

**Flextronics International Kft.**

*Financial Statements  
and  
Independent Auditor's Report*

March 31, 2021

*Translation of the Hungarian original*

## INDEPENDENT AUDITOR'S REPORT

To the Quotaholders of Flextronics International Kft.

### ***Opinion***

We have audited the financial statements of Flextronics International Kft. (the „Company”) for the year 2021 which comprise the balance sheet as at March 31, 2021 – which shows total assets of EUR 1,476,233,003 and profit after tax for the year of EUR 23,461,537 –, as well as the related profit and loss account for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021 and its financial performance for the year then ended in accordance with Act C of 2000 on Accounting (the „Accounting Act”) effective in Hungary.

### ***Basis for Opinion***

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "*The Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report.

We are independent of the Company in compliance with the relevant effective Hungarian regulations and the “Rules of conduct (ethical rules) of the auditor profession and the disciplinary process” of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Other Matters***

The Company did not comply with the provisions of Section 153 (1) of Law C of 2000 on Accounting as it did not file its Financial Statements approved by the Owner until the last day of fifth month after the balance sheet date.

### ***Other Information: The Business Report***

Other information includes the business report of the Company for 2021. Management is responsible for the preparation of the business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the financial statements provided in the section of our independent auditor's report entitled „*Opinion*” does not apply to the business report.

Our responsibility in connection with our audit of the financial statements is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities also include assessing whether the business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, and to express an opinion on the above and on whether the business report is consistent with the financial statements.

In our opinion, the business report of the Company for 2021 corresponds to the financial statements of the Company for 2021 and the relevant provisions of the Accounting Act in all material respects. As the Company is not subject to additional requirements under any other regulation in connection with the business report, we have not formulated an opinion on this matter.

In addition to the above, based on the information obtained about the Company and its environment, we must report on whether we became aware of any material misstatements in the business report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern principle, and preparing the financial statements using the going concern basis of accounting. Management must apply the going concern principle, unless the use of this principle is precluded by any provision, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***The Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives during the audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements in accordance with the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the Company's internal control that we identify during the audit.

Budapest, November 10, 2021

*The original Hungarian version has been signed.*

Kornél Bodor  
on behalf of Deloitte Auditing and Consulting Ltd.  
and as a statutory registered auditor

Deloitte Auditing and Consulting Ltd.  
1068 Budapest, Dózsa György út 84/C.  
Registration number: 000083

Registration number of statutory registered auditor: 005343



Statistical code:  
**11222149-2640-113-14**  
 Company registration number:  
 14-09-300339

FLEXTRONICS INTERNATIONAL KFT.

**BALANCE SHEET VERSION "A" as at 31 March 2021**  
 (All balances are given in EUR)


**ASSETS**

	31 March 2020	31 March 2021
<b>A. FIXED ASSETS</b>	<b>237,628,028</b>	<b>228,688,374</b>
I. Intangible assets	<b>83,520</b>	<b>350,905</b>
1. Capitalised value of foundation/reorganisation	0	0
2. Capitalised value of research & development	0	0
3. Valuable rights	74,711	303,902
4. Intellectual property	8,809	47,003
5. Goodwill	0	0
6. Advances on intangible assets	0	0
7. Value adjustment of intangible assets	0	0
II. Tangible assets	<b>94,915,262</b>	<b>96,770,733</b>
1. Land and buildings and related valuable rights	30,919,529	30,251,822
2. Technical equipment, machines, vehicles	47,772,981	51,521,764
3. Other equipment, facilities, vehicles	7,013,191	3,937,737
4. Livestock	0	0
5. Construction in progress, renovations	9,209,561	11,059,410
6. Advances on construction projects	0	0
7. Value adjustment of tangible assets	0	0
III. Investments	<b>142,629,247</b>	<b>131,566,736</b>
1. Long-term shares in affiliated parties	40,443,255	29,382,519
2. Long-term loans given to affiliated parties	102,185,992	102,184,217
3. Significant long-term shareholdings	0	0
4. Long-term loans given to parties associated with major participating interest	0	0
5. Other long-term participations	0	0
6. Long-term loans given to other related parties	0	0
7. Other long-term loans given	0	0
8. Long-term debentures	0	0
9. Value adjustment of investments	0	0
<b>B. CURRENT ASSETS</b>	<b>954,775,133</b>	<b>1,212,985,354</b>
I. Inventories	<b>193,770,057</b>	<b>174,183,027</b>
1. Materials	147,908,539	138,305,501
2. Work in progress and semi-finished goods	9,806,753	14,578,211
3. Young, store and other livestock	0	0
4. Finished goods	33,738,022	17,805,369
5. Goods	1,640,269	1,532,648
6. Advances on inventories	676,474	1,961,298
II. Receivables	<b>758,119,113</b>	<b>1,036,165,131</b>
1. Trade receivables (debtors)	213,601,810	384,899,506
2. Receivables from affiliated parties	522,060,578	638,305,840
3. Receivables from parties associated with major participating interest	0	0
4. Receivables from other related parties	0	0
5. Bills receivable	0	0
6. Other receivables	22,456,725	12,959,785
III. Securities	<b>0</b>	<b>0</b>
1. Shares in affiliated parties	0	0
2. Significant shareholdings	0	0
3. Shares in other enterprises	0	0
4. Treasury shares and quotas	0	0
5. Debt securities for trading	0	0
IV. Cash and bank balances	<b>2,885,963</b>	<b>2,637,196</b>
1. Cash on hand, cheques	5,983	5,165
2. Bank deposits	2,879,980	2,632,031
<b>C. PREPAYMENTS</b>	<b>37,238,275</b>	<b>34,559,275</b>
1. Accrued income	14,445,318	19,267,571
2. Prepaid expenses	22,792,957	15,291,704
3. Deferred expenses	0	0

