
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported)
August 15, 2023**

Fabrinet

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction
of incorporation)

001-34775
(Commission
File Number)

98-1228572
(IRS Employer
Identification No.)

**c/o Intertrust Corporate Services
One Nexus Way, Camana Bay
Grand Cayman
KY1-9005
Cayman Islands**

(Address of principal executive offices, including zip code)

+66 2-524-9600

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, \$0.01 par value	FN	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On August 21, 2023, Fabrinet (“Fabrinet” or the “Company”) issued a press release regarding its financial results for its fiscal quarter and year ended June 30, 2023. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information in this Item 2.02 and the press release attached hereto as Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Fiscal 2024 Executive Incentive Plan

On August 15, 2023, the Compensation Committee (the “Compensation Committee”) of the board of directors of Fabrinet adopted an executive incentive plan (the “Cash Bonus Plan”) for the Company’s fiscal year ending June 28, 2024 (“fiscal 2024”). The Cash Bonus Plan is an incentive program designed to motivate participants to achieve the Company’s financial objectives, and to reward them for their achievements when those objectives are met. All of the Company’s executive officers pursuant to Section 16 of the Exchange Act are eligible to participate in the Cash Bonus Plan (individually, a “Participant,” and collectively, the “Participants”). The Cash Bonus Plan provides for target and maximum bonus amounts as set forth in the table below. The maximum bonus that a Participant may receive under the Cash Bonus Plan is 120% of such Participant’s target bonus.

Name	Fiscal 2024 Target Bonus	Fiscal 2024 Maximum Bonus
Seamus Grady	\$1,625,000	\$1,950,000
Dr. Harpal Gill	\$1,378,000	\$1,653,600
Csaba Sverha	\$501,500	\$601,800
Edward Archer	\$408,000	\$489,600

The amount of bonus actually paid to a Participant under the Cash Bonus Plan will be based 50% on the extent of achievement of a fiscal 2024 revenue metric and 50% on the extent of achievement of a fiscal 2024 non-GAAP operating margin metric. As achievement of each financial metric is considered independently from the other, the Company must meet a threshold for each metric in order for a Participant to receive any credit for that metric. If the Company achieves 100% of a target financial metric, bonuses would be paid out at 100% of the target amount with respect to that financial metric component. If the Company achieves 105% or more of a target financial metric, bonuses would be paid out at 120% of the target amount (which is the maximum) with respect to that financial metric component. Achievement of the revenue or non-GAAP operating margin metric for fiscal 2024 at a level between 100% and 105% of the target metric will result in a bonus amount for the applicable metric that is scaled from 100% to 120% of the target amount in a linear fashion. Achievement of the revenue or non-GAAP operating margin metric for fiscal 2024 at a level between 90% and 100% of the target metric will result in a bonus amount for the applicable metric that is scaled from 20% to 100% of the target amount in a linear fashion.

Fiscal 2024 Salaries

On August 15, 2023, the Compensation Committee approved an increase to the annual base salaries of the Company’s named executive officers set forth below, effective as of July 1, 2023, the first day of fiscal 2024.

Name	Title	Previous Annual Base Salary	Fiscal 2024 Annual Base Salary	Change
Seamus Grady	Chief Executive Officer	\$1,150,000	\$1,250,000	8.7%
Dr. Harpal Gill	President and Chief Operating Officer	\$1,040,300	\$1,060,000	1.9%
Csaba Sverha	Executive Vice President, Chief Financial Officer	\$575,000	\$590,000	2.6%
Edward Archer	Executive Vice President, Sales & Marketing	\$500,000	\$510,000	2.0%

Equity Award Grants

On August 15, 2023, the Compensation Committee approved the grant, effective as of August 24, 2023 (the “Grant Date”), of the following dollar values of restricted share units (“RSUs”), performance share units (“PSUs”) and “stretch” PSUs (“Stretch PSUs”), rounded down to the nearest whole share, to the Company’s named executive officers as a component of their fiscal 2023 compensation:

Name	Grant Date Value of RSUs	Grant Date Value of PSUs	Grant Date Value of “Stretch” PSUs
Seamus Grady	\$2,600,000	\$2,600,000	\$2,600,000
Dr. Harpal Gill	\$1,625,000	\$1,625,000	\$1,625,000
Csaba Sverha	\$900,000	\$900,000	\$900,000
Edward Archer	\$750,000	\$750,000	\$750,000

The grants will be made under the Company’s 2020 Equity Incentive Plan. The RSUs will be scheduled to vest in equal annual installments over a period of three years on each anniversary of the Grant Date, subject to the individual’s continued service with the Company through each such vesting date.

