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280000785786us-gaap:ImpairedLongLivedAssetsHeldAndUsedAssetNameDomain2024-12-28Table of ContentsUNITED STATES SECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549____FORM 10-Q
____(Mark One)â˜’QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended December 28, 2024 ORâ˜TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the transition period from ______ to ______Commission File Number 001-14423
____PLEXUS CORP. (Exact name of registrant as specified in charter)____Wisconsin39-1344447(State or other jurisdiction of incorporation)Â (I.R.S. Employer Identification No.)One Plexus Way Neenah, Wisconsin 54957 (Address of principal executive offices) (Zip Code) Telephone Number (920)Â 969-6000 (Registrantâ€™s telephone number, including Area Code)Â Securities registered pursuant to Section 12(b) of the Act:Title of each classTrading SymbolName of each exchange on which registeredCommon Stock, $0.01 par valuePLXSThe Nasdaq Global Select Market Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.Â Â Â Â YesÂ Â xÂ Â Â Â NoÂ Â oÂ 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 (Â§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).Â Â Â Â YesÂ Â xÂ Â Â Â NoÂ Â oÂ 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 the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filerxAccelerated filerâ˜Non-accelerated filerÂ Â â˜Smaller reporting companyâ˜Emerging growth companyâ˜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. Â¨Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the ExchangeÂ Act).Â Â Â Â YesÂ Â â˜Â Â Â Â NoÂ Â â˜’ As of JanuaryÂ 28, 2025, there were 27,040,158 shares of common stock outstanding.Â Â Â Â 1Table of ContentsPLEXUS CORP.TABLE OF CONTENTSDecemberÂ 28, 2024 Â PARTÂ I. 2Table of ContentsPART I.Â Â Â Â FINANCIAL INFORMATIONITEM 1.Â Â Â Â FINANCIAL STATEMENTSPLEXUS CORP. AND SUBSIDIARIESCONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME(in thousands, except per share data)(Unaudited)Three Months EndedDecember 28, 2024December 30, 2023Net sales$976,122Â $982,607Â Cost of sales875,430Â 894,467Â Gross profit100,692Â 88,140Â Selling and administrative expenses49,149Â 42,982Â Restructuring and other charges4,683Â â€”Â Operating income46,860Â 45,158Â Other income (expense):Interest expense(3,554)(7,617)Interest income1,234Â 808Â Miscellaneous, net(1,046)(3,502)Income before income taxes43,494Â 34,847Â Income tax expense6,227Â 5,632Â Net income$37,267Â $29,215Â Earnings per share:Basic$1.38Â $1.06Â Diluted$1.34Â $1.04Â Weighted average shares outstanding:Basic27,087Â 27,485Â Diluted27,763Â 28,013Â Comprehensive income:Net income$37,267Â $29,215Â Other comprehensive (loss) income:Derivative instrument and other fair value adjustments(16,756)8,397Â Â Â Â Â Â Foreign currency translation adjustments(17,360)12,489Â Other comprehensive (loss) income(34,116)20,886Â Total comprehensive income$3,151Â $50,101Â The accompanying notes are an integral part of these condensed consolidated financial statements.3Table of ContentsPLEXUS CORP. AND SUBSIDIARIESCONDENSED CONSOLIDATED BALANCE SHEETS(in thousands, except per share data)(Unaudited)December 28, 2024September 28, 2024ASSETSCurrent assets:Cash and cash equivalents$317,161Â $345,109Â Restricted cash688Â 2,353Â Accounts receivable, net of allowances of $3,045 and $3,189, respectively597,470Â 622,366Â Contract assets128,086Â 120,560Â Inventories1,290,179Â 1,311,434Â Prepaid expenses and other53,739Â 75,328Â Total current assets2,387,323Â 2,477,150Â Property, plant and equipment, net505,108Â 501,112Â Operating lease right-of-use assets78,045Â 74,360Â Deferred income taxes73,832Â 73,919Â Other assets27,009Â 27,280Â Total non-current assets683,994Â 676,671Â Total assets$3,071,317Â $3,153,821Â LIABILITIES AND SHAREHOLDERSâ€™ EQUITYCurrent liabilities:Current portion of long-term debt and finance lease obligations$121,977Â $157,325Â Accounts payable666,118Â 606,378Â Advanced payments from customers625,315Â 709,152Â Accrued salaries and wages78,458Â 94,448Â Other accrued liabilities73,507Â 75,991Â Total current liabilities1,565,375Â 1,643,294Â Long-term debt and finance lease obligations, net of current portion88,728Â 89,993Â Accrued income taxes payable17,198Â 17,198Â Long-term operating lease liabilities35,124Â 32,275Â Deferred income taxes 7,233Â 8,234Â Other liabilities38,590Â 38,002Â Total non-current liabilities186,873Â 185,702Â Total liabilities1,752,248Â 1,828,996Â Commitments and contingenciesShareholdersâ€™ equity:Preferred stock, $0.01 par value, 5,000 shares authorized, none issued or outstandingâ€”Â â€”Â Common stock, $0.01 par value, 200,000 shares authorized, 54,514 and 54,489 shares issued, respectively, and 27,062 and 27,122 shares outstanding, respectively545Â 545Â Additional paid-in capital684,555Â 680,638Â Common stock held in treasury, at cost, 27,452 and 27,367 shares, respectively(1,202,939)(1,190,115)Retained earnings1,860,410Â 1,823,143Â Accumulated other comprehensive (loss) income(23,502)10,614Â Total shareholdersâ€™ equity1,319,069Â 1,324,825Â Total liabilities and shareholdersâ€™ equity$3,071,317Â $3,153,821Â The accompanying notes are an integral part of these condensed consolidated financial statements.4Table of ContentsPLEXUS CORP. AND SUBSIDIARIESCONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERSâ€™ EQUITY(in thousands)(Unaudited)Three Months EndedDecember 28, 2024December 30, 2023Common stock - shares outstandingBeginning of period27,122Â 27,466Â Exercise of stock options and vesting of other share-based awards25Â 38Â Treasury shares purchased(85)â€”Â End of period27,062Â 27,504Â Total stockholders' equity, beginning of period$1,324,825Â $1,214,382Â Common stock - par valueBeginning of period545Â 543Â Exercise of stock options and vesting of other share-based awardsâ€”Â â€”Â End of period545Â 543Â Additional paid-in capitalBeginning of period680,638Â 661,270Â Share-based compensation expense6,990Â 5,178Â Exercise of stock options and vesting of other share-based awards, including tax withholding(3,073)(2,906)End of period684,555Â 663,542Â Treasury stockBeginning of period(1,190,115)(1,134,429)Treasury shares purchased(12,824)â€”Â End of period(1,202,939)(1,134,429)Retained earningsBeginning of period1,823,143Â 1,711,328Â Net income37,267Â 29,215Â End of period1,860,410Â 1,740,543Â Accumulated other comprehensive (loss) incomeBeginning of period10,614Â (24,330)Other comprehensive (loss) income(34,116)20,886Â End of period(23,502)(3,444)Total stockholders' equity, end of period$1,319,069Â $1,266,755Â The accompanying notes are an integral part of these condensed consolidated financial statements.5Table of ContentsPLEXUS CORP. AND SUBSIDIARIESCONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS(in thousands) (Unaudited)Three Months EndedDecember 28, 2024December 30,

2023Cash flows from operating activitiesNet income$37,267Â $29,215Â Adjustments to reconcile net income to net cash flows from operating activities:Depreciation and amortization19,408Â 19,141Â Share-based compensation expense and related charges6,990Â 5,178Â Other, net(1,085)443Â Changes in operating assets and liabilities, excluding impacts of currency:Accounts receivable17,716Â 9,432Â Contract assets(7,830)10,732Â Inventories10,923Â (5,057)Other current and non-current assets5,535Â (3,988)Accrued income taxes payable1,475Â (275)Accounts payable62,196Â 6,024Â Advanced payments from customers(79,688)(52,721)Other current and non-current liabilities(19,270)(21,153)Cash flows provided by (used in) operating activities53,637Â (3,029)Cash flows from investing activitiesPayments for property, plant and equipment(26,528)(28,656)Other, net47Â 65Â Cash flows used in investing activities(26,481)(28,591)Cash flows from financing activitiesBorrowings under debt agreements39,500Â 133,000Â Payments on debt and finance lease obligations(76,366)(124,328)Repurchases of common stock(12,824)â€"Â Proceeds from exercise of stock optionsâ€"Â 182Â Payments related to tax withholding for share-based compensation(3,073)(3,091)Cash flows (used in) provided by financing activities(52,763)5,763Â Effect of exchange rate changes on cash and cash equivalents(4,006)1,615Â Net decrease in cash and cash equivalents and restricted cash(29,613)(24,242)Cash and cash equivalents and restricted cash:Beginning of period347,462Â 256,654Â End of period$317,849Â $232,412Â The accompanying notes are an integral part of these condensed consolidated financial statements.6Table of ContentsPLEXUS CORP. AND SUBSIDIARIESNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTSFOR THE THREE MONTHS ENDED DECEMBERÂ 28, 2024 AND DECEMBERÂ 30, 2023Unaudited1.Â Â Â Â Basis of PresentationThe accompanying Condensed Consolidated Financial Statements included herein have been prepared by Plexus Corp. and its subsidiaries (together â€œPlexusâ€ or the â€œCompanyâ€) without audit and pursuant to the rules and regulations of the United States (â€œU.S.â€) Securities and Exchange Commission (â€œSECâ€). The accompanying Condensed Consolidated Financial Statements reflect all adjustments, which include normal recurring adjustments necessary for the fair statement of the condensed consolidated financial position of the Company as of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, the results of operations and shareholders' equity for theÂ three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023, and the cash flows for the same three month periods.The Companyâ€™s fiscal year ends on the Saturday closest to SeptemberÂ 30. The Company also uses a "4-4-5" weekly accounting system for the interim periods in each quarter. Each quarter, therefore, ends on a Saturday at the end of the 4-4-5 period. Periodically, an additional week must be added to the fiscal year to re-align with the Saturday closest to SeptemberÂ 30. All fiscal quarters presented herein included 13 weeks.Certain information and footnote disclosures, normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), have been condensed or omitted pursuant to the SECâ€™s rules and regulations dealing with interim financial statements. However, the Company believes that the disclosures made in the Condensed Consolidated Financial Statements included herein are adequate to make the information presented not misleading. It is suggested that these Condensed Consolidated Financial Statements be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Companyâ€™s 2024 Annual Report on Form 10-K.The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and notes thereto. The full extent to which current global events and economic conditions will impact the Company's business and operating results will depend on future developments that are highly uncertain and cannot be accurately predicted. The Company has considered information available as of the date of issuance of these financial statements and is not aware of any specific events or circumstances that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information becomes available. Actual results could differ materially from these estimates. In the first quarter of fiscal 2025, the Company changed internal management reporting to focus on value-add sales in each region and adjusted the allocation of certain corporate costs among reportable segments. These changes have been implemented and are consistent with what is provided to the Chief Operating Decision Maker ("CODM"). The Company's composition of operating segments and reportable segments did not change. Net sales and operating income for the three reportable segments for the current period and comparative periods presented have been recast to conform to those changes. These changes had no effect on the Company's consolidated net sales, operating income or net income for the current or comparative periods.Recently Issued Accounting Pronouncements Not Yet Adopted: In November 2023, the FASB issued ASU 2023-07 Segment Reporting (Topic 280), which requires enhanced disclosures for segment reporting. Early adoption is permitted. The Company expects the new guidance will have an immaterial impact on its consolidated financial statements, and intends to adopt the guidance retrospectively when it becomes effective in the fourth quarter of fiscal 2025. In December 2023, the FASB issued ASU 2023-09 Income Taxes (Topic 740), which requires enhanced disclosures for income taxes. Early adoption is permitted. The Company expects the new guidance will have an immaterial impact on its consolidated financial statements, and intends to adopt the guidance prospectively when it becomes effective in the first quarter of fiscal 2026.In March 2024, the SEC adopted final rules to require registrants to disclose certain climate-related information in registration statements and annual reports. The SEC stayed its climate disclosure rules to facilitate the orderly judicial resolution of pending legal challenges. The Company is currently evaluating the impacts that the SEC's rule will have on its financial statement disclosures. 