

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

(Mark one)

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

For the fiscal year ended **October 3, 2020**
or

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

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

Sanmina Corporation

(Exact name of registrant as specified in its charter)

DE

(State or other jurisdiction of incorporation or organization)

77-0228183

(I.R.S. Employer Identification Number)

2700 N. First St., San Jose CA

(Address of principal executive offices)

95134

(Zip Code)

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was approximately \$1,055,950,774 as of March 28, 2020, based upon the last reported sale price of the common stock on the NASDAQ Global Select Market on March 27, 2020.

As of November 5, 2020, the number of shares outstanding of the registrant's common stock was 65,065,619.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information is incorporated into Part III of this report by reference to the Proxy Statement for the registrant's 2021 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K.

SANMINA CORPORATION

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Item 1. *Business*

Overview

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

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

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

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

- 1) Integrated Manufacturing Solutions (IMS). Our IMS business consists of printed circuit board assembly and test, high-level assembly and test, and direct-order-fulfillment. This segment generated approximately 80% of our total revenue in 2020.
- 2) Components, Products and Services (CPS). Components include interconnect systems (printed circuit board fabrication, backplane, cable assemblies and plastic injection molding) and mechanical systems (enclosures and precision machining). Products include memory from our Viking Technology division; enterprise solutions from our Viking Enterprise Solutions division; radio frequency (RF), optical and microelectronic; defense and aerospace products from SCI Technology; and cloud-based manufacturing execution software from our 42Q division. Services include design, engineering, global services (logistics and repair). CPS generated approximately 20% of our total revenue in 2020.

We have manufacturing facilities in 21 countries on six continents. We locate our facilities near our customers and their end markets in major centers for the electronics industry or in lower cost locations. Many of our operations located near our customers and their end markets are focused primarily on new product introduction, lower-volume, higher-complexity component and subsystem manufacturing and assembly, and high-level assembly and test. Our operations located in lower cost areas engage primarily in higher-volume component and subsystem manufacturing and assembly for both higher and lower complexity products.

As one of the largest global manufacturing solutions providers with operations in 21 countries on six continents we are able to capitalize on our competitive strengths including our:

- customer-focused organization with 37,000 employees;
- mission critical end-to-end solutions;
- product design and engineering resources;
- vertically integrated global manufacturing capabilities;
- comprehensive IT systems and a flexible global supplier base;
- expertise in serving diverse end markets; and
- expertise in industry standards and regulatory requirements.

Industry Overview

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

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

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

Our Business Strategy

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

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

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

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

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

Continuing to Penetrate Diverse End Markets. We focus our marketing and sales efforts on major end markets within the electronics technology industry. We target markets we believe offer significant growth opportunities and for which OEMs sell mission critical products that are subject to strict regulatory requirements and/or rapid technological change because the manufacturing of these products requires higher value-added services. We intend to continue to diversify our business across market segments and customers to reduce our dependence on any particular market or customer.

Pursuing Strategic Transactions. We continually seek to identify and undertake strategic transactions that give us the opportunity to grow our business by accessing new customers' products, manufacturing solutions, repair service capabilities, intellectual property, technologies and geographic markets. In addition, we plan to continue to pursue OEM divestiture transactions that will augment existing strategic customer relationships or build new relationships with customers in attractive end markets. In an OEM divestiture transaction, we purchase manufacturing assets and hire employees from a customer and enter into a long-term supply agreement with such customer to provide products previously manufactured by them. Potential future transactions may include a variety of different business arrangements, including acquisitions, asset purchases, spin-offs, strategic partnerships, restructurings and divestitures.

Continuing to Seek Cost Savings and Efficiency Improvements. We seek to optimize our facilities to provide cost-effective services for our customers. We maintain extensive operations in lower cost locations, including Latin America, Eastern Europe, China, Southeast Asia and India, and we plan to expand our presence in these lower cost locations as appropriate, taking into consideration tariffs and other factors, to meet the needs of our customers. We believe we are well positioned to take advantage of future opportunities on a global basis as a result of our existing manufacturing footprint in 21 countries on six continents.

COVID-19

In March 2020, the World Health Organization declared COVID-19 to be a pandemic, which continues to spread throughout the U.S. and the world. During the last nine months of our fiscal 2020, our results of operations were negatively impacted by reduced demand from our customers resulting from the negative impact of the pandemic and government containment measures on their end markets, supply shortages and temporary shutdowns of certain of our facilities.

We are unable to accurately predict the full impact that COVID-19 will have on us due to a number of uncertainties, including the impact of the pandemic on our customers' businesses, the number of employees who may become infected or exposed to infected persons who we would then be required to exclude from our plants, the imposition of government restrictions on staffing and the types of products we are permitted to build, the need for temporary plant closures, supply chain shortages and other interruptions, the duration of the outbreak, the geographic location of any future outbreaks, and actions that government authorities may take. However, it is likely that the pandemic will continue to have a negative impact on our business, results of operations and financial condition for the foreseeable future.

Our Competitive Strengths

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

End-to-End Solutions. We provide solutions throughout the world to support our customers' products during their entire life cycle, from product design and engineering, through manufacturing, to direct order fulfillment, logistics and after-market product service and support. Our end-to-end solutions are among the most comprehensive in the industry because we focus on adding value before and after the actual manufacturing of our customers' products. These solutions also enable us to 1) provide our customers with a single source of supply for their design, supply chain and manufacturing needs, 2) reduce the time required to bring products to market, 3) lower product costs and 4) allow our customers to focus on those activities they expect to add the highest value to their business. We believe our end-to-end solutions allow us to develop closer relationships with our customers and more effectively compete for their future business.

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

Our engineering engagement models include Joint Design Manufacturing (JDM), Contract Design Manufacturing (CDM) and consulting engineering for DFx, Value Engineering (cost reduction re-design), and design for global environmental compliance regulations such as the European Union's Restrictions of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE). We focus on industry segments that include industrial, medical, defense and aerospace, automotive, communications networks and cloud solutions. System solutions for these industry segments are supported by our

vertically integrated component technologies, namely printed circuit boards, backplanes, enclosures, cable assemblies, precision machining, plastics, memory modules, and optical, RF and microelectronics modules.

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

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

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

Advanced Component Technologies. We provide advanced component technologies, which we believe allow us to differentiate ourselves from our competitors. These advanced technologies include the fabrication of complex printed circuit boards, backplanes, enclosures, precision machining and plastic components. For example, we produce some of the most advanced printed circuit boards and backplanes in the world, with up to 70 layers, that are manufactured with a range of low signal loss, high-performance materials and include features such as buried capacitance and thin-film resistors, high-density interconnects and micro via technology. We also manufacture high-density flex and rigid-flex printed circuit boards with up to 32 layers and 8 transition layers for the defense and aerospace markets and high-end medical electronics market.

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

Global Manufacturing Capabilities. Most of our customers compete and sell their products on a global basis. As such, they require global solutions that include regional manufacturing for selected end markets, especially when time to market, local manufacturing or content and low cost solutions are critical objectives. Our global network of manufacturing facilities in 21 countries provides our customers a combination of sites to maximize both the benefits of regional and low cost manufacturing solutions and repair services, and to help alleviate tariff costs. Our current repair network is located in an additional eight countries.

We offer customers five regions in which all of our technology and components, integrated manufacturing and logistics solutions can be implemented and can serve both regional and global business needs. To manage and coordinate our global operations, we employ an enterprise-wide Enterprise Resource Planning (ERP) system at substantially all of our manufacturing locations that operates on a single IT platform and provides us with company-wide inventory planning and purchasing capabilities. This system enables us to standardize planning and purchasing at the facility level and to help optimize inventory management and improve asset utilization worldwide. Our systems also enable our customers to receive key information regarding the status of their programs.

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

Supply chain management also involves the planning, purchasing, transportation and warehousing of product components. A key objective of our supply chain management services is to reduce excess component inventory in the supply chain by scheduling deliveries of components at a competitive price and on a just-in-time basis. We use sophisticated production management systems to manage our procurement and manufacturing processes in an efficient and cost effective manner. We collaborate with our customers to enable us to respond to their changing component requirements and to reflect any changes in these requirements in our ERP system. This system enables us to forecast future supply and demand imbalances and develop strategies to help our customers manage their component requirements, especially during supply shortages that have affected our industry in the past. Our enterprise-wide ERP systems provide us with company-wide information regarding component inventories and orders to help optimize inventories, planning and purchasing at the facility level.

Customer-Focused Organization. We believe customer relationships are critical to our success and we are focused on providing a high level of customer service. Our key customer accounts are managed by dedicated account teams, including a global account manager directly responsible for account management. Global account managers coordinate activities across divisions to effectively satisfy our customers' requirements and have direct access to our senior management to quickly address customer opportunities and needs. Local customer account teams further support the global teams.

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

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

Our Products and Solutions

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

Integrated Manufacturing Solutions includes:

Printed Circuit Board Assembly and Test. Printed circuit board assembly involves attaching electronic components, such as integrated circuits, capacitors, microprocessors, resistors and memory modules, to printed circuit boards. The most common technologies used to attach components to printed circuit boards employ surface mount technology (SMT)

and pin-through-hole assembly (PTH). SMT is an automated assembly system that places and solders components to the printed circuit board. In PTH, components are inserted into holes punched in the circuit board. Another method is press-fit-technology, in which components are pressed into holes on the printed circuit board. We use SMT, PTH, press-fit and other attachment technologies that are focused on miniaturization and increasing the density of component placement on printed circuit boards. These technologies, which support the needs of our customers to provide greater functionality in smaller products, include chip-scale packaging, ball grid array, direct chip attach and high density interconnect. We perform in-circuit and functional testing of printed circuit board assemblies. In-circuit testing verifies that all components are properly inserted and attached, and that electrical circuits are complete. We perform functional tests to confirm the board or assembly operates in accordance with its final design and manufacturing specifications. We either design and procure test fixtures and develop our own test software, or we use our customers' test fixtures and test software. In addition, we provide environmental stress tests of the board or assembly that are designed to confirm that the board or assembly will meet the environmental stresses, such as heat, to which it will be subjected.

High-Level Assembly and Test. We provide high-level assembly and test in which assemblies and modules are combined to form complete, finished products. Products for which we currently provide high-level assembly and test include electro-mechanical assemblies, sterilized fluid and blood analysis systems, food dispensing equipment, diagnostic medical devices, high-voltage power management systems, rotating x-ray equipment for airport security, particle analyzers for homeland security, motorized magnetic resonance imaging units, radio base stations and transmission equipment for 5G wireless networks, optical central stations and wireline switching and routing hardware, server and storage systems for data centers, carriers central offices and video streaming service providers. These products require highly specialized manufacturing capabilities and, processes and integrated IT systems.

Our specialized processes such as cable routing, pulley, gear assembly, lubrication, sterilization, hi-pot voltage testing for safety, functional calibration, liquid management, refrigeration systems, food-grade treatment of surfaces, containers and conduits, x-ray and magnetic testing, battery assembly and test, loading and configuration of firmware and software regionalization based on customer needs and supply chain optimization for large, bulky, or otherwise logistic-intensive and for tariff minimization.

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

Components, Products and Services includes:

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

Printed Circuit Boards. We have the ability to produce multilayer printed circuit boards on a global basis with high layer counts and fine line circuitry. We have also developed several proprietary technologies and processes which improve

electrical performance, connection densities and reliability of printed circuit boards. Our ability to support NPI and quick-turn fabrication followed by manufacturing in both North America and Asia allows our customers to accelerate their time-to-market as well as their time-to-volume. Standardized processes and procedures make transitioning of products easier for our customers. Our technology roadmaps provide leading-edge capabilities and high yielding processes. Our engineering teams are available on a worldwide basis to support designers in Design for Manufacturability (DFM) analysis and assemblers with field applications support.

Printed circuit boards are made of fiberglass/resin-laminated material layers and contain copper circuits which interconnect and transmit electrical signals among the components that make up electronic systems. Increasing the density of the circuitry in each layer is accomplished by reducing the width of the circuit traces and placing them closer together in the printed circuit board along with adding layers and via hole structures. We are currently capable of efficiently producing printed circuit boards with up to 70 layers and circuit trace widths as narrow as two mils (50 microns) in production volumes. Specialized production equipment along with an in-depth understanding of high performance laminate materials allow us to fabricate some of the largest form factor and highest speed (frequencies in excess of 40 gigahertz) backplanes available in the industry.

Backplanes and Backplane Assemblies. Backplanes are typically very large printed circuit boards that serve as the backbones of sophisticated electronics products, such as internet routers. Backplanes provide interconnections for printed circuit board assemblies, power supplies, and other electronic components. We fabricate backplanes in our printed circuit board factories. Backplane fabrication is significantly more complex than printed circuit board fabrication due to the large size and thickness of the backplanes. We manufacture backplane assemblies by press-fitting high density connectors into plated through-holes in the fabricated backplane. In addition, many of the newer, advanced technology backplanes require SMT attachment of passive discrete components as well as active high-pin count ball grid array packages. These advanced assembly processes require specialized equipment and a strong focus on quality and process control. We also perform in-circuit and functional tests on backplane assemblies. We have developed proprietary technologies and process “know-how” which enable backplanes to run at data rates in excess of 50 gigahertz. We currently have capabilities to manufacture backplanes at greater than 60 layers in sizes up to 26x40 inches and up to a nominal thickness of 0.425 inches and in a wide variety of high performance laminate materials. These are among the largest and most complex commercially manufactured backplanes and the test equipment we have ensures the quality and performance of these backplane systems is “world class.” We are not only fully capable of the electronic integrity testing of these backplanes, but can also utilize state of the art x-ray equipment to verify defect-free installation of the new high density/high speed connectors. Lastly, performance of the backplane system is checked through a signal integrity tester to ensure the product will meet its design intent. We are one of a limited number of manufacturers with this comprehensive suite of capabilities.

Cable Assemblies. Cable assemblies are used to connect modules, assemblies and subassemblies in electronic devices. We provide a broad range of cable assembly products and services, from cable assemblies and harnesses for automobiles, to complex harnesses for industrial products and semiconductor manufacturing equipment. We design and manufacture a broad range of high-speed data, radio frequency and fiber optic cabling products. Our cable assemblies are often used in large rack systems to interconnect subsystems and modules. Our manufacturing footprint with facilities in the U.S., Mexico, the EU and China enables us to support our customers NPI and volume production needs on a global basis.

Plastic Injection Molded Products. Plastic injection molded products are used to create a vast array of everyday items; from very small intricate mechanical components, to cosmetic enclosures designed to protect sensitive electronic equipment. Our diverse capability within the plastic injection molding space spans all major markets and industries. We are equipped with nearly 80 plastic injection molding machines with clamping pressure ranging from 28 tons to 1,000 tons. Our experienced tooling, process, quality and resin engineers work concurrently using a scientific molding approach to develop cost effective, highly reliable manufacturing solutions for medical, industrial, defense, multimedia, computing and data storage customers. We apply the principles of scientific molding, combined with strategic partnerships with U.S. and Asian toolmakers to enable delivery of cost effective high-quality plastic manufacturing solutions.

Mechanical Systems. Mechanical systems are used across all major markets to house and protect complex, critical and fragile electronic components, modules and sub-systems so that the system's functional performance is not compromised due to mechanical, environmental or any other usage conditions. Our mechanical systems manufacturing services are capable of fabricating mechanical components, such as cabinets, chassis (via soft tool and hard progressive tools), frames, racks, and data storage enclosures integrated with various electronic components and sub-systems with power management, thermal management, sensing functions and control systems.

We manufacture a broad range of enclosures for a wide range of products from set-top boxes, medical equipment, alternative energy storage, data management shelves as well as data storage, to large and highly complex mechanical systems, such as those used in indoor and outdoor wireless base station products and high precision vacuum chambers for the semiconductor, telecom, networking, healthcare, aerospace and homeland security industries.

Our mechanical systems expertise is available at several of our state-of-the-art facilities worldwide. Our operations provide metal fabrication by soft tools methodology, high-volume metal stamping and forging by hard tools with stage and progressive tools, plastic injection molding, robotic welding, powder coating, wet painting, plating and cleaning processes.

We also offer a suite of world-class precision machining services in the U.S., Mexico and Israel. We use advanced numerically controlled machines enabling the manufacture of components to very tight tolerances and the assembly of these components in clean environments. Our capabilities include complex medium and large format mill and lathe machining of aluminum, stainless steel, plastics, ferrous and nonferrous alloys and exotic alloys. We also have helium and hydrostatic leak-test capabilities. By leveraging our established supply chain, we do lapping, anodizing, electrical discharge machining (EDM), heat-treating, cleaning, laser inspection, painting and packaging. We have dedicated facilities supporting machining and complex integration with access to a range of state-of-the-art, computer-controlled machining equipment that can satisfy rigorous demands for production and quality meeting very tight tolerances. This includes fully automated “lights-out” machinery that continues production in the absence of human operators that can operate 24/7. With some of the largest horizontal milling machines in the U.S., we are a supplier of vacuum chamber systems for the semiconductor, flat-panel display, LED equipment, industrial, medical and AS9100-certified aerospace markets.

Optical Technology. Optical Technology is our high-end product technology and engineering division that focuses on RF, optical and microelectronics products. Our mission and philosophy are to deliver leading-edge technology solutions that help optimize the value and performance of our customers’ applications.

Optical and radio frequency (RF) components are key building blocks of many systems. We produce both passive and active optical components as well as modules that are built from a combination of industry standard and/or custom components, interconnected using microelectronic and micro-optic technologies to achieve a unique function.

Based on microelectronic design and manufacturing technologies, we provide RF and optical components, modules and systems for customers in the communications, networking, medical, industrial, military and aerospace markets. Our experience in RF and optical communication and networking products spans long-haul/ultra-long-haul and metro regions for transport/transmission, as well as access and switching applications, including last-mile solutions. We are currently supplying product to the 10G, 40G, 100G, 200G and 400G optical communication marketplace based on foundational IP within optical and RF technologies. In the medical market, we develop and manufacture components and subassemblies that support Sanmina’s medical operations for products such as blood analyzers, food contamination analyzers, and specialized optical spectrometers and fluorometers utilizing the latest optical technologies. Our optical technology service offerings are designed to deliver end-to-end solutions with special focus on product design, test infrastructure development and industrialization, optical, millimeter wave and RF components and module and blade manufacturing, as well as system integration and test.

Viking Technology. Viking Technology supplies leading edge Solid State Drives (SSD), DRAM memory modules and Non-Volatile DIMMs (NVDIMM), along with state-of-the-art multi-chip memory packaging (MCP) solutions.

Viking Technology provides DRAM memory & Flash storage solutions ranging from high-performance computing SSDs tailored for the enterprise market to small form factor flash and DRAM modules optimized for industrial, telecommunications, and military markets. To continue its leadership in the memory space, Viking Technology is investing in several advanced technologies such as memory packaging, multi-chip packaging, system-in-package, and storage class memory. These investments will enable Viking Technology to support a wider range of markets and applications. Viking Technology will continue its focus on the enterprise and embedded markets with further emphasis on markets such as military, defense and aerospace and industrial/automotive applications.

Viking Technology's comprehensive memory product offerings include Enterprise Class & Industrial Grade SSDs available across a wide portfolio of standard and OEM customized form-factors (2.5”, 1.8” SlimSATA, mSATA, M.2, PCIe/NVMe SSDs, SATADIMM™, DFC and eUSB). Viking Technology also supports the broadest range of DDR4, DDR3, DDR2, DDR and SDRAM modules; from High-Density to Small-Form Factor with Error Checking and Correction (ECC Memory).

Viking Technology also specializes in DRAM and Flash Multi-chip packaging (MCP) technology, allowing for higher density packages optimized for the military aerospace, autonomous vehicles, and communications satellite applications. Viking's ParallelCell family of products are multi-chip package (MCP) solutions that are bare silicon die and wafer level stacking solutions, capable of reducing the overall footprint of memory modules into a single chip.

These MCP solutions are tested in industrial, extended and military temperature ranges. Viking MCP memory products are designed for applications in which Size, Weight and Power (SWaP) are key requirements. Our future generations of MCPs will be optimized for radiation tolerant and space compliant applications.

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

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

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

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

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

Global Services. Our global services focus on highly complex and mission-critical products and processes. We support the logistics and repair needs of customers in the communications, defense, embedded computing and medical markets worldwide. Through our operational infrastructure of 34 Sanmina sites and 27 repair partner sites, we provide a wide range of services, including direct-order-fulfillment, configure-to-order, supplier, inventory and warranty management, reverse logistics, repair, asset recovery, sustaining engineering, test development and end-of-life management to embrace the specific needs of our customers.

Drawing on a robust set of information systems, we offer configurable environments tailored to meet specific customer needs, including customized web portals, order and serial number tracking, special routings and promotions. Local, regional and global solutions are supported by a robust set of business processes that focus on inventory reduction and risk mitigation. This can improve cycle times by leveraging infrastructure, people and technology to enable reliable shipments of products to end users worldwide generally within 24 to 72 hours, depending on our customer's requirements.

Logistics and repair services complement our end-to-end manufacturing strategy by integrating engineering, supply chain, manufacturing, logistics and repair into a seamless solution for customers around the world.

Our End Markets

We target markets that we believe offer significant growth opportunities and where OEMs sell complex mission critical products that are subject to strict regulatory requirements and/or rapid technological change. We believe that markets involving complex, rapidly changing products offer opportunities to produce products with higher margins because they require

higher value-added manufacturing services and may also include our advanced vertically integrated components. Our diversification across market segments and customers helps mitigate our dependence on any particular market or customer.

Industrial/Medical/Defense/Automotive

Industrial. We provide end-to-end component, engineering and complex assembly services to the industrial market. We support a wide range of segments, including transportation, power management, industrial controls, instrumentation and test equipment, inspection and public safety equipment, capital equipment, and self-service kiosk solutions. Our significant experience in the precision machining of components is utilized in highly complex systems such as vacuum chambers, photolithography tools, etch tools, wafer handling systems, airport security, 3D printing, flat panel display test and repair equipment, chem-mech planarization tools, optical inspection and x-ray equipment, explosive detection equipment, and large format printing machines. We have specialized and dedicated facilities for the assembly of large / complex electro-mechanical, thermal and liquid-management equipment for applications, including ATMs, beverage dispensing, cash-counting and management systems, electro-mechanical patient transfer tables, industrial printers and semiconductor capital equipment.

We also manufacture sub-assemblies for machine-control units, such as high-speed machining tools, liquid management equipment and complex hydraulic-electro-mechanical systems, for applications such as industrial-grade printing and liquid dispensing.

We are committed to serving companies that are leading the energy and clean technology revolution in the solar, wind, battery systems, LED lighting fixtures (including indoor, outdoor, industrial-grade and construction lighting products), and smart infrastructure industries. We leverage traditional EMS for clean technology customers in areas related to power electronics, control and distribution, smart meters and full-system integration of complex industrial power inverters. Beyond traditional EMS, our extensive range of electro-mechanical design and complex system manufacturing capabilities are an excellent fit across all clean technology segments. Our design and manufacturing operations are strategically located in close proximity to clean technology business hubs.

Medical. We provide comprehensive manufacturing and related services to the medical industry, including design, logistics, repair and regulatory services. The design, manufacturing and repair of products for the medical industry often requires compliance with domestic and foreign regulations, including the Food and Drug Administration's (FDA's) quality system regulations and the European Union's medical device directive. In addition to complying with these standards, our medical facilities comply with ISO 13485 (formerly EN 46002) and ISO 9001, where required. We manufacture components, sub-assemblies and systems for a broad range of medical devices, including blood glucose meters, computed tomography scanner assemblies, respiration systems, blood analyzers, molecular diagnostics, cosmetic surgery systems, ultrasound imaging systems and a variety of patient monitoring equipment.

Defense. We offer our end-to-end services to the defense, aerospace and high-reliability electronics industry. We design, manufacture and support a comprehensive range of defense and aerospace products, including avionics systems and processors, cockpit and wireless communications systems, tactical and secure network communications systems, radar subsystems, machine vision systems, unmanned aircraft airframes and avionics, and fiber-optic systems for defense related applications. We believe our experience, as well as product design and engineering capabilities, are key competitive strengths in these markets.

Automotive. We provide manufacturing services to the automotive industry for sensors, controllers, engine control units, infotainment modules, eMobility sub-modules, LIDAR, Electric Vehicle (EV) charging system sub-modules, heating ventilation and air-conditioning (HVAC) control modules, a wide array of LED (Light Emitting Diode) interior and exterior light assemblies, as well as cables for interconnect solutions. We also provide design support, product and process qualification, manufacturing, supply chain management, supplier quality assurance and end-of-life services. Substantially all of our automotive facilities are IATF 16949 certified and produce printed circuit boards, printed circuit board assemblies, cable assemblies and higher level electronic assemblies.