The PSUs will vest, if at all, following a 2-year performance period, on the date the Compensation Committee certifies achievement of the performance criteria set forth below, subject to the individual’s continued service with the Company through such vesting date. Vesting of the PSUs will be based 50% on achievement of a cumulative fiscal 2024 and fiscal 2025 revenue goal (the “PSU Revenue Target”) and 50% on achievement of a cumulative fiscal 2024 and fiscal 2025 non-GAAP operating margin goal (the “PSU Operating Margin Target”). As achievement of each financial goal is considered independently from the other, the Company must meet a threshold for each goal in order for an individual to receive any credit for that goal. If the Company achieves 100% or more of a target financial goal, the PSUs will vest as to 100% of the PSUs allocated to that financial goal. Achievement of the PSU Revenue Target or the PSU Operating Margin Target at a level between 90% and 100% will result in a number of shares vesting for the applicable goal that is scaled from 20% to 100% of the PSUs allocated to that goal in a linear fashion.

The Stretch PSUs will vest, if at all, following a 2-year performance period, on the date the Compensation Committee certifies achievement of the performance criteria set forth below, subject to the individual’s continued service with the Company through such vesting date. Vesting of the Stretch PSUs will be based 50% on achievement of a cumulative fiscal 2024 and fiscal 2025 revenue goal that is 5% higher than the PSU Revenue Target (the “Stretch PSU Revenue Target”) and 50% on achievement of a cumulative fiscal 2024 and fiscal 2025 non-GAAP operating margin goal that is 5% higher than the PSU Operating Margin Target (the “Stretch PSU Operating Margin Target”). As achievement of each financial goal is considered independently from the other, the Company must meet a threshold for each goal in order for an individual to receive any credit for that goal. The Company must exceed the PSU Revenue Target or the PSU Operating Margin Target in order for any of the Stretch PSUs to vest. If the Company achieves 100% or more of a target financial goal, the Stretch PSUs will vest as to 100% of the PSUs allocated to that financial goal. Achievement of the Stretch PSU Revenue Target at a level between its threshold PSU Revenue Target and 100% will result in a number of shares vesting for that goal that is scaled from 0% to 100% of the PSUs allocated to that goal in a linear fashion. Achievement of the Stretch PSU Operating Margin Target at a level between its threshold PSU Operating Margin Target and 100% will result in a number of shares vesting for that goal that is scaled from 0% to 100% of the PSUs allocated to that goal in a linear fashion.

In the event of a change in control of Fabrinet, the awards of PSUs and Stretch PSUs described above that are then outstanding will be treated as follows. To the extent that the performance period has not yet been completed as of the change in control, (1) the performance period for any Company revenue goals will be shortened to end shortly before the change in control and achievement of revenue will be measured based on goals that are prorated for the shortened performance period, and (2) the performance period for any Company operating margin goals will be deemed to be the last four consecutive fiscal quarters of the Company completed before the change in control. Any PSUs for which such applicable goal is deemed achieved will be scheduled to vest subject to the individual’s continued service with Fabrinet through the last date of the award’s original performance period, and will be treated as a time-based award that may be eligible for certain vesting acceleration under Mr. Grady’s Change in Control and Severance Agreement or the Fabrinet Executive Change in Control and Severance Plan, as applicable, upon a qualifying termination during a specified change in control period.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated August 21, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FABRINET

By: /s/ CSABA SVERHA

Csaba Sverha

Executive Vice President, Chief Financial Officer

Date: August 21, 2023

Fabrinet Announces Fourth Quarter and Fiscal Year 2023 Financial Results

- *Fourth Quarter Revenue and Earnings Per Share Exceed Guidance*

BANGKOK, Thailand – August 21, 2023 – Fabrinet (NYSE: FN), a leading provider of advanced optical packaging and precision optical, electro-mechanical and electronic manufacturing services to original equipment manufacturers of complex products, today announced its financial results for its fourth quarter and fiscal year ended June 30, 2023.

Seamus Grady, Chief Executive Officer of Fabrinet, said, “We exceeded our guidance for revenue and earnings per share in the fourth quarter. During the quarter we saw very strong growth in datacom revenue, driven by new AI products, which more than offset anticipated headwinds from inventory adjustments at some customers. Our strong fourth quarter results helped produce record performances for revenue, profitability and cash flow in fiscal 2023. As we look to the first quarter of fiscal 2024, we are optimistic that new datacom programs can continue to offset inventory absorption in the industry, and that we can extend our track record of strong execution.”