**TOTAL ASSETS**

**1,229,641,436**      **1,476,233,003**

Tab, 11 September 2021

  
 \_\_\_\_\_  
 Nagy László                      Christian Ruster  
 Managing director              Managing director

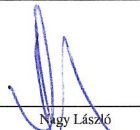

Statistical code:  
**11222149-2640-113-14**  
 Company registration number:  
 14-09-300339

FLEXTRONICS INTERNATIONAL KFT.  
**BALANCE SHEET VERSION "A" as at 31 March 2021**  
 (All balances are given in EUR)

**LIABILITIES**

	31 March 2020	31 March 2021
<b>D. EQUITY</b>	<b>232,527,136</b>	<b>255,988,673</b>
I. Registered capital	5,590,815	5,590,815
of this:	0	0
repurchased ownership share at nominal value	0	0
II. Called unpaid capital (-)	0	0
III. Capital reserve	61,638,098	61,638,098
IV. Profit reserve	45,296,569	56,518,363
V. Tied-up reserve	108,779,860	108,779,860
VI. Valuation reserve	0	0
VII. After-tax profit	11,221,794	23,461,537
<b>E. PROVISIONS</b>	<b>5,522,670</b>	<b>5,183,659</b>
1. Provisions for expected liabilities	5,522,670	5,183,659
2. Provisions for future expenses	0	0
3. Other provisions	0	0
<b>F. LIABILITIES</b>	<b>896,603,050</b>	<b>1,136,918,213</b>
I. Subordinated liabilities	0	0
1. Subordinated liabilities due to affiliated parties	0	0
2. Subordinated liabilities due to companies associated with major participating interest	0	0
3. Subordinated liabilities due to other related parties	0	0
4. Subordinated liabilities due to other enterprises	0	0
II. Long-term liabilities	<b>100,468,211</b>	<b>1,696</b>
1. Long-term loans received	0	0
2. Convertible bonds	0	0
3. Bonds payable	0	0
4. Investment and development loans	0	0
5. Other long-term loans	0	0
6. Long-term liabilities due to affiliated parties	0	0
7. Long-term liabilities to companies associated with major participating interest	0	0
8. Long-term liabilities due to other related parties	0	0
9. Other long-term liabilities	100,468,211	1,696
III. Short-term liabilities	<b>796,134,839</b>	<b>1,136,916,517</b>
1. Short-term loans	0	0
- of this: convertible bonds	0	0
2. Short-term borrowings	28,368,573	8,063,849
3. Advances received from customers	241,069	107,986
4. Trade payables (creditors)	539,211,100	527,949,601
5. Bills payable	0	0
6. Short-term liabilities due to affiliated parties	212,496,612	585,176,489
7. Short-term liabilities to companies associated with major participating interest	0	0
8. Short-term liabilities to other related parties	0	0
9. Other short-term liabilities	15,817,485	15,618,592
<b>G. ACCRUALS</b>	<b>94,988,580</b>	<b>78,142,458</b>
1. Prepaid income	17,507,664	28,375,228
2. Accrued expenses	77,458,075	49,767,230
3. Deferred income	22,841	0
<b>TOTAL LIABILITIES</b>	<b>1,229,641,436</b>	<b>1,476,233,003</b>

Tab, 11 September 2021

 Nagy László Managing director	 Christian Pfister Managing director
---	--

Statistical code:  
**11222149-2640-113-14**  
 Company registration number:  
 14-09-300339

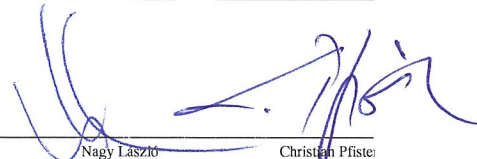
FLEXTRONICS INTERNATIONAL KFT.

INCOME STATEMENT (TOTAL COST METHOD) VERSION "A" FOR THE FINANCIAL YEAR BETWEEN 1 APRIL 2020 AND 31 MARCH 2021

(All balances are given in EUR)