Communications Networks

In the communications sector, we leverage our extensive product design and engineering capabilities to develop and manufacture advanced communications productions and components for LTE, 5G and microwave wireless RF filters and antennas, wireline access, switching, routing, optical networking and transmission and enterprise networking systems. Products we manufacture include wireless base stations, remote radio heads and small cells, point-to-point microwave systems and other fronthaul/backhaul solutions, satellite receivers and various radio frequency appliances, optical PON, metro and long-haul,

transmission hardware and switching along with core, service and edge routers. We also design and manufacture advanced optical, RF and microelectronic components which are key elements in many of these products.

Cloud Solutions

We provide comprehensive design and manufacturing solutions, as well as BTO and CTO services, to the embedded computing and data storage markets. We tightly couple our vertically integrated supply chain with manufacturing and logistics enabling the assembly and distribution of products all over the world. In addition, we manufacture a broad range of products with embedded processor capabilities, including digital home gateways, professional audio-video equipment, a variety of touch-screen equipment and internet connected entertainment devices. Our vertical integration capabilities include racks, enclosures, cables, complex multi-layer printed circuit boards, printed circuit assemblies and backplanes, fiber optics and high-level assembly and test, direct order fulfillment and repair services. In addition, we have designed and developed some of the most compact and powerful storage modules available in the market today, which we have coupled with our global, vertically integrated supply chain to deliver some of the most compelling embedded computing and storage solutions to the data storage industry.

Customers

Sales to our ten largest customers typically represent approximately 50% of our net sales. Nokia represented 10% or more of our net sales in 2020, 2019 and 2018.

We seek to establish and maintain long-term relationships with our customers. Historically, we have had substantial recurring sales from existing customers. We seek to expand our customer base through our marketing and sales efforts as well as acquisitions. We have been successful in broadening relationships with customers by providing vertically integrated products and services as well as multiple products and services in multiple locations.

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

Seasonality

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

Backlog

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

Sales and Marketing

Our sales efforts are organized and managed on a regional basis with regional sales managers in geographic regions throughout the world.

We develop relationships with our customers and market our vertically integrated manufacturing solutions through our direct sales force and marketing and sales staff. Our sales resources are directed at multiple management and staff levels within target accounts. Our direct sales personnel work closely with the customers' engineering and technical personnel to understand their requirements. Our sales and marketing staff supports our business strategy of providing end-to-end solutions by

encouraging cross-selling of vertically integrated manufacturing solutions and component manufacturing across a broad range of major OEM products. To achieve this objective, our marketing and sales staff works closely with our various manufacturing and design and engineering groups and engages in marketing and sales activities targeted at key customer opportunities.

Each of our key customer accounts is managed by an account team, including a global account manager directly responsible for account management. Global account managers coordinate activities across divisions to satisfy customer requirements and have direct access to our senior management to quickly address customer concerns. Local customer account teams further support the global teams.

Competition

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

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

Intellectual Property

We hold U.S. and foreign patents and patent applications relating to, among other things, printed circuit board manufacturing technology, enclosures, cables, memory modules, optical technology, medical devices and computing and storage. For other proprietary processes, we rely primarily on trade secret protection. A number of our patents have expired or will expire in the near term. The expiration and abandonment of patents reduces our ability to assert claims against competitors or others who use similar technologies and to license such patents to third parties. We have registered a number of trademarks and have pending trademark applications in both the U.S. and internationally.

Compliance with Government Regulations

Environmental Regulations

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

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

We have a range of corporate programs that aim to reduce the use of hazardous materials in manufacturing. We developed corporate-wide standardized environmental management systems, auditing programs and policies to enable better management of environmental compliance activities. For example, almost all of our manufacturing facilities are certified under ISO 14001, a set of standards and procedures relating to environmental compliance management. In addition, the electronics industry must adhere to the European Union's Restrictions of Hazardous Substances (RoHS) and Waste Electrical and

Electronic Equipment (WEEE). Parallel initiatives have been adopted in other jurisdictions throughout the world, including several states in the U.S. and the Peoples' Republic of China. RoHS limits the use of lead, mercury and other specified substances in electronics products. WEEE requires producers to assume responsibility for the collection, recycling and management of waste electronic products and components. We have implemented procedures intended to ensure our manufacturing processes are compliant with RoHS and the European Union's Registration, Evaluation and Authorization of Chemicals (REACH) legislation, when required. WEEE compliance is primarily the responsibility of OEMs.

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

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

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

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

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

Other Regulations

We are also subject to a number of domestic and foreign regulations relating to our operations worldwide. In particular, our sales activities must comply with restrictions relating to the export of controlled technology and sales to denied or sanctioned parties contained in the U.S. International Traffic in Arms Regulations (ITAR), U.S. Export Administration Regulations and sanctions administered by the Office of Foreign Asset Controls of the U.S. Treasury Department (OFAC). We must also comply with regulations relating to the award, administration and performance of U.S. government contracts and subcontracts with respect to our defense business, including regulations that govern price negotiations, cost accounting standards, procurement practices, termination at the election of the government and many other aspects of performance under government contracts and subcontracts. These regulations are complex, require extensive compliance efforts and expenditures in the form of additional personnel, systems and processes, and, in some cases, require us to ensure that our suppliers adhere to such regulations. Furthermore, our compliance with these regulations is subject to audit or investigation by governmental authorities and, from time to time, we receive formal and informal inquiries from government agencies and regulators regarding our compliance. Should we be found to have violated one or more of such regulations, we could become subject to civil damages (which in some cases can be trebled) or criminal penalties and administrative sanctions, including fines, penalties, appointment of government monitors, termination of our government contracts and, ultimately, debarment from doing further business with the U.S. government. Any of such results would increase our expenses, reduce our revenue and damage our reputation as both a commercial and government supplier.

Human Capital Resources

General Information About Our Human Capital Resources

As of October 3, 2020, we had approximately 37,000 employees, including approximately 7,000 temporary employees, in 23 countries. Approximately 52% of our employees are located in the Americas, 11% are located in EMEA and 37% are located in China and Asia Pacific.

Core Principles

The principles of the Responsible Business Alliance (RBA) are fundamental to our corporate culture and core values and are reflected in our commitments to our customers, stakeholders, employees and communities in which we do business around the world. These commitments drive us to provide a safe and positive work environment for our employees that emphasizes learning and professional development, respect for individuals and ethical conduct, and that is facilitated by a direct management-employee engagement model.

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

Health and Safety

The health and safety of our employees is of utmost important to us. We conduct regular self-assessments and audits to ensure compliance with our health and safety guidelines and regulatory requirements. Our ultimate goal is to achieve a level of work-related injuries as close to zero as possible through continuous investment in our safety programs. We provide protective gear (e.g. eye protection, masks and gloves) as required by applicable standards and as appropriate given employee job duties. Additionally, during the COVID-19 pandemic, we have invested heavily to help ensure the health of our employees. Through the use of education and awareness, provision of necessary PPE, and changes to our manufacturing sites and screening, we strive to make our workplaces a safe place for employees during the workday.

Career Growth and Development

We invest resources in professional development and growth as a means of improving employee performance and improving retention. For example, we launched our “Sanmina University” online training platform over a decade ago to provide employees with continuous learning, professional training and development opportunities. Over 12,000 employees took courses on this platform in 2020. Our emphasis on employee retention, talent reviews, employee evaluations and succession planning contributed to a promotion rate of approximately 5% in 2020.

Turnover

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

Hiring Practices

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

Diversity and Inclusion

Recognizing and respecting our global presence, we strive to maintain a diverse and inclusive workforce everywhere we operate. Almost 50% of our employees worldwide are female and, in the U.S., non-Caucasian employees account for more than 50% of the employee base. Our diversity and inclusion principles are also reflected in our employee training, in particular with respect to our policies against harassment and bullying and the elimination of bias in the workplace.

Management Engagement Practices

We believe in a direct management-employee engagement model by which managers and employees maintain a regular dialogue about working conditions, compensation, compliance, safety and advancement opportunities. This model is also reflected in our training programs, which emphasize the need to report concerns about violations of policy or law. None of our U.S. employees are represented by a labor union. In some international locations, our employees are represented by labor unions on either a national or plant level or are subject to collective bargaining agreements.

Available Information

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

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table sets forth the name, position and age of our current executive officers and their ages as of October 31, 2020.

Name	Age	Position
Jure Sola	69	Chairman and Chief Executive Officer
Kurt Adzema	51	Executive Vice President, Chief Financial Officer
Alan Reid	57	Executive Vice President, Global Human Resources
Dennis Young	69	Executive Vice President, Worldwide Sales and Marketing

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

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

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

Dennis Young has served as our Executive Vice President of Worldwide Sales and Marketing since March 2003. Prior to joining Sanmina, Mr. Young served as Senior Vice President of Sales from May 2002 to March 2003 and Vice President of Sales from March 1998 to May 2002, of Pioneer-Standard Electronics, a provider of industrial and consumer electronic products.

Item 1A. Risk Factors

End Market and Operational Risks

The COVID-19 pandemic has had, and will likely continue to have, a significant impact on our results of operations and financial condition by reducing demand from our customers, interrupting the flow of components needed for our customers' products, limiting the operations or productivity of our manufacturing facilities, restricting the types of products we can build for our customers and creating health risks to our employees.

Our global operations expose us to the effects of the COVID-19 pandemic, which has now spread across the globe and is impacting economic activity worldwide. In particular, the pandemic:

- Resulted in the temporary closure of our facilities in China during the second quarter of 2020;
- Reduced the amount of staffing we are permitted to maintain at certain of our plants;
- Required us in some cases to pay staff who are not able to work due to government orders;
- Limited the capacity of logistics providers to deliver the products we manufacture;
- Reduced demand for certain of our customers' products, particularly in the automotive end market;
- Prevented us from building certain products not deemed as essential under local, state and national public health orders covering the locations of our plants during portions of the second and third quarters of 2020; and
- Resulted in interruptions of supply of components, either because our suppliers have themselves been prevented from operating or because major distribution channels (e.g., sea transport) have been disrupted by the pandemic.

Collectively, these conditions reduced our revenue in the last nine months of our fiscal 2020 and it is unclear when these impacts will be fully resolved.

Further, although we have implemented infection control measures recommended or required by the applicable public health authorities, and have not to date experienced a significant number of COVID-19 infections among our employees, should infections among our employees increase significantly, our operations could be impacted if we become required to temporarily exclude significant numbers of employees from our plants due to either infection or exposure to an infected person and/or close impacted plants in order to clean them or as a result of government orders. Furthermore, as a result of government orders, a large number of our employees have been working remotely since the end of the second quarter of fiscal 2020. Although these restrictions have been relaxed in some geographies, and we have not experienced any significant disruptions to date as a result of remote work arrangements, should a substantial number of our employees supporting general and administrative functions, particularly at our California headquarters location, continue to be required to work remotely for an extended period of time, we could experience disruptions and reduced efficiencies.

More generally, the COVID-19 pandemic raises the possibility of an extended global economic downturn and has caused volatility in financial markets, which could affect demand for our products and services and impact our results and financial condition even after the pandemic is contained and the business restrictions are lifted. In particular, the pandemic also increases the risk that our customers and suppliers will face financial difficulties, which could impact their ability or willingness to satisfy their payment or delivery obligations to us. Although we have not experienced any significant increase in customer defaults as a result of the pandemic to date, the risk of such defaults will increase if pandemic conditions do not end or if commercial and social restrictions originally put in place in response to them by local, state and national governments are reinstated. For example, both France and Germany have recently restored restrictions on activity that had been lifted after the first phase of the pandemic.

We are unable to accurately predict the full impact that COVID-19 will have on us due to a number of uncertainties, including the impact of the pandemic on our customers' businesses, the number of employees who may become infected or exposed to infected persons who we would then be required to temporarily exclude from our plants, the imposition of government restrictions on staffing and the types of products we are permitted to build, the need for temporary plant closures, supply chain shortages and other interruptions, the duration of the outbreak, the geographic locations of any future outbreaks, and actions that government authorities may take. However, we believe it is likely that the pandemic will continue to have a negative impact on our business, results of operations and financial condition for the foreseeable future.

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

We provide products and services to companies that serve the industrial, medical, defense and aerospace, automotive, communications networks and cloud solutions industries. Adverse changes in any of these end markets could reduce demand

for our customers' products or make these customers more sensitive to the cost of our products and services, either of which could reduce our sales, gross margins and net income. A number of factors could affect these industries in general and our customers in particular, leading to reductions in net sales. These factors include:

- intense competition among our customers and their competitors, leading to reductions in prices for their products and increases in pricing pressure placed on us;
- failure of our customers' products to gain widespread commercial acceptance, which could decrease the volume of orders customers place with us. For example, our sales and margins have been negatively impacted in the past by the slower than expected ramp of 5G programs by our communications customers;
- changes in regulatory requirements affecting the products we build for our customers, leading to product redesigns or obsolescence and potentially causing us to lose business; and
- recessionary periods in our customers' markets, which decrease orders from affected customers, such as the currently depressed conditions due to the COVID-19 pandemic.

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

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

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

- our ability to replace declining sales from end-of-life programs and customer disengagements with new business wins;
- conditions in the economy as a whole and in the industries we serve, which are being significantly impacted by the current COVID-19 pandemic;
- fluctuations in component prices, component shortages and extended component lead times caused by high demand, natural disasters, epidemics or pandemics, such as the COVID-19 pandemic, or otherwise;
- timing and success of new product developments and ramps by our customers, which create demand for our services, but which can also require us to incur start-up costs relating to new tooling and processes;
- levels of demand in the end markets served by our customers;
- timing of orders from customers and the accuracy of their forecasts;
- inventory levels of customers, which if high relative to their normal sales volume, could cause them to reduce their orders to us;
- customer payment terms and the extent to which we factor customer receivables during the quarter;
- increasing labor costs in the regions in which we operate;
- mix of products ordered by and shipped to major customers, as high volume and low complexity manufacturing services typically have lower gross margins than more complex and lower volume services;
- our ability to pass tariffs through to our customers;
- resolution of claims with our customers;
- the degree to which we are able to fully utilize our available manufacturing capacity;
- customer insolvencies resulting in bad debt or inventory exposures that are in excess of our reserves;
- our ability to efficiently move manufacturing operations to lower cost regions when required;
- changes in our tax provision due to changes in our estimates of pre-tax income in the jurisdictions in which we operate, uncertain tax positions, and our ability to utilize our deferred tax assets; and
- political and economic developments in countries in which we have operations, which could restrict our operations or those of our suppliers and/or customers or increase our costs.

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

We are subject to risks arising from our international operations.

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

- changes in trade and tax laws that may result in us or our customers being subjected to increased taxes, duties and tariffs, which could increase our costs and/or reduce our customers' willingness to use our services in countries in which we are currently manufacturing their products;
- rising labor costs;
- compliance with foreign laws, including labor laws which generally provide for increased notice, severance and consultation requirements compared to U.S. laws;
- labor unrest, including strikes;
- difficulties in staffing due to immigration or travel restrictions imposed by national governments, including the U.S.;
- security concerns;
- political instability and/or regional military tension or hostilities;
- fluctuations in currency exchange rates, which may either increase or decrease our operating costs and for which we have significant exposure;
- the imposition of currency controls;
- exposure to heightened corruption risks;
- aggressive, selective or lax enforcement of laws and regulations by national governmental authorities;
- potentially increased risk of misappropriation of intellectual property; and
- an outbreak of a contagious disease, such as COVID-19, which may cause us or our suppliers and/or customers to temporarily suspend our operations in the affected city or country.

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

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.

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

Sales to our ten largest customers have historically represented approximately half of our net sales. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our sales for the foreseeable future. The loss of, or a significant reduction in sales or pricing to, our largest customers could 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 substantial majority of our manufacturing operations are located outside the U.S. This manufacturing footprint has allowed us to provide cost-effective volume manufacturing for our customers. As a result of continuing trade disputes, 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 continued application of tariffs would materially reduce our revenue and net income. In addition, our gross margins would be reduced in the event we are for any reason unable to pass on any tariffs that we incurred to our customers. Although our customers are generally liable for tariffs we pay on their behalf on importation of components used in the manufacture of their products, our gross margins would be reduced in the event we were for any reason unable to recover tariffs or duties from our customers. Further, although we are required to pay tariffs upon importation of the components, we may not be able to recover these amounts from customers until sometime later, if at all, which would adversely impact our operating cash flow in a given period.

Our supply chain is subject to a number of economic, regulatory and environmental risks that could increase our costs or cause us to delay shipments to customers, reducing our revenue and margins and increasing our inventory.

Our supply chain is subject to a number of risks and uncertainties. For example, we are dependent on certain suppliers, including limited and sole source suppliers, to provide key components we incorporate into our products. We have in the past experienced, and may experience in the future, delays in delivery and shortages of components, particularly certain types of capacitors, resistors and discrete semiconductors used in many of the products we manufacture. These conditions, as well as the interruptions in supply of components and reduced capacity of logistics providers caused by the COVID-19 global pandemic, have resulted and could in the future result in increased component prices and delays in product shipments to customers, both of which would decrease our revenue and margins, as well as increase our inventory of other components, which would reduce our operating cash flow.

Our components are manufactured using a number of commodities, including petroleum, gold, copper and other metals that are subject to frequent and unpredictable changes in price due to worldwide demand, investor interest and economic conditions. We do not hedge against the risk of these fluctuations, but rather attempt to adjust our product pricing to reflect such changes. Should significant increases in commodities prices occur and should we not be able to increase our product prices enough to offset these increased costs, our gross margins and profitability could decrease, perhaps significantly.

Concern over climate change has led to state, federal and international legislative and regulatory initiatives aimed at reducing carbon dioxide and other greenhouse gas emissions and there is increased stockholder interest in corporate sustainability initiatives. Collectively, such initiatives could lead to an increase in the price of energy over time. A sustained increase in energy prices for any reason could increase our raw material, components, operations and transportation costs. We could also suffer reputational damage if our sustainability practices are not perceived to be adequate. Finally, government regulations, such as the Dodd-Frank Act disclosure requirements relating to conflict minerals, and customer interest in responsible sourcing could decrease the availability and increase the prices of components used in our customers' products. We may not be able to increase our product prices enough to offset these increased costs, in which case our profitability would be reduced.

We rely on a variety of common carriers to transport our raw materials and components from our suppliers to us, and to transport our products to our customers. The use of common carriers is subject to a number of risks, including increased costs due to rising energy prices and labor, vehicle and insurance costs, and hijacking and theft resulting in losses of shipments, delivery delays resulting from labor disturbances and strikes and other factors beyond our control. Although we attempt to mitigate our liability for any losses resulting from these risks through contracts with our customers, suppliers and insurance carriers, any costs or losses that cannot be mitigated could reduce our profitability, require us to manufacture replacement product or damage our relationships with our customers.

Cancellations, reductions in production quantities, delays in production by our customers and changes in customer requirements could reduce our sales and net income.

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 a customer is generally liable for raw materials we procure on their behalf, finished goods and work-in-process at the time of cancellation, the customer may fail to honor this commitment or we may be unable or, for other business reasons, choose not to enforce our contractual rights. Cancellations, reductions or delays of orders by customers could increase our inventory levels, lead to write-offs of inventory that we are not able to resell to the customer, reduce our sales and net income, delay or eliminate recovery of our expenditures for inventory purchased in preparation for customer orders and lower our asset utilization, all of which could result in lower gross margins and lower net income.

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

A key part of our strategy to capitalize on our end-to-end solutions is to grow our CPS business, which includes printed circuit boards, backplane and cable assemblies and plastic injection molding, mechanical systems, memory, RF, optical and microelectronic solutions, defense and aerospace products and data storage solutions and design, engineering, logistics and repair services. A decrease in orders for these components, products and services can have a disproportionately adverse impact on our profitability since these components, products and services generally carry higher than average contribution margins than our core IMS business. In addition, in order to grow this portion of our business profitably, we must 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 business also depends on our ability to increase sales of our proprietary products, convince our customers to agree to purchase our components for use in the manufacture of their products, rather than directing us to buy them from third parties, 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 cause our CPS revenue and margins to be less than expected, which would have an overall adverse and potentially disproportionate effect on our revenues and profitability.

Customer requirements to transfer business may increase our costs.

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

Liquidity and Credit Risks

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

Our liquidity is dependent on a number of factors, including profitability, business volume, inventory requirements, the extension of trade credit by our suppliers, the degree of alignment of payment terms from our suppliers with payment terms granted to our customers, investments in facilities and equipment, acquisitions, repayments of our outstanding indebtedness, stock repurchase activity, the amount available under our accounts receivable sales programs and availability under our revolving credit facility. In the event we need or desire additional liquidity to maintain or expand our business, make acquisitions or repurchase stock, there can be no assurance that such additional liquidity will be available on acceptable terms or at all. A failure to maintain adequate liquidity would prevent us from purchasing components and satisfying customer demand, which 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 change significantly over the next 12 months or should we experience significant increases in delinquent or uncollectible accounts receivable for any reason, including in particular continued or worsening economic conditions caused by the COVID-19 global pandemic, our cash provided by operations could decrease significantly and we could be required to seek additional sources of liquidity to continue our operations at their current level. In such a case, there can be no assurance that such additional sources of financing would be available.

A principal source of our liquidity is our cash and cash equivalents, which are held with various financial institutions. Although we distribute such funds among a number of financial institutions that we believe to be of high quality, there can be no assurance that one or more of such institutions will not become insolvent in the future, in which case all or a portion of our uninsured funds on deposit with such institutions could be lost. In addition, a little more than one-third of our cash and cash equivalents, and all of our short-term investments, are in the form of short-term time deposits and money market funds. Under certain market conditions, the market value of these instruments can fall below the amount on deposit. Should this phenomenon, known as "breaking the buck," occur and should we seek to withdraw our cash equivalents at such time, we could receive less than the face value of our deposits. 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.

Additionally, a majority of our worldwide cash reserves are generated by, and therefore held in, foreign jurisdictions. Some of these jurisdictions restrict the amount of cash that can be transferred to the U.S. or impose taxes and penalties on such transfers of cash. To the extent we have excess cash in foreign locations that could be used in, or is needed by, our U.S.

operations, we may incur significant foreign taxes to repatriate these funds which would reduce the net amount ultimately available for such purposes.

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

Our Amended Cash Flow Revolver contains a maximum leverage and minimum interest coverage ratio, in both cases measured on the basis of a trailing 12 month look-back period, and a number of restrictive covenants, including restrictions on incurring additional debt, making investments and other restricted payments, selling assets and paying dividends, subject to certain exceptions, with which we must comply. Collectively, these covenants could constrain our ability to grow our business through acquisition or engage in other transactions. Such facility also contains customary events of default, including that a material business interruption or cessation has not occurred. Finally, such facility includes covenants requiring, among other things, that we file quarterly and annual financial statements with the SEC, comply with all laws, pay all taxes and maintain casualty insurance. If we are not able to comply with these covenants or if an event of default were to occur and not be cured, all of our outstanding debt could become immediately due and payable and the incurrence of additional debt under our revolving credit facility would not be allowed, any of which would have a material adverse effect on our liquidity and ability to continue to conduct our business.

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

Some companies in the industries for which we provide products have previously experienced significant financial difficulty, with a few filing for bankruptcy in the past. Such financial difficulty, if experienced by one or more of our customers, may negatively affect our business due to the decreased demand from these financially distressed customers, the lengthening of customer payment terms, the potential inability of these companies to make full payment on amounts owed to us or to purchase inventory we acquired to support their businesses. 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.

Regulatory, Compliance and Litigation Risks

We are subject to a number of U.S. export control and other regulatory requirements, the failure to comply with which could result in damages or 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 sales 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 Asset Controls of the U.S. Treasury Department (OFAC). We must also comply with the 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 personnel, 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 and, from time to time, we receive formal and informal inquiries from government agencies and regulators regarding our compliance. Should Sanmina be found to have violated one or more of such laws or regulations, we could become subject to civil damages (which in some cases could be trebled) or criminal penalties and administrative sanctions, including appointment of government monitors, termination of our government contracts and, ultimately, debarment from doing further business with the U.S. government. Any of such results would increase our expenses, reduce our revenue and damage our reputation as both a commercial and government supplier.

If we 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.

We are also subject to the risk that current or former employees violate the terms of their proprietary information agreements with us. 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.

