

## Risk Factors Comparison 2025-02-24 to 2024-02-27 Form: 10-K

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The following risk factors should be read carefully when reviewing the Company's business, the forward-looking statements contained in this Report, and the other statements the Company or its representatives make from time to time. Any of the following risk factors could materially and adversely affect the Company's business, operating results, financial condition and the actual results of the matters addressed by the forward-looking statements. Operational Risks Shortages or price increases of components specified by our customers have in the past delayed, and **could be expected to continue to delaying -- delay**, shipments **and, which** may adversely affect our profitability. Substantially all of our sales are derived from manufacturing services in which we purchase components specified by our customers. **Recently In the past**, supply shortages for components and commodity categories used in manufacturing resulted in industry-wide shortages of electronic components and curtailed production of assemblies, ~~primarily as a result of labor and supply disruptions~~. In some instances, such components shortages resulted in delayed shipment. Meanwhile, the increased demand in surface mount components **has at times** caused us to experience component shortages and longer lead times for certain components. ~~Because~~ **Although conditions have generally improved, we expect some level of the continued increase shortages and delays could occur, or intensify, in demand future periods. Any such shortages or delays, including due to natural disasters or geopolitical issues or conflicts, could result in delays in shipments to our customers, which would reduce our revenue, margins and operating cash flow** for surface mount components **the periods affected. Also**, we experienced component **supply** shortages and **delays in longer lead times for certain components -- component** have occurred. **deliveries, along with other factors such as tariffs, trade disputes or embargoes, inflation, and rising energy and transportation costs, can** ~~Also also~~, we **result in increased component pricing. We** have and may continue to bear the risk of component price increases that occur between periodic re-pricings of products during the term of a customer contract. If shortages or delays in component products persist, the price of certain components may increase further, ~~or~~ we may be exposed to quality issues, including the risk of receiving counterfeit parts, ~~or the components may not be available at all~~. Further, we may not be able to secure enough components at reasonable prices or of acceptable quality to build products or provide services in a timely manner in the quantities needed or according to customer specifications. Accordingly, our business, cash flows, results of operations and financial condition could suffer if we lose time-sensitive sales, incur additional freight costs or are unable to pass on price increases **and costs related tariffs** to our customers ~~due to such component shortages or delays~~. We are dependent on the success of our customers and the markets in which they operate. When our customers or the markets in which they operate experience declines or grow at a significantly slower pace than anticipated, we may be adversely affected. We are dependent on the continued growth, viability and financial stability of our customers. Our customers are OEMs of: • industrial equipment; • **aerospace and defense systems** products for the **A & D** industries; • telecommunication equipment; • **computer advanced computing** systems and **high performance compute platforms** related products for business enterprises; • medical devices; and • semi-cap equipment. These markets are subject to rapid technological change, vigorous competition, ~~short~~ product life **cycles variability** and consequent product obsolescence. When our customers are adversely affected by these factors, we may be similarly affected. The loss of a major customer would adversely affect us. A substantial percentage of our sales are made to a small number of customers, and the loss of a major customer, if not replaced, would adversely affect us. Further, developments adverse to our major customers or their products, or the failure of a major customer to pay for components or services, could have an adverse effect on us. Sales to our ten largest customers represented **50 %, 52 % ,and 52 % and 47 %** of our total sales in **2024, 2023 ,and 2022 and 2021**, respectively. We expect to continue to depend on sales to our largest customers, and any material delay, cancellation or reduction of orders from these customers or other significant customers would have a material adverse effect on our results of operations. In addition, we generate significant accounts receivable in connection with providing services to our customers. If one or more of our customers were to become insolvent or otherwise unable to pay for the services provided by us, our operating results and financial condition would be adversely affected. Most of our customers do not commit to long-term production schedules, which makes it difficult for us to schedule production and achieve maximum efficiency of our manufacturing capacity. The volume and timing of sales to our customers vary due to: • changes in demand for their products; • their attempts to manage their inventory; • design changes; • changes in their manufacturing strategies; and • acquisitions of, or consolidations among, customers. Due in part to these factors, most of our customers do not commit to firm production schedules for more than one quarter in advance. Our inability to forecast the level of customer orders with certainty makes it difficult to schedule production and maximize utilization of manufacturing capacity and on-hand inventory components and supplies. In the past, we have been required to increase staffing and other expenses, including component parts inventory, in order to meet the anticipated demand of our customers. Anticipated orders from many of our customers have, in the past, failed to materialize or delivery schedules have been deferred as a result of changes in our customers' business needs, thereby adversely affecting our results of operations due to inefficient use of manufacturing capacity, increasing inventory balances and potential write-downs or write-offs of obsolete or unsold inventory. On other occasions, our customers have required rapid increases in production, which has placed an excessive burden on our resources. Such customer order fluctuations and deferrals have had a material adverse effect on us in the past and may again in the future. A business downturn resulting from any of these external factors could result in restructuring and other charges, write-downs or write-offs of obsolete or unsold inventory and a deterioration in our gross profit, each of which could have a material adverse effect on our operating income. Winning business is subject to lengthy, competitive bid selection processes that often require us to incur significant expense, from which we may ultimately generate no revenue. Our