7Table of ContentsIn November 2024, the FASB issued ASU 2024-03 Disaggregation of Income Statement Expense (Subtopic 220-40), which requires disaggregated information about certain income statement expense line items. The guidance is effective for the Company beginning in fiscal 2028. Early adoption is permitted. The Company is currently evaluating the impact that the updated standard will have on its financial statement disclosures.The Company does not believe that any other recently issued accounting standards will have a material impact on its Consolidated Financial Statements or apply to its operations.2.Â Â Â Â InventoriesInventories as of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024 consisted of the following (in thousands):December 28, 2024September 28, 2024Raw materials$1,143,497Â $1,184,222Â Work-in-process56,487Â 49,513Â Finished goods90,195Â 77,699Â Total inventories$1,290,179Â $1,311,434Â In certain circumstances, per contractual terms, customer deposits are received by the Company to offset inventory risks. The total amount of customer deposits related to inventory are included within advanced payments from customers on the accompanying Condensed Consolidated Balance Sheets. As of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, these customer deposits totaled $457.2 million and $536.2 million, respectively. 3.Â Â Â Â Debt, Finance Lease and Other Financing ObligationsDebt and finance lease obligations as of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, consisted of the following (in thousands):December 28, 2024September 28, 20244.05% Senior Notes, due June 15, 2025$100,000Â $100,000Â 4.22% Senior Notes, due June 15, 202850,000Â 50,000Â Borrowings under the Credit Facility15,000Â 50,000Â Finance lease and other financing obligations46,442Â 48,142Â Unamortized deferred financing fees(737)(824)Total obligations210,705Â 247,318Â Less: current portion(121,977)(157,325)Long-term debt, finance lease and other financing obligations, net of current portion$88,728Â $89,993Â As of DecemberÂ 28, 2024, the Company was in compliance with covenants for all debt agreements.During the three months ended DecemberÂ 28, 2024, the highest daily borrowing under the Company's 5-year senior unsecured revolving credit facility (referred to as the "Credit Facility") was $50.0 million; the average daily borrowings were $40.0 million. The fair value of the Companyâ€™s debt, excluding finance lease and other financing obligations, was $161.4 million and $197.8 million as of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, respectively. The carrying value of the Company's debt, excluding finance lease and other financing obligations, was $165.0 million and $200.0 million as of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, respectively. If measured at fair value in the financial statements, the Company's debt would be classified as Level 1 in the fair value hierarchy. Refer to Note 4, "Derivatives and Fair Value Measurements," for further information regarding the Company's fair value calculations and classifications.8Table of Contents4.Â Â Â Â Derivatives and Fair Value MeasurementsAll derivatives are recognized in the accompanying Condensed Consolidated Balance Sheets at their estimated fair value. The Company uses derivatives to manage the variability of foreign currency obligations. The Company has cash flow hedges related to forecasted foreign currency obligations, in addition to non-designated hedges to manage foreign currency exposures associated with certain foreign currency denominated assets and liabilities. The Company does not enter into derivatives for speculative purposes. The Company designates some foreign currency exchange contracts as cash flow hedges of forecasted foreign currency expenses. Changes in the fair value of the derivatives that qualify as cash flow hedges are recorded in "Accumulated other comprehensive (loss) income" in the accompanying Condensed Consolidated Balance Sheets until earnings are affected by the variability of the cash flows. In the next twelve months, the Company estimates that $5.5 million of unrealized losses, net of tax, related to cash flow hedges will be reclassified from other comprehensive (loss) income into earnings. Changes in the fair value of the non-designated derivatives related to recognized foreign currency denominated assets and liabilities are recorded in "Miscellaneous, net" in the accompanying Condensed Consolidated Statements of Comprehensive Income.The Company enters into forward currency exchange contracts for its operations in certain jurisdictions in the AMER and APAC segments on a rolling basis. The Company had cash flow hedges outstanding with a notional value of $242.2 million as of DecemberÂ 28, 2024, and a notional value of $186.5 million as of SeptemberÂ 28, 2024. These forward currency contracts fix the exchange rates for the settlement of future foreign currency obligations that have yet to be realized. The total fair value of the forward currency exchange contracts was a $5.5 million liability as of DecemberÂ 28, 2024, and a $11.3 million asset as of SeptemberÂ 28, 2024.The Company had additional forward currency exchange contracts outstanding with a notional value of $152.3 million as of DecemberÂ 28, 2024, and a notional value ofÂ $144.0 millionÂ as ofÂ SeptemberÂ 28, 2024. The Company did not designate these derivative instruments as hedging instruments. The net settlement amount (fair value) related to these contracts is recorded on the Condensed Consolidated Balance Sheets as either a current or long-term asset or liability, depending on the term, and as an element of "Miscellaneous, net" in the Condensed Consolidated Statements of Comprehensive Income. The total fair value of these derivatives was a $1.6Â million liability as of DecemberÂ 28, 2024, and a $2.7Â million asset as of SeptemberÂ 28, 2024.The tables below present information regarding the fair values of derivative instruments and the effects of derivative instruments on the Companyâ€™s Condensed Consolidated Financial Statements:Fair Values of Derivative Instruments (in thousands)Â Â Derivative AssetsDerivative LiabilitiesÂ Â Â Â December 28,2024September 28,2024Â Â December 28,2024September 28,2024DerivativesÂ designated asÂ hedgingÂ instrumentsBalance sheetclassificationFairÂ ValueFairÂ ValueBalance sheetclassificationFairÂ ValueFairÂ ValueForeign currency forward contractsPrepaid expenses and other$103Â $16,294Â Other accrued liabilities$5,585Â $5,020Â Fair Values of Derivative Instruments (in thousands)Â Â Derivative AssetsDerivative LiabilitiesÂ Â Â Â December 28,2024September 28,2024Â Â December 28,2024September 28,2024DerivativesÂ not designated asÂ hedgingÂ instrumentsBalance sheetclassificationFairÂ ValueFairÂ ValueBalance sheetclassificationFairÂ ValueFairÂ ValueForeign currency forward contractsPrepaid expenses and other$869Â $3,868Â Other accrued liabilities$2,462Â $1,125Â 9Table of ContentsThe Effect of Cash Flow Hedge Accounting on Accumulated Other Comprehensive (Loss) Income ("OCI") (in thousands)for the Three Months EndedDerivatives inÂ cashÂ flowÂ hedging relationshipsAmountÂ ofÂ (Loss) Gain RecognizedÂ in OCIÂ on DerivativesDecember 28, 2024December 30, 2023Foreign currency forward contracts$(14,303)$5,446Â Derivative Impact on Gain (Loss) Recognized in Condensed Consolidated Statements of Comprehensive Income (in thousands)for the Three Months EndedDerivativesÂ inÂ cashÂ flowÂ hedging relationshipsClassificationÂ of Gain (Loss) Reclassified from Accumulated OCI into IncomeAmountÂ of Gain (Loss)Â ReclassifiedÂ from AccumulatedÂ OCIÂ into IncomeÂ December 28, 2024December 30, 2023Foreign currency forward contractsCost of sales$2,303Â $(2,789)Foreign currency forward contractsSelling and administrative expenses150Â (162)Derivatives not designated as hedging instrumentsLocation of Gain Recognized on Derivatives in IncomeAmount of Gain on Derivatives Recognized in IncomeDecember 28, 2024December 30, 2023Foreign currency forward contractsMiscellaneous, net$4Â $2,340Â Fair Value Measurements:Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses quoted market prices when available or discounted cash flows to calculate fair value. The accounting guidance establishes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. The input levels are:Level 1:Â Quoted (observable) market prices in active markets for identical assets or liabilities.Level 2:Â Inputs other than Level 1 that are observable, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.Level 3:Â Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.The following table lists the fair values of the Companyâ€™s derivatives as of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, by input level:Fair Value Measurements Using Input Levels (Liability) Asset (in thousands)Fiscal period ended DecemberÂ 28, 2024Level 1Level 2Level 3TotalDerivativesÂ Â Â Â Foreign currency forward contracts$â€"Â $(7,075)$â€"Â $(7,075)Fiscal period ended SeptemberÂ 28, 2024DerivativesForeign currency forward contracts$â€"Â $14,017Â $â€"Â $14,017Â The fair value of foreign currency forward contracts is determined using a market approach, which includes obtaining directly or indirectly observable values from third parties active in the relevant markets. Inputs in the fair value of the foreign currency forward contracts include prevailing forward and spot prices for currency.10Table of Contents5.Â Â Â Â Income TaxesIncome tax expense for the three months ended DecemberÂ 28, 2024 was $6.2 million compared to $5.6 million for the three months ended DecemberÂ 30, 2023. The effective tax rate for the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023 were 14.3% and 16.2% respectively. The effective tax rate for the three months ended DecemberÂ 28, 2024 was lower than the effective tax rate for the three months ended DecemberÂ 30, 2023 primarily due to a change in the geographic distribution of pre-tax book income.The amount of unrecognized tax benefits recorded for uncertain tax positions increased by $0.7Â million for the three months ended DecemberÂ 28, 2024. The Company recognizes accrued interest and penalties on uncertain tax positions as a component of income tax expense. The amount of interest and penalties recorded for the three months ended DecemberÂ 28, 2024 was $0.3Â million.Within the next 12 months, it is reasonably possible that federal, state and foreign tax audit resolutions could reduce unrecognized tax benefits by approximately $8.7Â million, either because the Companyâ€™s tax positions are sustained on audit, the Company agrees to their disallowance or the statute of limitations closes. The Company is currently under examination by taxing authorities in the U.S. and a foreign jurisdiction. The Company maintains valuation allowances when it is more likely than not that all or a portion of a net deferred tax asset will not be realized. During the three months ended DecemberÂ 28, 2024, the Company continued to record a full valuation allowance against its net deferred tax assets in certain jurisdictions within the EMEA and APAC segments and a partial valuation against its net deferred tax assets in certain jurisdictions within the AMER segment, as it was more likely than not that these assets would not be fully realized based primarily on historical performance. The Company will continue to provide a valuation allowance against its net deferred tax assets in each of the applicable jurisdictions going forward until it determines it is more likely than not that the deferred tax assets will be realized.6.Â Â Â Â Earnings Per ShareThe following is a reconciliation of the amounts utilized in the computation of basic and diluted earnings per share for the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023 (in thousands, except per share amounts): Three Months EndedÂ December 28, 2024December 30, 2023Net income$37,267Â $29,215Â Basic weighted average common shares outstanding27,087Â 27,485Â Dilutive effect of share-based awards and options outstanding676Â 528Â Diluted weighted average shares outstanding27,763Â 28,013Â Earnings per share:Basic$1.38Â $1.06Â Diluted$1.34Â $1.04Â For the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023, there were no antidilutive awards. See also Note 12, "Shareholders' Equity," for information regarding the Company's share repurchase plans.11Table of Contents7.