Fourth Quarter Fiscal Year 2023 Financial Highlights**GAAP Results**

- Revenue for the fourth quarter of fiscal year 2023 was \$655.9 million, compared to \$587.9 million for the fourth quarter of fiscal year 2022.
- GAAP net income for the fourth quarter of fiscal year 2023 was \$60.8 million, compared to \$56.2 million for the fourth quarter of fiscal year 2022.
- GAAP net income per diluted share for the fourth quarter of fiscal year 2023 was \$1.65, compared to \$1.51 for the fourth quarter of fiscal year 2022.

Non-GAAP Results

- Non-GAAP net income for the fourth quarter of fiscal year 2023 was \$68.4 million, compared to \$62.6 million for the fourth quarter of fiscal year 2022.
- Non-GAAP net income per diluted share for the fourth quarter of fiscal year 2023 was \$1.86, compared to \$1.68 for the fourth quarter of fiscal year 2022.

Fiscal Year 2023 Financial Highlights**GAAP Results**

- Revenue for fiscal year 2023 was \$2.65 billion, compared to \$2.26 billion for fiscal year 2022.
- GAAP net income for fiscal year 2023 was \$247.9 million, compared to \$200.4 million for fiscal year 2022.
- GAAP net income per diluted share for fiscal year 2023 was \$6.73, compared to \$5.36 for fiscal year 2022.

Non-GAAP Results

- Non-GAAP net income for fiscal year 2023 was \$282.7 million, compared to \$229.2 million for fiscal year 2022.
- Non-GAAP net income per diluted share for fiscal year 2023 was \$7.67, compared to \$6.13 for fiscal year 2022.

Share Repurchase Program Expanded

Fabrinet also announced that its Board of Directors has approved the repurchase of up to an additional \$47.6 million of Fabrinet’s ordinary shares, bringing the aggregate authorization under Fabrinet’s existing share repurchase program to \$294.8 million, with \$100.0 million currently remaining.

Business Outlook

Based on information available as of August 21, 2023, Fabrinet is issuing guidance for its first fiscal quarter ending September 29, 2023, as follows:

- Fabrinet expects first quarter revenue to be in the range of \$650 million to \$670 million.
- GAAP net income per diluted share is expected to be in the range of \$1.60 to \$1.67, based on approximately 36.5 million fully diluted shares outstanding.
- Non-GAAP net income per diluted share is expected to be in the range of \$1.83 to \$1.90, based on approximately 36.5 million fully diluted shares outstanding.

Guidance for non-GAAP net income per diluted share excludes share-based compensation expenses and certain non-recurring items. A reconciliation of non-GAAP net income per diluted share to the corresponding GAAP measure is available at the end of this press release.

Conference Call Information

What: Fabrinet Fourth Quarter Fiscal Year 2023 Financial Results Call
When: August 21, 2023
Time: 5:00 p.m. ET
Live Call and Replay: <https://investor.fabrinet.com/events-and-presentations/events>

A recorded version of this webcast will be available approximately two hours after the call and accessible at <http://investor.fabrinet.com>. The webcast will be archived on Fabrinet's website for a period of one year.

About Fabrinet

Fabrinet is a leading provider of advanced optical packaging and precision optical, electro-mechanical, and electronic manufacturing services to original equipment manufacturers of complex products, such as optical communication components, modules and subsystems, automotive components, medical devices, industrial lasers and sensors. Fabrinet offers a broad range of advanced optical and electro-mechanical capabilities across the entire manufacturing process, including process design and engineering, supply chain management, manufacturing, advanced packaging, integration, final assembly and testing. Fabrinet focuses on production of high complexity products in any mix and any volume. Fabrinet maintains engineering and manufacturing resources and facilities in Thailand, the United States of America, the People's Republic of China and Israel. For more information visit: www.fabrinet.com.

