

## Risk Factors Comparison 2023-11-16 to 2022-11-10 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

End Market and Operational Risks ~~in part on the success of our CPS businesses, which, if not successful, could cause our future gross margins and operating~~ results to be lower. A key part of our strategy ~~of to capitalize on our ability to providing 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 ~~yield 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 continue to~~ make substantial investments in the development of our product development capabilities, research and development activities, test and tooling equipment and skilled personnel, all of which reduce our operating results in the short term. The success of our CPS businesses also depends on our ability to increase sales of our proprietary products, convince our customers to purchase our components rather than those of third parties for use in the manufacture of their products, and expand the number of our customers who contract for our design, engineering, logistics and repair services. We may face challenges in achieving commercially viable yields and difficulties in manufacturing components in the quantities and to the specifications and quality standards required by our customers, as well as in qualifying our components for use in our customers’ designs. Our proprietary products and design, engineering, logistics and repair services must compete with products and services offered by established vendors which focus solely on development of similar technologies or the provision of similar services. Any of these factors could reduce the revenue and margins of our CPS businesses, which in turn would have an adverse and potentially disproportionate effect on our overall revenues **and profitability. Customer requirements to transfer business** 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~~ **resumption of 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 have collectively limited our ability to manufacture and ship all of the products for which we have demand; our profitability will be reduced if we are unable to continue to pass on increasing component costs. Over the past three years, our supply chain has been significantly impacted by interruptions in supplier and port operations resulting from the COVID- 19 pandemic, the resumption of strong worldwide demand for electronic products and components following the easing of COVID- 19 restrictions, and geopolitical events** , such as the war in Ukraine **and the conflict in the Middle East** . As a result, we ~~are have experienced and continue to experiencing~~ **experience** delays in delivery and shortages of certain components, particularly certain types of capacitors, resistors and discrete semiconductors needed for many of the products we manufacture. These conditions ~~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 that~~ , ~~which we incorporate into our products. We~~ **Although conditions have recently improved, we expect these some level of** delays and shortages to **continue to** persist through **at least in some form in the short to medium term. Any** remainder of calendar year 2022 and that such shortages could result in delays in shipments to our customers , ~~which 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~~ **have led** to sustained increases in the prices we pay for components and materials used in production and in our labor and transportation costs. While we seek to pass on to our customers the increased prices for components and shipping, plus a margin, our gross margins and profitability could decrease, perhaps significantly, over a sustained period of time if we are unable to do so. The COVID- 19 pandemic ~~has had, and may continue to~~ **any future outbreak could** have, a significant impact on our results of operations and financial condition by reducing demand from our customers, interrupting the flow of components needed for our customers’ products, limiting the operations ~~or and~~ productivity of our manufacturing facilities and creating health risks to our employees. Our business, operations and results of operations were significantly and negatively impacted by the COVID- 19 pandemic over the past ~~two three~~ years . ~~Among other and may continue to be impacts impacted , in the future to some degree. The COVID- 19 pandemic~~ **1) caused** : • Resulted in the temporary closure of certain of our **customers to facilities**; • Temporarily reduced ~~reduce the their demand from~~ amount of staffing at certain of our plants; • Required us , **2) interrupted** in some cases to pay staff who are not able to work due to government orders or illness; • Limited the capacity **availability** of logistics providers to deliver the components we **need** use and ship the products we manufacture; • Reduced demand for certain of our customers’ products ; • Resulted in interruptions in supply of components. **3** either because our suppliers have themselves been prevented from operating or because major distribution channels (e. g. sea transport) **limited** were disrupted by the pandemic; and • Resulted in certain of our customers and suppliers experiencing financial difficulties, which could impact their ~~the ability operations and productivity of or our willingness manufacturing resources and~~ **4)**