business is dependent on us winning competitive bid selection processes. These selection processes are typically lengthy and **can may** require us to dedicate significant development expenditures and scarce engineering resources in pursuit of a single customer opportunity. Failure to obtain a particular design win may prevent us from obtaining design wins in subsequent generations of a particular product. This could result in lost revenue and could weaken our position in future competitive bid selection processes. Our customers may cancel their orders, change production quantities, delay production or change their sourcing strategies. The degree of success or failure of our customers' products in the market also affects our business. On occasion, customers require rapid increases in production, which can stress our resources and reduce operating margins. In addition, because many of our costs and operating expenses are relatively fixed, a reduction in customer demand can harm our gross profits and operating results. EMS providers must provide increasingly rapid product turnaround for their customers. We generally do not obtain firm, long- term purchase commitments from our customers, and we continue to experience reduced lead- times in customer orders. Customers may cancel their orders, change production quantities, delay production or change their sourcing strategy for a number of reasons. Cancellations, reductions, delays or changes in the sourcing strategy by a significant customer or by a group of customers could negatively impact our operating income. In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs, capital expenditures and other resource requirements, based on our estimate of customer requirements. The short- term nature of our customers' commitments and the possibility of rapid changes in demand for their products impede our ability to accurately estimate the future requirements of those customers. This could result in manufacturing inefficiencies and the buildup of component inventories, especially with respect to components ordered from single source suppliers and / or that are under non- cancellable, non- returnable purchase orders, each of which could have a material adverse effect on our gross profits, results of operations, liquidity and financial position. As part of our business strategy, we employ an extensive supply chain management strategy that works to coordinate, on a customer- by- customer basis, forecasts, orders, reschedules and inventory component lead times. As part of this strategy, we engage the supply chain (sometimes with customer directed suppliers) to determine optimal component inventory levels based on orders and forecasted demand. In many cases, the component inventories maintained, which relate to orders placed and demand forecasts from the customer, are unique to a particular customer. In addition, some component inventories we maintain are procured under non- cancellable, non- returnable purchase orders. This supply chain management strategy can result in a buildup of component inventories in times of decreasing demand or other supply chain and manufacturing disruptions. **When Due to recent** global labor and supply disruptions and increased demand for electronics in general **have occurred**, ~~over the last several years~~ we coordinated with customers to enhance our procurement of components to solidify our supply chain and inventory of component parts, which caused our inventory balances to increase ~~over the last several years~~. To mitigate our risks related to obsolete or unsold inventory, particularly with respect to component inventory that is procured under non- cancellable, non- returnable purchase orders and / or that is unique to a specific customer, we generally structure our agreements with contractual provisions that require the customer to purchase or reimburse us for component inventories maintained on their behalf or under binding non- returnable, non- cancellable purchase orders in the event the customer terminates the contract, or reduces or delays their purchase commitments or forecasts. Such contractual provisions are subject to conditions and interpretation, and our customers may allege defenses to the payment obligations we maintain are owed to us. Our ability to enforce these reimbursement provisions in our contracts could be costly and a customer could refuse or be unable to meet their obligations to us, which could result in material impairments of our inventories, litigation, increased inventory carrying costs and decreased liquidity, all of which could have a material adverse effect on our gross profit, results of operations and financial position. We may encounter significant delays or defaults in payments owed to us by customers for products we have manufactured or components we have produced that are unique to particular customers. We structure our agreements with customers to mitigate our risks related to obsolete or unsold inventory. However, enforcement of these contracts may result in material expense and delay in payment for inventory. If any of our significant customers become unable or unwilling to purchase such inventory, our business may be materially harmed. Our international operations are subject to certain risks. During **2024, 2023, and 2022 and 2021, 62%, 58%, and 61% and 55%** respectively, of our sales were from our international operations. These international operations are subject to a number of risks, including: • public health crises, such as **that experienced with** the COVID pandemic, which can result in varying impacts to our business, employees, customers, suppliers, vendors and partners internationally; • **difficulties in staffing and managing foreign operations**; • **implementation of tariffs on exports from the countries in which we build products**; • coordinating communications and logistics across geographic distances and multiple time zones; • less flexible employee relationships, which complicate meeting demand fluctuations and can be difficult and expensive to terminate; • political and economic instability (including acts of terrorism, outbreaks of war, ongoing conflicts, such as between Russia and Ukraine **and**, in Israel and Gaza, **and escalating tensions, such as between China and Taiwan as well as China and the U. S.**, and trade restrictions and tariffs), which could impact our ability to ship and / or receive product **or, in the case of tariffs, increase our costs if we are unsuccessful in passing these tariffs on to customers**; • changes in foreign or domestic government policies, regulatory requirements and laws, which could impact our business; • longer customer payment cycles and difficulty collecting accounts receivable; • export controls, import duties, **customs audits**, tariffs, and trade restrictions (including quotas and border taxes); • governmental restrictions on the transfer of funds; • risk of governmental expropriation **or seizure** of our property; • burdens of complying with a wide variety of foreign laws and labor practices, including various and changing minimum wage regulations; • high inflation and fluctuations in currency exchange rates, which could affect foreign taxes due, component costs, local payroll, utility and other expenses; and • inability to utilize net operating losses incurred by our foreign operations which would increase our overall effective tax rate. Changes that impact the way we operate internally could have a negative impact on us and reduce the demand for our foreign manufacturing facilities. Moreover, any regulatory actions by other countries where we operate could also negatively impact our financial performance. In addition, changes in policies by the U. S. **(including as a result of the**