Â Â Â Â LeasesThe components of lease expense for the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023 indicated were as follows (in thousands):Three Months EndedDecember 28, 2024December 30, 2023Finance lease expense:Â Â Â Amortization of right-of-use assets$1,357Â $1,518Â Â Â Â Interest on lease liabilities1,426Â 1,322Â Operating lease expense2,584Â 2,618Â Other lease expense908Â 2,062Â Total$6,275Â $7,520Â Based on the nature of the right-of-use ("ROU") asset, amortization of finance lease ROU assets, operating lease expense and other lease expense are recorded within either cost of goods sold or selling and administrative expenses and interest on finance lease liabilities is recorded within interest expense on the Condensed Consolidated Statements of Comprehensive Income. Other lease expense includes lease expense for leases with an estimated total term of twelve months or less and variable lease expense related to variations in lease payments as a result of a change in factors or circumstances occurring after the lease possession date.The following tables sets forth the amount of lease assets and lease liabilities included in the Companyâ€™s Condensed Consolidated Balance Sheets (in thousands):Financial Statement Line ItemDecember 28, 2024September 28, 2024ASSETSÂ Â Â Finance lease assetsProperty, plant and equipment, net$34,856Â $35,853Â Â Â Â Operating lease assetsOperating lease right-of-use assets78,045Â 74,360Â Â Â Â Â Â Â Total lease assets$112,901Â $110,213Â LIABILITIES AND SHAREHOLDERS' EQUITYCurrentÂ Â Finance lease liabilitiesCurrent portion of long-term debt and finance lease obligations$4,758Â $4,717Â Operating lease liabilitiesOther accrued liabilities14,875Â 14,697Â Non-currentÂ Â Finance lease liabilitiesLong-term debt and finance lease obligations, net of current portion38,055Â 38,756Â Â Â Operating lease liabilitiesLong-term operating lease liabilities35,124Â 32,275Â Â Â Â Â Â Â Â Â Total lease liabilities$92,812Â $90,445Â 12Table of Contents8.Â Â Â Â Share-Based CompensationThe Company recognized $7.0 million and $5.3 million of compensation expense associated with share-based awards for the three months ended

DecemberÂ 28, 2024 and DecemberÂ 30, 2023, respectively.9.Â Â Â Â LitigationThe Company is party to lawsuits in the ordinary course of business. We record provisions in the consolidated financial statements for pending legal matters when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated.Management does not believe that any such proceedings, individually or in the aggregate, will have a material positive or adverse effect on the Companyâ€™s consolidated financial position, results of operations or cash flows. However, legal proceedings and regulatory and governmental matters are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial fines, civil or criminal penalties, and other expenditures.10.Â Â Â Â Reportable SegmentsReportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the CODM in assessing performance and allocating resources. The Company uses an internal management reporting system, which provides important financial data to evaluate performance and allocate the Companyâ€™s resources on a regional basis. Net sales for the segments are attributed to the region in which the product is manufactured or the service is performed. The services provided, manufacturing processes used, class of customers serviced and order fulfillment processes used are similar and generally interchangeable across the segments. A segmentâ€™s performance is evaluated based upon its operating income. A segmentâ€™s operating income includes its net sales less cost of sales and selling and administrative expenses but excludes corporate and other expenses. Corporate and other expenses primarily represent corporate selling and administrative expenses, and restructuring costs and other charges, if any. These costs are not allocated to the segments, as management excludes such costs when assessing the performance of the segments. Inter-segment transactions are generally recorded at amounts that approximate armâ€™s length transactions. The accounting policies for the segments are the same as for the Company taken as a whole.In the first quarter of fiscal 2025, the Company changed internal management reporting to focus on value-add sales in each region and adjusted the allocation of certain corporate costs among reportable segments. These changes have been implemented and are consistent with what is provided to the CODM. The Company's composition of operating segments and reportable segments did not change. Net sales and operating income for the three reportable segments for the current period and comparative periods presented have been recast to conform to those changes. These changes had no effect on the Company's consolidated net sales, operating income or net income for the current or comparative periods.13Table of ContentsInformation about the Companyâ€™s three reportable segments for the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023 is as follows (in thousands):Three Months EndedÂ December 28, 2024December 30, 2023Net sales:AMER$273,871Â $309,753Â APAC607,147Â 552,841Â EMEA101,238Â 121,277Â Elimination of inter-segment sales(6,134)(1,264)$976,122Â $982,607Â Operating income:AMER$19,121Â $18,950Â APAC87,748Â 77,132Â EMEA4,504Â 3,197Â Corporate and other costs(64,513)(54,121)46,860Â 45,158Â Other income (expense):Interest expense(3,554)(7,617)Interest income1,234Â 808Â Miscellaneous, net(1,046)(3,502)Income before income taxes$43,494Â $34,847Â 11.Â Â Â Â GuaranteesThe Company offers certain indemnifications under its customer manufacturing agreements. In the normal course of business, the Company may from time to time be obligated to indemnify its customers or its customersâ€™ customers against damages or liabilities arising out of the Companyâ€™s negligence, misconduct, breach of contract, or infringement of third-party intellectual property rights. Certain agreements have extended broader indemnification, and while most agreements have contractual limits, some do not. However, the Company generally does not provide for such indemnities and seeks indemnification from its customers for damages or liabilities arising out of the Companyâ€™s adherence to customersâ€™ specifications or designs or use of materials furnished, or directed to be used, by its customers. The Company does not believe its obligations under such indemnities are material.In the normal course of business, the Company also provides its customers a limited warranty covering workmanship, and in some cases materials, on products manufactured by the Company. Such warranty generally provides that products will be free from defects in the Companyâ€™s workmanship and meet mutually agreed-upon specifications for periods generally ranging from 12 months to 24 months. The Companyâ€™s obligation is generally limited to correcting, at its expense, any defect by repairing or replacing such defective product. The Companyâ€™s warranty generally excludes defects resulting from faulty customer-supplied components, design defects or damage caused by any party or cause other than the Company.The Company provides for an estimate of costs that may be incurred under its limited warranty at the time product revenue is recognized and establishes additional reserves for specifically identified product issues. These costs primarily include labor and materials, as necessary, associated with repair or replacement and are included in the Company's accompanying Condensed Consolidated Balance Sheets in "other accrued liabilities." The primary factors that affect the Companyâ€™s warranty liability include the value and the number of shipped units and historical and anticipated rates of warranty claims. As these factors are impacted by actual experience and future expectations, the Company assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.14Table of ContentsBelow is a table summarizing the activity related to the Companyâ€™s limited warranty liability for the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023 (in thousands):Three Months EndedDecember 28, 2024December 30, 2023Reserve balance, beginning of period$6,752Â $5,821Â Accruals for warranties issued during the period834Â 946Â Settlements (in cash or in kind) during the period(556)(277)Reserve balance, end of period$7,030Â $6,490Â 12.Â Â Â Â Shareholders' EquityOn August 18, 2022, the Board of Directors approved a share repurchase program under which the Company was authorized to repurchase up to $50.0Â million of its common stock (the "2023 Program"). The program was completed in fiscal 2024. During the three months ended December 30, 2023, the Company repurchased no shares under this program. On January 16, 2024, the Company announced a share repurchase program authorized by the Board of Directors under which the Company was authorized to repurchase up to $50.0Â million of its common stock (the "2024 Program"). The 2024 Program commenced upon completion of the 2023 Program and was completed in fiscal 2024. On August 14, 2024, the Board of Directors approved a share repurchase program under which the Company is authorized to repurchase up to $50.0 million of its common stock (the "2025 Program"). The 2025 Program became effective upon completion of the 2024 Program and has no expiration. During the three months ended DecemberÂ 28, 2024, the Company repurchased 84,823 shares under this program for $12.8 million at an average price of $151.19 per share. As of DecemberÂ 28, 2024, $37.2 million of authority remained under the 2025 Program. All shares repurchased under the aforementioned programs were recorded as treasury stock.13.Â Â Â Â Trade Accounts Receivable Sale ProgramsThe Company has Master Accounts Receivable Purchase Agreements with MUFG Bank, New York Branch (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.) (the "MUFG RPA"), HSBC Bank (China) Company Limited, Xiamen branch (the "HSBC RPA") and other unaffiliated financial institutions, under which the Company may elect to sell receivables; at a discount. All facilities are uncommitted facilities.Â The maximum facility amount under the MUFG RPA is $340.0 million. The maximum facility amount under the HSBC RPA is $70.0 million. The MUFG RPA will be automatically extended each year unless any party gives no less than 10 days prior notice that the agreement should not be extended. The terms of the HSBC RPA are generally consistent with the terms of the MUFG RPA.Transfers of receivables under the programs are accounted for as sales and, accordingly, receivables sold under the programs are excluded from accounts receivable on the Condensed Consolidated Balance Sheets and are reflected as cash provided by operating activities on the Condensed Consolidated Statements of Cash Flows. Proceeds from the transfer reflect the face value of the receivables less a discount. The sale discount is recorded within "Miscellaneous, net" in the Condensed Consolidated Statements of Comprehensive Income in the period of the sale. The Company continues servicing receivables sold and performing all accounts receivable administrative functions, in exchange receives a servicing fee, under both the MUFG RPA and HSBC RPA. Servicing fees related to trade accounts receivable programs recognized during the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023 were not material.The Company soldÂ $151.2 million and $223.6 million of trade accounts receivable under these programs, or their predecessors, during the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023, respectively, in exchange for cash proceeds ofÂ $149.7 million and $221.0 million, respectively. As of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, $160.0Â million and $220.2Â million, respectively, of accounts receivables sold under trade accounts receivable programs and subject to servicing by the Company remained outstanding. 15Table of Contents14.