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 ISO/TS 16949:2009 standard. In addition, our customers' products and the manufacturing processes that we use to produce them often are highly complex. As a result, products that we design or manufacture may at times contain design or manufacturing defects, and our manufacturing processes may be subject to errors or may not be in compliance with applicable statutory and regulatory requirements and standards. Finally, customer products can experience quality problems or failures as a result of defects in the components they specify to be included in the products we manufacture for them. Defects in the products we design or manufacture, even if caused by components specified by the customer, may result in product recalls, warranty claims by customers, including liability for repair costs, delayed shipments to customers or reduced or canceled customer orders. The failure of the products that we design or manufacture or of our manufacturing processes and facilities to comply with applicable statutory and regulatory requirements and standards may subject us to legal fines or penalties, cause us to lose business and, in some cases, require us to shut down or incur considerable expense to correct a manufacturing program or facility. In addition, these defects may result in product liability claims against us. The magnitude of such claims may increase as we continue to expand our presence in the medical and automotive end markets since defects in these types of products can result in death or significant injury to end users of these products. Even when our customers are contractually responsible for defects in the design of a product and defects in components used in the manufacture of such products, there is no guarantee that these customers will have the financial resources to indemnify us for such liabilities and we could nonetheless be required to expend significant resources to defend ourselves if named in a product liability suit over such defects. Additionally, insolvency of our customers may result in us being held ultimately liable for our customers' design defects, which could significantly reduce our net income.

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, organizing, whistle-blowing, classification of employees, privacy and severance payments. We may be required to defend against allegations that we have violated such laws. For example, in October 2018, a contractor who had been retained by us through a third-party temporary staffing agency from November 2015 to March 2016 filed a lawsuit against us in the Santa Clara County Superior Court on behalf of himself and all other similarly situated Company contractors and

employees in California, alleging violations of California Labor Code provisions governing overtime, meal and rest periods, wages, wage statements and reimbursement of business expenses. 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.

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. 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 landowner's 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.

Cyberattacks and other disruptions of our information technology ("IT") 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 redundant data sites and network availability, both our internal and cloud-based infrastructure may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. In addition, despite the implementation of network security measures that we believe to be reasonable, both our internal and our cloud-based infrastructure may also be vulnerable to hacking, computer viruses, the installation of malware and similar disruptions either by third parties or employees with access to key IT infrastructure. Cybersecurity attacks can come in many forms, including distributed denial of service attacks, advanced persistent threat, phishing and business email compromise efforts. Hacking, malware and other cybersecurity attacks, if not prevented, could lead to the collection and disclosure of sensitive personal or confidential information relating to our customers, employees or others, exposing us to legal liability and causing us to suffer reputational damage. In addition, our SCI defense division 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 cyber-attacks is limited. There can be no assurance that the security measures we choose to implement 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 debarred from future participation in U.S. government programs.

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 securities laws and regulations have increased, and are likely to continue to increase, our operating costs.

We prepare our consolidated financial statements in conformity with GAAP. Our preparation of 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.

These principles are 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 profits or balance sheets. In general, changes to accounting rules or challenges to our interpretation or application of the rules by regulators may have a material adverse effect on our reported financial results or on the way we conduct business.

Our system of internal and disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives. However, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company 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. Furthermore, due to the health risks caused by the COVID-19 global pandemic to employees who operate and monitor our internal controls and due to the requirement that a large number of employees work remotely, the COVID-19 global pandemic impact on staffing could cause challenges for the effective operation of our internal controls.

Finally, corporate governance, public disclosure and compliance practices continue to evolve based upon continuing legislative action, SEC rulemaking and stockholder activism. As a result, the number of rules and regulations applicable to us may increase, which could also increase our legal and financial compliance costs and the amount of time management must devote to compliance activities. Increasing regulatory burdens could also make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on our Audit Committee, and qualified executive officers in light of an increase in actual or perceived workload and liability for serving in such positions.

General Risk Factors

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

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

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

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

Consolidation in the electronics industry among our customers, our suppliers and/or our competitors may increase, which could result in a small number of very large electronics companies offering products in multiple sectors of the electronics industry. In addition, 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.

Unanticipated changes in our tax rates or exposure to additional tax liabilities could increase our taxes and decrease our net income; our projections of future taxable income that drove the release of our valuation allowance in prior years could prove to be incorrect, which could cause a charge to earnings; recent corporate tax reform measures have reduced the value of our deferred tax assets and could result in taxation of untaxed foreign 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 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. Recent international initiatives require multinational enterprises, like ours, to report profitability on a country-by-country basis, which could increase scrutiny by foreign tax authorities. In addition, our tax determinations are regularly subject to audit by tax authorities. For example, we are currently undergoing audits of our tax returns for certain recent tax years in a number of jurisdictions, including the United States. Developments in these or future audits could adversely affect our tax provisions, including through the disallowance or reduction of deferred tax assets or the assessment of back taxes, interest and penalties, any of which could result in an increase to income tax expense and therefore a decrease in our net income.

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

Because we manufacture and sell the majority of our products abroad, our operating results can be negatively impacted due to fluctuations in foreign currency exchange rates, particularly in volatile currencies to which we are exposed, such as the Euro, Mexican peso, Malaysian ringgit, Chinese renminbi and Brazilian real. 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 monetary assets and liabilities. As such, our foreign currency hedging program may not fully cover 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, certain natural disasters, such as earthquakes, epidemics or pandemics, such as the COVID-19 outbreak, and environmental contamination. In addition, our policies generally have deductibles and/or limits or may be limited to certain lines of 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 electronics and contracts manufacturing. Such

individuals can be difficult to identify, recruit and retain and are heavily recruited by our competitors. Should any of 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. Should we be unable to recruit new employees to fill key positions with us, our operations, financial controls 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 and increase our margins, and to further develop existing customer relationships. Strategic transactions involve a number of risks, uncertainties and costs, including integrating acquired operations and workforce, businesses and products, resolving quality issues involving acquired products, incurring severance and other restructuring costs, diverting management attention, 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.

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.

We conduct a significant portion of our activities, including manufacturing, administration and information technology management in areas that have experienced natural disasters, such as major earthquakes, hurricanes, floods, tsunamis and epidemics or pandemics, such as the COVID-19 outbreak. Our insurance coverage with respect to damages to or closure of our facilities, or damages to our customers' products caused by natural disasters, 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. In the event of a major earthquake or other disaster affecting one or more of our facilities, our operations and management information systems, which control our worldwide procurement, inventory management, shipping and billing activities, could be significantly disrupted. Such events could delay or prevent product manufacturing for an extended period of time. Any extended inability to continue our operations at affected facilities following such an event could reduce our revenue.

Risks Of Investing In Our Stock

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

The stock market in recent years has experienced significant price and volume fluctuations that have affected our stock price. Recent stock market fluctuations related to the current COVID-19 pandemic have been particularly significant. These fluctuations have often been unrelated to our operating performance. Factors that can cause such fluctuations include announcements by our customers, competitors or other events affecting companies in the electronics industry, currency fluctuations, the impact of natural disasters and global events, such as the current COVID-19 pandemic, general market fluctuations and macroeconomic conditions, any of which may cause the market price of our common stock to fluctuate widely.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. Properties

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

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

As of October 3, 2020, the approximate square footage of our active manufacturing facilities by country was as follows:

	Approximate Square Footage
Australia	42,334
Brazil	241,435
Canada	136,237
China	2,095,419
Columbia	2,721
Czech Republic	70,870
England	11,174
Finland	128,405
Germany	363,134
Hungary	499,661
India	366,278
Ireland	120,000
Israel	182,292
Malaysia	501,843
Mexico	2,417,424
Singapore	533,858
South Africa	3,810
Scotland	30,581
Sweden	102,526
Thailand	326,293
United States	2,762,879
Total	<u>10,939,174</u>

As of October 3, 2020, our active manufacturing facilities consist of nine million square feet in facilities that we own and two million square feet in leased facilities with lease terms expiring between 2021 and 2042.

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

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

certification to demonstrate our ability to consistently provide product that meets customer and applicable regulatory requirements and enhance customer satisfaction through its effective application.

In addition to ISO 9001:2015, many of our facilities are TL 9000 6.0 certified. The TL 9000 quality system requirements and quality system metrics are designed specifically for the telecommunications industry to promote consistency and efficiency, reduce redundancy and improve customer satisfaction. Included in the TL 9000 system are performance-based metrics that quantify reliability and quality performance of the product. The majority of our facilities are also compliant with the standards set by Underwriters Laboratories (UL). These standards define requirements for quality, manufacturing process control and manufacturing documentation and are required by many OEMs in the communications sector of the electronics industry.

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

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

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

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

Item 3. *Legal Proceedings*

In June 2008, the Company was named by the Orange County Water District in a suit alleging that its actions contributed to polluted groundwater managed by the plaintiff. The complaint seeks recovery of compensatory and other damages, as well as declaratory relief, for the payment of costs necessary to investigate, monitor, remediate, abate and contain contamination of groundwater within the plaintiff's control. In April 2013, all claims against the Company were dismissed. The plaintiff appealed this dismissal and the appellate court reversed the judgment in August 2017. In November 2017, the California Supreme Court denied the Company's petition to review this decision and, in December 2017, the Court of Appeals remanded the case back to the Superior Court for further proceedings. The first part of a multi-phase trial is scheduled to commence on April 12, 2021. The Company intends to contest the plaintiff's claims vigorously.

In October 2018, a contractor who had been retained by the Company through a third party temporary staffing agency from November 2015 to March 2016 filed a lawsuit against the Company in the Santa Clara County Superior Court on behalf of himself and all other similarly situated Company contractors and employees in California, alleging violations of California Labor Code provisions governing overtime, meal and rest periods, wages, wage statements and reimbursement of business expenses. The complaint seeks certification of a class of all non-exempt employees, whether employed directly or through a temporary staffing agency, employed from four years before the filing of the initial complaint to the time of trial. Additionally, on November 1, 2019, another contractor retained through a temporary staffing agency filed a lawsuit against the Company in the Santa Clara County Superior Court. The complaint, which includes a single cause of action under California's Private Attorneys General Act of 2004, alleges Labor Code violations substantially similar to those alleged in the October 2018 class action lawsuit and seeks penalties on behalf of the State of California and other "aggrieved employees" (defined to be current and former hourly, non-exempt employees employed by the Company between August 22, 2018 and the present). The Company intends to vigorously defend these matters.

On December 20, 2019, the Company sued its former customer, Dialight plc ("Dialight"), in the United States District Court for the Southern District of New York to collect approximately \$10 million in unpaid accounts receivable and net obsolete inventory obligations. Later the same day, Dialight commenced its own action in the same court. Dialight's complaint, which asserts claims for fraudulent inducement, breach of contract and gross negligence/willful misconduct, alleges that Sanmina fraudulently misrepresented its capabilities to induce Dialight to enter into a Manufacturing Services Agreement ("Dialight MSA"), and then breached its obligations under the Dialight MSA relating to quality, on-time delivery and supply

chain management. Dialight seeks an unspecified amount of compensatory and punitive damages. The Company intends to vigorously prosecute its claim against Dialight. Further, the Company strongly disagrees with Dialight's allegations and intends to defend against them vigorously.

In addition, from time to time, we may become involved in routine legal proceedings, demands, claims, threatened litigation and regulatory inquiries and investigations, that arise in the normal course of our business. We record liabilities for such matters when a loss becomes probable and the amount of loss can be reasonably estimated. The ultimate outcome of any litigation is uncertain and unfavorable outcomes could have a negative impact on our results of operations and financial condition. Regardless of outcome, litigation can have an adverse impact on us as a result of incurrence of litigation costs, diversion of management resources, and other factors.

See also Note 10 of Notes to Consolidated Financial Statements.

Item 4. *Mine Safety Disclosures.*

Not applicable.

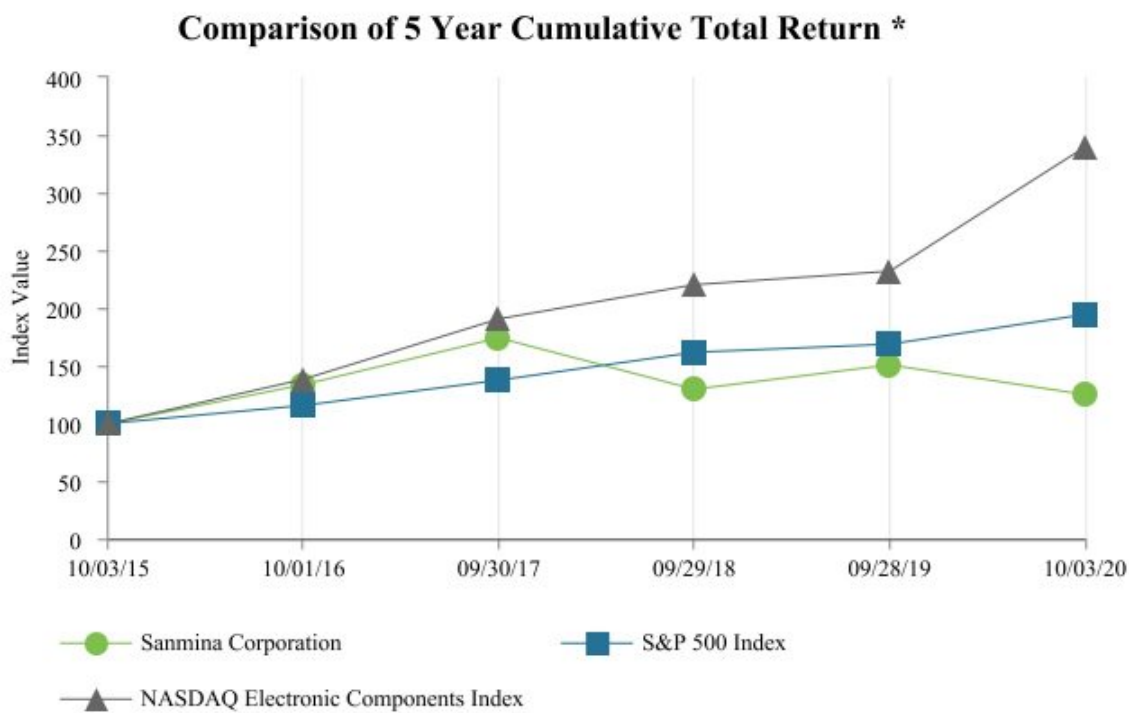
PART II

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

Market Information

Our common stock is traded on the Nasdaq Global Select Market under the symbol SANM. As of November 5, 2020, we had approximately 873 holders of record of our common stock.

The following graph compares the cumulative 5-year total stockholder return on our common stock relative to the cumulative total returns of the S&P 500 index and the NASDAQ Electronic Components index. An investment of \$100 (with reinvestment of all dividends, if any) is assumed to have been made in our common stock on October 3, 2015 and in each of such indices at month end starting on October 3, 2015 and its relative performance is tracked through October 3, 2020.



* \$100 invested on 10/3/2015, including reinvestment of dividends, as applicable. Indexes calculated on a month-end basis.

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	10/3/2015	10/1/2016	9/30/2017	9/29/2018	9/28/2019	10/3/2020
Sanmina Corporation	100.00	133.22	173.84	129.15	150.30	124.24
S&P 500	100.00	115.43	136.91	161.43	168.30	193.80
NASDAQ Electronic Components	100.00	137.85	189.88	219.72	231.54	339.75

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

Dividends

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

Stock Repurchases

In October 2019, our Board of Directors authorized us to repurchase up to an additional \$200 million of our common stock in the open market or in negotiated transactions off the market. This program has no expiration date.

The table below sets forth information regarding repurchases of our common stock during the fourth quarter of 2020.

Period (1)	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE (2)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PROGRAMS	MAXIMUM DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PROGRAMS (2)
Month #1				
June 28, 2020 through July 25, 2020	992,781	\$ 24.46	992,781	\$ 188,947,750
Month #2				
July 26, 2020 through August 22, 2020	—	\$ —	—	\$ 188,947,750
Month #3				
August 23, 2020 through October 3, 2020	2,009,971	\$ 26.96	2,009,971	\$ 134,752,463
Total	<u>3,002,752</u>	<u>\$ 26.13</u>	<u>3,002,752</u>	

(1) All months shown are our fiscal months.

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

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with “Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8-Financial Statements and Supplementary Data,” included elsewhere in this Form 10-K.

FIVE YEAR SELECTED FINANCIAL HIGHLIGHTS
Consolidated Statements of Operations Data:

	Year Ended				
	October 3, 2020	September 28, 2019	September 29, 2018	September 30, 2017	October 1, 2016
(In thousands, except per share data)					
Net sales	\$ 6,960,370	\$ 8,233,859	\$ 7,110,130	\$ 6,868,619	\$ 6,481,181
Operating income	227,687	286,117	119,441	226,467	224,785
Income from continuing operations before income taxes	200,758	245,619	97,539	213,480	204,617
Provision for income taxes (1)	61,045	104,104	193,072	74,647	16,779
Net income (loss)	<u>\$ 139,713</u>	<u>\$ 141,515</u>	<u>\$ (95,533)</u>	<u>\$ 138,833</u>	<u>\$ 187,838</u>
Net income (loss) per share:					
Basic	\$ 2.02	\$ 2.05	\$ (1.37)	\$ 1.86	\$ 2.50
Diluted	\$ 1.97	\$ 1.97	\$ (1.37)	\$ 1.78	\$ 2.38
Shares used in computing per share amounts:					
Basic	69,041	69,129	69,833	74,481	75,094
Diluted	70,793	71,678	69,833	78,128	78,787

(1) We released \$96.2 million of valuation allowance attributable to certain U.S. and foreign deferred tax assets in 2016, upon our conclusion that it was more likely than not that we would be able to realize the benefit of a portion of our deferred tax assets in the future. Further, income tax expense in 2018 was unusually high due to a \$161 million non-cash charge upon enactment of the U.S. Tax Cuts and Jobs Act.

Consolidated Balance Sheets Data:

	As of				
	October 3, 2020	September 28, 2019	September 29, 2018	September 30, 2017	October 1, 2016
(In thousands)					
Cash and cash equivalents	\$ 480,526	\$ 454,741	\$ 419,528	\$ 406,661	\$ 398,288
Net working capital (1)	\$ 1,296,853	\$ 1,237,907	\$ 612,532	\$ 1,000,207	\$ 974,389
Total assets	\$ 3,772,656	\$ 3,905,513	\$ 4,085,133	\$ 3,847,363	\$ 3,652,222
Long-term debt (excluding current portion)	\$ 329,249	\$ 346,971	\$ 14,346	\$ 391,447	\$ 434,059
Stockholders' equity	\$ 1,629,916	\$ 1,642,573	\$ 1,472,844	\$ 1,647,684	\$ 1,609,803

(1) The reduction in net working capital from 2017 to 2018 resulted primarily from the reclassification of our Secured Notes due in 2019 from long-term debt to current debt. The increase in net working capital from 2018 to 2019 resulted primarily from the issuance of a \$375 million Term Loan due in 2023, the proceeds of which were used to repay the Secured Notes due in 2019.

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

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

Overview

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

Our operations are managed as two businesses:

- 1) Integrated Manufacturing Solutions (IMS). Our IMS segment consists of printed circuit board assembly and test, high-level assembly and test, and direct-order-fulfillment.
- 2) Components, Products and Services (CPS). Components include interconnect systems (printed circuit board fabrication, backplane, cable assemblies and plastic injection molding) and mechanical systems (enclosures and precision machining). Products include memory from our Viking Technology division; enterprise solutions from our Viking Enterprise Solutions division; RF, optical and microelectronic; defense and aerospace products from SCI Technology; and cloud-based manufacturing execution software from our 42Q division. Services include design, engineering, logistics and repair services.

Our only reportable segment for financial reporting purposes is IMS, which represented approximately 80% of our total revenue in 2020. Our CPS business consists of multiple operating segments which do not individually meet the quantitative thresholds for being presented as reportable segments under the accounting rules for segment reporting. Therefore, financial information for these operating segments is aggregated and presented in a single category entitled “Components, Products and Services”.

All references in this section to years refer to our fiscal years ending on the Saturday nearest to September 30. Fiscal 2020 is a 53-week year, with the extra week occurring during the fourth quarter of 2020. Fiscal 2019 and 2018 were each 52 weeks.

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

There are many challenges to successfully executing our strategy. For example, we compete with a number of companies in each of our key end markets. This includes companies that are much larger than we are and smaller companies that focus on a particular niche. Although we believe we are well-positioned in each of our key end markets and seek to differentiate ourselves from our competitors, competition remains intense and profitably growing our revenues has been challenging. In addition, the COVID-19 global pandemic created a unique and challenging environment in which our revenue and profitability in 2020 have been significantly impacted and will likely continue to be negatively impacted in at least the near term.

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. During the last nine months of our fiscal 2020, our results of operations were negatively impacted by rapidly changing market and economic conditions caused by the COVID-19 outbreak, as well as by numerous measures imposed by government authorities to try to contain the virus. These conditions and measures disrupted our operations and those of our customers, interrupted the supply of components, limited the types of products we can manufacture and the capacity of our logistics providers to deliver those products, and resulted in temporary closures of manufacturing sites and reduced staffing as mandated by government orders. Although employee infections have not yet had a significant impact on our operations, they do require us to perform contact tracing, exclude potentially infected employees from the workplace and clean work areas used by infected employees. Should employee infections become widespread, they would have a significant and negative impact on our ability to sustain production at desired levels. We are unable to accurately predict the full impact that COVID-19 will have on us due to a number of uncertainties, including the impact of the pandemic on our customers' businesses, the number of employees who may become infected or exposed to infected persons who we would then be required to exclude from our plants, the imposition of government restrictions on staffing and the types of products we are permitted to build, the need for temporary plant closures, supply chain shortages and other interruptions, the duration of the outbreak, the geographic locations of any future outbreaks, and actions that government authorities may take. However, it is likely that the pandemic will continue to have a negative impact on our business, results of operations and financial condition for the foreseeable future.

Separately, we incurred restructuring charges of \$18 million, consisting of severance costs, under our company-wide restructuring plan adopted in October 2019 ("Q1 FY20 Plan"). Additional actions under this plan are expected to be implemented through the second quarter of fiscal 2021 and cash payments of severance are expected to occur through the fourth quarter of fiscal 2021.

Sales to our ten largest customers typically represent approximately 50% of our net sales in any given year. Sales to Nokia represented 10% or more of our net sales in 2020, 2019 and 2018.

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

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

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

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). We review the accounting policies used in reporting our financial results on a regular basis. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, net sales and expenses and related disclosure of contingent liabilities. On an ongoing basis, we evaluate the process used to develop estimates related to accounts receivable, inventories, income taxes, environmental matters, litigation and other contingencies. We base our estimates on historical experience and on various other assumptions that we believe are reasonable for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Due to the COVID-19 global pandemic, the global economy and financial markets have been disrupted and there is a significant amount of uncertainty about the length and severity of the consequences caused by the pandemic. We have considered information available to us as of the date of issuance of these financial statements and, other than the impairments described in Note 5, are not aware of any specific events or circumstances that would require an update to our estimates or judgments, or a revision to the carrying value of our assets or liabilities. Our estimates may change as new events occur and additional information becomes available. Our actual results may differ materially from these estimates.

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

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

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

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

Application of the cost-to-cost method for government contracts in our Defense and Aerospace division requires the use of significant judgments with respect to estimated materials, labor and subcontractor costs. This division is an operating segment whose results are aggregated with ten other operating segments and reported under CPS for segment reporting purposes. In 2020, CPS revenue and gross profit was \$1.3 billion and \$157 million, respectively.

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

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

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

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

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

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

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

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

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

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

Results of Operations

Years Ended October 3, 2020, September 28, 2019 and September 29, 2018.

The following table presents our key operating results.

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands)		
Net sales	\$ 6,960,370	\$ 8,233,859	\$ 7,110,130
Gross profit	\$ 525,707	\$ 591,938	\$ 463,783
Gross margin	7.6 %	7.2 %	6.5 %
Operating expenses	\$ 298,020	\$ 305,821	\$ 344,342
Operating income	\$ 227,687	\$ 286,117	\$ 119,441
Operating margin	3.3 %	3.5 %	1.7 %
Net income (loss) (1)	\$ 139,713	\$ 141,515	\$ (95,533)

(1) Our net loss in 2018 includes the impact of the Tax Act, which resulted in a one-time non-cash charge to income tax expense of \$161 million.