**created health risks** to satisfy their payment or **our employees** 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 **operations could again be similarly** business due to a large number of uncertainties, including the duration of ongoing supply chain constraints directly and **negatively** indirectly caused by the pandemic, the extent of the impact **impacted of in the event** 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..... 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 are** for any reason unable to recover tariffs or duties from our customers. Further, although we are required to pay tariffs upon importation of the components, we may not be able to recover these amounts from **our** customers until sometime later, if at all, which would adversely impact our operating cash flow in a given period. **Transfers 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 **or** contractual rights. Cancellations, reductions or push-outs of orders by customers and reduced customer forecasts customers 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 operations results to be lower. A key..... profitability. **Customer requirements to transfer business** may increase our costs **and cause disruptions in our ability to service our customers**. Our customers sometimes require that we transfer the manufacturing of their products from one of our facilities to another to achieve cost reductions, tariff reductions and other objectives. These transfers have resulted in increased costs to us due to facility downtime, less than optimal utilization of our manufacturing capacity and delays and complications related to the transition of manufacturing programs to new locations. These transfers, and any decision by a significant customer to terminate manufacturing services in a particular facility, could require us to close or reduce operations at certain facilities and, as a result, we may incur in the future significant costs for the closure of facilities, employee severance and related matters. We may be required to relocate **or close** additional manufacturing operations in the future and, accordingly, we may incur additional costs that decrease our net income. **In addition, Transfers of our operations to other facilities caused by lease terminations could cause disruptions in our ability to service our customers** **Certain 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 **relating to our defense business**, with which the failure to comply could result in fines and reduction of future revenue. We are subject to a number of laws and regulations relating to the export of U. S. technology, anti-corruption and the award, administration and performance of U. S. government contracts and subcontracts. In particular, our activities must comply with the restrictions relating to the export of controlled technology and sales to denied or sanctioned parties contained in the International Traffic in Arms Regulations ("ITAR"), the U. S. Export Administration Regulations and sanctions administered by the Office of Foreign Assets Control of the U. S. Treasury Department ("OFAC"). The U. S. Commerce Department recently released rules that in some cases significantly restrict the export of U. S. technology to or from China. These laws could negatively impact our operations in China by making it more difficult to import components containing U. S. technology into China and to export finished products containing such components out of China. Any failure to comply with export control laws could result in significant fines or penalties. We must also comply with regulations relating to the award, administration and performance of U. S. government contracts and subcontracts with respect to our defense business, including regulations that govern price negotiations, cost accounting standards, procurement practices, termination at the election of the government and many other aspects of performance under government contracts and subcontracts. These laws and regulations are complex, require extensive compliance efforts and expenditures in the form of additional systems and personnel, and, in some cases, require us to ensure that our suppliers adhere to such regulations. Furthermore, our compliance with such regulations is subject to audit or investigation by governmental authorities. From time to time, we receive formal and informal inquiries from government agencies and regulators regarding our compliance. **For example, we have received and are responding to several Civil Investigative Demands from the U. S. Department of Justice relating to certain contracts,**

**projects, proposals, and business activities of our SCI subsidiary.** Should we be found to have violated one or more of such **government contracting** laws or regulations, we could become subject to civil damages (which in some cases could be trebled) or criminal penalties and administrative sanctions, including appointment of government monitors, termination of our government contracts and, ultimately, debarment from doing further business with the U. S. government. Any of such results would increase our expenses, reduce our revenue and damage our reputation as both a commercial and government supplier. If we manufacture or design defective products, if there are manufacturing defects in the components we incorporate into customer products or if our manufacturing processes do not comply with applicable statutory and regulatory requirements and standards, we could be subject to claims, damages and fines and lose customers. We manufacture products to our customers' specifications, and in some cases our manufacturing processes and facilities need to comply with various statutory and regulatory requirements and standards. For example, many of the medical products that we