**change in presidential administration)** or other governments could negatively affect our operating results due to trade wars, changes in duties, tariffs or taxes, currency exchange rate fluctuations, or limitations on currency or fund transfers, as well as government- imposed restrictions on producing certain products in, or shipping them to, specific countries . **For example, on February 1, 2025, President Donald J. Trump announced tariffs on imports from Canada, Mexico and China, and President Trump has indicated a desire to impose new or greater restrictions on free trade through significant increases in tariffs on imported goods. The ultimate impact of the announced tariffs and any future tariffs will depend on various factors, including if such tariffs are ultimately implemented, the timing of implementation and the amount, scope and nature of such tariffs. If such increased or additional tariffs or other restrictions, quotas, embargoes, or safeguards are placed on goods imported into the U. S., or any related counter- measures are taken by other countries, we may have to raise our prices or increase inventory levels, or find new sources of components that we import, and our revenue, gross margins, and results of operations may be materially harmed** . Also, our current facilities in Mexico operate under the Mexican Maquiladora (IMMEX) program. This program provides for reduced tariffs and eased import regulations. We could be adversely affected by changes in the IMMEX program or our failure to comply with its requirements. Additionally, increasing tariffs and other trade protection measures between the United States and China may affect the cost of our products originating in China as well as the demand for our products manufactured in China in the event our customers reduce operations in China as a result of such tariffs or trade protection measures. These actions could also affect the cost and / or availability of components that we procure from suppliers in China. In addition, several of the countries where we operate have emerging or developing economies, which may be subject to greater currency volatility, negative growth, high inflation, limited availability of foreign exchange and other risks. Certain events, including natural disasters, can impact the infrastructure of a developing country more severely than they would impact the infrastructure of a developed country. A developing country can also take longer to recover from such events, which could lead to delays in our ability to resume full operations. These factors may harm our results of operations, and any measures that we may implement to reduce the effect of volatile currencies and other risks of our international operations may not be effective. In our experience, entry into new international markets requires considerable management time as well as start- up expenses for market development, hiring and establishing office facilities before any significant revenues are generated. As a result, initial operations in a new market may operate at low margins or may be unprofitable. Certain foreign jurisdictions, as well as the U. S. government, restrict the amount of cash that can be transferred to the United States 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 operations in the United States, we may incur penalties and / or taxes to repatriate these funds. Another significant legal risk resulting from our international operations is compliance with the U. S. Foreign Corrupt Practices Act (FCPA). In many foreign countries, particularly in those with developing economies, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA, other U. S. laws and regulations, or similar laws of host countries and related anti- bribery conventions. Although we have implemented policies and procedures designed to comply with the FCPA and similar laws, there can be no assurance that all of our employees, agents, or those companies to which we outsource certain of our business operations, will not take actions in violation of our policies. Any such violation, even if prohibited by our policies, could have a material adverse effect on our business. Start- up costs and inefficiencies related to new or transferred programs can adversely affect our operating results and such costs may not be recoverable if the new programs or transferred programs are cancelled. Start- up costs, the management of labor and equipment resources in connection with the establishment of new programs and new customer relationships, and the need to estimate required resources in advance can adversely affect our gross margins and operating results. These factors are particularly evident in the early stages of the life cycle of new products and new programs or program transfers and in the opening of new facilities. These factors also affect our ability to efficiently use labor and equipment. We are **currently constantly** managing a number of new **customer transitions or launching new OEM** programs **with existing customers** . If any of these new programs or new customer relationships were terminated, our operating results could be harmed, particularly in the short- term. We may not be able to recoup these start- up costs or replace anticipated new program revenues. Our financial results depend, in part, on our ability to perform on our U. S. government contracts, which are subject to uncertain levels of funding, timing and termination. We provide services both as a prime contractor and subcontractor for the U. S. government. Consequently, a portion of our financial results depend on our performance under these contracts. Delays, cost overruns or product failures, in connection with one or more contracts, could lead to their termination and negatively impact our results of operations, financial condition or liquidity. We can give no assurance that we will be awarded new contracts to offset the revenues lost as a result of such a termination. U. S. government programs require congressional appropriations, which are typically made for a single fiscal year even though a program may extend over several years. Programs often are only partially funded, and additional funding requires further congressional appropriations. The programs in which we participate compete with other programs for consideration and funding during the budget and appropriations process, which can be impacted by shifting and often competing political priorities. **Levels of U. S. federal government spending are difficult to predict and are subject to significant risk. Considerable uncertainty exists regarding how future budget and program decisions will unfold, including the spending priorities of the new U. S. presidential administration and Congress and what challenges budget reductions will present for us and the markets that we serve. Pressures on and uncertainty surrounding the U. S. federal government' s budget, and potential changes in budgetary priorities and defense spending levels, could adversely affect the funding for individual programs. Current U. S. federal government spending levels for defense- related or other programs may not be sustained, and future spending and program authorizations may not increase or may decrease or shift to programs in areas where we do not provide services or are less likely to be awarded contracts. The U. S. federal government also conducts periodic reviews of U. S. defense strategies and priorities, which may shift defense or other budgetary priorities, reduce overall U. S. federal government spending or delay contract or task order awards**