Forward-Looking Statements

“Safe Harbor” Statement Under U.S. Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include: (1) our optimism that new datacom programs can continue to offset inventory absorption and that we can extend our track record of strong execution; and (2) all of the statements under the “Business Outlook” section regarding our expected revenue, GAAP and non-GAAP net income per share, and fully diluted shares outstanding for the first quarter of fiscal year 2024. These forward-looking statements involve risks and uncertainties, and actual results could vary materially from these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: the growing global economic downturn; continued disruption to our supply chain, which could increase our costs and affect our ability to procure parts and materials; less customer demand for our products and services than forecasted; less growth in the optical communications, industrial lasers and sensors markets than we forecast; difficulties expanding into additional markets, such as the semiconductor processing, biotechnology, metrology and materials processing markets; increased competition in the optical manufacturing services markets; difficulties in delivering products and services that compete effectively from a price and performance perspective; our reliance on a small number of customers and suppliers; difficulties in managing our operating costs; difficulties in managing and operating our business across multiple countries (including Thailand, the People's Republic of China, Israel and the U.S.); and other important factors as described in reports and documents we file from time to time with the Securities and Exchange Commission (SEC), including the factors described under the section captioned “Risk Factors” in our Quarterly Report on Form 10-Q filed with the SEC on May 9, 2023. We disclaim any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

Use of Non-GAAP Financials

We refer to the non-GAAP financial measures cited above in making operating decisions because they provide meaningful supplemental information regarding our ongoing operational performance. Non-GAAP net income excludes: share-based compensation expenses; depreciation of fair value uplift; amortization of intangibles; severance payment and others; restructuring and other related costs; and amortization of deferred debt issuance costs. We have excluded these items in order to enhance investors' understanding of our underlying operations. The use of these non-GAAP financial measures has material limitations because they should not be used to evaluate our company without reference to their corresponding GAAP financial measures. As such, we compensate for these material limitations by using these non-GAAP financial measures in conjunction with GAAP financial measures.

These non-GAAP financial measures are used to: (1) measure company performance against historical results, (2) facilitate comparisons to our competitors' operating results, and (3) allow greater transparency with respect to information used by management in making financial and operational decisions. In addition, these non-GAAP financial measures are used to measure company performance for the purposes of determining employee incentive plan compensation.

Investor Contact:

Garo Toomajanian

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FABRINET
CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars, except share data and par value)

	June 30, 2023	June 24, 2022
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 231,368	\$ 197,996
Short-term restricted cash	—	220
Short-term investments	319,100	280,157
Trade accounts receivable, net of allowance for doubtful accounts of \$965 and \$1,271, respectively	531,767	452,670
Inventories	519,576	557,145
Prepaid expenses	7,849	11,626
Other current assets	42,880	25,357
Total current assets	<u>1,652,540</u>	<u>1,525,171</u>
Non-current assets		
Long-term restricted cash	—	149
Property, plant and equipment, net	310,350	292,277
Intangibles, net	2,394	3,508
Operating right-of-use assets	1,634	4,084
Deferred tax assets	12,095	9,800
Other non-current assets	635	652
Total non-current assets	<u>327,108</u>	<u>310,470</u>
Total Assets	<u>\$ 1,979,648</u>	<u>\$ 1,835,641</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Long-term borrowings, current portion, net	\$ 12,156	\$ 12,156
Trade accounts payable	381,129	439,684
Fixed assets payable	13,526	9,085
Operating lease liabilities, current portion	1,201	2,319
Income tax payable	6,024	2,898
Accrued payroll, bonus and related expenses	23,748	20,374
Accrued expenses	20,447	24,758
Other payables	23,654	27,213
Total current liabilities	<u>481,885</u>	<u>538,487</u>
Non-current liabilities		
Long-term borrowings, non-current portion, net	—	15,202
Deferred tax liability	4,799	6,001
Operating lease liabilities, non-current portion	66	1,476
Severance liabilities	22,159	18,384
Other non-current liabilities	2,081	2,409
Total non-current liabilities	<u>29,105</u>	<u>43,472</u>
Total Liabilities	<u>510,990</u>	<u>581,959</u>
Shareholders' equity		
Preferred shares (5,000,000 shares authorized, \$0.01 par value; no shares issued and outstanding as of June 30, 2023 and June 24, 2022)	—	—
Ordinary shares (500,000,000 shares authorized, \$0.01 par value; 39,284,176 shares and 39,048,700 shares issued as of June 30, 2023 and June 24, 2022, respectively; and 36,183,682 shares and 36,436,683 shares outstanding as of June 30, 2023 and June 24, 2022, respectively)	393	390
Additional paid-in capital	206,624	196,667
Less: Treasury shares (3,100,494 shares and 2,612,017 shares as of June 30, 2023 and June 24, 2022, respectively)	(194,833)	(147,258)
Accumulated other comprehensive income (loss)	(8,115)	(12,793)
Retained earnings	1,464,589	1,216,676
Total Shareholders' Equity	<u>1,468,658</u>	<u>1,253,682</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,979,648</u>	<u>\$ 1,835,641</u>