Net Sales

Net sales decreased from \$8.2 billion for 2019 to \$7.0 billion for 2020, a decrease of 15.5%. Net sales increased from \$7.1 billion for 2018 to \$8.2 billion for 2019, an increase of 15.8%. Sales by end market were as follows:

	Year Ended			2020 vs. 2019		2019 vs. 2018	
	October 3, 2020	September 28, 2019	September 29, 2018	Increase/(Decrease)		Increase/(Decrease)	
	(Dollars in thousands)						
Industrial, Medical, Defense and Automotive	\$ 4,127,720	\$ 4,572,006	\$ 3,681,788	\$ (444,286)	(9.7)%	\$ 890,218	24.2 %
Communications Networks	2,323,712	2,906,575	2,684,609	(582,863)	(20.1)%	221,966	8.3 %
Cloud Solutions	508,938	755,278	743,733	(246,340)	(32.6)%	11,545	1.6 %
Total	\$ 6,960,370	\$ 8,233,859	\$ 7,110,130	\$ (1,273,489)	(15.5)%	\$ 1,123,729	15.8 %

Comparison of 2020 to 2019 by End Market

The decrease in sales was caused primarily by two factors. First, sales in 2019 were favorably impacted by the increased availability of components, the availability of which had been constrained in 2018. Improved availability of these components in 2019 allowed us to catch up to pent-up demand, beginning in the first quarter of 2019 and continuing throughout 2019. Secondly, beginning in the second quarter of 2020, our sales were negatively impacted by the COVID-19 global pandemic, which resulted in supply shortages, restrictions on the types of products we could manufacture and disruptions to our operations and those of our customers.

Comparison of 2019 to 2018 by End Market

In addition to the impact of improved availability of components as discussed above, sales to customers in our industrial, medical, defense and automotive markets increased primarily as a result of program ramps and new customer programs, and sales to customers in our communications networks end market increased primarily as a result of new program wins for optical, routing and 5G products.

Gross Margin

Gross margin was 7.6%, 7.2% and 6.5% in 2020, 2019 and 2018, respectively. IMS gross margin increased to 6.7% in 2020 from 6.4% in 2019. The increase was primarily due to cost reduction and containment efforts implemented in 2020, some of which were in response to the COVID-19 global pandemic. Additionally, our self-insured medical claims in the U.S. were

significantly lower in 2020 primarily because elective medical procedures were suspended in most states throughout a portion of the year due to the COVID-19 global pandemic. Lastly, certain of our foreign subsidiaries received government subsidies in 2020 to help mitigate the impact of COVID-19. We do not expect to receive the same level of funding in the future. CPS gross margin increased to 11.5% in 2020 from 10.0% in 2019. The increase was primarily due to continued benefits of certain plant closures during the past two years and the factors described above with respect to IMS gross margin.

The increase in gross margin from 2018 to 2019 was primarily due to increased revenue levels and improved operational efficiencies. IMS gross margin increased to 6.4% in 2019, from 6.0% in 2018, due primarily to increased revenue and inefficiencies in 2018 ramping certain new programs. CPS gross margin increased to 10.0% in 2019, from 8.1% in 2018, primarily due to operational improvements and continued benefits of certain plant closures during the past 18 months.

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

- the ongoing impacts of the COVID-19 global pandemic on our operations and those of our suppliers and on our customers' businesses;
- changes in the overall volume of our business, which affect the level of capacity utilization;
- changes in the mix of high and low margin products demanded by our customers;
- greater competition in the EMS industry and pricing pressures from OEMs due to greater focus on cost reduction;
- provisions for excess and obsolete inventory, including those associated with distressed customers;
- levels of operational efficiency and production yields; and
- our ability to transition the location of and ramp manufacturing and assembly operations when requested by a customer in a timely and cost-effective manner.

Selling, General and Administrative

Selling, general and administrative expenses were \$240.9 million, \$260.0 million and \$250.9 million in 2020, 2019 and 2018, respectively. As a percentage of net sales, selling, general and administrative expenses were 3.5%, 3.2% and 3.5% for 2020, 2019 and 2018, respectively. The decrease in 2020 in absolute dollars was primarily due to lower incentive compensation expense, reduced headcount in 2020 as a result of actions under our Q1 FY20 restructuring plan, and reduced travel and certain other expenses in 2020 in response to the COVID-19 global pandemic. The increase in 2019 in absolute dollars was due primarily to higher incentive compensation expense attributable to our improved financial performance in fiscal year 2019.

Research and Development

Research and development expenses were \$22.6 million, \$27.6 million and \$30.8 million in 2020, 2019 and 2018, respectively. As a percentage of net sales, research and development expenses were 0.3%, 0.3% and 0.4% in 2020, 2019 and 2018, respectively. The decrease in absolute dollars from 2019 to 2020 resulted primarily from reduced headcount as a result of consolidating engineering resources in our enterprise computing and storage end market. The decrease in absolute dollars from 2018 to 2019 was primarily due to an increase in billable customer engineering projects that required our engineering resources.

Restructuring

Restructuring costs were \$27 million, \$14 million, and \$29 million in 2020, 2019, and 2018, respectively.

The following table is a summary of restructuring costs:

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands)		
Severance costs (approximately 2,350 employees)	\$ 17,919	\$ —	\$ —
Other exit costs (recognized as incurred)	71	—	—
Total - Q1 FY20 plan	17,990	—	—
Severance costs (approximately 2,900 employees)	178	1,900	26,425
Other exit costs (recognized as incurred)	1,971	3,247	4,984
Total	2,149	5,147	31,409
Severance reimbursement	—	—	(10,000)
Total - Q1 FY18 Plan	2,149	5,147	21,409
Costs incurred for other plans	6,644	8,606	7,737
Total - all plans	\$ 26,783	\$ 13,753	29,146

Q1 FY20 Plan

On October 28, 2019, we adopted a Company-wide restructuring plan ("Q1 FY20 Plan"). Additional actions under this plan are expected to be implemented through the second quarter of fiscal 2021 and cash payments of severance are expected to occur through the fourth quarter of fiscal 2021.

Q1 FY18 Plan

All actions under our Q1 FY18 Plan have been implemented and all severance has been paid. In connection with this plan, we entered into a contractual agreement with a third party pursuant to which \$10 million of severance and retention costs incurred by us was reimbursed. Costs incurred for other exit costs consist primarily of costs to maintain vacant facilities that are owned.

Other plans

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

All Plans

Our Integrated Manufacturing Solutions ("IMS") segment incurred costs of \$13 million for the year ended October 3, 2020. This compares to a benefit incurred of \$4 million for the year ended September 28, 2019, primarily as a result of a recovery from a third party of certain environmental remediation costs. Our CPS segment incurred costs of \$9 million and \$18 million for the years ended October 3, 2020 and September 28, 2019, respectively. In addition, \$5 million of costs were incurred during the year ended October 3, 2020 for Corporate headcount reductions that were not allocated to our IMS and CPS segments. We had accrued liabilities of \$9 million and \$5 million as of October 3, 2020 and September 28, 2019, respectively, for restructuring costs (exclusive of long-term environmental remediation liabilities).

In addition to costs expected to be incurred under the Q1 FY20 Plan and Q1 FY18 Plan, we expect to incur restructuring costs in future periods primarily for vacant facilities and former sites for which we are or may be responsible for environmental remediation.

Goodwill Impairment

During the second quarter of 2020, commodity prices in the oil and gas market experienced a sharp decline due to a combination of an oversaturated supply and a decrease in demand caused by the COVID-19 global pandemic. This commodity price decline negatively impacted the projected cash flows of our oil and gas reporting unit, which is part of our CPS operating segment. Therefore, we performed a goodwill impairment test for this particular reporting unit and concluded that the fair value

of the reporting unit was below its carrying value, resulting in an impairment charge of \$7 million. The fair value of the reporting unit was estimated based on the present value of future discounted cash flows. We had no such charges in 2019.

During our 2018 annual goodwill impairment analysis, we concluded that the fair value of one of our CPS operating segments was below its carrying value, resulting in an impairment charge of \$31 million. The fair value of the reporting unit was estimated based on the present value of future discounted cash flows.

Interest Expense

Interest expense was \$28.9 million, \$30.8 million and \$27.7 million in 2020, 2019 and 2018, respectively. Interest expense increased \$3.0 million in 2019 primarily due to higher daily average borrowings on our revolving credit facility during the year driven by higher inventory levels early in the year.

Other Income (Expense), net

Other income (expense), net consists of numerous items including fees paid in connection with sales of accounts receivable, gains or losses on deferred compensation assets, pension service costs, foreign currency remeasurement gains or losses, etc. Other was a net expense of \$0.3 million in 2020, a net expense of \$10.8 million in 2019 and a net income of \$4.6 million 2018. The fluctuations between periods were caused by many factors, the most significant of which was the amount of accounts receivable we sold in each period and the resulting amount of fees incurred for such sales. We sold \$1.7 billion of accounts receivable in 2020, compared to \$2.7 billion in 2019 and \$0.9 billion in 2018.

Provision for Income Taxes

We recorded income tax expense of \$61.0 million, \$104.1 million and \$193.1 million in 2020, 2019 and 2018, respectively. Our effective tax rate was 30.4%, 42.4% and 197.9% for 2020, 2019 and 2018, respectively. Our effective tax rate for 2020 was lower than 2019 primarily due to a tax-related restructuring transaction in 2019 that resulted in deferred tax expense of \$22 million.

Our effective tax rate for 2019 was lower than 2018 primarily due to the impact of the U.S. Tax Cuts and Jobs Act in 2018, which increased tax expense \$161 million because of a non-cash reduction in the carrying value of our net deferred tax assets, partially offset by a decrease in the U.S. tax rate from 35% to 21%, and a \$4.8 million discrete tax benefit resulting from a settlement with a foreign tax audit in the third quarter of 2018.

A valuation allowance is established or maintained when, based on currently available information and other factors, it is more likely than not that all or a portion of the deferred tax assets will not be realized. We regularly assess our valuation allowance against deferred tax assets on a jurisdiction by jurisdiction basis. We consider all available positive and negative evidence, including future reversals of temporary differences, projected future taxable income, tax planning strategies and recent financial results. Significant judgment is required in assessing our ability to generate revenue, gross profit, operating income and jurisdictional taxable income in future periods.

Liquidity and Capital Resources

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
(In thousands)			
Net cash provided by (used in):			
Operating activities	\$ 300,555	\$ 382,965	\$ 156,424
Investing activities	(64,409)	(127,641)	(116,178)
Financing activities	(210,280)	(220,218)	(28,335)
Effect of exchange rate changes	(81)	107	956
Increase in cash and cash equivalents	<u>\$ 25,785</u>	<u>\$ 35,213</u>	<u>\$ 12,867</u>

Key Working Capital Management Measures

	As of	
	October 3, 2020	September 28, 2019
Days sales outstanding (1)	54	56
Contract asset days (2)	20	19
Inventory turns (3)	7.3	7.7
Days inventory on hand (4)	50	47
Accounts payable days (5)	70	70
Cash cycle days (6)	54	52

- (1) Days sales outstanding (a measure of how quickly we collect our accounts receivable), or "DSO", is calculated as the ratio of average accounts receivable, net, to average daily net sales for the quarter.
- (2) Contract asset days (a measure of how quickly we transfer contract assets to accounts receivable) are calculated as the ratio of average contract assets to average daily net sales for the quarter.
- (3) Inventory turns (annualized) (a measure of how quickly we sell inventory) are calculated as the ratio of four times our cost of sales for the quarter to average inventory.
- (4) Days inventory on hand (a measure of how quickly we turn inventory into sales) is calculated as the ratio of average inventory for the quarter to average daily cost of sales for the quarter.
- (5) Accounts payable days (a measure of how quickly we pay our suppliers), or "DPO", is calculated as the ratio of 365 days to accounts payable turns, in which accounts payable turns is calculated as the ratio of four times our cost of sales for the quarter to average accounts payable.
- (6) Cash cycle days (a measure of how quickly we convert investments in inventory to cash) is calculated as days inventory on hand plus days sales outstanding minus accounts payable days.

Cash and cash equivalents were \$481 million at October 3, 2020 and \$455 million at September 28, 2019. Our cash levels vary during any given period depending on the timing of collections from customers and payments to suppliers, borrowings under credit facilities, sales of accounts receivable under numerous programs we utilize, repurchases of capital stock and other factors. Our working capital was approximately \$1.3 billion and \$1.2 billion at October 3, 2020 and September 28, 2019, respectively.

Net cash provided by operating activities was \$301 million, \$383 million and \$156 million for 2020, 2019 and 2018, respectively. Cash flows from operating activities consists of: (1) net income adjusted to exclude non-cash items such as depreciation and amortization, deferred income taxes and stock-based compensation expense and (2) changes in net operating assets, which are comprised of accounts receivable, contract assets, inventories, prepaid expenses and other assets, accounts payable, accrued liabilities and other long-term liabilities. Our working capital metrics tend to fluctuate from quarter-to-quarter based on factors such as the linearity of our shipments to customers and purchases from suppliers, customer and supplier mix, and payment terms with customers and suppliers. These fluctuations can significantly affect our cash flows from operating activities.

During 2020, we generated \$302 million of cash from earnings, excluding non-cash items, and used \$1 million of cash because of an increase in our net operating assets and liabilities. Our net sales in the fourth quarter of 2020 decreased 1% from net sales in the fourth quarter of 2019. This relatively consistent level of business volume resulted in a relatively consistent level of net operating assets and liabilities, despite certain significant fluctuations within individual components of operating assets and liabilities. For example, cash generated from reductions in 2020 of \$84 million and \$40 million in accounts receivable and inventories, respectively, was used to reduce accounts payable by \$107 million in 2020. Individual components of operating assets and liabilities fluctuate for a number of reasons, including linearity of purchases and sales, the mix of customer and supplier payment terms within our accounts receivable and accounts payable, and the amount and timing of sales of accounts receivable.

Net cash used in investing activities was \$64 million, \$128 million and \$116 million for 2020, 2019 and 2018, respectively. In 2020, we used \$66 million of cash for capital expenditures. In 2019, we used \$135 million of cash for capital expenditures and received proceeds of \$8 million primarily from sales of certain properties.

Net cash used in financing activities was \$210 million, \$220 million and \$28 million for 2020, 2019 and 2018, respectively. In 2020, we repurchased \$179 million of common stock (including \$13 million in settlement of employee tax withholding obligations), repaid an aggregate of \$39 million of long-term debt and received \$8 million of proceeds from issuances of common stock pursuant to stock option exercises. In 2019, we repurchased \$13 million of common stock (including \$6 million in settlement of employee tax withholding obligations), borrowed \$215 million of cash under our Amended Cash Flow Revolver, repaid \$378 million of long-term debt using \$375 million of proceeds from the issuance of a term loan, received \$14 million of proceeds from issuances of common stock pursuant to stock option exercises and incurred \$3 million of debt issuance costs in connection with our revolving credit amendment.

Senior Secured Notes Due 2019 ("Secured Notes"). In 2014, we issued \$375 million of Secured Notes that matured on June 1, 2019 and paid interest at an annual rate of 4.375%. During the third quarter of 2019, we repaid the Secured Notes upon maturity using the proceeds from a term loan provided for in our Amended Cash Flow Revolver. There was no gain or loss associated with the extinguishment of the Secured Notes.

Revolving Credit Facility. During the first quarter of 2019, we entered into a Fourth Amended and Restated Credit Agreement (the "Amended Cash Flow Revolver") that provided for a committed \$375 million term loan ("Term Loan").

On April 5, 2019, we entered into an amendment to the Amended Cash Flow Revolver that increased the amount available under the facility from \$500 million to \$700 million upon satisfaction of certain conditions, including repayment in full of our Secured Notes.

As of October 3, 2020, costs incurred in connection with the Amended Cash Flow Revolver and Term Loan are classified as long-term debt and are being amortized to interest expense over the life of the Term Loan using the effective interest method.

Following the satisfaction and discharge of the Indenture dated as of June 4, 2014, using the proceeds of the Term Loan, and the release of all liens securing the Secured Notes, our debt structure changed as follows, effective June 3, 2019: (i) revolving commitments under the Amended Cash Flow Revolver increased to a total of \$700 million in revolving commitments, (ii) the accordion feature of the Amended Cash Flow Revolver was reset so that we can obtain, subject to the satisfaction of specified conditions and commitment of the lenders, additional revolving commitments in an aggregate amount of up to \$200 million and (iii) our and our subsidiary guarantors' obligations under the Amended Cash Flow Revolver became secured by substantially all of the assets (excluding real property) of our company and the subsidiary guarantors, subject to certain exceptions.

Loans under the Amended Cash Flow Revolver bear interest, at our option, at either the LIBOR or a base rate, in each case plus a spread determined based on our credit rating. Interest on the loans is payable quarterly in arrears with respect to base rate loans and at the end of an interest period in the case of LIBOR loans. The outstanding principal amount of all loans under the Amended Cash Flow Revolver, including, the Term Loan, together with accrued and unpaid interest, is due on November 30, 2023 and we are required to repay a portion of the principal amount of the loan equal to 1.25% in quarterly installments.

As of October 3, 2020, no borrowings and \$8 million of letters of credit were outstanding under the Amended Cash Flow Revolver, under which \$692 million was available to borrow. There were no borrowings outstanding under the Amended Cash Flow Revolver as of September 28, 2019.

Short-term Borrowing Facilities. As of October 3, 2020, certain of our foreign subsidiaries had a total of \$72 million of short-term borrowing facilities available, under which no borrowings were outstanding. These facilities expire at various dates through the second quarter of 2022.

Debt Covenants

The Amended Cash Flow Revolver requires us to comply with a minimum consolidated interest coverage ratio, measured at the end of each fiscal quarter, and at all times a maximum consolidated leverage ratio. The Amended Cash Flow Revolver contains customary affirmative covenants, including covenants regarding the payment of taxes and other obligations,

maintenance of insurance, reporting requirements and compliance with applicable laws and regulations. Further, the Amended Cash Flow Revolver contains customary negative covenants limiting our ability and that of our subsidiaries to, among other things, incur debt, grant liens, make investments, make acquisitions, make certain restricted payments and sell assets, subject to certain exceptions.

As of October 3, 2020, we were in compliance with our covenants.

Other Liquidity Matters

Our Board of Directors has authorized us to repurchase shares of our common stock, subject to a dollar limitation. The timing of repurchases depend upon capital needs to support the growth of our business, market conditions and other factors. Although stock repurchases are intended to increase stockholder value, purchases of shares reduce our liquidity. During the first quarter of 2020, the Board of Directors authorized us to purchase an additional \$200 million of our common stock on the same terms as previously approved repurchase programs with no expiration date. We repurchased 6.4 million and 0.3 million shares of our common stock for \$166 million and \$7 million in the open market in 2020 and 2019, respectively. As of October 3, 2020, \$135 million remains available under the current authorized program. Although stock repurchases are intended to increase stockholder value by reducing the number of outstanding shares and to offset the dilution that results from the issuance of shares under the Company's equity plans, repurchases of shares also reduce the Company's liquidity. As a result, the timing of future repurchases depends upon the Company's future capital needs, market conditions and other factors.

We entered into a Receivables Purchase Agreement (the "RPA") with certain third-party banking institutions for the sale of trade receivables generated from sales to certain customers, subject to acceptance by, and a funding commitment from, the banks that are party to the RPA. As of October 3, 2020, a maximum of \$554 million of sold receivables can be outstanding at any point in time under this program, as amended, subject to limitations under our Amended Cash Flow Revolver. Additionally, the amount available under the RPA is uncommitted and, as such, is available at the discretion of our third-party banking institutions. On January 16, 2019, we entered into an amendment to our Amended Cash Flow Revolver which increased the percentage of our total accounts receivable that can be sold and outstanding at any time from 30% to 40%. Trade receivables sold pursuant to the RPA are serviced by us.

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

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

Under each of the programs noted above, we sell our entire interest in a trade receivable for 100% of face value, less a discount. For the years ended October 3, 2020 and September 28, 2019, we sold approximately \$1.7 billion and approximately \$2.7 billion, respectively, of accounts receivable under these programs. Upon sale, these receivables are removed from the consolidated balance sheets and cash received is presented as cash provided by operating activities in the consolidated statements of cash flows. Discounts on sold receivables were not material for any period presented. As of October 3, 2020 and September 28, 2019, \$97 million and \$241 million, respectively, of accounts receivable sold under the RPA and subject to servicing by us remained outstanding and had not yet been collected. Our sole risk with respect to receivables we service is with respect to commercial disputes regarding such receivables. Commercial disputes include billing errors, returns and similar matters. To date, we have not been required to repurchase any receivable we have sold due to a commercial dispute. Additionally, we are required to remit amounts collected as servicer on a weekly basis to the financial institutions that purchased the receivables. As of October 3, 2020 and September 28, 2019, \$39 million and \$76 million, respectively, had been collected but not yet remitted. This amount is classified in accrued liabilities on the consolidated balance sheets.

We enter into forward interest rate swap agreements with independent counterparties to partially hedge the variability in cash flows due to changes in the benchmark interest rate (LIBOR) associated with anticipated variable rate borrowings. These interest rate swaps have a maturity date of December 1, 2023, and effectively converts a portion of our variable interest rate obligations under our Amended Cash Flow Revolver to fixed interest rate obligations. These swaps are accounted for as cash flow hedges under ASC Topic 815, Derivatives and Hedging. Interest rate swaps with an aggregate notional amount of \$350 million were outstanding as of October 3, 2020 and September 28, 2019. The aggregate effective interest rate of these swaps as of October 3, 2020 was approximately 4.3%. As of October 3, 2020, due to a decline in interest rates since the time the swaps were put in place, these interest rate swaps had a negative value of \$29 million, of which \$9 million is included in accrued liabilities and the remaining amount is included in other long-term liabilities on the consolidated balance sheets.

In the ordinary course of business, we are or may become party to legal proceedings, claims and other contingencies, including environmental, warranty and employee matters and examinations by government agencies. As of October 3, 2020, we had accrued liabilities of \$37 million related to such matters. We cannot accurately predict the outcome of these matters or the amount or timing of cash flows that may be required to defend ourselves or to settle such matters or that these reserves will be sufficient to fully satisfy our contingent liabilities.

As of October 3, 2020, we had a liability of \$115 million for uncertain tax positions. Our estimate of liabilities for uncertain tax positions is based on a number of subjective assessments, including the likelihood of a tax obligation being assessed, the amount of taxes (including interest and penalties) that would ultimately be payable, and our ability to settle any such obligations on favorable terms. Therefore, the amount of future cash flows associated with uncertain tax positions may be significantly higher or lower than our recorded liability and we are unable to reliably estimate when cash settlement may occur.

Our liquidity needs are largely dependent on changes in our working capital, including sales of accounts receivable under our receivables sales programs and the extension of trade credit by our suppliers, investments in manufacturing inventory, facilities and equipment, repayments of obligations under outstanding indebtedness and repurchases of common stock. In 2020, we generated \$301 million of cash from operations and had \$481 million of cash and cash equivalents as of October 3, 2020. Our primary sources of liquidity as of October 3, 2020 consisted of (1) cash and cash equivalents of \$481 million; (2) our Amended Cash Flow Revolver, under which \$692 million, net of outstanding borrowings and letters of credit, was available; (3) our foreign short-term borrowing facilities of \$72 million, all of which was available; (4) proceeds from the sale of accounts receivable under our receivables sales programs and (5) cash generated from operations. Subject to satisfaction of certain conditions, including obtaining additional commitments from existing and/or new lenders, we may increase the revolver commitments under the Amended Cash Flow Revolver by an additional \$200 million.

We believe our existing cash resources and other sources of liquidity, together with cash generated from operations, will be sufficient to meet our working capital requirements through at least the next 12 months. However, should demand for our services decrease significantly over the next 12 months or should we experience significant increases in delinquent or uncollectible accounts receivable for any reason, including in particular continued or worsening economic conditions caused by the COVID-19 global pandemic, our cash provided by operations could decrease significantly and we could be required to seek additional sources of liquidity to continue our operations at their current level.

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

As of October 3, 2020, 50% of our cash balance was held in the United States. Should we choose or need to remit cash to the United States from our foreign locations, we may incur tax obligations which would reduce the amount of cash ultimately available to the United States. We believe that cash held in the United States, together with liquidity available under our Amended Cash Flow Revolver and cash from foreign subsidiaries that could be remitted to the United States without tax consequences, will be sufficient to meet our United States liquidity needs for at least the next twelve months.

Contractual Obligations

The following is a summary of our long-term debt and operating lease obligations as of October 3, 2020:

Contractual Obligations	Total	Payments Due by Period			
		Less than 1 year	1- 3 years	3-5 years	More than 5 years
		(In thousands)			
Long-term debt obligations, including current portion	\$ 351,563	\$ 18,750	\$ 32,813	\$ 300,000	\$ —
Operating lease obligations	60,029	18,128	20,622	8,094	13,185
Total contractual obligations	\$ 411,592	\$ 36,878	\$ 53,435	\$ 308,094	\$ 13,185

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

As of October 3, 2020, we were unable to reliably estimate when cash settlements with taxing authorities may occur with respect to our unrecognized tax benefits of \$115 million. Additionally, we have defined benefit pension plans with an underfunded amount of \$51 million at October 3, 2020. We will be required to provide additional funding to these plans in the future if our returns on plan assets are not sufficient to meet our funding obligations. None of the amounts described in this paragraph are included in the table above.