**for defense- related or other programs from which we would otherwise expect to derive a portion of our future revenues. A significant decline in overall U. S. federal government spending, including the areas of national security, intelligence and homeland security, a significant shift in U. S. federal government spending priorities, the substantial reduction or elimination of particular defense- related programs or significant delays in contract or task order awards for large programs could adversely affect our business, financial condition and operating results.** Our government contracts often involve the development, application and manufacture of advanced defense and technology systems and products aimed at achieving challenging goals. New technologies used for these contracts may be untested or unproven and product requirements and specifications may be modified. Consequently, technological and other performance difficulties may cause delays, cost overruns or product failures. Moreover, there can be no assurance that the amounts we spend to develop new products or solutions to compete for a government contract will be recovered since we may not be awarded the contract. Our business may be adversely impacted by climate change or natural **or manmade** disasters. Some of our facilities are located in areas that may be impacted by hurricanes, earthquakes, water shortages, tsunamis, floods, typhoons, fires, extreme weather conditions and other natural or manmade disasters. For example, our facilities in Thailand experienced extensive flooding in 2011. **Further, there continues to be concern that global climate change is impacting the frequency and severity of natural disasters. All facilities are subject to other potential natural or man- made disasters such as those related to weather events, fires, acts of terrorism or war, breaches of security, theft or espionage, workplace violence and failures of utilities. If such an event was to occur and we did not have an effective business continuity plan in place, our business could be harmed due to the event itself or due to our inability to effectively manage the effects of the particular event, with the impact of the event potentially magnified in areas where we have multiple facilities in close proximity.** Our insurance coverage for natural **or manmade** disasters is limited and is subject to deductibles and coverage limits. This coverage may not be adequate or may not continue to be available at commercially reasonable rates and terms. See “ — Operational Risks — We bear the risk of uninsured losses. ” In addition, some of our facilities possess certifications necessary to work on specialized products that our other locations lack. If work is disrupted at one of these facilities, it may be impractical, or we may be unable to transfer such specialized work to another facility without significant costs and delays. Thus, any disruption in operations at a facility with specialized certifications could adversely affect our ability to provide products and services to our customers, and thus negatively affect our relationships and financial results. **While we maintain business continuity plans, including data system recovery protocols, to enable us to maintain operations following a natural disaster or other event that may be disruptive to our business, we cannot ensure these responses will fully mitigate or protect us from all disruptions.** As a result of extensive 2011 flooding in Thailand, we have been unable to obtain cost- effective flood insurance to adequately cover assets at our facilities in Thailand. We continue to monitor the insurance market in Thailand; however, we have made physical alterations to help mitigate a similar natural disaster. We maintain insurance on all our properties and operations for risks and in amounts customary in the industry. While such insurance includes general liability, property & casualty, cybersecurity and directors & officers liability coverage, not all losses are insured, and we retain certain risks of loss through deductibles, limits and self- retentions. In the event we experience a significant uninsured loss, it could have a material adverse effect on our business, financial condition and results of operations. Energy price increases may negatively impact our results of operations. Some of the components that we use in our manufacturing activities are petroleum- based. In addition, we, along with our suppliers and customers, rely on various energy sources (including oil) in our transportation activities. While significant uncertainty exists about the future levels of energy prices, a significant increase is possible. Increased energy prices could cause an increase in our raw material and transportation costs. In addition, increased costs of our suppliers or **customers- partners** could be passed along to us, and we may not be able to increase our product prices enough to offset them. Moreover, any increase in our product prices may reduce our future customer orders and profitability. Introducing programs requiring implementation of new competencies, including new process technology within our mechanical operations, could affect our operations and financial results. The introduction of programs requiring implementation of new competencies, including new process technology within our mechanical **and electrical** operations, presents challenges in addition to opportunities. Deployment of such programs may require us to invest significant resources and capital in facilities, equipment and / or personnel. We may not meet our customers’ expectations or otherwise execute properly or in a cost- efficient manner, which could damage our customer relationships and result in remedial costs or the loss of our invested capital and anticipated revenues and profits. In addition, there are risks of market acceptance and product performance that could result in less demand than anticipated and our having excess capacity. The failure or inability to reflect the anticipated costs, risks and rewards of such an opportunity in our customer contracts could adversely affect our profitability. If we do not meet one or more of these challenges, our operations and financial results could be adversely affected. Customer relationships with start- up or emerging companies may present more risks than with established companies. Customer relationships with start- up or emerging companies present special risks because these companies do not have an extensive product history **or may not have adequate financial support.** As a result, there is less demonstration of market acceptance of their products, making it harder for us to anticipate needs and requirements than with established customers. In addition, funding for such companies may be more difficult to obtain and these customer relationships may not continue or materialize to the extent we plan or previously experienced. This tightening of financing for start- up customers, together with many early **stage** customers’ lack of prior operations and unproven product markets increase our credit risk, especially in trade accounts receivable and inventories. Although we perform ongoing credit evaluations of our customers and adjust our allowance for doubtful accounts receivable for all customers, including start- up customers and emerging companies, based on the information available, these allowances may not be adequate. This risk may exist for any new start- up or emerging company customers in the future. We face risks arising from the restructuring of our operations. Over the past several years, we have undertaken initiatives to restructure our business operations with the intention of improving utilization and realizing cost savings. These initiatives have included changing the number and location of our production

facilities, largely to align our capacity and infrastructure with current and anticipated customer demand. The process of restructuring entails, among other activities, moving production between facilities, transferring programs from higher cost geographies to lower cost geographies, closing facilities, reducing the level of staff, realigning our business processes and reorganizing our management. Restructurings could adversely affect us, including a decrease in employee morale, delays encountered in finalizing the scope of, and implementing, the restructurings, failure to achieve targeted cost savings, and failure to meet operational targets and customer requirements due to the restructuring process. These risks are further complicated by our extensive international operations, which subject us to different legal and regulatory requirements that govern the extent and speed of our ability to reduce our manufacturing capacity and workforce. **We have and may be required to take additional charges in the future to align our operations and cost structures with global economic conditions, market demands, cost competitiveness, and our geographic footprint as it relates to our customers' production requirements or following divestitures. We have and may consolidate or divest certain manufacturing facilities or transfer certain of our operations to other geographies. If we are required to take additional restructuring charges in the future, our operating results, financial condition, and cash flow could be adversely impacted.**