manufacture, as well as the facilities and manufacturing processes that we use to produce them, must comply with standards established by the U. S. Food and Drug Administration and products we manufacture for the automotive end market are generally subject to the IATF 16949: 2016 standard. In addition, our customers' products and the manufacturing processes that we use to produce them often are highly complex. As a result, products that we design or manufacture may at times contain design or manufacturing defects, and our manufacturing processes may be subject to errors or may not be in compliance with applicable statutory and regulatory requirements and standards. Finally, customer products can experience quality problems or failures as a result of defects in the components ~~they~~ **customers** specify to be included in the products we manufacture for them. Defects in the products we design or manufacture, even if caused by components specified by the customer, may result in product recalls, warranty claims by customers, including liability for repair costs, delayed shipments to customers or reduced or canceled customer orders. The failure of the products that we design or manufacture or of our manufacturing processes and facilities to comply with applicable statutory and regulatory requirements and standards may subject us to legal fines or penalties, cause us to lose business and, in some cases, require us to shut down or incur considerable expense to correct a manufacturing program or facility. In addition, these defects may result in product liability claims against us by third parties. The risk and magnitude of such claims may increase as we continue to expand our presence in the medical and automotive end markets since defects in these types of products can result in death or significant injury to end users of these products. Even when our customers **or suppliers** are contractually responsible for defects in the design of a product and defects in components used in the manufacture of such products, there is no guarantee that **any indemnities provided by such parties will be adequate to cover all damages to which we may become subject or that** ~~these customers~~ **parties** will have the financial resources to indemnify us for such liabilities ~~and, in which case~~ 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 **us the Company** alleging violations of California Labor Code provisions governing overtime, meal and rest periods, wages, wage statements and reimbursements of business expenses. Cyberattacks and other disruptions of our information technology network and systems could interrupt our operations, lead to loss of our customer and employee data and subject us to damages. We rely on internal and cloud- based networks and systems furnished by third parties for worldwide financial reporting, inventory management, procurement, invoicing, employee payroll and benefits administration and email communications, among other functions. In addition, our

42Q manufacturing execution solutions software used by us and certain of our customers operates in the cloud. Despite our business continuity planning, including maintaining redundant data sites and network availability, both our internal and cloud-based infrastructure may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. In addition, **our systems, like those of other large companies, are regularly subject to third party hacking attempts.** Despite the implementation of numerous network security measures, both our internal and our cloud-based infrastructure may also be vulnerable to **such hacking attempts, the installation of** computer viruses, **the installation of** malware **and-or** similar disruptions either by third parties or employees with access to key IT infrastructure. Cybersecurity attacks can come in many forms, including distributed denial of service attacks, advanced persistent threat, phishing, business email compromise efforts and ransomware attacks. ~~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~~ **There** can be no assurance that a future malware attack **or hacking attempt** will not be successful in breaching our systems. Hacking, malware and other cybersecurity attacks, if not prevented, could lead to the collection and disclosure of sensitive personal or confidential information relating to our **business,** customers, employees or others, exposing us to legal liability and causing us to suffer reputational damage. In addition, our SCI defense and aerospace business is subject to U. S. government regulations requiring the safeguarding of certain unclassified government information and to report to the U. S. government certain cyber incidents that affect such information. The increasing sophistication of cyberattacks requires us to continually evaluate new technologies and processes intended to detect and prevent these attacks. Our insurance coverage for cyberattacks is limited. There can be no assurance that our cybersecurity measures will be sufficient to protect the data we manage. If we and our cloud infrastructure vendors are not successful in preventing such outages and cyberattacks, our operations could be disrupted, we could incur losses, including losses relating to claims by our customers, employees or privacy regulators relating to loss of personal or confidential business information, the willingness of customers to do business with us may be damaged and, in the case of our defense business, we could be barred from future participation in U. S. government programs. Global, national and