Off-Balance Sheet Arrangements

As of October 3, 2020, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC, that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

Quarterly Results (Unaudited)

The following tables contain selected unaudited quarterly financial data for each quarter of fiscal 2020 and 2019. In management's opinion, the unaudited data has been prepared on the same basis as the audited information and includes all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the data for the periods presented. Our results of operations have varied and may continue to fluctuate significantly from quarter to quarter. The results of operations in any period should not be considered indicative of the results to be expected from any future period.

	Year ended October 3, 2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
Net sales	\$ 1,840,171	\$ 1,590,550	\$ 1,654,691	\$ 1,874,958
Gross profit	\$ 134,882	\$ 107,421	\$ 131,473	\$ 151,931
Gross margin	7.3 %	6.8 %	7.9 %	8.1 %
Operating income	\$ 57,181	\$ 24,369	\$ 64,103	\$ 82,034
Operating margin	3.1 %	1.5 %	3.9 %	4.4 %
Net income	\$ 38,345	\$ 4,882	\$ 44,880	\$ 51,606
Basic net income per share	\$ 0.55	\$ 0.07	\$ 0.66	\$ 0.77
Diluted net income per share	\$ 0.53	\$ 0.07	\$ 0.64	\$ 0.75

	Year ended September 28, 2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
Net sales	\$ 2,188,018	\$ 2,126,639	\$ 2,026,995	\$ 1,892,207
Gross profit	\$ 149,337	\$ 153,102	\$ 147,794	\$ 141,705
Gross margin	6.8 %	7.2 %	7.3 %	7.5 %
Operating income	\$ 77,543	\$ 78,115	\$ 67,374	\$ 63,085
Operating margin	3.5 %	3.7 %	3.3 %	3.3 %
Net income	\$ 37,952	\$ 40,885	\$ 42,921	\$ 19,757
Basic net income per share	\$ 0.56	\$ 0.59	\$ 0.62	\$ 0.28
Diluted net income per share	\$ 0.54	\$ 0.57	\$ 0.60	\$ 0.27

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Interest Rate Risk

Our primary exposure to market risk for changes in interest rates relates to our Term Loan of \$352 million under our Amended Cash Flow Revolver for which the interest rate we pay is determined at the time of borrowing based on a floating index. As of October 3, 2020, we had interest rate swaps with an aggregate notional amount of \$350 million that effectively convert \$350 million of our outstanding floating rate debt to fixed rate debt. An immediate 10 percent change in interest rates would not have a significant impact on our results of operations.

Foreign Currency Exchange Risk

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

Our primary foreign currency cash flows are in certain Asian and European countries, Israel, Brazil and Mexico. We enter into short-term foreign currency forward contracts to hedge currency exposures associated with certain monetary assets and liabilities denominated in non-functional currencies. These contracts generally have maturities of up to two months. Accordingly, these forward contracts are not designated as part of a hedging relationship for accounting purposes. All outstanding foreign currency forward contracts are marked-to-market at the end of the period with unrealized gains and losses included in other income (expense), net, in the consolidated statements of operations. As of October 3, 2020, we had outstanding foreign currency forward contracts to exchange various foreign currencies for U.S. dollars in an aggregate notional amount of \$352 million.

We also utilize foreign currency forward contracts to hedge certain operational (“cash flow”) exposures resulting from changes in foreign currency exchange rates. Such exposures result from (1) forecasted non-functional currency sales and (2) forecasted non-functional currency materials, labor, overhead and other expenses. These contracts may be up to twelve months in duration and are designated as cash flow hedges for accounting purposes. The effective portion of changes in the fair value of the contracts is recorded in stockholders' equity as a separate component of accumulated other comprehensive income and recognized in earnings when the hedged item affects earnings. We had forward contracts related to cash flow hedges in various foreign currencies in an aggregate notional amount of \$113 million as of October 3, 2020.

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

Item 8. *Financial Statements and Supplementary Data*

The information required by this item is included below and incorporated by reference from the financial statement schedule included in “Part IV-Item 15(a)(2)” and the selected quarterly financial data referred to in “Part II-Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations-Quarterly Results (Unaudited).”

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Sanmina Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sanmina Corporation and its subsidiaries (the “Company”) as of October 3, 2020 and September 28, 2019, and the related consolidated statements of operations, comprehensive income (loss), stockholders’ equity and cash flows for each of the three years in the period ended October 3, 2020, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of October 3, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of October 3, 2020 and September 28, 2019, and the results of its operations and its cash flows for each of the three years in the period ended October 3, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 3, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Notes 2 and 4 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020 and the manner in which it accounts for revenue in 2019.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Critical Audit Matters

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

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

As described in Notes 2 and 4 to the consolidated financial statements, revenues for the CPS segment were \$1.3 billion for the year ended October 3, 2020, of which the defense and aerospace division represents a portion of the segment. The Company recognizes revenue for defense and aerospace government contracts on an over time basis using the cost-to-cost method (ratio of costs incurred to date to total estimated costs at completion), which management believes best depicts the transfer of control to the customer. Recognition of revenue on government contracts requires the use of significant judgment with respect to estimated materials, labor, and subcontractor costs.

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

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

/s/ PricewaterhouseCoopers LLP

San Jose, California
November 13, 2020

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

SANMINA CORPORATION
CONSOLIDATED BALANCE SHEETS

	As of	
	October 3, 2020	September 28, 2019
(In thousands, except par value)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 480,526	\$ 454,741
Accounts receivable, net of allowances of \$8,570 and \$12,481 as of October 3, 2020 and September 28, 2019, respectively	1,043,334	1,128,379
Contract assets	396,583	396,300
Inventories	861,281	900,557
Prepaid expenses and other current assets	37,718	40,952
Total current assets	2,819,442	2,920,929
Property, plant and equipment, net	559,242	630,647
Deferred income tax assets, net	273,470	279,803
Other	120,502	74,134
Total assets	\$ 3,772,656	\$ 3,905,513
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,210,049	\$ 1,336,914
Accrued liabilities	171,761	180,107
Accrued payroll and related benefits	122,029	127,647
Short-term debt, including current portion of long-term debt	18,750	38,354
Total current liabilities	1,522,589	1,683,022
Long-term liabilities:		
Long-term debt	329,249	346,971
Other	290,902	232,947
Total long-term liabilities	620,151	579,918
Commitments and Contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 5,000 shares, none issued and outstanding	—	—
Common stock, \$0.01 par value, authorized 166,667 shares; 107,629 and 105,551 shares issued and 64,999 and 69,720 shares outstanding as of October 3, 2020 and September 28, 2019, respectively	650	697
Treasury stock, 42,630 and 35,831 shares as of October 3, 2020 and September 28, 2019, respectively, at cost	(983,143)	(804,118)
Additional paid-in capital	6,300,887	6,266,812
Accumulated other comprehensive income	34,886	42,259
Accumulated deficit	(3,723,364)	(3,863,077)
Total stockholders' equity	1,629,916	1,642,573
Total liabilities and stockholders' equity	\$ 3,772,656	\$ 3,905,513

See accompanying notes to the consolidated financial statements.

SANMINA CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands, except per share amounts)		
Net sales	\$ 6,960,370	\$ 8,233,859	\$ 7,110,130
Cost of sales	6,434,663	7,641,921	6,646,347
Gross profit	<u>525,707</u>	<u>591,938</u>	<u>463,783</u>
Operating expenses:			
Selling, general and administrative	240,931	260,032	250,924
Research and development	22,564	27,552	30,754
Restructuring and other	27,916	18,237	32,054
Goodwill impairment	6,609	—	30,610
Total operating expenses	<u>298,020</u>	<u>305,821</u>	<u>344,342</u>
Operating income	227,687	286,117	119,441
Interest income	2,322	1,111	1,268
Interest expense	(28,903)	(30,763)	(27,734)
Other income (expense), net	(348)	(10,846)	4,564
Interest and other, net	<u>(26,929)</u>	<u>(40,498)</u>	<u>(21,902)</u>
Income before income taxes	200,758	245,619	97,539
Provision for income taxes	61,045	104,104	193,072
Net income (loss)	<u>\$ 139,713</u>	<u>\$ 141,515</u>	<u>\$ (95,533)</u>
Net income (loss) per share:			
Basic	\$ 2.02	\$ 2.05	\$ (1.37)
Diluted	\$ 1.97	\$ 1.97	\$ (1.37)
Weighted-average shares used in computing per share amounts:			
Basic	69,041	69,129	69,833
Diluted	70,793	71,678	69,833

See accompanying notes to the consolidated financial statements.

SANMINA CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands)		
Net income (loss)	\$ 139,713	\$ 141,515	\$ (95,533)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(925)	(1,621)	(3,063)
Derivative financial instruments:			
Change in net unrealized amount	(3,646)	(21,508)	(982)
Amount reclassified into net income	1,332	1,955	859
Defined benefit plans:			
Changes in unrecognized net actuarial losses and unrecognized transition cost	(6,240)	(11,450)	(460)
Amortization of actuarial losses and transition cost	2,106	939	796
Total other comprehensive losses	\$ (7,373)	\$ (31,685)	\$ (2,850)
Comprehensive income (loss)	<u>\$ 132,340</u>	<u>\$ 109,830</u>	<u>\$ (98,383)</u>

See accompanying notes to the consolidated financial statements.

SANMINA CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock and Additional Paid-in Capital		Treasury Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount			
	(In thousands)						
BALANCE AT SEPTEMBER 30, 2017	101,672	\$ 6,185,088	(30,008)	\$ (633,740)	\$ 76,794	\$ (3,980,458)	\$ 1,647,684
Issuances under stock plans	1,456	4,407	—	—	—	—	4,407
Stock-based compensation	—	33,493	—	—	—	—	33,493
Repurchases of treasury stock	—	—	(5,343)	(157,626)	—	—	(157,626)
Other comprehensive loss	—	—	—	—	(2,850)	—	(2,850)
Cumulative effect of new accounting pronouncement	—	—	—	—	—	43,269	43,269
Net loss	—	—	—	—	—	(95,533)	(95,533)
BALANCE AT SEPTEMBER 29, 2018	103,128	\$ 6,222,988	(35,351)	\$ (791,366)	\$ 73,944	\$ (4,032,722)	\$ 1,472,844
Issuances under stock plans	2,423	13,539	—	—	—	—	13,539
Stock-based compensation	—	30,844	—	—	—	—	30,844
Repurchases of treasury stock	—	138	(480)	(12,752)	—	—	(12,614)
Other comprehensive loss	—	—	—	—	(31,685)	—	(31,685)
Cumulative effect of new accounting pronouncement	—	—	—	—	—	28,130	28,130
Net income	—	—	—	—	—	141,515	141,515
BALANCE AT SEPTEMBER 28, 2019	105,551	\$ 6,267,509	(35,831)	\$ (804,118)	\$ 42,259	\$ (3,863,077)	\$ 1,642,573
Issuances under stock plans	2,078	7,793	—	—	—	—	7,793
Stock-based compensation	—	26,235	—	—	—	—	26,235
Repurchases of treasury stock	—	—	(6,799)	(179,025)	—	—	(179,025)
Other comprehensive loss	—	—	—	—	(7,373)	—	(7,373)
Net income	—	—	—	—	—	139,713	139,713
BALANCE AT OCTOBER 3, 2020	107,629	\$ 6,301,537	(42,630)	\$ (983,143)	\$ 34,886	\$ (3,723,364)	\$ 1,629,916

See accompanying notes to the consolidated financial statements.

SANMINA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands)		
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Net income (loss)	\$ 139,713	\$ 141,515	\$ (95,533)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization	114,218	116,949	118,820
Stock-based compensation expense	26,235	30,844	32,825
Deferred income taxes	13,567	54,668	173,591
Impairment of goodwill and other assets	8,409	—	30,610
Other, net	(239)	2,219	1,777
Changes in operating assets and liabilities:			
Accounts receivable	83,623	54,947	(69,076)
Contract assets	(283)	(20,814)	—
Inventories	39,564	121,383	(324,168)
Prepaid expenses and other assets	17,798	10,018	7,797
Accounts payable	(106,640)	(182,521)	268,421
Accrued liabilities	(35,410)	53,757	11,360
Cash provided by operating activities	300,555	382,965	156,424
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(65,982)	(134,674)	(118,881)
Proceeds from sales of property, plant and equipment	1,573	7,532	4,722
Purchases of investments	(30,000)	(499)	(2,019)
Sale of investments	30,000	—	—
Cash used in investing activities	(64,409)	(127,641)	(116,178)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:			
Proceeds from revolving credit facility borrowings	1,909,000	3,884,325	4,040,600
Repayments of revolving credit facility borrowings	(1,909,000)	(4,099,325)	(3,910,600)
Repayments of long-term debt	(39,048)	(378,416)	(3,416)
Proceeds from long-term debt	—	375,000	—
Debt issuance costs	—	(2,727)	—
Net proceeds from stock issuances	7,793	13,539	4,407
Repurchases of common stock	(179,025)	(12,614)	(157,625)
Other, net	—	—	(1,701)
Cash used in financing activities	(210,280)	(220,218)	(28,335)
Effect of exchange rate changes	(81)	107	956
Increase in cash and cash equivalents	25,785	35,213	12,867
Cash and cash equivalents at beginning of year	454,741	419,528	406,661
Cash and cash equivalents at end of year	\$ 480,526	\$ 454,741	\$ 419,528
Cash paid during the year:			
Interest, net of capitalized interest	\$ 20,477	\$ 30,143	\$ 26,156
Income taxes, net of refunds	\$ 30,700	\$ 32,132	\$ 34,819
Unpaid purchases of property, plant and equipment at end of period	\$ 12,371	\$ 27,279	\$ 49,546

See accompanying notes to the consolidated financial statements.

SANMINA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization of Sanmina

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

The Company's operations are managed as two businesses:

- 1) Integrated Manufacturing Solutions (IMS). IMS is a single operating segment consisting of printed circuit board assembly and test, high-level assembly and test, and direct-order-fulfillment.
- 2) Components, Products and Services (CPS). Components include interconnect systems (printed circuit board fabrication, backplane, cable assemblies and plastic injection molding) and mechanical systems (enclosures and precision machining). Products include memory from our Viking Technology division; enterprise solutions from our Viking Enterprise Solutions division; RF, optical and microelectronic; defense and aerospace products from SCI Technology; and cloud-based manufacturing execution software from the Company's 42Q division. Services include design, engineering, global services (logistics and repair).

The Company's only reportable segment is IMS, which represented approximately 80% of total revenue in 2020. The CPS business consists of multiple operating segments which do not individually meet the quantitative thresholds for being presented as reportable segments. Therefore, financial information for these operating segments is aggregated and presented in a single category entitled “Components, Products and Services”.

Basis of Presentation

Fiscal Year. The Company operates on a 52 or 53 week year ending on the Saturday nearest September 30. Fiscal 2020 is a 53-week year, with the extra week occurring during the fourth quarter of 2020. Fiscal 2019 and 2018 were each 52 weeks. All references to years relate to fiscal years unless otherwise noted.

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

Note 2. Summary of Significant Accounting Policies

Management Estimates and Uncertainties. The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates made in preparing the consolidated financial statements relate to allowances for accounts receivable; provisions for excess and obsolete inventories, environmental matters, and legal exposures; determining liabilities for uncertain tax positions; determining the realizability of deferred tax assets; determining fair values of tangible and intangible assets for purposes of impairment tests; determining fair values of equity awards; and determining forfeiture rates for purposes of calculating stock compensation expense. Actual results could differ materially from these estimates.

Financial Instruments and Concentration of Credit Risk. Financial instruments consist primarily of cash and cash equivalents, accounts receivable, foreign currency forward contracts, interest rate swap agreements, accounts payable and debt obligations. The fair value of these financial instruments approximates their carrying amount as of October 3, 2020 and September 28, 2019 due to the nature or short maturity of these instruments, or the fact that the instruments are recorded at fair value on the consolidated balance sheets.

Accounts Receivable and Other Related Allowances. The Company had an allowance of \$9 million and \$12 million as of October 3, 2020 and September 28, 2019, respectively, for uncollectible accounts, product returns and other net sales adjustments. One of the Company's most significant risks is the ultimate realization of its accounts receivable. This risk is

mitigated by ongoing credit evaluations of customers and frequent contact with customers, especially the most significant customers, which enable the Company to monitor changes in its customers' business operations and respond accordingly. To establish the allowance for doubtful accounts, the Company estimates credit risk associated with accounts receivable by considering the creditworthiness of its customers, past experience, specific facts and circumstances, and the overall economic climate in industries that it serves. To establish the allowance for product returns and other adjustments, the Company primarily utilizes historical data.

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

In addition to the RPA, the Company has the option to participate in trade receivables sales programs that have been implemented by certain of the Company's customers, as in effect from time to time. The Company does not service trade receivables sold under these other programs. Under each of the programs noted above, the Company sells its entire interest in a trade receivable for 100% of face value, less a discount. Accounts receivable balances sold are removed from the consolidated balance sheets and the related proceeds are reported as cash provided by operating activities in the consolidated statements of cash flows.

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

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

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

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

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

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

The Company accounts for derivative instruments and hedging activities in accordance with ASC Topic 815, Derivatives and Hedging, which requires each derivative instrument to be recorded on the consolidated balance sheets at its fair value as either an asset or a liability. If a derivative is designated as a cash flow hedge, the Company excludes time value from its assessment of hedge effectiveness and recognizes the amount of time value in earnings over the life of the derivative. Gains or losses on the derivative not caused by changes in time value are recorded in Accumulated Other Comprehensive Income ("AOCI"), a component of equity, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. If a derivative is designated as a fair value hedge, changes in the fair value of the derivative and of the item being hedged are recognized in earnings in the current period.

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

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

Leases. The Company's leases consist primarily of operating leases for buildings and land. These leases have initial lease terms of up to 44 years and, upon adoption of ASC 842, are recorded on the Company's balance sheet as lease liabilities and corresponding right-of-use ("ROU") assets. Certain of these leases contain an option to extend the lease term for additional periods or to terminate the lease after an initial non-cancelable term. Renewal options are considered in the measurement of the Company's initial lease liability and corresponding ROU asset only if it is reasonably certain that the Company will exercise such options. Leases with lease terms of twelve months or less are not recorded on the Company's balance sheet.

The Company's lease liability and ROU assets represent the present value of future lease payments which, pursuant to the Company's accounting election, are a combination of lease components and non-lease components such as maintenance and utilities. Operating lease expense is recognized on a straight line basis over the term of the lease. Certain of the Company's lease payments are variable because such payments adjust periodically based on changes in consumer price and other indexes. Variable payments are expensed as incurred and not included in the measurement of lease liabilities and ROU assets. Since the Company's leases generally do not provide an implicit rate, the Company uses an incremental borrowing rate based on information available at the lease commencement date for purposes of determining the present value of lease payments. The Company's incremental borrowing rate is based on the term of the lease, the economic environment of the lease and the effect of collateralization, if any. Upon adoption of ASC 842, the Company used an incremental borrowing rate as of that date for all leases that commenced prior to that date.

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

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

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

Application of the cost-to-cost method for government contracts in the Company's Defense and Aerospace division requires the use of significant judgments with respect to estimated materials, labor and subcontractor costs. This division is an operating segment whose results are aggregated with ten other operating segments and reported under Components, Products

and Services ("CPS") for segment reporting purposes. In 2020, CPS revenue and gross profit was \$1.3 billion and \$157 million, respectively.

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

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

Refer to Note 4 for further discussion.

Income taxes. The Company estimates its income tax provision or benefit in each of the jurisdictions in which it operates, including estimating exposures and making judgments regarding the realizability of deferred tax assets. The carrying value of the Company's net deferred tax assets is based on the Company's belief that it is more likely than not that the Company will generate sufficient future taxable income in certain jurisdictions to realize these deferred tax assets. A valuation allowance has been established for deferred tax assets which do not meet the "more likely than not" criteria discussed above.

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

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

Recent Accounting Pronouncements Adopted in Fiscal Year 2020

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes (Topic 740)", which is intended to simplify various aspects related to accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and which also clarifies and amends existing guidance to improve consistent application. The Company adopted this ASU in the second quarter of 2020. The impact of adoption was not material.

In February 2018, the FASB issued ASU 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income", which allows companies to reclassify stranded tax effects resulting from the U.S. Tax Cuts and Jobs Act (H.R. 1) from accumulated other comprehensive income to retained earnings. The Company adopted this ASU at the beginning of fiscal 2020. There was no impact upon adoption.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements for Accounting For Hedging Activities", simplifying hedge accounting guidance and improving the financial reporting of hedging relationships by allowing an entity to better align its risk management activities and financial reporting for hedging relationships through changes to both designation and measurement for qualifying hedging relationships and the presentation of hedge results. This standard eliminates the requirement to separately measure and report hedge ineffectiveness, resulting in full recognition of the change in fair value that impacts earnings in the same income statement line item that is used to present the earnings effect of the hedged item. In addition, the guidance allows more flexibility in the requirements to qualify for and maintain hedge accounting. The Company adopted this ASU at the beginning of fiscal 2020. The impact of adoption was not material.

In February 2016, the FASB issued ASU 2016-02, "Leases: Amendments to the FASB Accounting Standards Codification (Topic 842)". This ASU requires the Company to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms of more than twelve months. This ASU also requires disclosures enabling

the users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases. In addition, the FASB provided a practical expedient transition method that allows entities to initially apply the requirements by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, as opposed to applying the requirements retrospectively and providing comparative prior period financial statements. The Company adopted the new standard on September 29, 2019, the first day of fiscal 2020, and applied the above practical expedient transition method. The Company elected certain other transition options which, among other things, allowed the Company to carry forward its prior conclusions about lease identification and classification.

Upon adoption of the new standard, the Company recognized approximately \$65 million of right-of-use ("ROU") assets and lease liabilities. Adoption of the new standard did not have a material impact on the Company's consolidated statements of income or consolidated statements of cash flows.

Refer to Note 8 for additional information and disclosures related to the adoption of ASC 842.

Recent Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848)", which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. The amendments are effective for all entities as of March 12, 2020 through December 31, 2022. The Company has not yet applied any of the expedients and exceptions and is currently evaluating the impact of the provisions of ASU 2020-04.

In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The new guidance aligns the requirements for capitalizing implementation costs incurred in a cloud-based hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This ASU is effective for the Company at the beginning of fiscal 2021, including interim periods within that reporting period.

In June 2016, the FASB issued ASU 2016-13 "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which replaces the existing incurred loss impairment methodology with an expected credit loss methodology and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This new standard is effective for the Company at the beginning of fiscal 2021, including interim periods within that reporting period. The Company does not expect the impact of adoption to be significant.

Note 3. Balance Sheet Details

Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

	As of	
	October 3, 2020	September 28, 2019
(In thousands)		
Machinery and equipment	\$ 1,479,768	\$ 1,448,812
Land and buildings	657,716	639,667
Leasehold improvements	44,786	44,015
Furniture and fixtures	24,501	23,619
Construction in progress	3,750	39,420
	2,210,521	2,195,533
Less: Accumulated depreciation and amortization	(1,651,279)	(1,564,886)
Property, plant and equipment, net	\$ 559,242	\$ 630,647

Depreciation expense was \$113 million, \$115 million and \$112 million for 2020, 2019 and 2018, respectively.

Note 4. Revenue Recognition

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

Step 1 - Identify the contract with a customer

A contract is defined as an agreement between two parties that creates enforceable rights and obligations. The Company generally enters into a master supply agreement (“MSA”) with its customers that provides the framework under which business will be conducted, and pursuant to which a customer will issue purchase orders or other binding documents to specify the quantity, price and delivery requirements for products or services the customer wishes to purchase. The Company generally considers its contract with a customer to be a firm commitment, consisting of the combination of an MSA and a purchase order or any other similar binding document.