**Industry Risks** We operate in a highly competitive industry; if we are not able to compete effectively in the EMS industry, our business could be adversely affected. We compete against many providers of electronics manufacturing services. Some of our competitors have substantially greater financial, manufacturing or marketing resources than we do and have more geographically diversified international operations than we do. Our competitors include Celestica Inc., Flex Ltd., Jabil Inc., Plexus Corporation and Sanmina Corporation. In addition, we may in the future encounter competition from other large electronic manufacturers that are selling, or may begin to sell, electronics manufacturing services. We also face competition from the manufacturing operations of our current and future customers, who are continually evaluating the merits of manufacturing products internally against the advantages of outsourcing to EMS providers. In addition, in recent years, ODMs that provide design and manufacturing services to OEMs, have significantly increased their share of outsourced manufacturing services provided to OEMs in several markets, such as notebook and desktop computers, personal computer motherboards, **mobile handsets** and **other** consumer electronic products. Competition from ODMs may increase if our business in these markets grows or if ODMs expand further into or beyond these markets. During periods of recession in the electronics industry, our competitive advantages in the areas of quick turnaround manufacturing and responsive customer service may be of reduced importance to electronics OEMs, who may become more price sensitive. We may also be at a competitive disadvantage with respect to price when compared to manufacturers with lower cost structures, particularly those with more offshore facilities located where labor and other costs are generally lower. The availability of excess manufacturing capacity at many of our competitors creates intense pricing and competitive pressure on the EMS industry as a whole. To compete effectively, we must continue to provide technologically advanced manufacturing services, maintain strict quality standards, respond flexibly and rapidly to customers' design and schedule changes, deliver products globally on a reliable basis at competitive prices and seek to create enhanced relationships with our customers with our advanced technology and engineering solutions. Our inability to do so could have an adverse effect on us. We may be affected by consolidation in the electronics industry, which could create increased pricing and competitive pressures on our business. Consolidation in the electronics industry could result in a decrease in manufacturing capacity as companies seek to close plants or take other steps to increase efficiencies and realize synergies of mergers, creating increased pricing and competitive pressures for the EMS industry as a whole and our business in particular. In addition, consolidation could also result in an increasing number of very large electronics companies offering products in multiple sectors of the electronics industry. The growth of these large companies, with significant purchasing and marketing power, could also result in increased pricing and competitive pressures for us. Accordingly, industry consolidation could harm our business. We may need to increase our efficiencies to compete and may incur additional restructuring charges. Regulatory, Compliance and Litigation Risks Government contracts are subject to significant regulation, including rules related to bidding, billing, kickbacks and false claims, and any non-compliance could subject us to fines and penalties or debarment. Like all government contractors, we are subject to risks associated with federal and / or state contracting and procurement terms. These risks include substantial civil and criminal fines and penalties if we were to fail to follow procurement integrity and bidding rules or cost accounting standards, employ improper billing practices, receive or pay kickbacks or file false claims. We have been, and expect to continue to be, subjected to audits and investigations by U. S. and foreign government agencies and authorities. The failure to comply with the terms of our government contracts could result in progress payments being withheld, our suspension or debarment from future government contracts or harm to our business reputation. Regulatory, legislative or self-regulatory / standard developments regarding privacy and data security matters could adversely affect our ability to conduct our business. U. S. privacy and data security laws apply to our various businesses. We also do business globally in countries that have more stringent data protection laws than those in the United States that may be inconsistent across jurisdictions and are subject to evolving and differing interpretations. Governments, privacy advocates and class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. In Europe, the General Data Protection Regulation (GDPR) requires us to protect the privacy of certain personal data of European Union (EU) citizens. The California Consumer Privacy Act (CCPA) **and the California Privacy Rights Act (CPRA) have**, which went into effect January 1, 2020, has similar protections, and other states have passed similar legislation. While we have implemented processes and controls to comply with GDPR **and**, CCPA **and CPRA** requirements, we could incur significant fines, individual damages and reputational risks if our controls and processes are ineffective, and we fail to comply. Unanticipated changes in our tax position, the adoption of new tax legislation or exposure to additional tax liabilities could adversely affect our financial results. We base our tax position upon the anticipated nature and conduct of our business and upon our understanding of the tax laws of the various countries in which we have assets or conduct activities. Our tax position, however, is subject to review and possible challenge by taxing authorities and to possible changes in law. We cannot determine in advance the extent to which some jurisdictions may assess additional tax or interest and penalties on such additional taxes.