	1 April 2019 - 31 March 2020	1 April 2020 - 31 March 2021
1. Net domestic sales	41,930,748	115,876,117
2. Net export sales	<u>2,647,779,335</u>	<u>2,352,868,966</u>
I. Net sales revenue	2,689,710,083	2,468,745,083
3. Change in self-manufactured inventories	10,559,875	-11,161,195
4. Own work capitalised	0	0
II. Value of own performance capitalised	10,559,875	-11,161,195
III. Other income	38,735,875	21,936,330
of this: reversed impairment	9,980,425	8,861,401
5. Material costs	2,055,197,849	1,905,260,104
6. Services used	209,194,142	166,116,626
7. Value of other services	1,072,113	828,372
8. Cost of goods sold	101,288,383	116,076,412
9. Performance of subcontractors	<u>160,162,685</u>	<u>128,980,967</u>
IV. Material type expenditure	2,526,915,172	2,317,262,481
10. Payroll costs	91,456,592	82,380,768
11. Other payments to staff	8,574,592	6,531,783
12. Payroll taxes	<u>19,940,309</u>	<u>15,345,832</u>
V. Staff costs	119,971,493	104,258,383
VI. Depreciation	19,573,923	19,282,044
VII. Other expenditure	36,830,810	26,166,685
Of this: impairment	0	3,533,175
<b>A. OPERATING PROFIT</b>	<b><u>35,714,435</u></b>	<b><u>12,550,625</u></b>
13. Dividend, profit share received (due)	0	0
Of this: received from affiliated parties	0	0
14. Income and capital gain on participations	0	0
Of this: received from affiliated parties	0	0
15. Income and capital gain on investments (securities and loans)	0	0
Of this: received from affiliated parties	0	0
16. Other interest and similar income received (due)	1,420,380	1,134,946
Of this: received from affiliated parties	1,536,387	1,134,829
17. Other income from financial transactions	<u>38,205,100</u>	<u>78,094,654</u>
VIII. Income from financial transactions	39,625,480	79,229,600
18. Expenditures and capital loss on participations	0	0
Of which: granted to affiliated parties	0	0
19. Expenditures and capital loss on investments (securities and loans)	0	0
Of which: granted to affiliated parties	0	0
20. Interest payable and similar expenditure	8,286,213	3,060,368
Of which: granted to affiliated parties	5,210,082	1,851,368
21. Impairment of shares, securities, long-term loans given and bank deposits	0	9,267,988
22. Other expenditures of financial transactions	<u>55,831,908</u>	<u>55,156,006</u>
IX. Expenditures of financial transactions	64,118,121	67,484,362
<b>B. PROFIT ON FINANCIAL TRANSACTIONS</b>	<b><u>-24,492,641</u></b>	<b><u>11,745,238</u></b>
<b>C. PRE-TAX PROFIT</b>	<b><u>11,221,794</u></b>	<b><u>24,295,863</u></b>
X. Tax liability	0	834,326
<b>D. AFTER-TAX PROFIT</b>	<b><u>11,221,794</u></b>	<b><u>23,461,537</u></b>

Tab, 11 September 2021

  
 Nagy Laszlo                      Christian Pfister  
 Managing director                      Managing director

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**1. THE COMPANY**

**Flextronics International Termelő és Szolgáltató Vám szabadterületi Korlátolt Felelősségű Társaság** (hereinafter: the "Company") is domiciled at 8660 **Tab, Munkás u. 28.** Permanent establishments:

8900 Zalaegerszeg, Zrínyi Miklós u. 38.  
8900 Zalaegerszeg, Posta u. 63.  
9600 Sárvár, Ikervári u. 42.  
9600 Sárvár, Ikervári u. 25.  
4400 Nyíregyháza, Debreceni út 342.  
1183 Budapest, Hangár u. 5-37.  
2360 Gyál, Bem József u. 32.  
1117 Budapest, Irinyi József u. 4-20.  
9600 Sárvár, Ungvár u. 22  
4400 Nyíregyháza, Debreceni út 370.  
9600 Sárvár, plot no.: HRSZ 1359-1360/1-1390  
2360 Gyál, Gorcsev Iván utca 7. B. ép.  
2225 Üllő, K-Sped körút 28.

Scope of activities:

2640 Manufacture of consumer electronics (core activity)  
2229 Manufacture of other plastic products  
2751 Manufacture of electrical household appliances  
2790 Manufacture of other electrical equipment  
6820 Renting and operating of own or leased real estate  
9511 Manufacture of computers and peripheral  
9512 Repair of communication devices

At the Zalaegerszeg and Tab sites the Company is primarily engaged in the production of consumer electronics, household appliances and other electrical equipment. At the Sárvár site the Company is engaged in plastic injection molding and the production of electrical consumption products. In Sárvár, the Company also operates a central administrative and financial services unit while in Budapest it offers repair and logistics services.

The buildings of the Nyíregyháza site were leased to the business partner that purchased the production machinery. The term of the lease as per the lease contract renewed during the business year is until 31 December 2025. The other site in Nyíregyháza performs logistics functions.

Since 1 April 2011, the Company has been the universal successor of Flextronics Budapest Kft. The merger added manufacturing and repair activities of the acquired company's sites to the portfolio. The Company currently performs these activities at the Budapest, Páty and Gyál sites.

Shareholders: Flextronics International GmbH (Austria, 1300 Vienna Airport, Office Park I, Top B07/02) holding a 99.986% quota, and Flextronics Sárvár Logistics Kft. (9600 Sárvár, Ikervári u. 25.) with participation of 0.014% (see Section 11). The ratio of ownership has been modified by the merger with Flextronics Budapest Kft. The registered capital of the acquired company had been held by Flextronics International GmbH as majority owner. The owner did not reduce the amount of share capital for the merger.