Â Â Â Â Revenue from Contracts with CustomersRevenue is recognized over time for arrangements with customers for which: (i) the Company's performance does not create an asset with an alternative use to the Company, and (ii) the Company has an enforceable right to payment, including reasonable profit margin, for performance completed to date. Revenue recognized over time is estimated based on costs incurred to date plus a reasonable profit margin. If either of the two conditions noted above are not met to recognize revenue over time, revenue is recognized following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying arrangement.The Company recognizes revenue when a contract exists and when, or as, it satisfies a performance obligation by transferring control of a product or service to a customer. Contracts are accounted for when they have approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The Company generally enters into a master services arrangement that establishes the framework under which business will be conducted. These arrangements represent the master terms and conditions of the Company's services that apply to individual orders, but they do not commit the customer to work with, or to continue to work with, the Company nor do they obligate the customer to any specific volume or pricing of purchases. Moreover, these terms can be amended in appropriate situations.Customer purchase orders are received for specific quantities with predominantly fixed pricing and delivery requirements. Thus, for the majority of our contracts, there is no guarantee of any revenue to the Company until a customer submits a purchase order. As a result, the Company generally considers its arrangement with a customer to be the combination of the master services arrangement and the purchase order. Most of the Company's arrangements with customers create a single performance obligation as the promise to transfer the individual manufactured product or service is capable of being distinct.The Companyâ€™s performance obligations are satisfied over time as work progresses or at a point in time. A performance obligation is satisfied over time if the Company has an enforceable right to payment, including a reasonable profit margin. Determining if an enforceable right to payment includes a reasonable profit margin requires judgment and is assessed on a contract-by-contract basis.Generally, there are no subjective customer acceptance requirements or further obligations related to goods or services provided; if such requirements or obligations exist, then a sale is recognized at the time when such requirements are completed and such obligations are fulfilled.The Company does not allow for a general right of return. Net sales include amounts billed to customers for shipping and handling and out-of-pocket expenses. The corresponding shipping and handling costs and out-of-pocket expenses are included in cost of sales. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from net sales.Contract CostsFor contracts requiring over time revenue recognition, the selection of the method to measure progress toward completion requires judgment and is based on the nature of the products or services to be provided. The Company uses a cost-based input measurement of progress because it best depicts the transfer of assets to the customer, which occurs as costs are incurred during the manufacturing process or as services are rendered. Under the cost-based measure of progress, the extent of progress toward completion is measured based on the costs incurred to date. 16Table of ContentsDisaggregated RevenueThe table below includes the Companyâ€™s revenue for the fiscal years indicated disaggregated by market sector (in thousands):Three Months EndedDecember 28, 2024December 30, 2023Net sales:Aerospace/Defense$159,730Â $167,015Â Healthcare/Life Sciences374,089Â 380,933Â Industrial442,303Â 434,659Â Total net sales$976,122Â $982,607Â For the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023, approximately 82% and 84% of the Company's revenue was recognized as products and services transferred over time.Contract BalancesThe timing of revenue recognition, billings and cash collections results in billed accounts receivable, contract assets and deferred revenue on the Companyâ€™s accompanying Condensed Consolidated Balance Sheets.Contract Assets: For performance obligations satisfied at a point in time, billing occurs subsequent to revenue recognition, at which point the customer has been billed and the resulting asset is recorded within accounts receivable. For performance obligations satisfied over time as work progresses, the Company has an unconditional right to payment, which results in the recognition of contract assets. The following table summarizes the activity in the Company's contract assets during the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023 (in thousands):Three Months EndedDecember 28, 2024December 30, 2023Contract assets, beginning of period$120,560Â $142,297Â Revenue recognized during the period802,487Â 824,963Â Amounts collected or invoiced during the period(794,961)(835,620)Contract assets, end of period$128,086Â $131,640Â Deferred Revenue: Deferred revenue is recorded when consideration is received from a customer prior to transferring goods or services to the customer under the terms of the contract, which is included in advanced payments from customers on Condensed Consolidated Balance Sheets. As of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, the balance of advance payments from customers attributable to deferred revenue was $153.8Â million and $154.7Â million, respectively. The advance payment is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect the company from the other party failing to adequately complete some or all of its obligations under the contract. Deferred revenue is recognized into revenue when all revenue recognition criteria are met. For performance obligations satisfied over time, recognition will occur as work progresses; otherwise, deferred revenue will be recognized based on shipping terms.17Table of Contents15.Â Â Â Â Restructuring and Non-recurring ChargesRestructuring and non-recurring charges are recorded within restructuring and other charges on the Condensed Consolidated Statements of Comprehensive Income. Restructuring liabilities are primarily recorded within other accrued liabilities on the Condensed Consolidated Balance Sheets.During the three months ended DecemberÂ 28, 2024, the Company incurred restructuring costs of $4.7Â million which primarily consisted of severance costs associated with a reduction of the Company's workforce in the EMEA and AMER regions.For the three months ended DecemberÂ 30, 2023, the Company did not incur any restructuring and other charges.The Company's restructuring accrual activity for the three months ended DecemberÂ 28, 2024 is included in the table below (in thousands):Termination and Severance CostsFixed Asset and Operating ROU Asset ImpairmentTotalAccrual balance, as of SeptemberÂ 28, 2024$1,496Â $1,109Â $2,605Â Restructuring and other charges3,512Â 1,171Â 4,683Â Amounts utilized(2,770)(1,325)(4,095)Accrual balance, as of DecemberÂ 28, 2024$2,238Â $955Â $3,193Â Â Â Â Â Â Â Â Â Â 18Table of ContentsITEM 2.Â Â Â Â MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS"SAFE HARBOR" CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:The statements contained in this Form 10-Q that are guidance or which are not historical facts (such as statements in the future tense and statements including believe, expect, intend, plan, anticipate, goal, target and similar terms and concepts), including all discussions of periods which are not yet completed, are forward-looking statements that involve risks and uncertainties. These risks and uncertainties include the effect of inflationary pressures on our costs of production, profitability, and on the economic outlook of our markets; the effects of shortages and delays in obtaining components as a result of economic cycles, natural disasters or otherwise; the risk of customer delays, changes, cancellations or forecast inaccuracies in both ongoing and new programs; the ability to realize anticipated savings from restructuring or similar actions, as well as the adequacy of related charges as compared to actual expenses; the lack of visibility of future orders, particularly in view of changing economic conditions; the economic performance of the industries, sectors and customers we serve; the outcome of litigation and regulatory investigations and proceedings, including the results of any challenges with regard to such outcomes; the effects of tariffs, trade disputes, trade agreements and other trade protection measures; the effects of the volume of revenue from certain sectors or programs on our margins in particular periods; our ability to secure new customers, maintain our current customer base and deliver product on a timely basis; the risks of concentration of work for certain customers; the particular risks relative to new or recent customers, programs or services, which risks include customer and other delays, start-up costs, potential inability to execute, the establishment of appropriate terms of agreements, and the lack of a track record of order volume and timing; the effects of start-up costs of new programs and facilities or the costs associated with the closure or consolidation of facilities; possible unexpected costs and operating disruption in transitioning programs, including transitions between Company facilities; the risk that new program wins and/or customer demand may not result in the expected revenue or profitability; the fact that customer orders may not lead to long-term relationships; our ability to manage successfully and execute a complex business model characterized by high product mix and demanding quality, regulatory, and other requirements; the risks associated with excess and obsolete inventory, including the risk that inventory purchased on behalf of our customers may not be consumed or otherwise paid for by the customer, resulting in an inventory write-off; risks related to information technology systems and data security; increasing regulatory and compliance requirements; any tax law changes and related foreign jurisdiction tax developments; current or potential future barriers to the repatriation of funds that are currently held outside of the United States as a result of actions taken by other countries or otherwise; the potential effects of jurisdictional results on our taxes, tax rates, and our ability to use deferred tax assets and net operating losses; the weakness of areas of the global economy; the effect of changes in the pricing and margins of products; raw materials and component cost fluctuations; the potential effect of fluctuations in the value of the currencies in which we transact business; the effects of changes in economic conditions, political conditions and regulatory matters in the United States and in the other countries in which we do business; the potential effect of other world or local events or other events outside our control (such as the conflict between Russia and Ukraine, conflict in the Middle East, escalating tensions between China and Taiwan or China and the United States, changes in energy prices, terrorism, global health epidemics and weather events); the impact of increased competition; an inability to successfully manage human capital; changes in financial accounting standards; and other risks detailed herein and in our other Securities and Exchange Commission filings, particularly in Risk Factors contained in our fiscal 2024 Form 10-K. *Â Â Â Â *Â Â Â Â *OVERVIEWSince 1979, Plexus has helped create the products that build a better world. Driven by a passion for excellence, we partner with our customers to design, manufacture and service highly complex products in demanding regulatory environments. From life-saving medical devices and mission-critical aerospace and defense products to industrial automation systems and semiconductor capital equipment, our innovative solutions across the lifecycle of a product converge where advanced technology and human impact intersect. We provide these solutions to market-leading as well as disruptive global companies in the Aerospace/Defense, Healthcare/Life Sciences, and Industrial sectors, supported by a global team of over 20,000 members across our 26 facilities in the Americas ("AMER"), Asia-Pacific ("APAC") and Europe, Middle East and Africa ("EMEA") regions. The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide an analysis of both short-term results and future prospects from managementâ€™s perspective, including an assessment of the financial condition and results of operations, events and uncertainties that are not indicative of future operations and any other financial or statistical data that we believe will enhance the understanding of our companyâ€™s financial condition, cash flows and other changes in financial condition and results of operations.The following information should be read in conjunction with our condensed consolidated financial statements included herein and "Risk Factors" included in Part II, ItemÂ 1A included herein as well as Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 28, 2024, and our "Safe Harbor" Cautionary Statement included above. 