Several countries where we operate allow for tax holidays or provide other tax incentives to attract and retain business. We have obtained holidays or other incentives where available. Our taxes could increase if certain tax holidays or incentives were retracted, or if they were not renewed upon expiration, such as the non-renewal of our tax holiday in Malaysia that expired as of March 31, 2021, for which the Company ~~is intends to applying~~ ~~apply~~ for an ~~additional extension~~ ~~extensions~~, or tax rates applicable to us in such jurisdictions were otherwise increased. In addition, further acquisitions may cause our effective tax rate to increase. Given the scope of our international operations and our international tax arrangements, changes to the manner in which U. S. based multinational companies are taxed in the United States. could have a material impact on our financial results and competitiveness. Based on current and future tax policy in Washington D. C., our effective tax rates and overall cash taxes may change in the future and could have an impact on our financial results. The Organization for Economic Co- operation and Development (OECD) and the G20 Inclusive Framework on Base Erosion and Profit Shifting have published the Pillar Two model rules designed to address the tax challenges arising from the digitalization of the global economy. The Pillar Two model rules adopt a global ~~corporate~~ minimum tax (GMT) of 15 % for multinational enterprises with average revenue in excess of € 750 million per their consolidated global financial statements. The Council of the European Union has adopted the Pillar Two model rules and has directed European Union (EU) member states to implement legislation enacting the Pillar Two model rules. Many countries, including non- EU member states, have implemented ~~laws~~ ~~GMT legislation~~ based on the Pillar Two model rules ~~to be that were~~ effective as of January 1, 2024. The Pillar Two model rules have been enacted in ~~some-most~~ of our international manufacturing locations. The potential impact, ~~if any,~~ to our provision for income taxes, net income, and cash flows could be materially impacted by the implementation of the ~~GMT Pillar Two model rules~~ in our international locations. Any litigation, even where a claim is without merit, could result in substantial costs and diversion of resources. In the past, we have been notified of ~~or have pursued~~ claims relating to various matters including intellectual property rights, contractual matters, labor issues or other matters arising in the ordinary course of business. In the event of any such claim, we may be required to spend a significant amount of money and resources ~~to pursue or defend the matter~~, even ~~where the if a~~ ~~claim against us~~ is without merit. Accordingly, the resolution of such disputes, even those encountered in the ordinary course of business, could have a material adverse effect on our business, consolidated financial conditions and results of operations. See Part I, Item 3 of this Report. Compliance or the failure to comply with environmental and climate change regulations could cause us significant expense. We are subject to a variety of federal, state, local and foreign environmental laws and regulations relating to environmental, waste management, and health and safety concerns, including the handling, storage, discharge and disposal of hazardous materials used in or derived from our manufacturing processes. If we or the companies we acquire have failed or fail in the future to comply with such laws and regulations, then we could incur liabilities and fines and our operations could be suspended. Such laws and regulations could also restrict our ability to modify or expand our facilities, could require us to acquire costly equipment, or could impose other significant expenditures. In addition, our operations may give rise to claims of property contamination or human exposure to hazardous chemicals or conditions. Our worldwide operations are subject to local laws and regulations. Some of our operations are subject to various environmental laws and related regulations, including: the “ RoHS ” (EU Directive 2011 / 65 / EC on Restriction of certain Hazardous Substances); “ WEEE ” (EU Directive 2002 / 96 / EC on Waste Electrical and Electronic Equipment); “ REACH ” (EC Regulation No 1907 / 2006 on Registration, Evaluation and Authorization of Chemicals); EU Member States’ Implementation of the foregoing; “ Conflict Minerals ” as defined in the U. S. Dodd- Frank Wall Street Reform and Consumer Protection Act § 1502 (b), implementing legislation and rules; and the People’ s Republic of China (PRC) Management Methods for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products; and other environmental laws and regulations. These laws and regulations impose administrative burdens on and restrict the sourcing and distribution of products containing certain substances, including lead, within applicable geographies and require a manufacturer or importer to recycle products containing those substances. These directives affect the worldwide electronics and electronics components industries as a whole. If we or our customers fail to comply with such laws and regulations, we could incur liabilities and fines and our operations could be suspended. In addition, as climate change concerns become more prevalent, the U. S. and foreign governments have sought to limit the effects of any such changes. This increasing governmental focus on climate change may result in new environmental regulations that may negatively affect us, our suppliers and our customers. This could cause us to incur additional direct costs or obligations in complying with any new environmental regulations and reporting requirements, as well as increased indirect costs resulting from our customers, suppliers or both incurring additional compliance costs that ~~get are~~ passed on to us. These costs may adversely impact our operations and financial condition. Further, the cost of implementing ~~our~~ sustainability and / or Environmental, Social and Governance (“ESG”) initiatives, our ability to execute on ~~our~~ sustainability and / or ESG targets and objectives as planned, the effectiveness and impact of intended actions, the impact of changing legislation, regulations and directives, and other factors, many of which are beyond the Company’ s control, could cause the outcomes, results and achievement of ~~our~~ sustainability and / or ESG targets, goals, objectives, commitments and / or the implementation of ~~our~~ sustainability and / or ESG initiatives to differ materially than those expressed or implied by the Company. In addition, our adherence to certain reporting standards or mandated compliance to certain requirements could necessitate additional investments that could impact our profitability, including investments to meet new or enhanced requirements and / or stakeholder expectations to reduce or mitigate the effects of greenhouse gas emissions and transition to low- carbon alternatives, driven by policy and regulations, low- carbon technology advancement and shifting consumer sentiment and societal preferences. If our manufacturing processes and services do not comply with applicable regulatory requirements, or if we manufacture products containing design or manufacturing defects, demand for our services may decline and we may be subject to liability claims. We predominantly manufacture and design products to our customers’ specifications; in some cases, our processes and facilities must comply with applicable regulatory requirements. For example, medical devices that we manufacture or design, as well as the facilities and manufacturing processes that we use to produce them, are regulated by the U. S. Food and Drug Administration or non- U. S. counterparts of this agency. Similarly, items we

manufacture for customers in the A & D industries, as well as the processes we use to produce them, are regulated by the Department of Defense and the Federal Aviation Authority, which have increased their focus and penalties related to counterfeit materials. In addition, our customers' products and the manufacturing processes or documentation that we use to produce them often are highly complex. As a result, products that we manufacture may at times contain manufacturing or design defects, and our manufacturing processes may be subject to errors or noncompliance with applicable statutory and regulatory requirements. Defects in the products we manufacture or design, whether caused by a design, manufacturing or component failure or error, or deficiencies in our manufacturing processes, may result in delayed shipments to customers or reduced or cancelled customer orders. If these defects or deficiencies are significant, our business reputation could also be damaged. The failure of our products, manufacturing processes or facilities to comply with applicable statutory and regulatory requirements could subject us to fines or penalties and, in some cases, require us to shut down or incur considerable expense to correct a product, process or facility. In addition, these defects may result in liability claims against us or expose us to liability to pay for the recall of a product. The magnitude of any such claim may increase as we expand our medical and aerospace and defense manufacturing services, as defects in medical, aerospace or defense devices or systems could seriously harm or kill users of these products and others. Even if our customers are responsible for the defects, they may not, or may not have resources to, assume responsibility for any costs or liabilities arising from these defects, which could expose us to additional liability claims.