**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

In 2013, the Company acquired 100% of the shares in RIWISA AG, Kunststoffwerke Hagglingen seated in Sonnhalde, 5607 Hagglingen, Switzerland. The Company's current name: Flex Precision Plastic Solution AG.

<u>Flex Precision Plastic Solution AG.</u>	<u>Balance sheet position on 31.03.2021 *</u>
Registered capital	6,500,000
General reserve	1,085,000
Other reserves	9,700,000
After-tax profit	-1,409,352
<b>Equity</b>	<b>15,875,648</b>

\* Data in the financial statements of Flex Precision Plastic Solution AG (Switzerland) are disclosed in Swiss Franc (CHF).

The Company recognised EUR 29,382,519 as long-term participation in affiliated parties.

Statistical code: 11222149-2640-113-14

Company registration number: 14-09-300339

Website: [www.flex.com](http://www.flex.com)

The consolidated financial statements of the group are consolidated into the financial statements of the parent company, Flextronics International GmbH (Austria, 1300 Vienna Airport, World Trade Center), which is consolidated into the financial statements of Flextronics International Limited (Singapore, 486123, 2 Changi South Lane, FIL). These financial statements are available at the above addresses.

Person authorised to represent Flextronics International Kft. and sign off the financial statements: Nagy László managing director (8900 Zalaegerszeg, Egry József u. 4. D/3/12.) and Christian Pfister managing director (T-8911 Admont, Liftstrasse 528.)

The person responsible for the management and supervision of the tasks relating to book-keeping is Csordás Péter. Registration number: 192,699.

Pursuant to Section 155 of Act C of 2000, the Company is subject to mandatory audit. Independent auditor: Deloitte Könyvvizsgáló és Tanácsadó Kft. (Deloitte Auditing and Consulting Ltd.) (1068 Budapest, Dózsa György út 84/c) Registration number: 000083

Registered auditor:  
Bodor Kornél  
Registration number: 005343

Auditor's fee without VAT (27 %): EUR 185,300

## **2. ACCOUNTING POLICY**

The Company keeps its books and records in accordance with Act C of 2000 on Accounting, as amended (hereinafter: "Act"), and the accounting principles generally accepted in Hungary. The Company's accounting policy, measurement methods and procedures – together with the changes introduced in the accounting policy during the year – are as follows:

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**2.1. Accounting laws and principles**

The Act entered into force on 1 January 2001. Both the attached balance sheets reflecting the financial position of the Company as of 31 March 2020 and 2021 and the income statements for the years ended on 31 March 2020 and 2021 were prepared in accordance with the provisions of the Act.

**2.2. Balance sheet preparation date**

Balance sheet preparation date for FY 2020 and FY 2021: 2 April 2020 and 2 April 2021, respectively.

**2.3. Bookkeeping currency**

Pursuant to the (Accounting) Act, Flextronics International Kft. as a duty-free zone company established by a foreign entity was required to switch to keeping its books and records in foreign currency.

On 1 January 1999, Flextronics International Kft. designated in its Articles of Association the Euro – the common currency of the European Union, introduced on 1 January 1999 – as the official currency for its bookkeeping and reporting activities.

**2.4. Intangible assets**

Valuable rights are amortised on a straight-line basis over 3 years (general IT products) or over 7 years (special integrated business management software). Goodwill is recognised under intangible assets. Historical cost is defined on the basis of the actual amount paid. Extraordinary depreciation shall be recognised if the book value of goodwill remains permanently and substantially higher than its market value (expected recoverable amount) as a result of the changing of circumstances affecting expectations concerning future economic benefits).

**2.5. Tangible assets**

Tangible assets contributed by the shareholders are recognised at the contribution value determined upon asset valuation less accumulated depreciation. The Company records purchased or manufactured tangible assets at purchase or direct production cost. Tangible assets are depreciated over their expected useful life using the straight-line method.

Tangible assets with an individual value below thHUF 200 are recorded by the Company in one lump sum as ordinary depreciation upon commissioning (capitalisation).

Expected useful life of assets:

<u>Description</u>	<u>Year</u>	<u>%</u>
Buildings	50	2
Structures	50/16,6	2/6
Technical equipment, machines and vehicles	7 / 3 / 5	14.5 / 33 / 20
Other	7	14.5

The Company, using its best estimates based on reasonable and justifiable assumptions and projections, reviewed its tangible and intangible assets in cases where certain events or changes in circumstances indicated that the further use or operation of these assets could not be ensured. As a result, the Company concluded that despite the losses it was not necessary to restate its financial statements as these assets would be used in other projects or sold to related parties at the net book value.



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

No residual value is recognised for tangible assets; instead, depreciation is recognized for the entire historical cost. The reason for this is that devices used during the process of manufacturing and repair are put into operation based on the singularity of the given product. This measure is also explained by the fact that the estimated residual value would be such a small amount that would be insignificant compared to the total value of the Company's tangible assets.

**2.6. Inventories**

The Company records the value of purchased inventories using the FIFO method.

Self-manufactured inventories are recorded during the year at transfer prices. Year-end measurement of self-manufactured inventories is based on post-calculations.