corporate initiatives addressing climate change could increase our costs. Concern over climate change may lead to state, federal and international legislative and regulatory initiatives aimed at reducing carbon dioxide and other greenhouse gas emissions through incentives, taxes or mandates and there is increased **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~~ **April 2022-2023**, a court issued a ~~tentative~~ ruling finding us **and other defendants** liable for certain investigation **and remediation** costs relating to a site owned by a predecessor company in Southern California at which a disposal was alleged to have occurred. Although we estimate and regularly reassess our potential liability with respect to violations or alleged violations and accrue for such liability, our accruals may not be sufficient. Any increase in existing reserves or establishment of new reserves for environmental liability would reduce our net income. Our failure or inability to comply with applicable environmental laws and regulations could also limit our ability to expand facilities or could require us to acquire costly equipment or to incur other significant expenses to comply with these laws and regulations. Partly as a result of certain of our acquisitions, we have incurred liabilities associated with environmental contamination. These liabilities include ongoing investigation and remediation activities at a number of current and former sites. The time required to perform environmental remediation can be lengthy and there can be no assurance that the scope, and therefore cost, of these activities will not increase as a result of the discovery of new contamination or contamination on adjoining landowners' properties or the adoption of more stringent regulatory standards covering sites at which we are currently performing remediation activities. We cannot assure that past disposal activities will not result in liability that will materially affect us in the future, nor can we provide assurance that we do not have environmental exposures of which we are unaware and which could adversely affect our future operating results. Changes in or restrictions on discharge limits, emissions levels, permitting requirements and material storage or handling could require a higher than anticipated level of remediation activities, operating expenses and capital investment or, depending on the severity of the impact of the foregoing factors, costly plant relocation, any of which would reduce our net income. Changes in financial accounting standards or policies have affected, and in the future may affect, our reported financial condition or results of operations; there are inherent limitations to our system of internal controls; changes in corporate governance **requirements,** policies and practices may impact our business. We prepare our consolidated financial statements in conformity with 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~~ **was** designed to provide reasonable assurance of achieving ~~their~~ **its** objectives. However, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been or will be detected. As a result, there can be no assurance that our system of internal and disclosure controls and procedures will be successful in preventing all errors, theft and fraud, or in informing management of all material information in a timely manner. **For example, as disclosed in Item 9A of this annual report, we have identified material weaknesses in the control environment at one of our divisions due in part to the division maintaining an inappropriate tone at the top. This division accounted for approximately 3 % of our revenues on an annual basis.** Finally, corporate governance, public disclosure and compliance practices continue to evolve based upon continuing legislative action, SEC rulemaking and policy positions taken by large institutional stockholders and proxy advisors. As a result, the number of rules, regulations and standards applicable to us may become more burdensome to comply with, could increase scrutiny of our practices and policies by these or other groups and increase our legal and financial compliance costs and the amount of time management must devote to governance and compliance activities. For example, the SEC has recently ~~proposed~~ **adopted** rules requiring that issuers provide significantly increased disclosures concerning cybersecurity ~~matters~~ **risk management, strategy, governance and incident reporting and adopt more stringent executive compensation clawback policies and California has enacted legislation that will require large companies doing business in the state to provide significant disclosures concerning the their impact of greenhouse gas emissions and financial risks relating to climate changes** ~~change 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; **increasing interest rates will reduce our net income and operating cash flow;** we could experience losses if one or more financial institutions holding our cash or other financial counterparties were to fail; repatriation of foreign cash could increase our taxes. Our liquidity is dependent on a number of factors, including profitability, business volume, inventory ~~requirements~~ **levels**, the extension of trade credit by our suppliers, the degree of alignment of payment terms from our suppliers with payment terms granted to our customers, the amount we invest in our facilities and equipment, the timing of acquisitions and divestitures, the schedule for repayment of our outstanding indebtedness, the timing of