19Table of ContentsRESULTS OF OPERATIONSConsolidated Performance Summary. The following table presents selected consolidated financial data (dollars in millions, except per share data):Three Months EndedDecember 28, 2024December 30, 2023Net sales$976.1Â $982.6Â Cost of sales875.4Â 894.5Â Gross profit100.7Â 88.1Â Gross margin10.3Â %9.0Â %Operating income46.9Â 45.2Â Operating margin4.8Â %4.6Â %Other expense3.4Â 10.3Â Income tax expense6.2Â 5.6Â Net income 37.3Â 29.2Â Diluted earnings per share$1.34Â $1.04Â Return on invested capital*13.8Â %10.3Â %Economic return*4.9Â %2.1Â %*Non-GAAP metric; refer to "Return on Invested Capital ("ROIC") and economic return" below and Exhibit 99.1 for more information. Net sales. For the three months ended DecemberÂ 28, 2024, net sales decreased $6.5 million, or 0.7%, as compared to the three months ended DecemberÂ 30, 2023. Net sales are analyzed by management by geographic segment, which reflects our reportable segments, and by market sector. Management measures operational performance and allocates resources on a geographic segment basis. Our global business development strategy is based on our targeted market sectors. In the first quarter of fiscal 2025, we changed internal management reporting to focus on value-add sales in each region and adjusted the allocation of certain corporate costs among reportable segments. These changes have been implemented and are consistent with what was provided to the Chief Operating Decision Maker ("CODM"). Our composition of operating segments and reportable segments did not change. Net sales and operating income for our three reportable segments for the current period and comparative periods presented have been recast to conform to those changes. These changes had no effect on our consolidated net sales, operating income or net income for the current or comparative periods.A discussion of net sales by reportable segment is presented below (in millions):Three Months EndedDecember 28, 2024December 30, 2023Net sales:AMER$273.9Â $309.8Â APAC607.1Â 552.8Â EMEA101.2Â 121.3Â Elimination of inter-segment sales(6.1)(1.3)Total net sales$976.1Â $982.6Â AMER. Net sales for the three months ended DecemberÂ 28, 2024 in the AMER segment decreased $35.9 million, or 11.6%, as compared to the three months ended DecemberÂ 30, 2023. The decrease in net sales was driven by overall net decreased customer end-market demand. The decrease was partially offset by an increase of $37.3 million due to production ramps of new products for existing customers.20Table of ContentsAPAC. Net sales for the three months ended DecemberÂ 28, 2024 in the APAC segment increased $54.3 million, or 9.8%, as compared to the three months ended DecemberÂ 30, 2023. The increase in net sales was driven by an increase of $25.3 million due to production ramps of new products for existing customers and overall net increased customer end-market demand.EMEA. Net sales for the three months ended DecemberÂ 28, 2024 in the EMEA segment decreased $20.1 million, or 16.6%, as compared to the three months ended DecemberÂ 30, 2023. The decrease in net sales was driven by overall net decreased customer end-market demand. Our net sales by market sector for the indicated fiscal period were as follows (in millions):Three Months EndedDecember 28, 2024December 30, 2023Net sales:Aerospace/Defense$159.7Â $167.1Â Healthcare/Life Sciences374.1Â 380.9Â Industrial442.3Â 434.6Â Total net sales$976.1Â $982.6Â Aerospace/Defense. Net sales for the three months ended DecemberÂ 28, 2024 in the Aerospace/Defense sector decreased $7.4 million, or 4.4%, as compared to the three months ended DecemberÂ 30, 2023. The decrease was driven by overall net decreased customer end-market demand. The decrease was partially offset by an increase of $9.2 million in production ramps of new products for existing customers.Healthcare/Life Sciences. Net sales for the three months ended DecemberÂ 28, 2024 in the Healthcare/Life Sciences sector decreased $6.8 million, or 1.8%, as compared to the three months ended DecemberÂ 30, 2023. The decrease in net sales was driven by overall net decreased customer end-market demand. The decrease was partially offset by an increase of $27.6 million in production ramps of new products for existing customers.Industrial. Net sales for the three months ended DecemberÂ 28, 2024 in the Industrial sector increased $7.7 million, or 1.8%, as compared to the three months ended DecemberÂ 30, 2023. The increase in net sales was driven by an increase of $6.7 million in production ramps of new products for existing customers and overall net increased customer end-market demand.Cost of sales. Cost of salesÂ for the three months ended DecemberÂ 28, 2024 decreasedÂ $19.1 million, orÂ 2.1%, as compared to the three months ended DecemberÂ 30, 2023. Cost of sales is comprised primarily of material and component costs, labor costs and overhead. For each of the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023, approximately 89% of the total cost of sales was variable in nature and fluctuated with sales volumes. Approximately 88% of these costs were related to material and component costs. As compared to the three months ended DecemberÂ 30, 2023, the decrease in cost of sales in the three months ended DecemberÂ 28, 2024 was primarily driven by a positive shift in customer mix, the decrease in net sales and a decrease in fixed costs, including benefits from productivity and restructuring activities.Gross profit. Gross profit for the three months ended DecemberÂ 28, 2024 increased $12.6 million, or 14.3%, as compared to the three months ended DecemberÂ 30, 2023. Gross margin of 10.3% for the three months ended DecemberÂ 28, 2024 increased 130 basis points compared to the three months ended DecemberÂ 30, 2023. The primary driver of the increase in gross profit and gross margin as compared to the three months ended DecemberÂ 30, 2023 was the positive shift in customer mix and a decrease in fixed costs, including benefits from productivity and restructuring activities. Operating income. Operating income for the three months ended DecemberÂ 28, 2024 increased $1.7 million, or 3.8%, as compared to the three months ended DecemberÂ 30, 2023. Operating margin of 4.8% for the three months ended DecemberÂ 28, 2024 increased 20 basis points compared to the three months ended DecemberÂ 30, 2023. The primary drivers of the increase in operating income and operating margin for the three months ended DecemberÂ 28, 2024 were the result of the increase in gross profit, partially offset by an increase of $6.2 million in selling and administrative expenses ("S&A") and an increase of $4.7 million in restructuring and other charges. The increase in S&A was primarily due to a net increase in compensation costs and an increase in information technology expenses. The restructuring and other charges for the three months ended DecemberÂ 28, 2024 primarily consisted of severance costs associated with a reduction of the Company's workforce in the EMEA and AMER regions. 21Table of ContentsA discussion of operating income by reportable segment for the indicated fiscal period is presented below (in millions):Three Months EndedDecember 28, 2024December 30, 2023Operating income:AMER$19.1Â $19.0Â APAC87.7Â 77.1Â EMEA4.5Â 3.2Â Corporate and other costs(64.4)(54.1)Total operating income$46.9Â $45.2Â AMER. Operating income increased $0.1 million for the three months ended DecemberÂ 28, 2024 as compared to the three months ended DecemberÂ 30, 2023, primarily as a result of a positive shift in customer mix and a decrease in fixed costs, substantially offset by a decrease in net sales. APAC. Operating income increased $10.6 million for the three months ended DecemberÂ 28, 2024 as compared to the three months ended DecemberÂ 30, 2023, primarily as a result of an increase in net sales, a positive shift in customer mix and a decrease in fixed costs, partially offset by an increase in S&A. EMEA. Operating income increased $1.3 million for the three months ended DecemberÂ 28, 2024 as compared to the three months ended DecemberÂ 30, 2023, primarily as a result of a positive shift in customer mix and a decrease in fixed costs, partially offset by a decrease in net sales. Other expense. Other expense for the three months ended DecemberÂ 28, 2024 decreased $6.9 million as compared to the three months ended DecemberÂ 30, 2023. The decrease in other expense for the three months ended DecemberÂ 28, 2024 was primarily driven by a decrease in interest expense of $4.1 million due to lower borrowings on our credit facility, an increase in foreign exchange gains of $1.4 million and a decrease of $1.1 million in factoring fees. Income taxes. Income tax expense for the three months ended DecemberÂ 28, 2024 was $6.2 million compared to $5.6 million for the three months ended DecemberÂ 30, 2023. The increase is primarily due to an increase in pre-tax book income.Our annual effective tax rate varies from the U.S. statutory rate of 21.0% primarily due to the geographic distribution of worldwide earnings as well as a tax holiday granted to a subsidiary located in the APAC segment where we derive a significant portion of our earnings. Our effective tax rate may also be impacted by disputes with taxing authorities, tax planning activities, adjustments to uncertain tax positions and changes in valuation allowances.The annual effective tax rate for fiscal 2025 is expected to be approximately 14.0% to 16.0% assuming no changes to tax laws.Net income. Net income for the three months ended DecemberÂ 28, 2024 increased $8.1 million, or 27.7%, for the three months ended DecemberÂ 30, 2023 to $37.3 million. Net income increased primarily as a result of the increase in operating income and the decrease in other expense, partially offset by the increase in tax expense as previously discussed.Diluted earnings per share. Diluted earnings per share increased to $1.34 for the three months ended DecemberÂ 28, 2024 from $1.04 for the three months ended DecemberÂ 30, 2023, primarily as a result of increased net income due to the factors discussed above.Return on Invested Capital ("ROIC") and economic return. We use a financial model that is aligned with our business strategy and includes an ROIC goal of 15%, which would exceed our weighted average cost of capital ("WACC") by more than 500 basis points and represent positive economic return. Economic return is the amount our ROIC exceeds our WACC.Non-GAAP financial measures, including ROIC and economic return, are used for internal management goals and decision making because such measures provide management and investors additional insight into financial performance. In particular, we provide ROIC and economic return because we believe they offer insight into the metrics that are driving management decisions. We view ROIC and economic return as important measures in evaluating the efficiency and effectiveness of our long-term capital investments. We also use ROIC as a performance criteria in determining certain elements of compensation as well as economic return performance.22Table of ContentsWe define ROIC as tax-effected operating income before restructuring and other charges divided by average invested capital over a rolling two-quarter period for the first fiscal quarter. Invested capital is defined as equity plus debt and operating lease liabilities, less cash and cash equivalents. Other companies may not define or calculate ROIC in the same way. ROIC and other non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of our financial performance prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").We review our internal calculation of WACC annually. Our WACC is 8.9% for fiscal 2025 and 8.2% for fiscal 2024. By exercising discipline to generate ROIC in excess of our WACC, our goal is to create value for our shareholders. For the three months ended DecemberÂ 28, 2024, ROIC of 13.8% reflects an economic return of 4.9%, based on our weighted