Inventories deemed by the Company's management to be slow-moving or obsolete were written off to their net realisable value in the respective period.

**2.7. Prepayments**

Under prepayments, the Company recognises expenses arising before balance sheet date but recognisable only in the next financial year, as well as income falling due in the next financial year but applying to the current one.

**2.8. Provisions**

The Company recognises provisions (up to the necessary amount) from the pre-tax profit for liabilities due to third parties arising from former and pending transactions that are certain or likely to exist as of the balance sheet date but whose amount and due date are still uncertain and that have not been covered by the Company in any other way.

The Company recognises provisions (up to the amount necessary in order to determine its actual profit) from the pre-tax profit for expected, significant and recurrent future costs (in particular maintenance, reorganisation and environmental costs) that are assumed or certain to be incurred in the future but whose amount and due date is uncertain and that can not be classified as accrued expenses.

**2.9. Accruals**

Under accruals, the Company recognises income collected before balance sheet date but recognisable only in the next financial year, as well as for costs recognised before balance sheet date that will be payable from the profit of the next financial year.

**2.10. Revenue**

The consideration for the sale of purchased and self-manufactured inventories, as well as for the services provided during the business year – plus surcharges and markups, less discounts and VAT – is recognised by the Company in the period of contractual performance as net sales revenue. All items related to revenue are recognised in the appropriate period, in accordance with the principle of matching. No revenue item is recognised if its realisation is uncertain.



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

**2.11. Format of the balance sheet and the income statement**

The balance sheet was prepared according to version "A"; the income statement was prepared according to version "A" using the total cost method. The Company recognises income and expenditure in gross amounts in the income statement. The effect of business transactions concerning two or more financial years are recognised under the revenues and costs of the period in question in the proportion in which they are divided between the base period and the current period.

**2.12. Material misstatements**

An error is considered material if in the year when discovered during various reviews the combined amount of all misstatements (whether negative or positive) identified with respect to a given business year (separately for each year) and their effects – whether increasing or reducing the profit/loss or equity – exceed 2 (two) per cent of the balance sheet total. Where a material misstatement is identified, the Company's financial statements are prepared using three columns.

**3. FINANCIAL POSITION AND LIQUIDITY**

The Company's financial position and liquidity as of 31 March 2020 and 2021 are illustrated by the following indicators, cash flow statement and profitability indicators.

Financial indicators:

	<u>31 March 2020</u>	<u>31 March 2021</u>
Liquidity ratio = ((current assets+prepayments)/(current liabilities+accruals)) =	1.11	1.03
Quick ratio = ((current assets - inventories+prepayments)/(current liabilities+accrued expenses)) =	0.90	0.88
Debtor days on sales (accounts receivable / sales revenue x 365 days) =	29	57





**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**Cash Flow Statement**

	2020	2021
<b>I. Cash flows from ordinary activities (lines 1-15)</b>	<b>16,994,611</b>	<b>133,368,987</b>
1. Pre-tax profit	11,221,794	24,295,863
2. Adjustments to pre-tax profit		
Unrealised exchange rate difference from loans and borrowings	0	1.775
Revaluation of participations	0	1,792,749
Capitalised interest	0	0
Dividend received	0	0
Non-repayable funds transferred/received for development purposes	0	0
Non-repayable assets transferred/received	0	0
Year-end revaluation difference of forex cash and bank balances	0	0
3. Amortisation and depreciation recognised	19,573,923	19,282,041
4. Extraordinary depreciation and extraordinary depreciation written back	0	0
5. Impairment recognised and reversed (-)	-2,904,779	3,939,761
6. Credit loss	0	0
7. Difference between provisions made and used	-12,574,693	-339,011
8. Profit on the sale of fixed assets	-1,532,152	1,531,233
9. Change in trade payables	-16,037,224	361,418,378
10. Change in other short-term liabilities	-2,608,525	-1,166,302
11. Change in accruals	33,869,187	-26,968,498
12. Change in trade receivables	48,423,221	-287,485,152
13. Change in current assets (w/o accounts receivable and cash and bank balances)	-44,484,597	34,387,150
14. Change in prepayments	-15,951,544	2,679,000
15. Taxes paid, payable on profit	0	0
16. Dividend and profit sharing paid and payable	0	0
17. Unrealised exchange difference on foreign exchange items	0	0
<b>II. Cash flows from investing activities (lines 14-18)</b>	<b>-16,624,629</b>	<b>-22,968,891</b>
18. Purchase of fixed assets	-22,117,171	-23,903,527
19. Sale of fixed assets	3,383,782	934,636
20. Changes of investments	2,108,760	0
<b>III. Cash flows from financing activities (lines 19-29)</b>	<b>-4,393,845</b>	<b>-110,648,863</b>
21. Proceeds from the issue of shares and capital increase	0	0
22. Proceeds from the issue of bonds and debentures	0	0
23. Loans and borrowings received	0	0
24. Repayment, termination and conversion of long-term loans given and bank deposits	0	0
25. Non-repayable funds received	0	10,122,376
26. Withdrawal of shares, divestment (capital decrease)	0	0
27. Repayment of bonds and debentures	0	0
28. Repayment of loans and borrowings	-2,676,064	-120,771,239
29. Long-term loans granted and long-term bank deposits	-2,185,992	0
30. Non-repayable funds transferred	0	0
31. Change in liabilities to founders and other long-term liabilities	468,211	0
<b>Changes in cash and bank accounts (I.+II.+III.)</b>	<b>-4,023,862</b>	<b>-248.767</b>
<b>Change in cash from balance sheet</b>	<b>-4,023,862</b>	<b>-248.767</b>
<b>Opening balance</b>	<b>6,909,825</b>	<b>2,885,963</b>
<b>Closing balance</b>	<b>2,885,963</b>	<b>2,637,196</b>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

