, 2009.
3.7(7)	Certificate of Ownership and Merger as filed with the Secretary of State of the State of Delaware and effective November 15, 2012.
3.8(8)	Certificate of Amendment of Amended and Restated Bylaws dated December 7, 2015
4.1(9)	Indenture, dated as of June 4, 2014, among Sanmina Corporation, certain subsidiaries of Sanmina Corporation as guarantors and U.S. Bank National Association as trustee.
4.5(10)	Description of the Registrant's Securities
10.1(11)*	Intentionally omitted
10.2(12)*	Amended and Restated Sanmina-SCI Corporation Deferred Compensation Plan dated June 9, 2008.
10.3(13)*	Revised form of Officer and Director Indemnification Agreement.
10.4(14)*	2009 Incentive Plan, as amended on March 5, 2018.
10.5(15)*	Intentionally omitted
10.6(16)*	Form of Stock Option Agreement for use under the 2009 Incentive Plan.
10.7(17)*	Form of Restricted Stock Unit Agreement for use under the 2009 Incentive Plan.
10.8(18)*	Form of Restricted Stock Agreement for use under the 2009 Incentive Plan.
10.9(19)*	Form of Change of Control Severance Benefit Agreement.
10.10(20)	Amendment to employment offer letter between Sanmina Corporation and Alan Reid dated March 12, 2010.
10.11(21)*	Form of Restricted Stock Unit Agreement under 2009 Incentive Plan for director grants.
10.12(22)	Purchase Agreement, dated as of May 20, 2014, by and among Sanmina Corporation, certain subsidiaries of Sanmina Corporation, as guarantors, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the initial purchasers.
10.13(23)	Second Amendment to the Sanmina Corporation Deferred Compensation Plan adopted as of May 12, 2015.
10.14(24)	Intentionally omitted
10.15(25)*	First Amendment to the Sanmina-SCI Corporation Deferred Compensation Plan.
10.16(26)*	Amendment No. 3 to Sanmina-SCI Corporation Deferred Compensation Plan.
10.17(27)*	Intentionally omitted
10.18(28)*	Intentionally omitted
10.19(29)*	Fourth Amendment to the Sanmina Corporation Deferred Compensation Plan.
10.20(30)‡	Receivables Purchase Agreement, dated March 26, 2018, among Sanmina Corporation, the sellers and buyers from time to time party thereto and the Bank of Tokyo-Mitsubishi UFG, Ltd., as administrative agent.
10.21(31) ‡	Joinder and Amendment No. 1 to the Receivables Purchase Agreement dated June 25, 2018 among Sanmina Corporation, MUFG Bank Ltd. (formerly known as The Bank of Tokyo-Mitsubishi UFG, Ltd.), Wells Fargo Bank N.A., Bank of the West and MUFG Bank Ltd., as administrative agent.
10.22(14)*	Fifth Amendment to Sanmina Corporation Deferred Compensation Plan.
10.23(14)*	Sixth Amendment to Sanmina Corporation Deferred Compensation Plan.