Step 2 - Identify the performance obligations in the contract

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

Step 3 - Determine the transaction price

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

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

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

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

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

The Company has determined that revenue for the majority of its contracts is required to be recognized on an over time basis. This determination is based on the fact that 1) the Company does not have an alternative use for the end products it manufactures for its customers and has an enforceable right to payment, including a reasonable profit, for work-in-progress upon a customer’s cancellation of a contract for convenience or 2) the Company’s customer simultaneously receives and consumes the benefits provided by the Company’s services. For these contracts, revenue is recognized on an over time basis using the cost-to-cost method (ratio of costs incurred to date to total estimated costs at completion) which the Company believes best depicts the transfer of control to the customer. At least 95% of the Company’s revenue is recognized on an over time basis, which is as products are manufactured or services are performed. Because of this, and the fact that there is no work-in-process or finished goods inventory associated with contracts for which revenue is recognized on an over-time basis, 99% or more of the Company’s inventory at the end of a given period is in the form of raw materials. For contracts for which revenue is

required to be recognized at a point-in-time, the Company recognizes revenue when it has transferred control of the related goods, which generally occurs upon shipment or delivery of the goods to the customer.

Application of the cost-to-cost method for government contracts in the Company's Defense and Aerospace division requires the use of significant judgments with respect to estimated materials, labor and subcontractor costs. This division is an operating segment whose results are aggregated with ten other operating segments and reported under Components, Products and Services ("CPS") for segment reporting purposes. In 2020, CPS revenue and gross profit was \$1.3 billion and \$157 million, respectively.

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

Contract Assets

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

Other

Other than the impact upon adoption of ASC 606 at the beginning of the first quarter of 2019 which was limited to beginning retained earnings, the application of ASC 606 has not materially impacted any financial statement line item for any period presented herein.

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

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

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

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

Disaggregation of revenue

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

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
(In thousands)			
Segments:			
IMS	\$ 5,699,751	\$ 6,858,676	\$ 5,814,591
CPS	1,260,619	1,375,183	1,295,539
Total	<u>\$ 6,960,370</u>	<u>\$ 8,233,859</u>	<u>\$ 7,110,130</u>
End Markets:			
Communications Networks	\$ 2,323,712	\$ 2,906,575	\$ 2,684,609
Industrial, Medical, Automotive and Defense	4,127,720	4,572,006	3,681,788
Cloud Solutions	508,938	755,278	743,733
Total	<u>\$ 6,960,370</u>	<u>\$ 8,233,859</u>	<u>\$ 7,110,130</u>
Geography:			
Americas (1)	\$ 3,450,527	\$ 4,194,652	\$ 3,600,967
EMEA	995,838	1,051,192	841,961
APAC	2,514,005	2,988,015	2,667,202
Total	<u>\$ 6,960,370</u>	<u>\$ 8,233,859</u>	<u>\$ 7,110,130</u>

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

Note 5. Financial Instruments

Fair Value Measurements

Fair Value of Financial Instruments

The fair values of cash equivalents (generally 10% or less of cash and cash equivalents), accounts receivable, accounts payable and short-term debt approximate carrying value due to the short-term duration of these instruments. Additionally, the fair value of variable rate long-term debt approximates carrying value as of October 3, 2020.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company's primary financial assets and financial liabilities measured at fair value on a recurring basis are deferred compensation plan assets and defined benefit plan assets, which are both measured using Level 1 inputs. Other financial assets and financial liabilities measured at fair value on a recurring basis include foreign exchange contracts and interest rate swaps, which are both measured using Level 2 inputs. Foreign exchange contracts were not material as of October 3, 2020 or September 28, 2019. The interest rate swaps had a negative value of \$29 million and \$20 million, as of October 3, 2020 and September 28, 2019, respectively.

Offsetting Derivative Assets and Liabilities

The Company has entered into master netting arrangements with each of its derivative counterparties that allows net settlement of derivative assets and liabilities under certain conditions, such as multiple transactions with the same currency maturing on the same date. The Company presents its derivative assets and derivative liabilities on a gross basis on the consolidated balance sheets. The amount that the Company had the right to offset under these netting arrangements was not material as of October 3, 2020 or September 28, 2019.

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

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

Derivative Instruments

Foreign Exchange Rate Risk

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

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

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

	As of	
	October 3, 2020	September 28, 2019
Derivatives Designated as Accounting Hedges:		
Notional amount (in thousands)	\$113,300	\$106,564
Number of contracts	48	46
Derivatives Not Designated as Accounting Hedges:		
Notional amount (in thousands)	\$352,062	\$299,127
Number of contracts	45	43

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

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

presented herein. Pursuant to a new accounting standard, as of the beginning of 2020, the Company is no longer required to separately measure and report hedge ineffectiveness. The amount of hedge ineffectiveness was not material for 2019 or 2018.

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

Interest Rate Risk

The Company enters into forward interest rate swap agreements with independent counterparties to partially hedge the variability in cash flows due to changes in the benchmark interest rate (LIBOR) associated with anticipated variable rate borrowings. These interest rate swaps have a maturity date of December 1, 2023, and effectively convert the Company's variable interest rate obligations to fixed interest rate obligations. These swaps are accounted for as cash flow hedges under ASC Topic 815, Derivatives and Hedging. Interest rate swaps with an aggregate notional amount of \$350 million were outstanding as of October 3, 2020 and September 28, 2019. The aggregate effective interest rate of these swaps as of October 3, 2020 was approximately 4.3%. Due to a decline in interest rates since the time the swaps were put in place, these interest rate swaps had a negative value of \$29 million, of which \$9 million is included in accrued liabilities and the remaining amount is included in other long-term liabilities on the consolidated balance sheets.

Note 6. Financial Instruments and Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash, cash equivalents, trade accounts receivable, foreign currency forward contracts and interest rate swap agreements. The carrying value of assets such as cash, cash equivalents and accounts receivable is expected to approximate fair value due to the short duration of the assets. The Company maintains its cash and cash equivalents with recognized financial institutions that management believes to be of high credit quality. One of the Company's most significant credit risks is the ultimate realization of accounts receivable. This risk is mitigated by ongoing credit evaluations of, and frequent contact with, the Company's customers, especially its most significant customers, thus enabling it to monitor changes in business operations and respond accordingly. The Company generally does not require collateral for sales on credit. The Company considers these concentrations of credit risks when estimating its allowance for doubtful accounts. Foreign currency forward contracts and interest rate swaps are maintained with high quality counterparties to reduce the Company's credit risk and are recorded on the Company's balance sheets at fair value.

Nokia represented more than 10% of the Company's net sales in 2020, 2019 and 2018 and 10% or more of the Company's gross accounts receivable as of October 3, 2020 and September 28, 2019.

Note 7. Debt

Long-term debt consisted of the following:

	As of	
	October 3, 2020	September 28, 2019
	(In thousands)	
Term loan due 2023 ("Term Loan"), net of issuance costs	347,999	370,409
Non-interest bearing promissory notes	—	14,916
Total long-term debt	347,999	385,325
Less: Current portion of non-interest bearing promissory notes	—	14,916
Current portion of long-term debt	18,750	23,438
Long-term debt	\$ 329,249	\$ 346,971

Secured Notes. In 2014, the Company issued \$375 million of senior secured notes due 2019 ("Secured Notes"). The Secured Notes were repaid upon maturity on June 1, 2019. There was no gain or loss associated with the extinguishment of the Secured Notes.

Non-interest Bearing Promissory Notes. On February 1, 2016, the Company completed an acquisition and financed \$15 million of the purchase price with the acquiree using a four-year non-interest bearing promissory note. The Company repaid these notes during the second quarter of 2020.

Revolving Credit Facility.

During the first quarter of 2019, the Company entered into a Fourth Amended and Restated Credit Agreement (the "Amended Cash Flow Revolver") that provided for a committed \$375 million Term Loan.

On April 5, 2019, the Company entered into an amendment to the Amended Cash Flow Revolver that increased the amount available under the facility from \$500 million to \$700 million.

On May 31, 2019, the Company drew down the Term Loan and used the proceeds to repay the Company's Secured Notes as discussed above. As of October 3, 2020, costs incurred in connection with the amendment of the Amended Cash Flow Revolver and Term Loan are classified as long-term debt and are being amortized to interest expense over the life of the Term Loan using the effective interest method.

Following the satisfaction and discharge of the Indenture dated as of June 4, 2014, using the proceeds of the Term Loan, and the release of all liens securing the Secured Notes, the Company's debt structure changed as follows, effective June 3, 2019: (i) revolving commitments under the Amended Cash Flow Revolver increased for a total of \$700 million in revolving commitments, (ii) the accordion feature of the Amended Cash Flow Revolver was reset so that the Company can obtain, subject to the satisfaction of specified conditions and commitments of the lenders, additional revolving commitments in an aggregate amount of up to \$200 million, and (iii) the Company and its subsidiary guarantors' obligations under the Amended Cash Flow Revolver became secured by substantially all of the assets (excluding real property) of the Company and the subsidiary guarantors, subject to certain exceptions.

Loans under the Amended Cash Flow Revolver bear interest, at the Company's option, at either the LIBOR or a base rate, in each case plus a spread determined based on the Company's credit rating. Interest on the loans is payable quarterly in arrears with respect to base rate loans and at the end of an interest period in the case of LIBOR loans. The outstanding principal amount of all loans under the Amended Cash Flow Revolver, including, the Term Loan, together with accrued and unpaid interest, is due on November 30, 2023. The Company is required to repay a portion of the principal amount of the Term Loan equal to 1.25% in quarterly installments.

Maturities of the Term Loan as of October 3, 2020 by fiscal year are as follows:

	<u>(In Thousands)</u>
2021	18,750
2022	18,750
2023	14,062
2024	300,000
	<u>\$ 351,562</u>

Certain of the Company's domestic subsidiaries are required to be guarantors in respect of the Amended Cash Flow Revolver. The Company and the subsidiary guarantors' obligations under the Amended Cash Flow Revolver are secured by property of the Company and such guarantors, including, but not limited to cash, accounts receivables, inventory and the shares of the Company's subsidiaries, subject to limited exceptions.

The Amended Cash Flow Revolver requires the Company to comply with a minimum consolidated interest coverage ratio, measured at the end of each fiscal quarter, and at all times a maximum consolidated leverage ratio. The Amended Cash Flow Revolver contains customary affirmative covenants, including covenants regarding the payment of taxes and other obligations, maintenance of insurance, reporting requirements and compliance with applicable laws and regulations.

The Company enters into forward interest rate swap agreements with independent counterparties to partially hedge the variability in cash flows due to changes in the benchmark interest rate (LIBOR) associated with anticipated variable rate borrowings. These interest rate swaps have a maturity date of December 1, 2023, and effectively convert the Company's variable interest rate obligations to fixed interest rate obligations. These swaps are accounted for as cash flow hedges under ASC Topic 815, Derivatives and Hedging. Interest rate swaps with an aggregate notional amount of \$350 million were outstanding as of October 3, 2020 and September 28, 2019. The aggregate effective interest rate of these swaps as of October 3, 2020 was approximately 4.3%. As of October 3, 2020, due to a decline in interest rates since the time the swaps were put in place, these interest rate swaps had a negative value of \$29 million, of which \$9 million is included in accrued liabilities and the remaining amount is included in other long-term liabilities on the consolidated balance sheets.

As of October 3, 2020, no borrowings and \$8 million of letters of credit were outstanding under the Amended Cash Flow Revolver, under which \$692 million was available to borrow. There were no borrowings outstanding under the Amended Cash Flow Revolver as of September 28, 2019.

Foreign Short-term Borrowing Facilities. As of October 3, 2020, certain foreign subsidiaries of the Company had a total of \$72 million of short-term borrowing facilities available, under which no borrowings were outstanding. These facilities expire at various dates through the second quarter of 2022.

Debt Covenants

The Company's Amended Cash Flow Revolver requires the Company to comply with certain financial covenants, namely a maximum leverage ratio and a minimum interest coverage ratio, in both cases measured on the basis of a trailing 12 month look-back period. In addition, the Company's debt agreements contain a number of restrictive covenants, including restrictions on incurring additional debt, making investments and other restricted payments, selling assets and paying dividends, subject to certain exceptions. The Company was in compliance with these covenants as of October 3, 2020.

Note 8. Leases

ROU assets and lease liabilities recorded in the condensed consolidated balance sheet as of October 3, 2020 are as follows:

	<u>As of</u> <u>October 3, 2020</u> <u>(In thousands)</u>
Other assets (1)	\$ 52,552
Accrued liabilities	\$ 16,659
Other long-term liabilities	37,015
Total lease liabilities	\$ 53,674
Weighted average remaining lease term (in years)	6.88
Weighted average discount rate	3.13 %

(1) Net of accumulated amortization of \$16 million.

Cash paid in satisfaction of operating lease liabilities was \$19 million for the year ended October 3, 2020.

Operating lease expense, which includes immaterial amounts of short-term leases, variable lease costs and sublease income, was \$21 million, \$26 million and \$27 million for the years ended October 3, 2020, September 28, 2019 and September 29, 2018, respectively.

Future lease payments under non-cancelable operating leases as of October 3, 2020, by fiscal year, are as follows:

	<u>Operating Leases</u> <u>(In thousands)</u>
2021	\$ 18,128
2022	13,366
2023	7,256
2024	4,012
2025	4,082
Thereafter	13,185
Total lease payments	60,029
Less: imputed interest	6,355
Total	\$ 53,674

As of September 28, 2019, prior to the adoption of ASC 842, future minimum lease payments, net of sublease income, under operating leases were as follows:

	<u>Operating Leases</u> <u>(In thousands)</u>
2020	\$ 18,472
2021	15,916
2022	11,368
2023	5,887
2024	3,993
Thereafter	17,071
Total	\$ 72,707

Note 9. Accounts Receivable Sale Program

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

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

Under each of the programs noted above, the Company sells its entire interest in a trade receivable for 100% of face value, less a discount. For the years ended October 3, 2020 and September 28, 2019, the Company sold approximately \$1.7 billion and approximately \$2.7 billion, respectively, of accounts receivable under these programs. Upon sale, these receivables are removed from the consolidated balance sheets and cash received is presented as cash provided by operating activities in the consolidated statements of cash flows. Discounts on sold receivables were not material for any period presented. As of October 3, 2020 and September 28, 2019, \$97 million and \$241 million, respectively, of accounts receivable sold under the RPA and subject to servicing by the Company remained outstanding and had not yet been collected. The Company's sole risk with respect to receivables it services is with respect to commercial disputes regarding such receivables. Commercial disputes include billing errors, returns and similar matters. To date, the Company has not been required to repurchase any receivable it has sold due to a commercial dispute. Additionally, the Company is required to remit amounts collected as servicer under the RPA on a weekly basis to the financial institutions that purchased the receivables. As of October 3, 2020 and September 28, 2019, \$39 million and \$76 million, respectively, had been collected but not yet remitted. This amount is classified in accrued liabilities on the consolidated balance sheets.

Note 10. Contingencies

From time to time, the Company is a party to litigation, claims and other contingencies, including environmental, regulatory and employee matters and examinations and investigations by governmental agencies, which arise in the ordinary course of business. The Company records a contingent liability when it is probable that a loss has been incurred and the amount of loss is reasonably estimable in accordance with ASC Topic 450, *Contingencies*, or other applicable accounting standards. As of October 3, 2020 and September 28, 2019, the Company had reserves of \$37 million and \$36 million, respectively, for environmental matters, warranty, litigation and other contingencies (excluding reserves for uncertain tax positions), which the Company believes are adequate. However, there can be no assurance that the Company's reserves will be sufficient to settle these contingencies. Such reserves are included in accrued liabilities and other long-term liabilities on the consolidated balance sheets.

Legal Proceedings

Environmental Matters

The Company is subject to various federal, state, local and foreign laws and regulations and administrative orders concerning environmental protection, including those addressing the discharge of pollutants into the environment, the management and disposal of hazardous substances, the cleanup of contaminated sites, the materials used in products, and the recycling, treatment and disposal of hazardous waste. As of October 3, 2020, the Company had been named in a lawsuit and several administrative orders alleging certain of its current and former sites contributed to groundwater contamination. One such order demands that the Company and other alleged defendants remediate groundwater contamination at four landfills located in Northern California to which the Company may have sent wastewater in the past. The Company is participating in a working group of other alleged defendants to better understand its potential exposure in this action and has reserved its estimated exposure for this matter as of October 3, 2020. However, there can be no assurance that the Company's reserve will ultimately be sufficient.

In June 2008, the Company was named by the Orange County Water District in a suit alleging that its actions contributed to polluted groundwater managed by the plaintiff. The complaint seeks recovery of compensatory and other damages, as well as declaratory relief, for the payment of costs necessary to investigate, monitor, remediate, abate and contain contamination of groundwater within the plaintiff's control. In April 2013, all claims against the Company were dismissed. The plaintiff appealed this dismissal and the appellate court reversed the judgment in August 2017. In November 2017, the California Supreme Court denied the Company's petition to review this decision and, in December 2017, the Court of Appeal

remanded the case back to the Superior Court for further proceedings. The first part of a multi-phase trial is scheduled to commence on April 12, 2021. The Company intends to contest the plaintiff's claims vigorously.

Other Matters

In October 2018, a contractor who had been retained by the Company through a third party temporary staffing agency from November 2015 to March 2016 filed a lawsuit against the Company in the Santa Clara County Superior Court on behalf of himself and all other similarly situated Company contractors and employees in California, alleging violations of California Labor Code provisions governing overtime, meal and rest periods, wages, wage statements and reimbursement of business expenses. The complaint seeks certification of a class of all non-exempt employees, whether employed directly or through a temporary staffing agency, employed from four years before the filing of the initial complaint to the time of trial. Additionally, on November 1, 2019, another contractor retained through a temporary staffing agency filed a lawsuit against the Company in the Santa Clara County Superior Court. The complaint, which includes a single cause of action under California's Private Attorneys General Act of 2004, alleges Labor Code violations substantially similar to those alleged in the October 2018 class action lawsuit and seeks penalties on behalf of the State of California and other "aggrieved employees" (defined to be current and former hourly, non-exempt employees employed by the Company between August 22, 2018 and the present). The Company intends to vigorously defend these matters.

In December 2019, the Company sued a former customer, Dialight plc ("Dialight"), in the United States District Court for the Southern District of New York to collect approximately \$10 million in unpaid accounts receivable and net obsolete inventory obligations. Later the same day, Dialight commenced its own action in the same court. Dialight's complaint, which asserts claims for fraudulent inducement, breach of contract, and gross negligence/willful misconduct, alleges that the Company fraudulently misrepresented its capabilities to induce Dialight to enter into a Manufacturing Services Agreement (the "Dialight MSA"), and then breached its obligations contained in the Dialight MSA relating to quality, on-time delivery and supply chain management. Dialight seeks an unspecified amount of compensatory and punitive damages. The Company intends to vigorously prosecute its claim against Dialight. Further, the Company strongly disagrees with Dialight's allegations and intends to defend against them vigorously.

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

Other Contingencies

One of the Company's most significant risks is the ultimate realization of accounts receivable and customer inventory exposures. This risk is partially mitigated by ongoing credit evaluations of, and frequent contact with, the Company's customers, especially its most significant customers, thus enabling the Company to monitor changes in business operations and respond accordingly. Customer bankruptcies also entail the risk of potential recovery by the bankruptcy estate of amounts previously paid to the Company that are deemed a preference under bankruptcy laws. Given the current economic environment resulting from the COVID-19 global pandemic, the Company continues to closely monitor the impact of the pandemic on all aspect of its business, including customer payment patterns and available information with respect to the financial condition of its customers and suppliers in order to identify potential problems early and implement risk mitigation measures.

Note 11. Restructuring

Restructuring costs were \$27 million, \$14 million, and \$29 million in 2020, 2019, and 2018, respectively.

The following table is a summary of restructuring costs:

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands)		
Severance costs (approximately 2,350 employees)	\$ 17,919	\$ —	\$ —
Other exit costs (recognized as incurred)	71	—	—
Total - Q1 FY20 plan	17,990	—	—
Severance costs (approximately 2,900 employees)	178	1,900	26,425
Other exit costs (recognized as incurred)	1,971	3,247	4,984
Total	2,149	5,147	31,409
Severance reimbursement	—	—	(10,000)
Total - Q1 FY18 Plan	2,149	5,147	21,409
Costs incurred for other plans	6,644	8,606	7,737
Total - all plans	\$ 26,783	\$ 13,753	29,146

Q1 FY20 Plan

On October 28, 2019, the Company adopted a Company-wide restructuring plan ("Q1 FY20 Plan"). Additional actions under this plan are expected to be implemented through the second quarter of fiscal 2021 and cash payments of severance are expected to occur through the fourth quarter of fiscal 2021.

Q1 FY18 Plan

All actions under our Q1 FY18 Plan have been implemented and all severance has been paid. In connection with this plan, the Company entered into a contractual agreement with a third party pursuant to which \$10 million of severance and retention costs incurred by the Company was reimbursed. Costs incurred for other exit costs consist primarily of costs to maintain vacant facilities that are owned.

Other plans

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

All Plans

The Company's Integrated Manufacturing Solutions ("IMS") segment incurred costs of \$13 million for the year ended October 3, 2020. This compares to a benefit incurred of \$4 million for the year ended September 28, 2019, primarily as a result of a recovery from a third party of certain environmental remediation costs. The Company's CPS segment incurred costs of \$9 million and \$18 million for the years ended October 3, 2020 and September 28, 2019, respectively. In addition, \$5 million of costs were incurred during the year ended October 3, 2020 for Corporate headcount reductions that were not allocated to the Company's IMS and CPS segments. The Company had accrued liabilities of \$9 million and \$5 million as of October 3, 2020 and September 28, 2019, respectively, for restructuring costs (exclusive of long-term environmental remediation liabilities).

In addition to costs expected to be incurred under the Q1 FY20 Plan and Q1 FY18 Plan, the Company expects to incur restructuring costs in future periods primarily for vacant facilities and former sites for which the Company is or may be responsible for environmental remediation.

Note 12. Income Taxes

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

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands)		
Domestic	\$ 96,993	\$ 153,696	\$ 16,215
Foreign	103,765	91,923	81,324
Total	\$ 200,758	\$ 245,619	\$ 97,539

The provision for income taxes consists of the following:

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands)		
Federal:			
Current	\$ (917)	\$ 868	\$ (122)
Deferred	9,460	45,910	170,994
State:			
Current	1,705	2,747	32
Deferred	2,579	2,961	(3,672)
Foreign:			
Current	46,376	45,929	20,287
Deferred	1,842	5,689	5,553
Total provision for income taxes	\$ 61,045	\$ 104,104	\$ 193,072

Impact of U.S. Tax Reform

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the “Tax Act”) was enacted into law. In accordance with ASC 740, *Income Taxes*, the Company is required to recognize the effect of the Tax Act in the period of enactment, which was the Company’s first quarter of fiscal 2018 that ended on December 30, 2017. The many changes in the Tax Act include a permanent reduction in the maximum federal corporate income tax rate from 35% to 21% effective as of January 1, 2018. Because of this reduction in rate, the Company was required to revalue its U.S. deferred tax assets and liabilities to the new rate in the Company’s first quarter of 2018. The Tax Act also required a mandatory deemed repatriation of undistributed earnings and profits, at the rate of either 15.5% for cash or 8% for non-liquid assets.

The Tax Act also includes provisions for Global Intangible Low-Taxed Income (“GILTI”), which imposes taxes on foreign income in excess of a deemed return on tangible assets of foreign corporations. These new provisions were effective for the Company in fiscal year 2019. During the first quarter of 2019, the Company elected to record the effects of GILTI as a period cost.

The Company’s provision for income taxes for 2020, 2019 and 2018 was \$61 million (30% of income before taxes), \$104 million (42% of income before taxes) and \$193 million (198% of income before taxes), respectively. The effective tax rate for 2020 is higher than the expected U.S. statutory rate of 21% primarily due to foreign operations that are taxed at rates higher than the U.S. statutory rate.

During 2019, the Company recorded \$22 million of deferred tax expense for a tax-related restructuring transaction.

During 2018, the Company recorded a net income tax expense for the impact of the Tax Act of \$161 million, which was comprised of \$175 million for remeasurement of the Company’s U.S. deferred tax assets, zero for the mandatory deemed repatriation of undistributed earnings and profits, and a tax benefit of \$14 million for the conversion to a territorial system.