Profitability indicators:

	<u>31 March 2020</u>	<u>31 March 2021</u>
Turnover of assets (Revenue / Assets)	2.19	1.67
Operating margin (Operating profit / Revenue)	0.01	0.01



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**4. INTANGIBLE ASSETS**

Summary of the movements of intangible assets in the years ended 31 March 2020 and 31 March 2021:

	Valuable rights and intellectual property	Goodwill	Total
<b>GROSS VALUE:</b>			
Opening balance at 1 April 2019	513,079	0	513,079
Additions	104,006	0	104,006
Disposals	-6,223	0	-6,223
Reclassifications	0	0	0
Closing balance as of 31 March 2020	<u>610,862</u>	<u>0</u>	<u>610,862</u>
Additions	348,265	0	348,265
Disposals	-300,158	0	-300,158
Reclassifications	0	0	0
Closing balance as of 31 March 2021	<u>658,969</u>	<u>0</u>	<u>658,969</u>
<b>ACCUMULATED AMORTISATION:</b>			
Opening balance at 1 April 2019	449,933	0	449,933
Additions	83,632	0	83,632
Disposals	-6,223	0	-6,223
Reclassifications	0	0	0
Closing balance as of 31 March 2020	<u>527,342</u>	<u>0</u>	<u>527,342</u>
Additions	80,880	0	80,880
Disposals	-300,158	0	-300,158
Reclassifications	0	0	0
Closing balance as of 31 March 2021	<u>308,064</u>	<u>0</u>	<u>308,064</u>
NET VALUE as of 31 March 2020	<u>83,520</u>	<u>0</u>	<u>83,520</u>
NET VALUE as of 31 March 2021	<u>350,905</u>	<u>0</u>	<u>350,905</u>

Pursuant to the amendments of the Accounting Act effective as of 1 January 2016, goodwill shall be from now on recognised among shares and participations.

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**5. TANGIBLE ASSETS**

Summary of the movements of tangible assets in the years ended 31 March 2020 and 31 March 2021:

GROSS VALUE:	Land and buildings and related valuable rights	Technical equipment, machines, vehicles	Other equipment, facilities, vehicles	Construction in progress, renovations	Total
Opening balance as of 01 April 2019	46,005,772	108,739,429	21,761,059	11,988,398	188,494,658
Additions	0	0	0	20,366,745	20,366,745
Capitalisation	1,249,742	16,706,878	5,188,962	-23,145,582	0
Disposals and other decrease	-6.368	-8,047,400	-2,892,123	0	-10,945,891
Reclassifications	0	0	0	0	0
Closing balance as of 31 March 2020	<u>47,249,146</u>	<u>117,398,907</u>	<u>24,057,898</u>	<u>9,209,561</u>	<u>197,915,512</u>
Additions	61171	52861	0	23,533,371	23,647,403
Capitalisation	1,091,932	19,591,014	886.544	-21,661,631	-92.141
Reclassifications	27.345	-941.305	172.279	0	-741.681
Disposals and other decrease	-4.996	-14,333,857	-1,481,968	-21.891	-15,842,712
Closing balance as of 31 March 2021	<u>48,424,598</u>	<u>121,767,620</u>	<u>23,634,753</u>	<u>11,059,410</u>	<u>204,886,381</u>



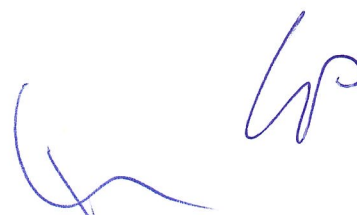


**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

ACCUMULATED DEPRECIATION	Land and buildings and related valuable rights	Technical equipment, machines, vehicles	Other equipment, facilities, vehicles	Construction in progress, renovations	Total
Opening balance as of 1 April 2019	14,182,877	61,754,447	16,214,860	0	92,152,184
Depreciation recognised	2,151,955	14,278,179	3,522,496	0	19,952,630
Reclassifications	0	-10.304	0	0	-10.304
Disposals and other decrease	-5.215	-6,396,396	-2,692,648	0	-9,094,259
Closing balance as of 31 March 2020	<u>16,329,617</u>	<u>69,625,926</u>	<u>17,044,708</u>	<u>0</u>	<u>103,000,251</u>
Depreciation recognised	1,823,375	15,154,779	1,964,760	0	18,942,914
Reclassifications	24.008	-642.441	167.755	0	-450.678
Disposals and other decrease	-4.224	-13,892,408	519.793	0	-13,376,839
Closing balance as of 31 March 2021	<u>18,172,776</u>	<u>70,245,856</u>	<u>19,697,016</u>	<u>0</u>	<u>108,115,648</u>
NET VALUE as of 31 March 2020	<u>30,919,529</u>	<u>47,772,981</u>	<u>7,013,190</u>	<u>9,209,561</u>	<u>94,915,261</u>
NET VALUE as of 31 March 2021	<u>30,251,822</u>	<u>51,521,764</u>	<u>3,937,737</u>	<u>11,059,410</u>	<u>96,770,733</u>

The movement table of tangible assets does not contain assets of small value, the total value of which was EUR 406,667 and EUR 258,250 for the business years 2020 and 2021, respectively.