average cost of capital of 8.9%, and for the three months ended DecemberÂ 30, 2023, ROIC of 10.3% reflects an economic return of 2.1%, based on our weighted average cost of capital of 8.2%.For a reconciliation of ROIC, economic return and adjusted operating income (tax-effected) to our financial statements that were prepared using U.S. GAAP, see Exhibit 99.1 to this quarterly report on Form 10-Q, which exhibit is incorporated herein by reference.Refer to the table below, which includes the calculation of ROIC and economic return for the indicated fiscal period (dollars in millions):Three Months EndedÂ December 28, 2024December 30, 2023Adjusted operating income (tax-effected)$175.2Â $151.7Â Average invested capital1,268.3Â 1,479.6Â After-tax ROIC13.8Â %10.3Â %WACC8.9Â %8.2Â %Economic return4.9Â %2.1Â %LIQUIDITY AND CAPITAL RESOURCESCash and cash equivalents and restricted cash were $317.8 million as of DecemberÂ 28, 2024, as compared to $347.5 million as of SeptemberÂ 28, 2024. As of DecemberÂ 28, 2024, 77% of our cash and cash equivalents balance was held outside of the U.S. by our foreign subsidiaries. Based on current expectations, we believe that our projected cash flows provided by operations, available cash and cash equivalents, potential borrowings under the Credit Facility, and our leasing capabilities should be sufficient to meet our working capital and fixed capital requirements, as well as execution upon our share repurchase authorizations as management deems appropriate, for the next twelve months.Our future cash flows from operating activities will be reduced by $31.4 million due to cash payments for U.S. federal taxes on the deemed repatriation of undistributed foreign earnings that are payable over an eight year period that began in fiscal 2019 with the first payment. The table below provides the expected timing of these future cash outflows, in accordance with the following installment schedule for the remaining two years (in millions):Remaining 2025$14.2Â 202617.2Â Total$31.4Â 23Table of ContentsCash Flows. The following table provides a summary of cash flows (in millions): Three Months EndedDecember 28, 2024December 30, 2023Cash flows provided by (used in) operating activities$53.6Â $(3.0)Cash flows used in investing activities(26.4)(28.6)Cash flows (used in) provided by financing activities(52.8)5.8Â Effect of exchange rate changes on cash and cash equivalents(4.0)1.6Â Net decrease in cash and cash equivalents and restricted cash(29.6)(24.2)Operating Activities.Â Cash flows provided by operating activities were $53.6 million for the three months ended DecemberÂ 28, 2024, as compared to cash flows used in operating activities of $3.0 million for the three months ended DecemberÂ 30, 2023. The increase was primarily due to cash flow improvements (reductions) of:â€¢$8.1 million increase in net income. â€¢$56.2 million in accounts payables cash flows primarily driven by the timing of materials procurement and payments to suppliers.â€¢$16.0 million in inventory cash flows driven by a decrease in inventory in the three months ended DecemberÂ 28, 2024 compared to an increase in inventory in the three months ended DecemberÂ 30, 2023.â€¢$9.5 million in other current and non-current asset cash flows primarily driven by a decrease in non-hedge derivative assets in the three months ended DecemberÂ 28, 2024 as compared to an increase in the three months ended DecemberÂ 30, 2023.â€¢$8.3 million in accounts receivable cash flows driven by timing of shipments and mix of customer payment terms.â€¢$(27.0) million in advanced payments from customers cash flows driven by a larger decrease in advanced payments in in the three months ended DecemberÂ 28, 2024 as compared to the three months ended DecemberÂ 30, 2023.â€¢$(18.6) million in contract assets cash flows corresponding to changes in demand from over time customers.The following table provides a summary of cash cycle days for the periods indicated (in days):Three Months EndedDecember 28,2024December 30,2023Days in accounts receivable5661Days in contract assets1212Days in inventory134161Days in accounts payable(69)(66)Days in advanced payments(65)(73)Annualized cash cycle6895We calculate days in accounts receivable and contract assets as each balance sheet item for the respective quarter divided by annualized sales for the respective quarter by day. We calculate days in inventory, accounts payable and advanced payments as each balance sheet line item for the respective quarter divided by annualized cost of sales for the respective quarter by day. We calculate annualized cash cycle as the sum of days in accounts receivable, days in contract assets and days in inventory, less days in accounts payable and days in advanced payments. As of DecemberÂ 28, 2024, annualized cash cycle days decreased twenty-seven days compared to DecemberÂ 30, 2023 due to the following:Days in accounts receivable for the three months ended DecemberÂ 28, 2024 decreased five days compared to the three months ended DecemberÂ 30, 2023. The decrease is primarily attributable to the timing of customer shipments and payments as well as the mix of customer payment terms.Days in contract assets for the three months ended DecemberÂ 28, 2024 remained flat compared to the three months ended DecemberÂ 30, 2023. 24Table of ContentsDays in inventory for the three months ended DecemberÂ 28, 2024 decreased twenty-seven days compared to the three months ended DecemberÂ 30, 2023. The decrease is primarily due to inventory reduction efforts as well as lower working capital investments to support our customers. These efforts include improved materials management and timely disposition of aged inventory.Days in accounts payable for the three months ended DecemberÂ 28, 2024 increased three days compared to the three months ended DecemberÂ 30, 2023. The increase is primarily attributable to timing of materials procurement and payments to suppliers.Days in advanced payments for the three months ended DecemberÂ 28, 2024 decreased eight days compared to the three months ended DecemberÂ 30, 2023. The decrease was primarily attributable to a return of advanced payments to customers in line with lower inventory balances.Free Cash Flow. We define free cash flow ("FCF"), a non-GAAP financial measure, as cash flow generated or used in operations less capital expenditures. FCF was $27.1 million for the three months ended DecemberÂ 28, 2024 compared to $(31.7) million for the three months ended DecemberÂ 30, 2023, an increase of $58.8 million. The improvement in FCF was primarily due to improvements in cash flow from operations previously discussed.Non-GAAP financial measures, including FCF, are used for internal management assessments because such measures provide additional insight to investors into ongoing financial performance. In particular, we provide FCF because we believe it offers insight into the metrics that are driving management decisions. We view FCF as an important financial metric as it demonstrates our ability to generate cash and can allow us to pursue opportunities that enhance shareholder value. FCF is a non-GAAP financial measure that should be considered in addition to, not as a substitute for, measures of our financial performance prepared in accordance with GAAP.A reconciliation of FCF to our financial statements that were prepared using GAAP as follows (in millions):Three Months EndedDecember 28,2024December 30,2023Cash flows provided by (used in) operating activities$53.6Â $(3.0)Payments for property, plant and equipment(26.5)(28.7)Free cash flow$27.1Â $(31.7)Investing Activities.Â Cash flows used in investing activities were $26.4 million for the three months ended DecemberÂ 28, 2024 compared to $28.6 million for the three months ended DecemberÂ 30, 2023. The decrease in cash used in investing activities was due to a $2.2 million decrease in capital expenditures.We currently estimate capital expenditures for fiscal 2025 will be approximately $120.0 million to $150.0 million to support new program ramps and replace older equipment. This estimate also includes $60.0 million related to the footprint expansion on the mainland of Penang, Malaysia.Financing Activities.Â Cash flows used in financing activities were $52.8 million for the three months ended DecemberÂ 28, 2024 compared to cash flows provided by financing activities of $5.8 million for the three months ended DecemberÂ 30, 2023. The increase was primarily attributable to net repayments on the credit facility for the three months ended DecemberÂ 28, 2024 of $35.0 million compared to net borrowings on the credit facility for the three months ended DecemberÂ 30, 2023 of $10.0 million as well as an increase of $12.8 million in cash used to repurchase our common stock.On August 18, 2022, the Board of Directors approved a share repurchase program under which we were authorized to repurchase up to $50.0 million of its common stock (the "2023 Program"). The program was completed in fiscal 2024. During the three months ended December 30, 2023, we repurchased no shares under this program. On January 16, 2024, we announced a share repurchase program authorized by the Board of Directors under which we were authorized to repurchase up to $50.0 million of its common stock (the "2024 Program"). The 2024 Program commenced upon completion of the 2023 Program and was completed in fiscal 2024. On August 14, 2024, the Board of Directors approved a share repurchase program under which we are authorized to repurchase up to $50.0 million of our common stock (the "2025 Program"). The 2025 Program became effective upon completion of the 2024 Program and has no expiration. During the three months ended DecemberÂ 28, 2024, we purchased 84,823 shares under this program for $12.8 million at an average price of $151.19 per share. As of DecemberÂ 28, 2024, $37.2 million of authority remained under the 2025 Program. 25Table of ContentsAll shares repurchased under the aforementioned programs were recorded as treasury stock.We have Master Accounts Receivable Purchase Agreements with MUFG Bank, New York Branch (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.) (the "MUFG RPA"), HSBC Bank (China) Company Limited, Xiamen branch (the "HSBC RPA") and other unaffiliated financial institutions, under which we may elect to sell receivables, at a discount.Â These facilities are uncommitted facilities. The maximum facility amount under the MUFG RPA as of DecemberÂ 28, 2024 is $340.0 million. The maximum facility amount under the HSBC RPA as of DecemberÂ 28, 2024 is $70.0 million. The MUFG RPA will be automatically extended each year unless any party gives no less than 10 days prior notice that the agreement should not be extended. The terms of the HSBC RPA are generally consistent with the terms of the MUFG RPA previously discussed. We soldÂ $151.2 million and $223.6 million of trade accounts receivable under these programs during the three months ended DecemberÂ 28, 2024 and DecemberÂ 30, 2023, respectively, in exchange for cash proceeds ofÂ $149.7 million and $221.0 million, respectively. As of DecemberÂ 28, 2024 and SeptemberÂ 28, 2024, $160.0 million and $220.2 million, respectively, of accounts receivables sold under trade accounts receivable programs and subject to servicing by us remained outstanding. In all cases, the sale discount was recorded within "Miscellaneous, net" in the Condensed Consolidated Statements of Comprehensive Income in the period of the sale. For further information regarding the receivable sale programs, seeÂ Note 13, "Trade Accounts Receivable Sale Programs,"Â in Notes to Condensed Consolidated Financial Statements.Based on current expectations, we believe that our projected cash flows provided by operations, available cash and cash equivalents, potential borrowings under the Credit Facility, and our leasing capabilities should be sufficient to meet our working capital and fixed capital requirements, as well as execution upon our share repurchase authorizations as management deems appropriate, for the next twelve months. We believe our balance sheet is positioned to support the potential future challenges presented by macroeconomic factors including increased working capital requirements associated with longer lead-times for components, increased component and labor costs, and operating inefficiencies due to supply chain constraints. As of the end of the first quarter of fiscal 2025, cash and cash equivalents and restricted cash were $318 million, while debt, finance lease and other financing obligations were $211 million. If our future financing needs increase, then we may need to arrange additional debt or equity financing. Accordingly, we evaluate and consider from time to time various financing alternatives to supplement our financial resources. However, we cannot be assured that we will be able to make any such arrangements on acceptable terms or at all.26Table of ContentsDISCLOSURE ABOUT CRITICAL ACCOUNTING ESTIMATESOur critical accounting policies are disclosed in our 2024 Annual Report on Form 10-K. During the first quarter of fiscal 2025, there were no material changes.NEW ACCOUNTING PRONOUNCEMENTSSee Note 1, "Recently Issued Accounting Pronouncements Not Yet Adopted," in Notes to Condensed Consolidated Financial Statements regarding recent accounting pronouncements. ITEM 3.