stock repurchases, ~~the amount available~~ **available to borrow** under ~~our~~ **the Fifth Amended and Restated Credit credit Agreement 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. **The sale of receivables under our factoring programs is subject to the approval of the banks or customers involved and there can be no assurance that we will be able to sell the maximum amount of receivables permitted by these programs when desired. In addition, because the interest rate we pay for borrowings under the Credit Agreement and the interest rate used to calculate the purchase price for receivables under our factoring programs are variable, recent sustained increases in interest rates resulting from actions taken by the Federal Reserve to reduce inflation both increases the amount of interest expense we pay, which reduces net income, and also reduces the amount of proceeds we receive from purchasers under our receivables factoring program, which reduces operating cash flow.** Any failure to maintain adequate liquidity would prevent us from maintaining operations at current or desired levels, which in turn would reduce both our revenue and profitability. Although we believe our existing cash resources and sources of liquidity, together with cash generated from operations, will be sufficient to meet our working capital requirements for at least the next 12 months, should demand for our services increase significantly over the next 12 months or should we experience significant increases in delinquent or uncollectible accounts receivable for any reason, including ~~recessionary~~ **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. **For example, in the spring of 2023, three mid- sized regional banks failed and were placed under the temporary control of federal regulators. Although our cash and cash equivalents were not deposited in any of such banks, should the financial institutions** in which ~~our~~ **ease**

**cash and cash equivalents are deposited fail and not be backstopped by the federal government or otherwise guaranteed,** all or a portion of our uninsured funds on deposit with such institutions could be lost. **Similarly, should the financial institutions holding the cash and cash equivalents of our customers fail and not be backstopped or otherwise guaranteed, our customers may become unable to satisfy their obligations to us.** Finally, if one or more counterparties to our interest rate or foreign currency hedging instruments were to fail, we could suffer losses and our hedging of risk could become less effective. **As of September 30, 2023, approximately 50-59%** of our cash ~~is was~~ held in foreign jurisdictions. Some of these jurisdictions restrict the amount of cash that can be transferred to the U. S. or impose taxes and penalties on such transfers of cash. To the extent we have excess cash in foreign locations that could be used in, or is needed by, our U. S. operations, we may incur significant foreign taxes to repatriate these funds which would reduce the net amount ultimately available for such purposes. Our ~~credit agreement 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 ~~credit agreement 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 **timely** file quarterly and annual financial statements with the SEC, comply with all laws, pay all taxes and maintain casualty insurance. If we are not able to comply with these covenants or if an event of default were to occur and not be cured, all of our outstanding debt would become immediately due and payable and the incurrence of additional debt under our ~~Credit Agreement 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~~ **outsource** to EMS providers. Competition is based on a number of factors, including end markets served, price and quality. We may not be able to offer prices as low as some of our competitors for any number of reasons, including the willingness of competitors to provide EMS services at prices we are unable or unwilling to offer. There can be no assurance that we will win new business or maintain existing business due to competitive factors, which could decrease our sales and net income. In addition, due to the extremely price sensitive nature of our industry, business that we do win or maintain may have lower margins than our historical or target margins. As a result, competition may cause our gross and operating margins to fall. Consolidation in the electronics industry may adversely affect our business by increasing customer buying power and increasing prices we pay for components. Consolidation in the electronics industry among our customers, our suppliers and / or our competitors may increase, which could result in a small number of very large electronics companies offering products in multiple sectors of the electronics industry. If one of our customers is acquired by another company that does not rely on us to provide EMS services, we may lose that customer' s business. Similarly, consolidation among our suppliers could result in a sole or limited source for certain components used in our customers' products. Any such consolidation could cause us to be required to pay increased prices for such components, which could reduce our gross margin and profitability if we are unable to pass on the corresponding cost to our customers. Unanticipated changes in our income tax rates or exposure to additional tax liabilities **or expiration of our net operating loss carryforwards** could increase our taxes and decrease our net income; **developments in pending audits could result in an increase in** our projections of future taxable **tax expenses which would decrease our net** 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 a material** increase to income tax expense and therefore a **material** decrease in **our net income.