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**6. LONG-TERM PARTICIPATIONS**

	<u>31 March 2020</u>	<u>31 March 2021</u>
Goodwill	0	0
Long-term shares in associated parties	40,443,255	29,382,519

In 2013, the Company acquired 100% of the shares in RIWISA AG, Kunststoffwerke Hagglingen seated in Sonnhalde, 5607 Hagglingen, Switzerland.

With respect to the shares, the Company recognised EUR 29,382,519 as long-term shares in associated parties. The reason for the decrease compared to the previous year was the recognition of impairment.

**7. IMPAIRMENT OF INVENTORIES**

	<u>31 March 2020</u>	<u>31 March 2021</u>
Opening impairment	<b>10,791,933</b>	<b>7,797,934</b>
Impairment	6,984,848	3,533,175
Reversed impairment	-9,978,847	-8,803,595
Closing impairment	<b>7,797,934</b>	<b>2,527,514</b>

**8. MATERIALS**

The breakdown of materials as of 31 March 2020 and 31 March 2021 was as follows:

	<u>31 March 2020</u>	<u>31 March 2021</u>
Raw materials	132,627,889	123,185,836
Inventories in transit	15,280,565	15,119,580
Non-serial material	85	85
Total	<b>147,908,539</b>	<b>138,305,501</b>

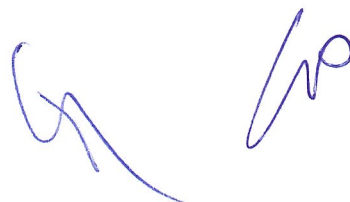
The average turnover of inventories was 24 days in 2020 and 27 days in 2021.



FLEXTRONICS INTERNATIONAL KFT.  
SUPPLEMENTARY NOTES  
FOR THE BUSINESS YEAR ENDED 31 MARCH 2021  
*(all amounts are in EUR unless otherwise indicated)*

**CHANGE IN SELF-MANUFACTURED INVENTORIES**

Opening balance 31 March 2020	43,544,775
Closing balance 31 March 2021	32,383,580
<b>Change in self-manufactured inventories</b>	<b>-11,161,195</b>



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

**9. RECEIVABLES**

The Company's receivables as of 31 March 2020 and 2021 were as follows:

	31 March 2020	31 March 2021
<b>Trade receivables</b>	<b>213,601,810</b>	<b>384,899,506</b>
Gross value	225,238,499	396,478,390
Impairment	11,636,689	11,578,884
<b>Receivables from other Flextronics affiliates</b>	<b>522,060,578</b>	<b>638,305,840</b>
Flextronics International Singapore PTE Ltd., Singapore	145,426,393	359,195,205
Flextronics International SPA, Italy	59.677	82,589,982
Flextronics International Ltd., USA	32,512,730	73,842,757
Flextronics International Mexico	30,861,326	35,362,677
Flextronics Magyarország	2,839,425	23,494,665
Flextronics International Israel Ltd., Israel	5,486,127	8,378,649
Flextronics International Netherlands	1,555,653	5,407,890
Flextronics International Poland, Poland	13.323	4,834,315
Flextronics International GmbH., Austria	275,433,195	3,710,575
Flextronics International Great Britain	2,152,466	2,871,819
Flextronics International Ltd., Ireland	1.920	2,847,853
Flextronics International Switzerland	1,183,000	894.740
Flextronics International Malaysia SDN.BHD.	946.510	516.034
Flextronics Design S.R.O., Czech Republic	256.075	448.045
Flextronics Industrial Technology Ltd., China	1,320,007	224.810
Flextronics International Germany, Germany	760.001	196.759
Flextronics International Denmark, Denmark	106.773	102.823
Flextronics International Sweden AB, Sweden	107.363	81.406
Flextronics International Technology Ltd., Brazil	187.194	61.044
Flextronics International India	43.668	25.552
Other Flextronics companies	20,807,752	33,218,240



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

	<u>31 March 2020</u>	<u>31 March 2021</u>
<b>Other receivables</b>	<b>22,456,725</b>	<b>12,959,785</b>
Value added tax	21,318,652	11,831,890
Taxes and contributions	0	747,970
Receivables due from employees	141.309	221.214
Foreign VAT	143.750	143.750
Self-revision fees	0	1.634
Environmental product charge	428	428
Other public dues	383.593	0
Receivables from the local tax authority	0	0
Health insurance liability	0	0
Corporate income tax	269.781	0
Personal income tax	0	0
Other NAV receivables	15.165	0
Other	184.047	12.899
<b>Total</b>	<b><u>758,119,113</u></b>	<b><u>1,036,165,131</u></b>