FABRINET
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended		Year Ended	
	June 30, 2023	June 24, 2022	June 30, 2023	June 24, 2022
<i>(in thousands of U.S. dollars, except per share data)</i>				
	(unaudited)	(unaudited)	(unaudited)	
Revenues	\$ 655,871	\$ 587,874	\$ 2,645,237	\$ 2,262,224
Cost of revenues	(573,576)	(512,941)	(2,308,964)	(1,983,630)
Gross profit	82,295	74,933	336,273	278,594
Selling, general and administrative expenses	(19,869)	(18,529)	(77,673)	(73,941)
Restructuring and other related costs	(1,024)	—	(6,896)	(135)
Operating income	61,402	56,404	251,704	204,518
Interest income	4,024	735	11,234	2,205
Interest expense	(293)	(85)	(1,472)	(432)
Foreign exchange gain (loss), net	1,911	1,304	(1,211)	2,302
Other income (expense), net	19	(276)	(159)	(1,627)
Income before income taxes	67,063	58,082	260,096	206,966
Income tax expense	(6,277)	(1,893)	(12,183)	(6,586)
Net income	60,786	56,189	247,913	200,380
Other comprehensive income (loss), net of tax				
Change in net unrealized gain (loss) on available-for-sale securities	971	(2,711)	2,739	(6,326)
Change in net unrealized gain (loss) on derivative instruments	(2,894)	(3,321)	1,541	(578)
Change in net retirement benefits plan – prior service cost	135	174	473	622
Change in foreign currency translation adjustment	(46)	(47)	(75)	(245)
Total other comprehensive income (loss), net of tax	(1,834)	(5,905)	4,678	(6,527)
Net comprehensive income	\$ 58,952	\$ 50,284	\$ 252,591	\$ 193,853
Earnings per share				
Basic	\$ 1.67	\$ 1.53	\$ 6.79	\$ 5.43
Diluted	\$ 1.65	\$ 1.51	\$ 6.73	\$ 5.36
Weighted-average number of ordinary shares outstanding (thousands of shares)				
Basic	36,337	36,668	36,515	36,876
Diluted	36,737	37,222	36,855	37,394

FABRINET
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended	
	June 30, 2023	June 24, 2022
	(unaudited)	
Cash flows from operating activities		
Net income	\$ 247,913	\$ 200,380
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	43,832	38,738
Non-cash restructuring charges and other related costs	2,201	—
(Gain) loss on disposal and impairment of property, plant and equipment	(1,506)	(101)
(Gain) loss from sales and maturities of available-for-sale securities	92	13
Amortization of discount (premium) of short-term investments	280	3,691
Amortization of deferred debt issuance costs	31	32
(Reversal of) allowance for doubtful accounts	(307)	1,171
Unrealized loss (gain) on exchange rate and fair value of foreign currency forward contracts	175	(2,832)
Amortization of fair value at hedge inception of interest rate swaps	(587)	(937)
Share-based compensation	28,127	28,048
Deferred income tax	(3,484)	(191)
Other non-cash expenses	601	1,390
Changes in operating assets and liabilities		
Trade accounts receivable	(76,917)	(105,550)
Inventories	37,449	(135,011)
Other current assets and non-current assets	(13,568)	(6,430)
Trade accounts payable	(58,596)	93,499
Income tax payable	2,977	(761)
Severance liabilities	3,753	1,033
Other current liabilities and non-current liabilities	844	8,064
Net cash provided by operating activities	<u>213,310</u>	<u>124,246</u>
Cash flows from investing activities		
Purchase of short-term investments	(217,005)	(198,318)
Proceeds from sales of short-term investments	30,179	19,463
Proceeds from maturities of short-term investments	150,252	133,632
Purchase of property, plant and equipment	(61,360)	(89,588)
Purchase of intangibles	(911)	(995)
Proceeds from disposal of property, plant and equipment	128	263
Net cash used in investing activities	<u>(98,717)</u>	<u>(135,543)</u>
Cash flows from financing activities		
Repayment of long-term borrowings	(15,233)	(12,188)
Repayment of finance lease liability	(9)	(7)
Repurchase of ordinary shares	(47,575)	(59,915)
Withholding tax related to net share settlement of restricted share units	(18,167)	(20,824)
Net cash used in financing activities	<u>(80,984)</u>	<u>(92,934)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 33,609</u>	<u>\$ (104,231)</u>
Movement in cash, cash equivalents and restricted cash		
Cash, cash equivalents and restricted cash at the beginning of period	\$ 198,365	\$ 303,123
Increase (decrease) in cash, cash equivalents and restricted cash	33,609	(104,231)
Effect of exchange rate on cash, cash equivalents and restricted cash	(606)	(527)
Cash, cash equivalents and restricted cash at the end of period	<u>\$ 231,368</u>	<u>\$ 198,365</u>
Non-cash investing and financing activities		
Construction, software and equipment related payables	\$ 13,526	\$ 9,085