** **Further, as of September 30, 2023, we have cumulative net operating loss carryforwards (“ NOLs ”) for federal, state and foreign tax purposes of \$ 155 million, \$ 337 million and \$ 433 million, respectively. Our federal and state NOLs begin expiring in fiscal years 2028 and 2024, respectively, and expire completely at various dates through September 29, 2035. Certain foreign NOLs will begin expiring in 2024. As and when the NOLs begin expiring, our federal and state income tax rates will increase, which will reduce** our net income. We can experience losses due to foreign exchange rate

fluctuations and currency controls, which could reduce our net income and impact our ability to repatriate funds. Because we manufacture 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, which has become challenging 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. **For example, in the first quarter of fiscal 2023, we entered into a joint venture with a wholly- owned subsidiary of Reliance Industries Limited intended to create a world- class electronic manufacturing hub in India. The success of this joint venture is subject to a number of risks and uncertainties, including the timing of the joint venture obtaining " Trusted Source " designation under the India government' s " Make in India " initiative, adverse changes in the key markets the joint venture will target and the risks described above under the caption " We are subject to risks arising from our international operations. "** Strategic transactions involve a number of risks, uncertainties and costs, including integrating acquired operations and workforce, businesses and products, resolving quality issues involving acquired products, incurring severance and other restructuring costs, diverting management attention from their normal operational duties, maintaining customer, supplier or other favorable business relationships of acquired operations, terminating unfavorable commercial arrangements, losing key employees, integrating the systems of acquired operations into our management information systems and satisfying the liabilities of acquired businesses, including liability for past violations of law and material environmental liabilities. Any of these risks could cause our strategic transactions not to be ultimately profitable. We may also choose to divest plants, businesses or products lines in the future. Divestitures reduce revenue and, potentially, margins and can involve the risk of retained liabilities from the operations divested, including environmental liabilities. In addition, we have in the past recorded, and may be required to record in the future, goodwill and other intangible assets in connection with our acquisitions. We evaluate, at least on an annual basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of our goodwill and other intangible assets may no longer be recoverable. Should we determine in the future that our goodwill or other intangible assets have become impaired, an impairment charge to earnings would become necessary, which could be significant. For example, during our fiscal 2018 annual goodwill impairment analysis, we fully impaired goodwill of \$ 31 million associated with the acquisition of a storage software business we purchased in 2016. We are subject to risks associated with natural disasters and global events. Our activities, including manufacturing, administration and information technology management, can be adversely affected by natural disasters such as major earthquakes, hurricanes, floods, tsunamis, tornadoes, fires and epidemics or pandemics, such as the COVID- 19 pandemic. Climate change may cause **certain of** these events to become more severe and therefore more damaging. In the event of a major natural disaster affecting one or more of our facilities, our operations and management information systems, which control our worldwide procurement, inventory management, shipping and billing activities, could be significantly disrupted. Such events could delay or prevent

product manufacturing for an extended period of time. Any extended inability to continue our operations at affected facilities following such an event could reduce our revenue. **Further, geopolitical events like the war in Ukraine and conflict in the Middle East may also impact our operations by affecting our supply chain or impacting our plants located in the region of instability.** Risks of Investing in Our Stock The market price of our common stock is volatile and is impacted by factors other than our financial performance. The stock market in recent years has experienced significant price and volume fluctuations that have affected our stock price. These fluctuations have often been unrelated to our operating performance. Factors that can cause such fluctuations include announcements by our customers, suppliers, competitors or other events affecting companies in the electronics industry, such as component shortages, currency fluctuations, the impact of natural disasters and global events, such as the COVID- 19 pandemic, geopolitical tensions, such as the war in Ukraine **and conflict in the Middle East**, general market fluctuations and macroeconomic conditions, including concerns about inflation and recession, any of which may cause the market price of our common stock to fluctuate widely. **27**