Â Â Â Â QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKDuring the first quarter of fiscal 2025, there were no material changes in our exposure to market risk from changes in foreign exchange and interest rates from those disclosed in our 2024 Annual Report on Form 10-K.Foreign Currency RiskOur international operations create potential foreign exchange risk. Our policy is to selectively hedge our foreign currency denominated transactions in a manner that partially offsets the effects of changes in foreign currency exchange rates. We typically use foreign currency contracts to hedge only those currency exposures associated with certain assets and liabilities denominated in non-functional currencies. Corresponding gains and losses on the underlying transaction generally offset the gains and losses on these foreign currency hedges. We cannot predict changes in currency rates, nor the degree to which we will be able to manage the impacts of currency exchange rate changes. Such changes could have a material effect on our business, results of operations and financial condition.Our percentages of transactions denominated in currencies other than the U.S. dollar for the indicated periods were as follows:Â Three Months EndedÂ December 28, 2024December 30, 2023Net Sales10%10%Total Costs16%18%We have evaluated the potential foreign currency exchange rate risk on transactions denominated in currencies other than the U.S. dollar for the periods presented above. Based on our overall currency exposure, as of DecemberÂ 28, 2024, a 10.0% change in the value of the U.S. dollar relative to our other transactional currencies would not have a material effect on our financial position, results of operations, or cash flows.27Table of ContentsInterest Rate RiskWe have financial instruments, including cash equivalents and debt, which are sensitive to changes in interest rates. The primary objective of our investment activities is to preserve principal while maximizing yields without significantly increasing market risk. To achieve this, we limit the amount of principal exposure to any one issuer. As of DecemberÂ 28, 2024, our only material interest rate risk was associated with our Credit Facility. Borrowings under the Credit Facility bear interest, at the Company's option, at (a)(1) for borrowings denominated in U.S. dollars, the Term Secured Overnight Financing Rate ("SOFR"), (2) for borrowings denominated in pounds sterling, the Daily Simple Risk-Free Rate, plus, in each case of (a)(1) and (2), 10 basis points, (b) for borrowings denominated in euros, the EURIBOR Rate plus a statutory reserve rate, or (c) an Alternate Base Rate equal to the highest of (i) 100 basis points per annum, (ii) the prime rate last quoted by The Wall Street Journal (or, if not quoted, as otherwise provided in the Credit Facility), (iii) the greater of the federal funds effective rate and the overnight bank funding rate in effect on such day plus, in each case, 50 basis points per annum (or, if neither are available, as otherwise provided in the Credit Facility), and (iv) Term SOFR for a one month interest period on such day plus 110 basis points, plus, in each case of (a), (b), and (c), an applicable interest rate margin based on the Company's then current consolidated total indebtedness (minus certain unrestricted cash and cash equivalents in an amount not to exceed $100 million) to consolidated EBITDA. As of DecemberÂ 28, 2024, the borrowing rate under the Credit Facility was SOFR plus 1.00%. Borrowings under the 2018 NPA are based on a fixed interest rate, thus mitigating much of our interest rate risk. Based on our overall interest rate exposure, as of DecemberÂ 28, 2024, a 10.0% change in interest rates would not have a material effect on our financial position, results of operations, or cash flows. ITEM 4.Â Â Â Â CONTROLS AND PROCEDURESDisclosure Controls and ProceduresThe Company maintains disclosure controls and procedures designed to ensure that the information the Company must disclose in its filings with the Securities and Exchange Commission ("SEC") is recorded, processed, summarized and reported on a timely basis. The Companyâ€™s President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have reviewed and evaluated, with the participation of the Companyâ€™s management, the Companyâ€™s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report. Based on such evaluation, the CEO and CFO have concluded that, as of DecemberÂ 28, 2024, the Companyâ€™s disclosure controls and procedures were effective, at the reasonable assurance level, (a)Â in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act, and (b)Â in assuring that information is accumulated and communicated to the Companyâ€™s management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.Changes in Internal Control Over Financial ReportingDuring the first quarter of fiscal 2025, there were no changes in the Companyâ€™s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that materially affected, or are reasonably likely to materially affect, the Companyâ€™s internal control over financial reporting.ITEM 5.Â Â Â Â OTHER INFORMATIONThere were no directors or Section 16 officers that adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Regulation S-K) during the three months ended DecemberÂ 28, 2024.28Table of ContentsPART II. Â Â Â Â OTHER INFORMATIONITEM 1A.Â Â Â Â RISK FACTORSIn addition to the risks and uncertainties discussed herein, particularly those discussed in the â€œSafe Harborâ€ Cautionary Statement and "Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations" in Part I, ItemÂ 2, see the risk factors set forth in Part I, ItemÂ 1A of our Annual Report on Form 10-K for the fiscal year endedÂ September 28, 2024 that have had no material changes.ITEM 2.Â Â Â Â Unregistered Sales of Equity Securities and Use of ProceedsThe following table provides the specified information about the repurchases of shares by us during the three months ended DecemberÂ 28, 2024:PeriodTotal number of shares purchasedAverage price paid per shareTotal number of shares purchased as part of publicly announced plans or programsMaximum approximate dollar value of shares that may yet be purchased under the plans or programs (1)September 29, 2024-October 26, 202430,251Â $136.54Â 30,251Â $45,869,668Â October 27, 2024-November 23, 202428,224Â 153.95Â 28,224Â 41,524,636Â November 24, 2024-December 28, 202426,348Â 165.06Â 26,348Â 37,175,750Â 84,823Â $151.19Â 84,823Â (1) On August 14, 2024, the Board of Directors approved a share repurchase program under which the Company is authorized to repurchase up to $50.0 million of its common stock (the "2025 Program"). The 2025 Program became effective upon completion of the 2024 Program, and has no expiration. The table above reflects the maximum dollar amount remaining available for purchase under the 2025 Program as of DecemberÂ 28, 2024. 29Table of ContentsITEM 6.Â Â Â Â EXHIBITSThe list of exhibits is included below.ExhibitÂ No.Â Â Exhibit10.1Form of Plexus Corp. Variable Incentive Compensation Plan - Plexus Leadership Team under the Plexus Corp. 2024 Omnibus Incentive Plan*.31.1Certification of President and Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.31.2Certification of Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.32.1Certification of the CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.32.2Certification of the CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.99.1Reconciliation of ROIC to GAAP and Economic Return Financial Statements.101The following materials from Plexus Corp.â€™s Quarterly Report on Form 10-Q for the fiscal quarter ended DecemberÂ 28, 2024, formatted in Inline Extensible Business Reporting Language ("XBRL"): (i) the Condensed Consolidated Statements of Comprehensive Income, (ii) the Condensed Consolidated Balance Sheets, (iii) the Condensed Consolidated Statements of Shareholdersâ€™ Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.101.INSInline 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.SCHInline XBRL Taxonomy Extension Schema Document.101.CALInline XBRL Taxonomy Extension Calculation Linkbase Document.101.LABInline XBRL Taxonomy Extension Label Linkbase Document.101.PREInline XBRL Taxonomy Extension Presentation Linkbase Document.101.DEFInline XBRL Taxonomy Extension Definition Linkbase Document.104The cover page from the Companyâ€™s Quarterly Report on Form 10-Q for the fiscal first quarter ended DecemberÂ 28, 2024, formatted in Inline XBRL and contained in Exhibit 101.*Designates management compensatory plans or agreements.30Table of ContentsSIGNATURESPursuant to the requirements of SectionÂ 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.Â Plexus Corp.RegistrantDate:January 31, 2025/s/ Todd P. KelseyÂ Todd P. KelseyPresident and Chief Executive OfficerDate:January 31, 2025/s/ Patrick J. JermainPatrick J. JermainExecutive Vice President and Chief Financial Officer31DocumentPLEXUS CORP.FISCAL [____] VARIABLE INCENTIVE COMPENSATION PLANUNDER THE 2024 OMNIBUS INCENTIVE PLANPLEXUS OFFICERSI.PLAN OBJECTIVEThe primary objective of this Variable Incentive Compensation Plan is to reward results delivered by Participants and is designed to assist Plexus Corp. in attracting, retaining and motivating highly qualified and talented executives. The Awards under this Plan are considered Cash Incentive Awards under the 2024 Omnibus Incentive Plan. This Plan provides annual variable incentive cash compensation opportunities to Participants for the achievement of performance goals and personal objectives that contribute to the overall success of Plexus.II.DEFINITIONSThe terms used herein shall have the following meanings:(a)â€œ2024 OIPâ€ means the Plexus Corp. 2024 Omnibus Incentive Plan, as it may be amended from time to time, or any successor plan.(b)â€œAwardâ€ means the amount of a cash incentive payable under the Plan to a Participant with respect to the Plan Year.(c)â€œCommitteeâ€ means the Compensation and Leadership Development Committee of the Plexus Corp. Board of Directors.(d)â€œCompanyâ€ means Plexus Corp.(e)â€œExtraordinary Eventâ€ means any one of the following events: (i) restructurings, discontinued operations, impairment of goodwill or long-lived assets, follow-on stock offerings, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Corporation or not within the reasonable control of the Corporationâ€™s management, (iii) the cumulative effects of tax or accounting changes in accordance with generally accepted accounting principles, (iv) changes in tax regulations or laws, or (v) the effect of a merger or acquisition.(f)â€œNet Incomeâ€ means Plan Year net income reported in the consolidated statements of operations for Plexus Corp. and its subsidiaries.(g)â€œOperating Incomeâ€ means the Companyâ€™s operating income as reported in its audited income statement for the Plan Year, as adjusted at the discretion of the Committee to eliminate non-recurring or unusual charges.Â Â Â Â (h)â€œParticipant(s)â€ means those individuals eligible to participate in this Plan (refer to Section III. A. Eligibility and Participation).(i)â€œPerformance Goalâ€ has the same meaning as set forth in section 2(r) of the 2024 OIP. (j)â€œPersonal Objectivesâ€ means individual participant objectives that relate to projects or site, location, team or group goals for the Plan Year; the number of goals for a Participant may vary. Personal Objectives are reviewed and approved by the Committee for Officers of the Company. Payment of personal objectives is subject to the Company having Net Income for the fiscal year. The Committee may use negative discretion to establish a payout that is less than the 20% for the Personal Objective component depending upon its evaluation of the Participantâ€™s achievement of his or her Personal Objectives.