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

	As of	
	October 3, 2020	September 28, 2019
(In thousands)		
Deferred tax assets:		
U.S. net operating loss carryforwards	\$ 168,570	\$ 184,188
Foreign net operating loss carryforwards	111,418	117,403
Intangibles	22,684	19,422
Accruals not currently deductible	49,022	45,117
Property, plant and equipment	24,545	28,710
Tax credit carryforwards	15,948	13,601
Reserves not currently deductible	13,389	15,266
Stock compensation expense	6,519	10,249
Federal benefit of foreign operations	16,973	14,006
Derivatives and other impacts of OCI	10,793	3,145
Lease deferred tax asset	10,929	—
Other	3,063	2,744
Valuation allowance	(111,127)	(115,998)
Total deferred tax assets	<u>342,726</u>	<u>337,853</u>
Deferred tax liabilities on undistributed earnings	(16,240)	(18,690)
Deferred tax liabilities on branch operations	(32,351)	(34,378)
Revenue recognition	(14,258)	(9,456)
Lease deferred tax liability	(10,781)	—
Net deferred tax assets	<u>\$ 269,096</u>	<u>\$ 275,329</u>
Recorded as:		
Deferred tax assets	\$ 273,470	\$ 279,803
Deferred tax liabilities	(4,374)	(4,474)
Net deferred tax assets	<u>\$ 269,096</u>	<u>\$ 275,329</u>

The Company offsets deferred tax assets and liabilities by tax-paying jurisdiction. The resulting net amounts by tax jurisdiction are then aggregated without further offset.

A valuation allowance is established or maintained when, based on currently available information and other factors, it is more likely than not that all or a portion of the deferred tax assets will not be realized. The Company regularly assesses its valuation allowance against deferred tax assets on a jurisdiction by jurisdiction basis. The Company considers all available positive and negative evidence, including future reversals of temporary differences, projected future taxable income, tax planning strategies and recent financial results. Significant judgment is required in assessing the Company's ability to generate revenue, gross profit, operating income and jurisdictional taxable income in future periods. The Company's valuation allowance as of October 3, 2020 relates primarily to foreign net operating losses, with the exception of \$15 million related to U.S. state net operating losses.

The Company provides deferred tax liabilities for the tax consequences associated with the undistributed earnings that are expected to be repatriated to subsidiaries' parent unless the subsidiaries' earnings are considered indefinitely reinvested. As of October 3, 2020, income taxes and foreign withholding taxes have not been provided for approximately \$363 million of cumulative undistributed earnings of several non-U.S. subsidiaries. The Company intends to reinvest these earnings indefinitely in operations outside of the U.S. Determination of the amount of unrecognized deferred tax liabilities on these undistributed earnings is not practicable.

As of October 3, 2020, the Company has cumulative net operating loss carryforwards for federal, state and foreign tax purposes of \$700 million, \$376 million and \$505 million, respectively. The federal and state net operating loss carryforwards begin expiring in 2025 and 2021, respectively, and expire at various dates through September 29, 2035. Certain foreign net operating losses start expiring in 2021. However, the majority of foreign net operating losses carryforward indefinitely. As of October 3, 2020, the Company has federal tax credits of \$13 million that expire between 2031 and 2040. The Tax Reform Act of 1986 and similar state provisions impose restrictions on the utilization of net operating loss and tax credit carryforwards in the event of an “ownership change” as defined in the Internal Revenue Code. The utilization of certain net operating losses may be restricted due to changes in ownership and business operations.

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

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
Federal tax at statutory tax rate	21.00 %	21.00 %	24.50 %
Tax Act impact	—	—	165.16
Effect of foreign operations	9.41	9.30	7.92
Permanent items	(0.59)	0.40	(1.37)
Discrete charge for restructuring transaction	—	8.88	—
Federal credits	(1.31)	(0.07)	(1.28)
Other	(0.06)	0.68	1.77
State income taxes, net of federal benefit	1.96	2.19	1.24
Effective tax rate	<u>30.41 %</u>	<u>42.38 %</u>	<u>197.94 %</u>

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

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
	(In thousands)		
Balance, beginning of year	\$ 66,677	\$ 60,787	\$ 67,022
Increase (decrease) related to prior year tax positions	1,327	(1,731)	(5,917)
Increase related to current year tax positions	9,907	8,902	8,392
Settlements	—	(626)	(7,648)
Decrease related to lapse of applicable statute of limitations	(3,299)	(655)	(1,062)
Balance, end of year	<u>\$ 74,612</u>	<u>\$ 66,677</u>	<u>\$ 60,787</u>

The Company had reserves of \$40 million and \$39 million as of October 3, 2020 and September 28, 2019, respectively, for the payment of interest and penalties relating to unrecognized tax benefits. During 2020 and 2019, the Company recognized a net income tax expense for interest and penalties of \$1 million in each year compared to a net income tax benefit of \$3 million in 2018. The Company recognizes interest and penalties related to liabilities for unrecognized tax benefits as a component of income tax expense. Should the Company be able to ultimately recognize all of these uncertain tax positions, it would result in a benefit to net income and a reduction of the effective tax rate of \$68 million, \$62 million and \$58 million for years 2020, 2019 and 2018, respectively.

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

In general, the Company is no longer subject to United States federal or state income tax examinations for years before 2003, and to foreign examinations for years prior to 2004 in its major foreign jurisdictions. It is reasonably possible that the balance of gross unrecognized tax benefits could decrease in the next 12 months by approximately \$20 million related to the resolution of audits and expiration of statutes of limitations. In addition, there could be a corresponding decrease in accrued interest and penalties of approximately \$30 million.

Note 13. Earnings Per Share

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

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
(In thousands, except per share amounts)			
Numerator:			
Net income (loss)	\$ 139,713	\$ 141,515	\$ (95,533)
Denominator:			
Weighted average common shares outstanding	69,041	69,129	69,833
Effect of dilutive stock options and restricted stock units	1,752	2,549	—
Denominator for diluted earnings per share	<u>70,793</u>	<u>71,678</u>	<u>69,833</u>
Net income (loss) per share:			
Basic	\$ 2.02	\$ 2.05	\$ (1.37)
Diluted	\$ 1.97	\$ 1.97	\$ (1.37)

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

Note 14. Stockholders' Equity

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

As of October 3, 2020, an aggregate of 8.0 million shares were authorized for future issuance under the Company's stock plans, of which 3.6 million of such shares were issuable upon exercise of outstanding options and delivery of shares upon vesting of restricted stock units and 4.4 million shares of common stock were available for future grant. Awards other than stock options and stock appreciation rights reduce common stock available for grant by 1.36 shares for every share of common stock subject to such an award. Awards under the 2019 Plan and 2009 Plan that expire or are cancelled without delivery of shares generally become available for issuance under the 2019 Plan. The 2019 Plan will expire as to future grants in December 2028.

Stock Repurchase Program

During the fourth quarter of 2017, the Board of Directors approved a \$200 million stock repurchase plan and during the first quarter of 2020, the Board of Directors authorized the Company to purchase an additional \$200 million of its common stock. Neither plan provides for an expiration date. During 2020, 2019 and 2018, the Company repurchased 6.4 million shares, 0.3 million shares and 5.0 million shares of its common stock for \$166 million, \$7 million and \$146 million (including commissions), respectively, under these plans and as of October 3, 2020, \$135 million remains available under such plans. Although stock repurchases are intended to increase stockholder value by reducing the number of outstanding shares and to

offset the dilution that results from the issuance of shares under the Company's equity plans, repurchases of shares also reduce the Company's liquidity. As a result, the timing of future repurchases depends upon the Company's future capital needs, market conditions and other factors.

In addition to the repurchases discussed above, the Company repurchased 398,000, 207,000 and 334,000 shares of its common stock during 2020, 2019, and 2018, respectively, in settlement of employee tax withholding obligations due upon the vesting of restricted stock units. The Company paid \$13 million, \$6 million and \$12 million, respectively, to applicable tax authorities in connection with these repurchases.

Accumulated Other Comprehensive Income

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

	As of	
	October 3, 2020	September 28, 2019
	(In thousands)	
Foreign currency translation adjustments	\$ 85,343	\$ 86,268
Unrealized holding losses on derivative financial instruments	(22,202)	(19,888)
Unrecognized net actuarial loss and unrecognized transition cost for benefit plans	(28,255)	(24,121)
Total	<u>\$ 34,886</u>	<u>\$ 42,259</u>

Note 15. Business Segment, Geographic and Customer Information

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

The Company's operations are managed as two businesses:

- 1) Integrated Manufacturing Solutions (IMS). IMS is a reportable segment consisting of printed circuit board assembly and test, high-level assembly and test, and direct order fulfillment.
- 2) Components, Products and Services (CPS). Components include interconnect systems (printed circuit board fabrication, backplane, cable assemblies and plastic injection molding) and mechanical systems (enclosures and precision machining). Products include memory from our Viking Technology division; enterprise solutions from our Viking Enterprise Solutions division; RF, optical and microelectronics; defense and aerospace products from SCI Technology; and cloud-based manufacturing execution software from the Company's 42Q division. Services include design, engineering, global services (logistics and repair).

The Company evaluated its operating segments to determine whether they can be aggregated into reportable segments. Factors considered in this evaluation were similarity of economic characteristics, products, production processes, type or classes of customers, distribution methods and regulatory environments. The Company determined that it has only one reportable segment - IMS, which generated approximately 80% of the Company's total revenue in 2020. The Company's CPS business consists of multiple operating segments which, based on this evaluation, do not meet the quantitative threshold for being presented individually as reportable segments. Therefore, financial information for these operating segments is aggregated and presented in a single category entitled "Components, Products and Services".

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

The Company's chief operating decision making group is the Chief Executive Officer and Chief Financial Officer and they allocate resources and assess performance of operating segments based on a measure of revenue and gross profit that excludes items not directly related to the Company's ongoing business operations. These items are typically either non-recurring or non-cash in nature.

Segment information is as follows:

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
(In thousands)			
Gross sales:			
IMS	\$ 5,733,180	\$ 6,907,129	\$ 5,847,958
CPS	1,365,712	1,555,117	1,458,754
Intersegment revenue	(138,522)	(228,387)	(196,582)
Net Sales	<u>\$ 6,960,370</u>	<u>\$ 8,233,859</u>	<u>\$ 7,110,130</u>
Gross Profit:			
IMS	\$ 381,638	\$ 444,168	\$ 352,361
CPS	156,844	156,221 (1)	117,835
Total	538,482	600,389	470,196
Unallocated items (2)	(12,775)	(8,451)	(6,413)
Total	<u>\$ 525,707</u>	<u>\$ 591,938</u>	<u>\$ 463,783</u>
Depreciation and amortization:			
IMS	\$ 81,169	\$ 81,997	\$ 76,071
CPS	26,718	25,632	30,048
Total	107,887	107,629	106,119
Unallocated corporate items (3)	6,331	9,320	12,701
Total	<u>\$ 114,218</u>	<u>\$ 116,949</u>	<u>\$ 118,820</u>
Capital expenditures (receipt basis):			
IMS	\$ 23,933	\$ 79,943	\$ 87,421
CPS	23,915	28,629	28,696
Total	47,848	108,572	116,117
Unallocated corporate items (3)	3,227	3,836	2,480
Total	<u>\$ 51,075</u>	<u>\$ 112,408</u>	<u>\$ 118,597</u>

- (1) During the fourth quarter of 2018, the Company recorded a \$12.5 million pre-tax adjustment to correct errors that occurred from 2016 through the third quarter of 2018 with respect to the accounting for certain long-term contracts in one of the Company's CPS divisions. These errors are immaterial to all prior periods. The impact of this out-of-period adjustment on the full year fiscal 2018 was \$11 million which is also immaterial to 2018.
- (2) For purposes of evaluating segment performance, management excludes certain items from its measures of gross profit. These items consist of stock-based compensation expense, amortization of intangible assets, charges or credits resulting from distressed customers, litigation settlements and acquisition-related items.
- (3) Primarily related to selling, general and administration functions.

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

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

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
(In thousands)			
Net sales:			
Americas (1)	\$ 3,450,527	\$ 4,194,652	\$ 3,600,967
EMEA	995,838	1,051,192	841,961
APAC	2,514,005	2,988,015	2,667,202
Total	<u>\$ 6,960,370</u>	<u>\$ 8,233,859</u>	<u>\$ 7,110,130</u>

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

Percentage of net sales represented by ten largest customers	55.5 %	54.2 %	53.0 %
Number of customers representing 10% or more of net sales	1	1	1

	As of	
	October 3, 2020	September 28, 2019
(In thousands)		
Property, plant and equipment, net:		
Americas	\$ 327,991	\$ 369,985
EMEA	63,089	72,040
APAC	168,162	188,622
Total	<u>\$ 559,242</u>	<u>\$ 630,647</u>

Note 16. Stock-Based Compensation

Stock-based compensation expense was attributable to:

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
(In thousands)			
Stock options	\$ (1,145)	\$ 1,250	\$ 1,779
Restricted stock units, including performance-based awards	27,380	29,594	31,046
Total	<u>\$ 26,235</u>	<u>\$ 30,844</u>	<u>\$ 32,825</u>

Stock-based compensation expense was recognized as follows:

	Year Ended		
	October 3, 2020	September 28, 2019	September 29, 2018
(In thousands)			
Cost of sales	\$ 10,099	\$ 9,757	\$ 8,187
Selling, general and administrative	15,897	20,807	25,206
Research and development	239	280	(568)
Total	<u>\$ 26,235</u>	<u>\$ 30,844</u>	<u>\$ 32,825</u>

Restricted and Performance Stock Units

The Company grants restricted stock units and restricted stock units with performance conditions ("PSUs") to executive officers, directors and certain other employees. These units vest over periods ranging from one year to four years and/

or upon achievement of specified performance criteria and are automatically exchanged for shares of common stock at the vesting date. If performance metrics are not met within specified time limits, the award will be canceled. Compensation expense associated with restricted stock units and PSUs is recognized ratably over the vesting period, subject to probability of achievement for PSUs.

During the first two quarters of 2020, the Company granted PSUs for 304,500 shares for which vesting is contingent on cumulative non-GAAP earnings per share measured over three fiscal years. If a minimum threshold is not achieved, no shares will vest. If the minimum threshold is achieved or exceeded, the number of shares of common stock that will be issued will range from 80% to 120% of the number of PSUs granted, depending on the extent of performance. Additionally, the number of shares that vest may be adjusted up or down by up to 15% based on the Company's total shareholder return relative to that of its peer group over this same period. These PSUs will expire on December 31, 2022 if such performance conditions have not been met.

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

	Number of Shares (In thousands)	Weighted Average Grant-Date Fair Value (\$)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (\$) (In thousands)
Outstanding as of September 30, 2017	3,359	27.56	1.51	124,800
Granted	1,102	33.51		
Vested/Forfeited/Cancelled	(1,158)	25.31		
Outstanding as of September 29, 2018	3,303	30.33	1.21	97,913
Granted	1,843	25.09		
Vested/Forfeited/Cancelled	(1,993)	29.46		
Outstanding as of September 28, 2019	3,153	27.82	1.30	102,720
Granted	1,340	32.51		
Vested/Forfeited/Cancelled	(1,925)	28.62		
Outstanding as of October 3, 2020	2,568	29.67	1.23	71,571
Expected to vest as of October 3, 2020	2,093	29.85	1.26	58,337

The fair value of restricted stock units that vested during the year was \$43 million for 2020, \$29 million for 2019 and \$36 million for 2018. As of October 3, 2020, unrecognized compensation expense of \$34 million is expected to be recognized over a weighted average period of 1.3 years. Additionally, as of October 3, 2020, unrecognized compensation expense related to performance-based restricted stock units for which achievement of performance criteria was not currently considered probable was \$7 million.

Note 17. Employee Benefit Plans

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

The Company sponsors a deferred compensation plan for eligible employees that allows participants to defer payment of all or part of their compensation. Deferrals under this plan were immaterial. Assets associated with these plans were \$40 million and \$36 million as of October 3, 2020 and September 28, 2019, respectively. Liabilities associated with these plans were \$40 million and \$36 million as of October 3, 2020 and September 28, 2019, respectively. These amounts are recorded in other non-current assets and other long-term liabilities on the consolidated balance sheets.

Defined benefit plans covering certain employees in the United States and Canada were frozen in 2001. Employees who had not yet vested will continue to be credited with service until vesting occurs, but no additional benefits will accrue.

The Company also provides defined benefit pension plans in certain other countries. The assumptions used for calculating the pension benefit obligations for non-U.S. plans depend on the local economic environment and regulations. The measurement date for the Company's defined benefit plans is October 3, 2020.

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

	As of					
	October 3, 2020		September 28, 2019		September 29, 2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Plan Assets	\$ 15,430	\$ 23,575	\$ 15,421	\$ 23,877	\$ 16,784	\$ 26,114
Projected Benefit Obligation	25,704	64,453	24,221	58,842	22,586	50,930
Underfunded Status	<u>\$ 10,274</u>	<u>\$ 40,878</u>	<u>\$ 8,800</u>	<u>\$ 34,965</u>	<u>\$ 5,802</u>	<u>\$ 24,816</u>
Current Liabilities	\$ —	\$ 2,054	\$ —	\$ 1,443	\$ —	\$ 1,430
Non-current liabilities	10,274	38,824	8,800	33,522	5,802	23,386
Total liabilities	<u>\$ 10,274</u>	<u>\$ 40,878</u>	<u>\$ 8,800</u>	<u>\$ 34,965</u>	<u>\$ 5,802</u>	<u>\$ 24,816</u>

The Company's investment strategy is designed to help ensure that sufficient pension assets are available to pay benefits as they become due. Plan assets are invested in mutual funds that are valued using the NAV that is quoted in active markets (Level 1 input). These plans are managed consistent with regulations or market practices of the country in which the assets are invested. As of October 3, 2020 there were no significant concentrations of credit risk related to pension plan assets. All other amounts and assumptions were not material for any period presented herein.

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

None.

Item 9A. *Controls and Procedures*

(a) *Evaluation of Disclosure Controls and Procedures*

Our management is responsible for establishing and maintaining our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all error and all fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that their objectives are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits of disclosure controls and procedures must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of disclosure controls and procedures can provide absolute assurance that all disclosure control issues and instances of fraud, if any, have been detected. Nonetheless, our Chief Executive Officer and Chief Financial Officer have concluded that, as of October 3, 2020, (1) our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives, and (2) our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of October 3, 2020. In making this assessment, our management used the criteria established in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our management has concluded that, as of October 3, 2020, our internal control over financial reporting was effective based on the COSO criteria.

The effectiveness of our internal control over financial reporting as of October 3, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears under Item 8.

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

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended October 3, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information*

None.

PART III

The information called for by Items 10, 11, 12, 13 and 14 of Part III are incorporated by reference from our definitive Proxy Statement to be filed in connection with our 2021 Annual Meeting of Stockholders pursuant to Regulation 14A, except that the information regarding our executive officers called for by Item 401(b) of Regulation S-K has been included in Part I of this report.

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	52
Financial Statements:	
Consolidated Balance Sheets, As of October 3, 2020 and September 28, 2019	54
Consolidated Statements of Operations, Years Ended October 3, 2020, September 28, 2019 and September 29, 2018	55
Consolidated Statements of Comprehensive Income (Loss), Years Ended October 3, 2020, September 28, 2019 and September 29, 2018	56
Consolidated Statements of Stockholders' Equity, Years Ended October 3, 2020, September 28, 2019 and September 29, 2018	57
Consolidated Statements of Cash Flows, Years Ended October 3, 2020, September 28, 2019 and September 29, 2018	58
Notes to Consolidated Financial Statements	59

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

Schedule II-Valuation and Qualifying Accounts, Years Ended October 3, 2020, September 28, 2019 and September 29, 2018

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

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

(b) Exhibits

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

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10.22(14)*	Fifth Amendment to Sanmina Corporation Deferred Compensation Plan.
10.23(14)*	Sixth Amendment to Sanmina Corporation Deferred Compensation Plan.
10.24	Intentionally omitted
10.25	Intentionally omitted
10.26(14)±	Joinder Agreement and Amendment No. 2 to the Receivables Purchase Agreement, dated September 17, 2018, among Sanmina Corporation, Sanmina-SCI Systems Pte. Ltd., MUFG Bank Ltd., Wells Fargo Bank N.A., Bank of the West and MUFG Bank Ltd., as administrative agent.
10.27(24)‡	Amendment No. 3 to the Receivables Purchase Agreement, dated December 21, 2018, among Sanmina Corporation, Sanmina-SCI Systems Pte. Ltd., MUFG Bank Ltd., Wells Fargo Bank N.A., Bank of the West and MUFG Bank Ltd., as administrative agent.
10.28(32)	Amendment No. 1 to Fourth Amended and Restated Credit Agreement, dated as of January 16, 2019, by and among Sanmina Corporation, the lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent.
10.29(33)*	2019 Equity Incentive Plan, as amended
10.30(32)*	Form of Restricted Stock Unit Award Agreement for use under 2019 Equity Incentive Plan
10.31(32)*	Form of Stock Option Award Agreement for use under 2019 Equity Incentive Plan
10.32(34)	Amendment No. 2 to the Fourth Amended and Restated Credit Agreement dated as of April 5, 2019, by and among Sanmina Corporation, the lenders from time to time party thereto and Bank of America N.A., as Administrative Agent.
10.33(34) ±	Amendment No. 4 to the Receivables Purchase Agreement, dated April 3, 2019, among Sanmina Corporation, Sanmina-SCI Systems Pte. Ltd., MUFG Bank Ltd., Wells Fargo Bank N.A., Bank of the West and MUFG Bank Ltd., as administrative agent.
10.34 (10)	Amended and Restated Security Agreement, dated as of June 3, 2019, among Sanmina Corporation, certain subsidiaries of Sanmina Corporation party thereto as grantors and Bank of America, N.A. as administrative agent
10.35 (35)	Separation and Release Agreement dated January 10, 2020 between Sanmina Corporation and Michael Clarke
10.36	Separation and Release Agreement dated August 14, 2020 between Sanmina Corporation and Hartmut Liebel (filed herewith)
14.1 (10)	Code of Business Conduct and Ethics of the Registrant
21.1	Subsidiaries of the Registrant (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm (filed herewith).
31.1	Certification of the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1(36)	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2(36)	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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

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

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

- (1) Incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996, SEC File No. 000-21272, filed with the Securities and Exchange Commission ("SEC") on December 24, 1996.
- (2) Incorporated by reference to Exhibit 3.1(a) to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2001, filed with the SEC on May 11, 2001.
- (3) Incorporated by reference to Exhibit 3.1.2 to the Registrant's Registration Statement on Form S-4, filed with the SEC on August 10, 2001.
- (4) Incorporated by reference to Exhibit 3.1.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 29, 2001, filed with the SEC on December 21, 2001.
- (5) Incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K, filed with the SEC on December 5, 2008.
- (6) Incorporated by reference to Exhibit 3.6 to Registrant's Current Report on Form 8-K, filed with the SEC on August 19, 2009.
- (7) Incorporated by reference to Exhibit 3.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, filed with the SEC on November 21, 2012
- (8) Incorporated by reference to Exhibit 3.8 to the Registrant's Current Report on Form 8-K filed with the SEC on December 11, 2015.
- (9) Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed with the SEC on June 5, 2014.
- (10) Incorporated by reference to same numbered exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 28, 2019, filed with the SEC on November 8, 2019.
- (11) Incorporated by reference to Exhibit 10.75 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2008, filed with the SEC on August 4, 2008.
- (12) Incorporated by reference to Exhibit 10.74 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2008, filed with the SEC on August 4, 2008.
- (13) Incorporated by reference to Exhibit 10.42 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2008, filed with the SEC on August 4, 2008.
- (14) Incorporated by reference to the same numbered exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 29, 2018 filed with the SEC on November 15, 2018.
- (15) Incorporated by reference to Exhibit 10.40 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2009, filed with the SEC on May 5, 2009.
- (16) Incorporated by reference to Exhibit 10.43 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2009, filed with the SEC on May 5, 2009
- (17) Incorporated by reference to Exhibit 10.44 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2009, filed with the SEC on May 5, 2009
- (18) Incorporated by reference to Exhibit 10.45 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2009, filed with the SEC on May 5, 2009
- (19) Incorporated by reference to Exhibit 10.48 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2010, filed with the SEC on February 5, 2010.
- (20) Incorporated by reference to Exhibit 10.48 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2013, filed with the SEC on January 31, 2014.
- (21) Incorporated by reference to Exhibit 10.49 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2014 filed with the SEC on April 28, 2014.
- (22) Incorporated by reference to Current Report on Form 8-K filed by the Registrant with the SEC on May 21, 2014.
- (23) Incorporated by reference to Exhibit 10.30 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2015 filed with the SEC on July 24, 2015.
- (24) Incorporated by reference to same numbered exhibit to the Registrant's Quarterly Report on Form 10-Q for the first fiscal quarter ended December 29, 2018 filed with the SEC on February 7, 2019.
- (25) Incorporated by reference to Exhibit 10.28 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 2, 2015, filed with the SEC on November 19, 2015.
- (26) Incorporated by reference to Exhibit 10.29 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 2, 2015, filed with the SEC on November 19, 2015.
- (27) Incorporated by reference to Exhibit 10.30 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 2, 2015, filed with the SEC on November 19, 2015.
- (28) Incorporated by reference to Exhibit 10.31 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 2, 2015, filed with the SEC on November 19, 2015.