(in thousands of U.S. dollars)

FABRINET
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Supplemental disclosures

(in thousands of U.S. dollars)

	Year Ended	
	June 30, 2023	June 24, 2022
	(unaudited)	
Cash paid for		
Interest	\$ 2,377	\$ 2,244
Taxes	\$ 14,158	\$ 9,296
Cash received for interest	\$ 11,048	\$ 1,603
Non-cash investing and financing activities		
Construction, software and equipment related payables	\$ 13,526	\$ 9,085

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows:

	As of	
	June 30, 2023	June 24, 2022
	(unaudited)	
Cash and cash equivalents	\$ 231,368	\$ 197,996
Restricted cash	—	369
Cash, cash equivalents and restricted cash	\$ 231,368	\$ 198,365

FABRINET
RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES (UNAUDITED)

	Three Months Ended				Year Ended			
	June 30, 2023		June 24, 2022		June 30, 2023		June 24, 2022	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
<i>(in thousands of U.S. dollars, except share data)</i>								
GAAP measures	\$ 60,786	\$ 1.65	\$ 56,189	\$ 1.51	\$ 247,913	\$ 6.73	\$ 200,380	\$ 5.36
Items reconciling GAAP net income & EPS to non-GAAP net income & EPS:								
Related to cost of revenues:								
Share-based compensation expenses	1,636	0.05	1,388	0.04	6,664	0.18	5,967	0.16
Depreciation of fair value uplift	—	—	—	—	—	—	92	0.00
Total related to gross profit	1,636	0.05	1,388	0.04	6,664	0.18	6,059	0.16
Related to selling, general and administrative expenses:								
Share-based compensation expenses	4,936	0.13	4,959	0.13	20,939	0.57	22,081	0.59
Amortization of intangibles	—	—	94	0.00	224	0.01	422	0.01
Severance payment and others	—	—	—	—	—	—	105	0.00
Total related to selling, general and administrative expenses	4,936	0.13	5,053	0.13	21,163	0.58	22,608	0.60
Related to other income and expense:								
Restructuring and other related costs	1,024	0.03	—	—	6,896	0.18	135	0.01
Amortization of deferred debt issuance costs	8	0.00	8	0.00	32	0.00	32	0.00
Total related to other income and expense	1,032	0.03	8	0.00	6,928	0.18	167	0.01
Total related to net income & EPS	7,604	0.21	6,449	0.17	34,755	0.94	28,834	0.77
Non-GAAP measures	\$ 68,390	\$ 1.86	\$ 62,638	\$ 1.68	\$ 282,668	\$ 7.67	\$ 229,214	\$ 6.13
Shares used in computing diluted net income per share								
GAAP diluted shares		36,737		37,222		36,855		37,394
Non-GAAP diluted shares		36,737		37,222		36,855		37,394

FABRINET

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW (UNAUDITED)

(in thousands of U.S. dollars)

	Three Months Ended		Year Ended	
	June 30, 2023	June 24, 2022	June 30, 2023	June 24, 2022
Net cash provided by operating activities	\$ 71,088	\$ 16,349	\$ 213,310	\$ 124,246
Less: Purchase of property, plant and equipment	(17,938)	(14,261)	(61,360)	(89,588)
Non-GAAP free cash flow	\$ 53,150	\$ 2,088	\$ 151,950	\$ 34,658

FABRINET

GUIDANCE FOR QUARTER ENDING SEPTEMBER 29, 2023
RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

	Diluted EPS
GAAP net income per diluted share:	\$1.60 to \$1.67
Related to cost of revenues:	
Share-based compensation expenses	0.07
Total related to gross profit	0.07
Related to selling, general and administrative expenses:	
Share-based compensation expenses	0.16
Total related to selling, general and administrative expenses	0.16
Total related to net income & EPS	0.23
Non-GAAP net income per diluted share	\$1.83 to \$1.90