(k)â€œPlanâ€ means this Variable Incentive Compensation Plan (VICP), as amended from time to time.(l)â€œPlan Yearâ€ is the first business day of the Companyâ€™s [____] fiscal year, which begins on [____], 20[__], and continues through the last business day which is [____], 20[__].(m)â€œRetirementâ€ means separation from the Company and its subsidiaries on or after age 55 and after employment by the Company and its subsidiaries for at least five (5) consecutive years immediately prior to separation, unless otherwise stated in the individual award agreement.(n)â€œReturn on Invested Capitalâ€ or â€œROICâ€ means (i) after tax Operating Income divided by (ii) the average invested capital over a five (5) quarter period for the Plan Year and the prior fiscal year fourth quarter. (o)â€œRevenueâ€ means net recognized sales of the Company for the Plan Year for financial statement purposes.(p)â€œSalaryâ€ means the Participantâ€™s base salary rate in effect during the Plan Year (for the avoidance of doubt, excluding bonuses, paid commissions, reimbursed relocation expenses, or any other special pay, but including amounts deferred under any qualified or nonqualified retirement plan of the Company). If a Participantâ€™s Salary changes during the Plan Year, then the Award will be pro-rated to reflect the portion of the year that each Salary was in effect (see Change in Employment Status or Position, below). (q)â€œVICP Percentageâ€ means Participantâ€™s participation rate (as a percentage of Salary) under this Plan. The VICP Percentage is based upon the position(s) occupied by the Participant during the Plan Year.III.AWARDSA.Eligibility and ParticipationParticipation in this Plan is limited to Officers of the Company. A Participantâ€™s VICP Percentage shall be determined and approved by the Committee. Unless otherwise determined by the Committee, a Participant must be employed through the last day of the Plan Year to receive an Award. The Committee, in its sole discretion, may make exceptions to this requirement in the case of Retirement, death or disability or under other circumstances as determined by the Committee. If approved by the Committee, Awards for Participants who leave due to Retirement, disability or death will be in an amount equal to the Award that the Participant would have received had the Participant remained employed through the last day of the Plan Year and then pro-rated by multiplying such amount by a fraction, the numerator of which is the number of days on payroll of the Company (or one of its wholly-owned subsidiaries), and the denominator of which is the number of total days in the Plan Year. B.Incentive Plan Performance GoalsThe incentive Performance Goals, each of which stands independently of the others with regard to full Award opportunities, are:â€¢Revenueâ€¢Return on Invested Capital (ROIC) â€¢Personal ObjectivesThe Performance Goals of an Award and the weighting of the payout relative to threshold, plan target, and full opportunity achievement for each are identified below:Â Performance GoalsThresholdPayout at or below ThresholdPlan TargetPayout at Target*Full Opportunity TargetPayout at or above Full Opportunity TargetRevenue$[__]0%$[__][__]%$[__][__]%ROIC[__]%0%[__]%[__]%[__]%[__]%Personal ObjectivesParticipant completion of personal objectives0-20%Participant completion of personal objectives0-20%Participant completion of personal objectives0-20%Total Incentive PayoutAs a percent of the individual participantâ€™s VICP

PercentageRevenue + ROIC + Personal Objectives0-20%Revenue + ROIC + Personal Objectives80-100%Revenue + ROIC + Personal Objectives180-200%*See â€œIII C. Award Calculationsâ€ below for the calculation of Award Payout.In measuring the degree of attainment of a Performance Goal under this Plan, the Committee reserves the right to adjust, or modify the manner of measuring or evaluating a Performance Goal, for any reason the Committee determines is appropriate, including, but not limited to, by excluding the impact of Extraordinary Events.C.Award CalculationNotwithstanding anything in this Plan to the contrary, no Award shall be payable to a Participant under this Plan unless the Company has Net Income for the Plan Year. In the event of results that are below the Revenue and the ROIC threshold levels, only Personal Objectives may have a payout (provided the Participant otherwise satisfies Plan terms); the Revenue and ROIC components have no associated payout until the applicable threshold is exceeded. A Participantâ€™s Award shall be determined as follows in accordance with the Performance Goals table above in III B:Revenue PayoutFor Revenue between Threshold and Plan Target:(Actual â€“ Threshold) / (Plan Target â€“ Threshold) x [__]% = Revenue Payout %For Revenue between Plan Target and Full Opportunity Target:[__]% + [(Actual â€“ Plan Target) / (Full Opportunity Target â€“ Plan Target) x [__]%] = Revenue Payout %ROIC PayoutFor ROIC between Threshold and Plan Target:(Actual â€“ Threshold) / (Plan Target â€“ Threshold) x [__]% = ROIC Payout %For ROIC between Plan Target and Full Opportunity Target:[__]% + [(Actual â€“ Plan Target) / (Full Opportunity Target â€“ Plan Target) x [__]%] = ROIC Payout %Personal Objective PayoutPersonal Objective Payout % is determined by the Participantâ€™s objective attainment (stated as a percentage) as approved by the Committee.Objective Attainment % x 20% = Personal Objective Payout %Total Incentive PayoutRevenue Payout % + ROIC Payout % + Personal Objective Payout % = Total Incentive Payout % Â Â Â Â Â Â Â Â Award Amount Total Incentive Payout % x VICP Percentage x Participantâ€™s SalaryD.Payment DateEligible participants will be paid Awards on or about November [_, 20_], but in no event later than March [__] of the year following the Plan Year.E.Change in Employment Status or Position Awards to Participants who are hired or promoted to an Officer position after the start of the Plan Year, or who move to a non-Officer position during the Plan Year, are to be pro-rated by multiplying the Award such Participant would have received if employed in an Officer position for the entire year by a fraction, the numerator of which is the number of days in the Plan Year that the Participant spent in an Officer position, and the denominator of which is the total number of days in the Plan Year. If a Participantâ€™s Salary or VICP Percentage changes during the Plan Year, such Participantâ€™s Award will be pro-rated accordingly to reflect the number of days during the Plan Year that each Salary and VICP Percentage was applicable. The Committee may, in its discretion, prorate the Award for a Participant on a leave of absence to reflect only the portion of the Plan Year that the Participant was actively employed to the extent consistent with applicable federal, state, and local laws.F.Taxes Awards payable hereunder are subject to required tax withholdings and other deductions in accordance with applicable federal, state and local requirements.IV.ADMINISTRATIONThe Committee is responsible for the administration of the Plan and its interpretation, including decisions on eligibility, a Participantâ€™s VICP Percentage, and the establishment and determination of the level of achievement of Performance Goals, including Personal Objectives. The Committeeâ€™s interpretations and decisions are final and binding. The Committee can amend this Plan at any time for any reason.V.MISCELLANEOUS Awards under this Plan are considered made under the 2024 OIP and are subject to all the terms and conditions of the 2024 OIP. Compensation under this Plan is subject to the Companyâ€™s Compensation Clawback Policy, as it may be amended from time to time. Nothing in this Plan document or associated communications in any way promises or guarantees the compensation or employment of any Participant with Company or any successor or related company. In the event of a conflict between this Plan and the terms and conditions of a Participantâ€™s employment agreement with the Company (if applicable), the terms and conditions of the Participantâ€™s employment agreement shall govern.DocumentExhibitÂ 31.1CERTIFICATIONI, Todd P. Kelsey, certify that:1.I have reviewed this quarterly report on Form 10-Q of Plexus Corp.;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 registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 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 registrantâ€™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; andd.Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; andb.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Â Â Date: JanuaryÂ 31, 2025 /s/ Todd P. KelseyTodd P. KelseyPresident and Chief Executive OfficerDocumentExhibit 31.2CERTIFICATIONI, Patrick J. Jermain, certify that:1.I have reviewed this quarterly report on Form 10-Q of Plexus Corp.;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 registrantâ€™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 registrantâ€™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; andd.Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; andb.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: JanuaryÂ 31, 2025 /s/ Patrick J. JermainPatrick J. JermainExecutive Vice President and Chief Financial Officer DocumentExhibit 32.1CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report of Plexus Corp. (the â€œCompanyâ€) on Form 10-Q for the fiscal quarter ended DecemberÂ 28, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the â€œReportâ€), I, Todd P. Kelsey, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Â§1350, as adopted pursuant to Â§906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company./s/ Todd P. KelseyTodd P. KelseyPresident and Chief Executive OfficerJanuary 31, 2025A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Plexus Corp. and will be retained by Plexus Corp. and furnished to the Securities and Exchange Commission or its staff upon request.DocumentExhibit 32.2CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report of Plexus Corp. (the â€œCompanyâ€) on Form 10-Q for the fiscal quarter ended DecemberÂ 28, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the â€œReportâ€), I, Patrick J. Jermain, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Â§1350, as adopted pursuant to Â§906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company./s/ Patrick J. JermainPatrick J. JermainExecutive Vice President and Chief Financial OfficerJanuary 31, 2025A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Plexus Corp. and will be retained by Plexus Corp. and furnished to the Securities and Exchange Commission or its staff upon request.DocumentExhibit 99.1Return on Invested Capital ("ROIC") and Economic Return Calculations GAAP to non-GAAP reconciliation (dollars in thousands):Three Months EndedTwelve Months EndedThree Months EndedDec 28,Sep 28,Dec 30,202420242023Operating income, as reported$46,860Â $167,732Â $45,158Â Restructuring and other charges4,683Â 20,257Â â€”Â Accelerated stock-based compensation (1)+â€”Â +5,063Â +â€”Â Adjusted operating income51,543Â 193,052Â 45,158Â x4x4Adjusted annualized operating income206,172Â 193,052Â 180,632Â Adjusted effective tax ratex15Â %13Â %16Â %Tax impact30,926Â 25,097Â 28,901Â Adjusted operating income (tax-effected)$175,246Â $167,955Â $151,731Â Average invested capital$1,268,309Â $1,418,698Â $1,479,647Â ROIC13.8Â %11.8Â %10.3Â %WACC8.9Â %8.2Â %8.2Â %Economic Return4.9Â %3.6Â %2.1Â %December 28,September 28,June 29,March 30,December 30,September 30,202420242024202420232023Equity$1,319,069Â $1,324,825Â $1,266,360Â $1,259,762Â $1,266,755Â $1,214,382Â Plus:Â Â Debt and finance lease obligations - current121,977Â 157,325Â 258,175Â 245,964Â 251,119Â 240,205Â Â Â Operating lease obligations - current (2)14,875Â 14,697Â 7,990Â 8,281Â 9,172Â 8,363Â Â Â Debt and finance lease obligations - long-term88,728Â 89,993Â 90,715Â 192,025Â 192,118Â 190,853Â Â Â Operating lease obligations - long-term35,124Â 32,275Â 31,923Â 33,915Â 35,989Â 38,552Â Less:Â Â Cash and cash equivalents(317,161)(345,109)(269,868)(265,053)(231,982)(256,233)$1,262,612Â $1,274,006Â $1,385,295Â $1,474,894Â $1,523,171Â $1,436,122Â (1)During the twelve months ended September 28, 2024, $5.1 million of accelerated stock-based compensation expense was recorded in selling and administrative expense in the accompanying Condensed Consolidated Statements of Operations as a result of executive retirement agreements.(2)Included in other accrued liabilities on the Condensed Consolidated Balance Sheets.