**Technology Risks** If we are unable to maintain our technological and manufacturing process expertise, our business could be adversely affected. The market for our manufacturing and engineering services is characterized by rapidly changing technology and continuing process development. We are continually evaluating the advantages and feasibility of new manufacturing processes. We believe that our future success will depend upon our ability to develop and provide manufacturing services that meet our customers' changing needs. This requires that we maintain technological leadership and successfully anticipate or respond to technological changes in manufacturing processes on a cost-effective and timely basis. Our failure to maintain our technological and manufacturing process expertise could have a material adverse effect on our business. Our operations are subject to cyberattacks that could have a material adverse effect on our business. We are increasingly dependent on digital technologies and services to conduct our business. We use these technologies for internal purposes, including data storage, processing and transmissions, as well as in our interactions with customers and suppliers. Examples of these digital technologies include ERP, shop floor control, test equipment, and other similar business applications, our global infrastructure and networks as well as external systems, analytics, automation, and cloud services. Digital technologies and services are subject to the risk of cyberattacks and, given the nature of such attacks, some incidents can remain undetected for a period of time despite our efforts to monitor, detect and respond to them in a timely manner. In particular, as discussed further below, our operations have been, and may in the future be, subject to ransomware or cyber-extortion attacks, which could significantly disrupt our operations. Generally, such attacks involve restricting access to computer systems or the restriction or theft of vital data including customer supplied data. We monitor our systems for cyber threats and have processes in place to detect, mitigate and remediate vulnerabilities. Nevertheless, we have experienced cyberattacks and attempted breaches, including phishing emails and other targeted attacks. ~~In the fourth quarter of fiscal 2019, a ransomware incident encrypted information on our systems and disrupted customer and employee access to our systems and services, which resulted in the Company incurring costs relating to this event, including costs to retain third party consultants and forensic experts to assist with the restoration and remediation of systems and, with the assistance of law enforcement, to investigate the attack, as well as increased expenditures for our information technology (IT) infrastructure, systems and network. This ransomware incident also adversely affected our operations and the Company's fourth quarter 2019 revenue. See Note 18 to the consolidated financial statements in Part II, Item 8 of this Report for additional information.~~ Future cybersecurity incidents could result in the misappropriation of confidential information of the Company or that of its customers, employees, business partners or others; litigation and potential liability; enforcement actions and investigations by regulatory authorities; loss of customers and contracts; damage to the Company's reputation and / or otherwise harm its business. We also expect to incur substantial costs in the future to satisfy customer requirements (including costs arising from the U. S. government's Cybersecurity Maturity Model Certification program) and to mitigate against cybersecurity attacks as threats are expected to continue to become more persistent and sophisticated. If our systems for protecting against cybersecurity risks prove not to be sufficient, we could be adversely affected by, among other things: loss of or damage to intellectual property, proprietary or confidential information, or customer, supplier, or employee data; interruption of our business operations; and increased costs required to prevent, respond to, or mitigate cybersecurity attacks. These risks could harm our reputation and our relationships with customers, suppliers, employees and other third parties, and may result in claims against us. These risks could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition. Any delay in the upgrade of our information systems could disrupt our operations and cause unanticipated increases in our costs. We are currently upgrading our ~~information technology (IT)~~ infrastructure and ERP system, which we anticipate ~~taking will take~~ several years. Failure to complete the upgrade timely or at all could leave us with sites without the systems capability to flexibly support future customer requirements for manufacturing capabilities and data driven analytics, as well as result in unanticipated increases in costs.

**Financial Risks** Our level of indebtedness may limit our flexibility in operating our business and reacting to changes in our business or industry, or prevent us from making payments on our debt or obtaining additional financing. As of December 31, ~~2023~~ **2024**, our total outstanding debt (excluding unamortized debt issuance costs and finance leases) was \$ ~~332~~ **257.4** million, all of which represented borrowings under our credit facility). Our level of indebtedness could have important consequences. For example, it could: • increase our vulnerability to general adverse economic and industry conditions; • impair our ability to obtain additional debt or equity financing in the future for working capital, capital expenditures, acquisitions or other purposes; • require us to dedicate a material portion of our cash flows from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of our cash flows to fund working capital needs, capital expenditures, acquisitions and other purposes; • expose us to the risk of increased interest rates since the term loan has a variable

rate; • limit our flexibility in planning for, or reacting to, changes in our business or industry; • place us at a disadvantage compared to our competitors that have less debt; and • make it more difficult for us to satisfy our debt obligations. Any of these risks could materially impact our ability to fund our operations or limit our ability to expand our business, which could have a material adverse effect on our business, financial condition and results of operations. We are exposed to intangible asset risk; our goodwill may become impaired. We have recorded intangible assets, including goodwill, in connection with business acquisitions. We are required to assess goodwill and intangible assets for impairment at least on an annual basis and whenever events or circumstances indicate that the carrying value may not be recoverable from estimated future cash flows. A significant and sustained decline in our market capitalization could result in material charges in future periods that could be adverse to our operating results and financial position. As of December 31, 2023-2024, we had \$ 192. 1 million in goodwill and \$ 51-44. 0-4 million of identifiable intangible assets. See Note 1 (i) to the consolidated financial statements in Part II, Item 8 of this Report. We may be exposed to interest rate fluctuations. We have exposure to interest rate risk on our outstanding borrowings under our variable rate credit agreement. These borrowings' interest rates are based on the spread, at our option, over the Secured Overnight Financing Rate (SOFR), the bank' s prime rate or the federal funds rate. We are also exposed to interest rate risk on our invested cash balances.