- (29) Incorporated by reference to Exhibit 10.32 to Registrant’s Annual Report on Form 10-K for the fiscal year ended September 30, 2017, filed with the SEC on November 13, 2017.
- (30) Incorporated by reference to Exhibit 10.33 to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018 filed with the SEC on May 2, 2018.
- (31) Incorporated by reference to Exhibit 10.34 to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2018 filed with the SEC on August 3, 2018.
- (32) Incorporated by reference to same number exhibit to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2019 filed with the SEC on May 2, 2019.
- (33) Incorporated by reference to same number exhibit to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2020 filed with the SEC on April 29, 2020.
- (34) Incorporated by reference to same number exhibit to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2019 filed with the SEC on August 1, 2019.
- (35) Incorporated by reference from Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended December 29, 2019 filed with the SEC on January 30, 2020.
- (36) This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Sanmina Corporation
(Registrant)

By: _____ /s/ Jure Sola
Jure Sola
Chief Executive Officer

Date: November 13, 2020

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

POWER OF ATTORNEY

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JURE SOLA</u> Jure Sola	Chairman and Chief Executive Officer and Director (Principal Executive Officer)	November 13, 2020
<u>/s/ KURT ADZEMA</u> Kurt Adzema	Chief Financial Officer (Principal Financial Officer)	November 13, 2020
<u>/s/ BRENT BILLINGER</u> Brent Billinger	Controller (Principal Accounting Officer)	November 13, 2020
<u>/s/ EUGENE A. DELANEY</u> Eugene A. Delaney	Director	November 13, 2020
<u>/s/ JOHN P. GOLDSBERRY</u> John P. Goldsberry	Director	November 13, 2020
<u>/s/ RITA S. LANE</u> Rita S. Lane	Director	November 13, 2020
<u>/s/ JOSEPH LICATA</u> Joseph Licata	Director	November 13, 2020
<u>/s/ KRISH PRABHU</u> Krish Prabhu	Director	November 13, 2020
<u>/s/ MARIO M. ROSATI</u> Mario M. Rosati	Director	November 13, 2020
<u>/s/ JACKIE M. WARD</u> Jackie M. Ward	Director	November 13, 2020

FINANCIAL STATEMENT SCHEDULE

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

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

	Balance at Beginning of Period	Charged to Operations	Charges Utilized	Balance at End of Period
	(In thousands)			
Allowances for Doubtful Accounts, Product Returns and Other Net Sales Adjustments				
Fiscal year ended September 29, 2018	\$ 14,334	\$ (2,123)	\$ —	\$ 12,211
Fiscal year ended September 28, 2019	\$ 12,211	\$ 270	\$ —	\$ 12,481
Fiscal year ended October 3, 2020	\$ 12,481	\$ (3,911)	\$ —	\$ 8,570

SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement ("Agreement") is made by and between Sanmina Corporation, for itself and on behalf of all its subsidiaries and affiliates, hereinafter referred to as the "Company," and Hartmut Liebel, hereinafter referred to as "Employee" and is dated as of August 14, 2020 (the "Effective Date").

WHEREAS, Employee has been employed by the Company since July 1, 2019; and

WHEREAS, the Company and Employee have mutually agreed to voluntarily terminate their employment relationship and to provide for certain payments and releases of claims;

NOW THEREFORE, in consideration of the mutual promises made herein, the Company and Employee (collectively referred to as the "Parties") hereby agree as follows:

1. Termination of Employment and Severance Benefits.

- (a) Employee hereby resigns from his positions as Chief Executive Officer and as a member of the Board of Directors, effective as of the Effective Date.
- (b) Notwithstanding the foregoing, Employee's employment with the Company shall continue until the close of business on August 24, 2020 (the "Termination Date"), at which time it shall terminate. On the Termination Date, the Company shall pay Employee for all salary and accrued vacation through the Termination Date.
- (c) On the Company's first regular payroll date following the date this Agreement becomes effective pursuant to Section 13 hereof, the Company shall pay Employee a lump sum of \$1,462,500.
- (d) In addition, effective as of the Termination Date, the Company shall accelerate the vesting of the equity awards granted to Employee under the Company's 2019 Equity Incentive Plan that are listed on Exhibit A hereto. Except as provided in Exhibit A hereto, all equity awards granted by the Company to Employee that are not vested as of the Termination Date shall be canceled as of the Termination Date.
- (e) All payments made by the Company under this Agreement shall be subject to applicable withholding and reporting obligations of the Company, including without limitation, obligations to withhold, if applicable, for applicable federal, state and local income and employment taxes.

2. No Other Benefits. Other than as provided herein, Employee shall not be entitled to participate in any of the Company's benefit plans following the Termination Date, except as provided in such plans. Employee agrees and acknowledges that he will not be entitled to participate in or receive any payment under the Company's 2020 Corporate Bonus Plan.

3. Company Property/Non Disclosure of Confidential Business Information. Employee shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Confidentiality Agreement between Employee and the Company, copy attached hereto as Exhibit B. Employee shall immediately return all the Company property, and confidential and proprietary information that is in his possession.

4. Non-disparagement. Each Party agrees not to make any disparaging or defamatory remarks, in writing, orally, or electronically, about the other, including, in the case of Employee, about any of the Company's practices, products, and services. This restriction applies to all formats and platforms now known or hereafter developed, whether written, printed, oral or electronic (including, without limitation, emails, blogs, internet and social media sites, chat or news rooms, podcasts, webcasts or any online forum).

5. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, and any and all other benefits due to Employee as of the Effective Date of this Agreement (other than payment of salary accrued through the Effective Date payable by the Company in arrears).

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

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

- Title VII of the Civil Rights Act of 1964;
- The Civil Rights Act of 1991;
- Sections 1981 through 1988 of Title 42 of the United States Code, as amended;
- The Employee Retirement Income Security Act of 1974 ("ERISA") (as modified below);

- The Immigration Reform and Control Act;
- The Americans with Disabilities Act of 1990;
- The Age Discrimination in Employment Act of 1967 (“ADEA”);
- The Workers Adjustment and Retraining Notification Act;
- The Occupational Safety and Health Act;
- The Sarbanes-Oxley Act of 2002;
- The Fair Credit Reporting Act;
- The Family and Medical Leave Act;
- The Equal Pay Act;
- The Genetic Information Nondiscrimination Act of 2008;
- The California Family Rights Act – Cal. Gov’t Code § 12945.2;
- The California Fair Employment and Housing Act – Cal. Gov’t Code § 12900 et seq.;
- The California Unruh Civil Rights Act – Cal. Civ. Code § 51 et seq.;
- Statutory Provisions Regarding the Confidentiality of AIDS Information – Cal. Health & Safety Code § 120775 et seq.;
- The California Confidentiality of Medical Information Act – Cal. Civ. Code § 56 et seq.;
- The California Parental Leave Law – Cal. Lab. Code § 230.7 et seq.;
- The California Apprenticeship Program Bias Law – Cal. Lab. Code § 3070 et seq.;
- The California Equal Pay Law – Cal. Lab. Code § 1197.5;
- The California Whistleblower Protection Law – Cal. Lab. Code § 1102.5;
- The California Military Personnel Bias Law – Cal. Mil. & Vet. Code § 394;
- Statutory Provisions Regarding California Family and Medical Leave – Cal. Lab. Code § 233;

- Statutory Provisions Regarding California Electronic Monitoring of Employees – Cal. Lab. Code § 435;
- The California Occupational Safety and Health Act, as amended, California Labor Code § 6300 et seq., and any applicable regulations thereunder;
- The California Obligations of Investigative Consumer Reporting Agencies Law – Cal. Civ. Code § 1786.10 et seq.;
- The California Political Activities of Employees Law – Cal. Lab. Code § 1101 et seq.;
- The California Domestic Violence Victim Employment Leave Law – Cal. Lab. Code § 230.1;
- The California Court Leave Law – Cal. Lab. Code § 230;
- Those other applicable provisions of the California Labor Code that lawfully may be released;
- The Florida Civil Rights Act – Fla. Stat. § 760.01, et seq.;
- Florida’s Private Whistleblower Protection Act – Fla. Stat. § 448.101, et seq.;
- Florida’s Statutory Provision Regarding Retaliation/Discrimination for Filing a Workers Compensation Claim – Fla. Stat. § 440.205;
- Florida’s Statutory Provision Regarding Wage Rate Discrimination Based on Sex – Fla. Stat. § 448.07;
- The Florida Equal Pay Act – Fla. Stat. § 725.07;
- The Florida Omnibus AIDS Act – Fla. Stat. § 760.50;
- Florida’s Statutory Provisions Regarding Employment Discrimination on the Basis of and Mandatory Screening or Testing for Sickle-Cell Trait – Fla. Stat. §§ 448.075, 448.076;
- Florida Minimum Wage Statute – § 218.077-78;
- Florida’s Wage Payment Laws, Fla. Stat. §§ 448.01, 448.08;
- Florida’s General Labor Regulations, Fla. Stat. ch. 448;
- Florida’s Prohibition Against Discrimination Based on AIDS – § 760.50;

- Florida's Discrimination on the Basis of Sickle Cell Trait Law – § 448.075;
- Florida's Domestic Violence Leave Law – § 741.313;
- Florida's Preservation and Protection of the Right to Keep and Bear Arms in Motor Vehicles Act – § 790.251;
- Florida's Public Sector Drug Free Workplace Law;
- Florida's Clean Indoor Air Act;
- Any other federal, state or local civil or human rights law or any other federal, state or local law, regulation or ordinance;
- Any public policy, contract, tort or common law; and
- Any basis for recovering costs, fees or other expenses, including attorneys' fees, incurred in these matters.

Without limiting the generality of the foregoing, Employee expressly releases and waives any and all claims set forth or that could have been set forth. This shall be a full and final release of all claims, known and unknown, foreseen and unforeseen, which have accrued to Employee against the Released Parties up to and including the date of Employee's execution of this Agreement, regardless of the adequacy of the compensation or the extent or character of the injuries and/or damages, known or unknown, and is intended to buy peace from any such claims. Employee expressly acknowledges and assumes all risk, chance, or hazard that any injuries and/or damages resulting from Employee's employment and/or separation from employment with the Company may become permanent, progressing, greater, or more extensive than is known, anticipated, or expected.

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

(c) Government Agencies. Nothing in this Agreement prohibits or prevents Employee from filing a charge with or participating, testifying, or assisting in any investigation, hearing, action, or other proceeding before any federal, state, or local government agency (e.g. EEOC, NLRB, SEC, etc.), nor does anything in this Agreement preclude, prohibit, or otherwise limit, in any way, Employee's rights and abilities to contact, communicate with, report matters to, or otherwise participate in any whistleblower program administered by any such government agencies. In addition, nothing in this Agreement, including, but not limited to, the

release of claims, prohibits Employee from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity, including, but not limited to, the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, or any agency Inspector General; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including, but not limited to, any such programs managed by the U.S. Securities and Exchange Commission or the Occupational Safety and Health Administration. However, to the maximum extent permitted by law and expressly excluding Employee's participation in any federal whistleblower programs, Employee agrees that if such an administrative claim is made, Employee shall not be entitled to recover any individual monetary relief or other individual remedies.

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

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

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

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

the true facts involved in the matters, disputes, or controversies released or described in this Agreement or with regard to any facts now unknown to Employee relating thereto.

8. Acknowledgements and Affirmations.

- (a) Employee affirms that Employee has not filed or caused to be filed any claim, complaint, or action against any of the Released Parties in any forum or form, and that Employee presently is not a party to any claim, complaint, or action against any of the Released Parties in any forum or form.
- (b) Employee also affirms that Employee has no known workplace injuries or occupational diseases and that Employee has been granted or has not been denied any leave to which Employee was entitled under the Family and Medical Leave Act or disability accommodation laws.
- (c) Employee affirms that all of the Company's decisions regarding Employee's pay and benefits through the date of Employee's execution of this Agreement were not discriminatory based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, medical condition, age, pregnancy, denial of medical and family care leave, pregnancy disability leave, or any other classification protected by law.
- (d) Employee affirms that as of the date Employee signs this Agreement, Employee is not Medicare eligible (*i.e.*, is not sixty-five (65) years of age or older; is not suffering from end-stage renal failure; has not received Social Security Disability Insurance benefits for twenty-four (24) months or longer, *etc.*). Nonetheless, if the Centers for Medicare & Medicaid Services (the "CMS") (this term includes any related agency representing Medicare's interests) determines that Medicare has an interest in the payment to Employee under this Agreement, Employee agrees to indemnify, defend, and hold the Released Parties harmless from any action by the CMS relating to medical expenses of Employee. Employee agrees to reasonably cooperate with the Released Parties upon request with respect to (i) any information needed to satisfy the reporting requirements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007, and (ii) any claim the CMS may make and for which Employee is required to indemnify the Released Parties under this Section. Further, Employee agrees to waive any and all future actions against the Released Parties for any private cause of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A).

9. Non-Solicitation. For a period of one (1) year from the Termination Date, in order to protect the confidential information of the Company, Employee agrees that he will not, directly or indirectly, or by action in concert with others, influence, induce or seek to influence or induce any person who is engaged as an employee, agent or independent contractor of the Company to terminate his or her relationship with the Company.

10. No Admission of Liability. No action taken by the Parties hereto, or either of them, either previously or in connection with this Agreement shall be deemed or construed to be (a) an admission of the truth or falsity of any claims heretofore made or (b) an acknowledgment or admission by either party of any fault or liability whatsoever to the other party or to any third party.

11. Job References and Unemployment Insurance. Employee shall direct all individuals inquiring about Employee's employment with the Company to the Company's Human Resources Department, which will follow the Company's policy by responding with only Employee's last position and dates of employment, except that this provision shall not apply to any request from a prospective employer who provides a release signed by Employee pursuant to the Fair Credit Reporting Act or any state counterpart. The Company will respond truthfully to any requests for information from any state agency. However, the Company agrees that it will not appeal an award of unemployment benefits to Employee or oppose an appeal or further action brought by Employee to obtain benefits.

12. Consideration and Revocation Periods – Notice.

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

(b) Employee further acknowledges that Employee has been advised to consult with an attorney of Employee's own choosing before signing this Agreement, in which Employee waives important rights, including those under the Age Discrimination in Employment Act.

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

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

(e) If Employee signs this Agreement before the twenty-one (21) day consideration period expires, the seven (7) day revocation period (described in Section O below) immediately shall begin. If Employee signs this Agreement before the twenty-one (21) day consideration period expires, Employee agrees that Employee knowingly and voluntarily has accepted the shortening of the twenty-one (21) day consideration period and that the Company has not promised Employee anything or made any representations that are

not contained in this Agreement. In addition, if Employee signs this Agreement before the twenty-one (21) day consideration period expires, Employee acknowledges and affirms that the Company has not threatened to withdraw or alter the offer contained in this Agreement prior to the expiration of the twenty-one (21) day consideration period.

(f) Employee may revoke this Agreement for a period of seven (7) calendar days following the date Employee signs it. Any revocation during this period must be submitted in writing and state, **“I hereby revoke my acceptance of our Agreement and General Release of All Claims.”** The revocation must be emailed to Alan Reid (alan.reid@sanmina.com), or mailed to Alan Reid, 2700 North First Street, San Jose, 95134, and postmarked within seven (7) calendar days after Employee’s execution of this Agreement. This Agreement shall not become effective and enforceable until the seven (7) day revocation period has expired.

13. Effective Date. Unless revoked, this Agreement shall be effective on the eighth (8th) day after Employee executes it.

14. Final and Binding Arbitration Governing Law. The Parties agree that in the event any disputes arise relating to the terms of this Agreement, their interpretation, and any of the matters herein released, the Parties shall submit such disputes to final and binding arbitration in San Jose, California before the American Arbitration Association (AAA) applying the laws of the State of California, notwithstanding any conflict of laws rules. The Company shall be responsible for any arbitration filing fee and other case management or administrative fee required by AAA. The cost of the arbitrator and, if charged separately, meeting room will be split equally between the parties. In an action to enforce any term or terms of this Agreement or to seek damages for breach of this Agreement, the prevailing party in that action shall be entitled to recover reasonable attorney’s fees.

15. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement and Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise against any of the claims or causes of action released herein.

16. No Representations. Each party represents that it has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither party has relied upon any representations or statements made by the other party hereto which are not specifically set forth in this Agreement.

17. Assignment. Employee’s rights and obligations under this Agreement shall not be assignable by Employee. The Company’s rights and obligations under this Agreement shall be assignable by the Company.

18. Successors. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by, Employee and the Company, their respective heirs, executors, administrators and assigns. In the event the Company is merged, consolidated, liquidated by a parent corporation, or

otherwise combined into one or more corporations, the provisions of this Agreement shall be binding upon and inure to the benefit of the parent corporation or the corporation resulting from such merger or to which the assets shall be sold or transferred, which corporation from and after the date of such merger, consolidation, sale or transfer shall be deemed to be the Company for purposes of this Agreement.

19. Headings. The headings of sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

20. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

21. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Employee with respect to his employment relationship with the Company, his compensation by the Company and his separation from the Company and supersedes and replaces any and all prior agreements and understandings with respect thereto; provided, however, that the Confidentiality Agreement referred to in Section 3 hereof shall not be superseded by this Agreement.

22. No Oral Modification. This Agreement may only be amended in writing signed by Employee and the Company's Executive Vice President, Global Human Resources.

24. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

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

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

HAVING ELECTED TO EXECUTE THIS AGREEMENT, TO FULFILL THE PROMISES AND TO RECEIVE THE CONSIDERATION SET FORTH IN SECTION 1 HEREOF, EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EMPLOYEE HAS OR MIGHT HAVE AGAINST THE RELEASED PARTIES AS OF THE DATE OF EXECUTION OF THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

SANMINA CORPORATION

Dated: August 20, 2020

By: /s/ Alan Reid

Alan Reid

Executive Vice President, Global Human Resources

Dated: August 20, 2020

/s/ Hartmut Liebel

Hartmut Liebel

EXHIBIT A

EQUITY AWARDS BEING ACCELERATED

Grant Type	Grant Date	Number of Unvested Shares attributable to grant as of August 21, 2020	Number of Unvested Shares Accelerated
RSU	December 16, 2019	25,000	8,333

EXHIBIT B
CONFIDENTIALITY AGREEMENT EXECUTED BY EMPLOYEE

LIST OF SUBSIDIARIES

Entity Name	Jurisdiction
AET Holdings Limited	Mauritius
CertainSource Technology Group Inc.	Texas
CST Real Estate LLC	Texas
Davos Group Limited	British Virgin Islands
Hadco Corporation	Massachusetts
Hadco Santa Clara, Inc.	Delaware
MPSTOR Limited	Ireland
Primary Sourcing Corp.	Texas
Sanmina (B.V.I.) Ltd	British Virgin Islands
Sanmina Dutch Holdings B.V.	Netherlands
Sanmina Enclosures Systems Hungary Limited Liability Company	Hungary
Sanmina Holdings, Inc.	Delaware
Sanmina Ireland Unlimited Company	Ireland
Sanmina SAS	France
Sanmina-SCI (China) Limited	Hong Kong
Sanmina-SCI (H.K.) Limited	Hong Kong
Sanmina-SCI (Shenzhen) Limited	China
Sanmina-SCI AB	Sweden
Sanmina-SCI Central Services	France
Sanmina-SCI Circuits (Wuxi) Co., Ltd	China
Sanmina-SCI Corporation (Malaysia) Sdn Bhd	Malaysia
Sanmina-SCI Corporation Africa (Pty) Ltd.	South Africa
Sanmina-SCI Corporation Argentina SA	Argentina
Sanmina-SCI Corporation Colombia S.A.S.	Colombia
Sanmina-SCI Czech Republic s.r.o.	Czech Republic
Sanmina-SCI de Mexico S.A. de C.V.	Mexico
Sanmina-SCI do Brasil Integration Ltda.	Brazil
Sanmina-SCI do Brasil Ltda.	Brazil
Sanmina-SCI do Brasil Technology Ltda.	Brazil
Sanmina-SCI Dutch Holdings B.V.	Netherlands
Sanmina-SCI Electronics Pte. Ltd.	Singapore
Sanmina-SCI EMS Haukipudas Oy	Finland
Sanmina-SCI Enclosure Systems (Asia) Limited	Hong Kong
Sanmina-SCI Enclosure Systems (Shenzhen) Limited	China
Sanmina-SCI Enclosure Systems (Suzhou) Co. Ltd.	China
Sanmina-SCI Germany GmbH	Germany
Sanmina-SCI Holding (Thailand) Limited	Thailand
Sanmina-SCI Holding GmbH & Co. KG	Germany
Sanmina-SCI Holdings Australia PTY LTD	Australia
Sanmina-SCI Hungary Electronics Manufacturing LLC	Hungary
Sanmina-SCI Hungary Holding Limited Liability Company	Hungary
Sanmina-SCI India Private Limited	India
Sanmina-SCI Israel EMS Ltd.	Israel

Entity Name	Jurisdiction
Sanmina-SCI Israel Medical Systems Ltd	Israel
Sanmina-SCI Optical Technology (Shenzhen) Ltd	China
Sanmina-SCI Pte. Ltd.	Singapore
Sanmina-SCI RSP de Mexico, S.A. de C.V.	Mexico
Sanmina-SCI Systems (Kunshan) Co., Limited	China
Sanmina-SCI Systems (Malaysia) Sdn. Bhd.	Malaysia
Sanmina-SCI Systems (Thailand) Ltd.	Thailand
Sanmina-SCI Systems Australia Pty Ltd	Australia
Sanmina-SCI Systems de Mexico S.A. de C.V.	Mexico
Sanmina-SCI Systems Holdings, LLC	Delaware
Sanmina-SCI Systems Ireland Limited	Ireland
Sanmina-SCI Systems Israel LTD.	Israel
Sanmina-SCI Systems Japan, Ltd.	Japan
Sanmina-SCI Systems Singapore Pte. Ltd.	Singapore
Sanmina-SCI Systems Tel Aviv Ltd.	Israel
Sanmina-SCI Technology India Pvt Ltd	India
Sanmina-SCI Technology Limited	Cayman Islands
Sanmina-SCI U.K. Limited	United Kingdom
Sanmina-SCI/TAG de Mexico, S.A. de C.V.	Mexico
SCI Brockville Corp.	Canada
SCI Technology, Inc.	Alabama
SensorWise, Inc.	Texas

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-131360, 333-61042, 333-50282, 333-39316, 333-95467, 333-84221, 333-84039, 333-76279, and 333-71313) and on Form S-8 (Nos. 333-237898, 333-231175, 333-228406, 333-221515, 333-214706, 333-203596, 333-195455, 333-188085, 333-182042, 333-172128, 333-165435, 333-157099, 333-84704, 333-112605, 333-108942, 333-104692, 333-100236, 333-87946, 333-84704, 333-83110, 333-75616, 333-64294, 333-39930, 333-79259, and 333-23565) of Sanmina Corporation of our report dated November 13, 2020 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Jose, California

November 13, 2020

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302(A) OF
THE SARBANES-OXLEY ACT OF 2002

I, Jure Sola, certify that:

1. I have reviewed this Annual Report on Form 10-K of Sanmina Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 13, 2020

/s/ JURE SOLA

Jure Sola

Chief Executive Officer (Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302(A) OF
THE SARBANES-OXLEY ACT OF 2002

I, Kurt Adzema, certify that:

1. I have reviewed this Annual Report on Form 10-K of Sanmina Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 13, 2020

/s/ KURT ADZEMA

Kurt Adzema

Chief Financial Officer (Principal Financial Officer)

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

Pursuant to the requirement set forth in Section 1350 of Chapter 63 of Title 18 of the United States of America Code (18 U.S.C. §1350), Jure Sola, Chief Executive Officer of Sanmina Corporation (the "Company"), hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2020, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has set his hand hereto as of November 13, 2020.

/s/ JURE SOLA

Jure Sola

Chief Executive Officer (Principal Executive Officer)

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Sanmina Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

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

Pursuant to the requirement set forth in Section 1350 of Chapter 63 of Title 18 of the United States of America Code (18 U.S.C. §1350), Kurt Adzema, Chief Financial Officer of Sanmina Corporation (the "Company"), hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2020, to which this Certification is attached as Exhibit 32.2 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has set his hand hereto as of November 13, 2020.

/s/ KURT ADZEMA

Kurt Adzema

Chief Financial Officer (Principal Financial Officer)

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Sanmina Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.