10.24	Intentionally omitted
10.25	Intentionally omitted
10.26(14)±	Joinder Agreement and Amendment No. 2 to the Receivables Purchase Agreement, dated September 17, 2018, among Sanmina Corporation, Sanmina-SCI Systems Pte. Ltd., MUFG Bank Ltd., Wells Fargo Bank N.A., Bank of the West and MUFG Bank Ltd., as administrative agent.
10.27(24)‡	Amendment No. 3 to the Receivables Purchase Agreement, dated December 21, 2018, among Sanmina Corporation, Sanmina-SCI Systems Pte. Ltd., MUFG Bank Ltd., Wells Fargo Bank N.A., Bank of the West and MUFG Bank Ltd., as administrative agent.
10.28	Intentionally omitted
10.29(33)*	2019 Equity Incentive Plan, as amended
10.30(32)*	Form of Restricted Stock Unit Award Agreement for use under 2019 Equity Incentive Plan
10.31(32)*	Form of Stock Option Award Agreement for use under 2019 Equity Incentive Plan
10.32	Intentionally omitted
10.33(34) ±	Amendment No. 4 to the Receivables Purchase Agreement, dated April 3, 2019, among Sanmina Corporation, Sanmina-SCI Systems Pte. Ltd., MUFG Bank Ltd., Wells Fargo Bank N.A., Bank of the West and MUFG Bank Ltd., as administrative agent.
10.34	Intentionally omitted
10.35(35)	Separation and Release Agreement dated January 10, 2020 between Sanmina Corporation and Michael Clarke
10.36(36)	Separation and Release Agreement dated August 14, 2020 between Sanmina Corporation and Hartmut Liebel
10.37(37) ±	Amendment No. 5 to the Receivables Purchase Agreement, dated December 17, 2020, among Sanmina Corporation, Sanmina-SCI Systems Pte. Ltd., MUFG Bank Ltd., Wells Fargo Bank N.A., Bank of the West
10.38(38) ±	Amendment No. 6 to the Receivables Purchase Agreement, dated November 24, 2021, among Sanmina Corporation, Sanmina-SCI Systems Pte. Ltd., MUFG Bank Ltd., Wells Fargo Bank N.A. and Bank of the West.
10.39(33)±	Share Subscription and Purchase Agreement dated as of March 3, 2022 by and among Reliance Strategic Business Ventures Limited, Sanmina Corporation, Sanmina-SCI Systems Singapore Pte Ltd, AET Holdings Limited and Sanmina-SCI India Private Limited.
10.39.1(33)±	Joint Venture and Shareholders' Agreement dated as of March 3, 2022 by and among Reliance Strategic Business Ventures Limited, Sanmina Corporation, Sanmina-SCI Systems Singapore Pte Ltd and Sanmina-SCI India Private Limited.
10.39.2(33)±	Form of Management Services Agreement by and among Reliance Strategic Business Ventures Limited, Sanmina Corporation, Sanmina-SCI Systems Singapore Pte Ltd and Sanmina-SCI India Private Limited.
10.39.3(33)±	Form of Business Transfer Agreement by and between Sanmina-SCI Technology India Private Limited and a wholly-owned subsidiary of Sanmina Corporation to be incorporated under the laws of India.
10.39.4(33)±	Form of Services Agreement by and between Sanmina Corporation and Sanmina-SCI India Private Limited.
10.40	Fifth Amended and Restated Credit Agreement dated as of September 27, 2022 by and among Sanmina Corporation, the lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent (filed herewith).
10.41	Second Amended and Restated Security Agreement dated as of September 27, 2022 by and among Sanmina Corporation, certain subsidiaries of Sanmina Corporation parties thereto and Bank of America, N.A., as Administrative Agent (filed herewith).
10.42±	Joinder Agreement and Amendment No. 7 to the Receivables Purchase Agreement, dated as of July 28, 2022, among Sanmina Corporation, Sanmina-SCI Systems Singapore Ptd. Ltd., Sanmina-SCI Systems Malaysia Sdn. Bhd., MUFG Bank Ltd., Wells Fargo Bank, N.A. and Bank of the West (filed herewith).
14.1(39)	Code of Business Conduct and Ethics of the Registrant
21.1	Subsidiaries of the Registrant (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm (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(40)	Certification of the Chief 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(40)	Certification of the Chief 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)

\* Compensatory plan in which an executive officer or director participates.

‡ Portions of this exhibit have been omitted pursuant to an order granting confidential treatment and this exhibit has been filed separately with the SEC.

± Portions of this exhibit have been omitted in accordance with Item 601(b)(10)(iv) of Regulation S-K under the Securities Act of 1933.

- (1) Incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996, SEC File No. 000-21272, filed with the Securities and Exchange Commission ("SEC") on December 24, 1996.
- (2) Incorporated by reference to Exhibit 3.1(a) to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2001, filed with the SEC on May 11, 2001.
- (3) Incorporated by reference to Exhibit 3.1.2 to the Registrant's Registration Statement on Form S-4, filed with the SEC on August 10, 2001.
- (4) Incorporated by reference to Exhibit 3.1.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 29, 2001, filed with the SEC on December 21, 2001.
- (5) Incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K, filed with the SEC on December 5, 2008.
- (6) Incorporated by reference to Exhibit 3.6 to Registrant's Current Report on Form 8-K, filed with the SEC on August 19, 2009.
- (7) Incorporated by reference to Exhibit 3.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, filed with the SEC on November 21, 2012
- (8) Incorporated by reference to Exhibit 3.8 to the Registrant's Current Report on Form 8-K filed with the SEC on December 11, 2015.
- (9) Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed with the SEC on June 5, 2014.
- (10) Incorporated by reference to same numbered exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 28, 2019, filed with the SEC on November 8, 2019.
- (11) Intentionally omitted
- (12) Incorporated by reference to Exhibit 10.74 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2008, filed with the SEC on August 4, 2008.
- (13) Incorporated by reference to Exhibit 10.42 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2008, filed with the SEC on August 4, 2008.
- (14) Incorporated by reference to the same numbered exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 29, 2018 filed with the SEC on November 15, 2018.
- (15) Intentionally omitted
- (16) Incorporated by reference to Exhibit 10.43 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2009, filed with the SEC on May 5, 2009
- (17) Incorporated by reference to Exhibit 10.44 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2009, filed with the SEC on May 5, 2009
- (18) Incorporated by reference to Exhibit 10.45 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2009, filed with the SEC on May 5, 2009
- (19) Incorporated by reference to Exhibit 10.48 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2010, filed with the SEC on February 5, 2010.