**Risks Related to the Ownership of Our Common Shares** We may experience fluctuations in quarterly results. Our quarterly results may vary significantly depending on various factors, many of which are beyond our control. These factors include: • the volume of customer orders relative to our capacity; • customer introduction and market acceptance of new products; • changes in demand for customer products; • seasonality in demand for customer products; • pricing and other competitive pressures; • the timing of our expenditures in anticipation of future orders; • our effectiveness in managing manufacturing processes; • changes in cost and availability of labor and components, including due to recent labor and supply constraints and inflation; • changes in our product mix; • changes in tax laws in the jurisdictions in which we operate; • changes in tariffs, trade agreements and other trade protection measures; • fluctuations in currency exchange rates; • changes in political and economic conditions; • disruptions caused by computer malfunctions or cybersecurity incidents; and • local factors and events that may affect our production volume, such as local holidays, pandemics or natural disasters. Additionally, as is the case with many high technology companies, a significant portion of our shipments typically occur in the last few weeks of a given quarter. Accordingly, sales shifts from quarter to quarter may not be readily apparent until the end of a given quarter and may have a significant effect on projected and reported results. Further, the price of our **shares of common shares stock** may experience volatility in response to fluctuating quarterly results. Provisions in our governing documents and state law may make it harder for others to obtain control of the Company. Certain provisions of our governing documents and the Texas Business Organizations Code may delay, inhibit or prevent someone from gaining control of the Company through a tender offer, business combination, proxy contest or some other method, even if shareholders might consider such a development beneficial. These provisions include: • a provision in our certificate of formation granting the Board of Directors authority to issue preferred stock in one or more series and to fix the relative rights and preferences of such preferred stock; • provisions in our bylaws restricting shareholders from acting by less than unanimous written consent and requiring advance notification of shareholder nominations and proposals; • a provision in our bylaws restricting anyone, other than the Chief Executive Officer, the President, the Board of Directors or the holders of at least 10 % of all outstanding shares entitled to vote, from calling a special meeting of the shareholders; • a statutory restriction on the ability of shareholders to take action by less than unanimous written consent; and • a statutory restriction on business combinations with some types of interested shareholders.

**General Risk Factors** We are exposed to general economic and market conditions that could have a material adverse impact on our business, operating results and financial condition. Uncertainty over the erosion of global consumer confidence, geopolitical events, such as ongoing conflict between Russia and Ukraine **and**, conflicts in Israel and Gaza **, and escalating tensions between China and Taiwan as well as China and the U. S.**, global pandemics, the availability and cost of credit, concerns about volatile energy costs, declining asset values, continued inflation, **rising high** interest rates, and the stability and solvency of financial institutions, financial markets, businesses, and sovereign nations can slow global economic growth and result in recessionary conditions. Any of these potential negative economic conditions may reduce demand for our customers' products and adversely affect our sales. Consequently, our past operating results, earnings and cash flows may not be indicative of our future operating results, earnings and cash flows. In addition to our customers or potential customers reducing or delaying orders, a number of other negative effects on our business could materialize, including the insolvency of key suppliers, which could result in production delays, shorter payment terms from suppliers due to reduced availability of credit default insurance in the market, the inability of customers to obtain credit, continued supply chain constraints and the insolvency of one or more customers. Any of these effects could impact our ability to effectively manage inventory levels and collect receivables, increase our need for cash, and decrease our net revenue and profitability. In cases where the evidence suggests a customer may not be able to satisfy its obligation to us, we establish reserves in an amount we determine appropriate for the perceived risk. There can be no assurance that our reserves will be adequate. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional receivable and inventory reserves may be required and restructuring charges may be incurred. The acquisition, integration and operation of acquired businesses may disrupt our business and create additional expenses, and we may not achieve the anticipated benefits of the acquisitions. Our capabilities have historically grown through acquisitions, and we may pursue additional acquisitions in the future. Our projections of results and successful integration of acquired operations into our network involve risks, including: • integration and management of the operations; • as noted above, demand can vary, and our projections of results may be wrong due to deferred or reduced demand; • retention of key personnel; • integration of purchasing operations and information systems; • retention of the customer base of acquired businesses; • management of an increasingly larger and more geographically disparate business; • the possibility that past transactions or practices may lead to future commercial or regulatory risks; • diversion of management' s attention from other ongoing business concerns; and • inadequate internal control over financial

reporting and our ability to bring such controls into compliance with the requirements of Section 404 of the Sarbanes- Oxley Act of 2002 in a timely manner. Our profitability will suffer if we are unable to successfully integrate an acquisition, if the acquisition does not further our business strategy as we expected or if we do not achieve sufficient revenue to offset the increased expenses associated with these acquisitions. We may overpay for, or otherwise not realize the expected return on, our investments, which could adversely affect our operating results and potentially cause impairments to assets that we record as a part of an acquisition including intangible assets and goodwill. Our success will continue to depend to a significant extent on our workforce and our key personnel. We depend significantly on our executive officers and other key personnel. The unexpected loss of the services of any one of these executive officers or other key personnel, or the failure to attract and retain new personnel, could have an adverse effect on us. Our ability to attract, develop and retain sufficient qualified personnel may be adversely affected by a number of factors, including labor availability in one or more of our locations, labor law and practices or union activities, wage pressure and changing wage requirements, increasing healthcare costs, local competition, high employment rates and turnover. Moreover, inflationary or other general labor cost increases have become more pronounced due to current economic conditions and if we are unable to offset these labor cost increases through price increases, growth or operational efficiencies, these cost increases could have a material adverse impact on our operating results and cash flow. Our business or stock price could be negatively affected by the actions of activist shareholders or others. Responding to actions by activist shareholders or others can be costly and time- consuming, disrupt our operations and divert the attention of management and our employees. Our ability to execute our strategic plan could also be impaired. In addition, a proxy contest for the election of directors would require us to incur significant fees and expenses, as well as requiring significant time and attention by management and our Board of Directors. Perceived uncertainties as to our future direction also could affect the market price and volatility of our **shares of common shares stock**, our ability to attract and retain qualified personnel and business partners and may affect our relationships with vendors, customers or others. **27**