- (20) Incorporated by reference to Exhibit 10.48 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2013, filed with the SEC on January 31, 2014.
- (21) Incorporated by reference to Exhibit 10.49 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2014 filed with the SEC on April 28, 2014.
- (22) Incorporated by reference to Current Report on Form 8-K filed by the Registrant with the SEC on May 21, 2014.
- (23) Incorporated by reference to Exhibit 10.30 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2015 filed with the SEC on July 24, 2015.
- (24) Incorporated by reference to same numbered exhibit to the Registrant's Quarterly Report on Form 10-Q for the first fiscal quarter ended December 29, 2018 filed with the SEC on February 7, 2019.
- (25) Incorporated by reference to Exhibit 10.28 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 3, 2015, filed with the SEC on November 19, 2015.
- (26) Incorporated by reference to Exhibit 10.29 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 3, 2015, filed with the SEC on November 19, 2015.
- (27) Intentionally omitted
- (28) Intentionally omitted
- (29) Incorporated by reference to Exhibit 10.32 to Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2017, filed with the SEC on November 13, 2017.
- (30) Incorporated by reference to Exhibit 10.33 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018 filed with the SEC on May 2, 2018.
- (31) Incorporated by reference to Exhibit 10.34 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2018 filed with the SEC on August 3, 2018.
- (32) Incorporated by reference to same number exhibit to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2019 filed with the SEC on May 2, 2019.
- (33) Incorporated by reference to same number exhibit to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 2, 2022 filed with the SEC on May 4, 2022.
- (34) Incorporated by reference to same number exhibit to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2019 filed with the SEC on August 1, 2019.
- (35) Incorporated by reference from Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2019 filed with the SEC on January 30, 2020.
- (36) Incorporated by reference to same numbered exhibit to Registrant's Annual Report on Form 10-K for the fiscal year ended October 3, 2020, filed with the SEC on November 13, 2020.
- (37) Incorporated by reference to same number exhibit to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2021 filed with the SEC on February 4, 2021.
- (38) Incorporated by reference to same number exhibit to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2022 filed with the SEC on February 2, 2022.
- (39) Incorporated by reference to same numbered exhibit to Registrant's Annual Report on Form 10-K for the fiscal year ended October 2, 2021, filed with the SEC on November 12, 2021.
- (40) 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.

(c) **Financial Statement Schedules.** See Item 15(a)(2) above.

## 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*

Date: November 10, 2022

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

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Jure Sola and Kurt Adzema and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JURE SOLA</u> Jure Sola	Chairman and Chief Executive Officer and Director (Principal Executive Officer)	November 10, 2022
<u>/s/ KURT ADZEMA</u> Kurt Adzema	Chief Financial Officer (Principal Financial Officer)	November 10, 2022
<u>/s/ BRENT BILLINGER</u> Brent Billinger	Controller (Principal Accounting Officer)	November 10, 2022
<u>/s/ EUGENE A. DELANEY</u> Eugene A. Delaney	Director	November 10, 2022
<u>/s/ JOHN P. GOLDSBERRY</u> John P. Goldsberry	Director	November 10, 2022
<u>/s/ SUSAN JOHNSON</u> Susan Johnson	Director	November 10, 2022
<u>/s/ RITA S. LANE</u> Rita S. Lane	Director	November 10, 2022
<u>/s/ JOSEPH LICATA</u> Joseph Licata	Director	November 10, 2022
<u>/s/ KRISH PRABHU</u> Krish Prabhu	Director	November 10, 2022
<u>/s/ MARIO M. ROSATI</u> Mario M. Rosati	Director	November 10, 2022

## FINANCIAL STATEMENT SCHEDULE

The financial statement Schedule II-VALUATION AND QUALIFYING ACCOUNTS is filed as part of this Form 10-K.

### SANMINA CORPORATION SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS

	<u>Balance at Beginning of Period</u>	<u>Charged to Operations</u>	<u>Charges Utilized</u>	<u>Balance at End of Period</u>
	(In thousands)			
Allowances for Doubtful Accounts, Product Returns and Other Net Sales Adjustments				
Fiscal year ended October 3, 2020	\$ 12,481	\$ (3,911)	\$ —	\$ 8,570
Fiscal year ended October 2, 2021	\$ 8,570	\$ (1,635)	\$ —	\$ 6,935
Fiscal year ended October 1, 2022	\$ 6,935	\$ 7,978	\$ —	\$ 14,913