**CHANGES IN IMPAIRMENT**

	Related to trade receivables
Opening impairment on 1 April 2020	11,636,688
Addition	0
Write-back	-57,806
Closing impairment as at 31 March 2021	<u>11,578,882</u>

**10. BANK DEPOSITS**

As at 31 March 2020 and 31 March 2021 the Company's bank deposits in EUR were as follows:

	<u>31 March 2020</u>	<u>31 March 2021</u>
USD bank deposits	1,529,322	3,036,972
CHF bank deposits	170,906	1,319,747
HUF bank deposits	986,684	-727,124
EUR bank deposits	193,067	-997,564
<b>Total</b>	<b><u>2,879,979</u></b>	<b><u>2,632,031</u></b>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

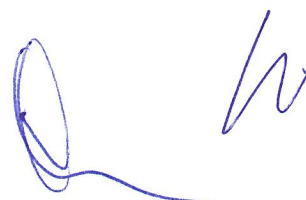
*(all amounts are in EUR unless otherwise indicated)*

**11. PREPAYMENTS**

Prepayments as at 31 March 2020 and 31 March 2021 were as follows:

	31 March 2020	31 March 2021
<b>Accrued income</b>	<b>14,445,318</b>	<b>19,267,571</b>
Recharge of project costs	3,594,813	7,039,232
Revenue from the sale of goods	4,385,105	5,656,199
Cost recharge to affiliated party	2,461,191	2,877,149
Rechargeable material costs	523,376	1,795,655
Rechargeable freight costs	3,241,204	1,717,958
Rechargeable public utility fee	102,800	149,960
Price difference (to charge to customers)	7,742	16,512
Rechargeable tools expenses	118,552	12,110
Other	0	2,796
Rechargeable service costs	10,535	0
<b>Prepaid expenses</b>	<b>22,792,957</b>	<b>15,291,704</b>
Project costs	9,178,178	10,069,745
Exchange rate gain on futures transactions	10,856,231	4,829,326
Price difference	196,977	255,448
Lease	0	83,639
Insurance premium	0	53,546
Cost recharge to affiliated party	2,561,571	0
<b>Deferred expenses*</b>	<b>0</b>	<b>0</b>
Subsidy	0	0
Gas and electricity development contribution	0	0
<b>Total</b>	<b>37,238,275</b>	<b>34,559,275</b>

\* The Company paid for construction projects in the form of a network development contribution to electricity and gas suppliers, and as utility development contribution to the municipality. The amount paid is depreciated by 5 percent and recorded as other expense each year over a 20-year period (see Note 26). The part allocated to the remaining period is stated within prepayments in the Company's books.



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**12. EQUITY**

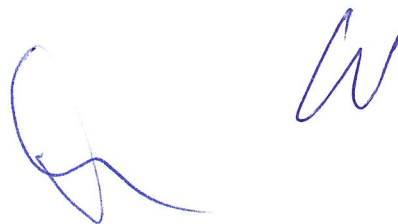
The summary of registered capital as of 31 March 2020 and 31 March 2021:

Shareholder	Initial contribution		Share	
	2020. 31 March	2021. 31 March	2020. 31 March	2021. 31 March
Flextronics International GmbH, Vienna	5,590,032	5,590,032	99.99%	99.99%
Flextronics Sárvár Logistics Kft.	783	783	0.01%	0.01%
<b>Total</b>	<b>5,590,815</b>	<b>5,590,815</b>	<b>100%</b>	<b>100%</b>

	Registered capital	Capital reserve*	Profit reserve	Tied-up reserve	After-tax profit	Equity
<b>Balance as at 31 March 2019</b>	<b>5,590,815</b>	<b>61,638,098</b>	<b>14,089,118</b>	<b>108,779,860</b>	<b>31,207,451</b>	<b>221,305,342</b>
Reclassification of the 2019 profit	0	0	31,207,451	0	-31,207,451	0
Profit for 2020	0	0	0	0	11,221,794	11,221,794
<b>Balance as at 31 March 2020</b>	<b>5,590,815</b>	<b>61,638,098</b>	<b>45,296,569</b>	<b>108,779,860</b>	<b>11,221,794</b>	<b>232,527,136</b>
Reclassification of the 2020 profit	0	0	11,221,794	0	-11,221,794	0
Profit for 2021	0	0	0	0	23,461,537	23,461,537
<b>Balance as at 31 March 2021</b>	<b>5,590,815</b>	<b>61,638,098</b>	<b>56,518,363</b>	<b>108,779,860</b>	<b>23,461,537</b>	<b>255,988,673</b>

\* The Company's capital reserve of EUR 61,638,098 comprises the following elements:

- EUR 490,339 amount above the registered capital generated in the conversion to HUF of foreign exchange paid as capital increase in 1994
- EUR 448,874 gain generated in the transition from HUF to EUR as of 1 January 1999
- as of 1 October 2002 under the amending resolution of the deed of foundation No. 15/2002 an amount of EUR 59,889,689 was reclassified to the capital reserve from the profit reserve.
- as of 1 April 2011, Flextronics Budapest Kft merged into the Company; as a result of this in the balance sheet after the merger part of the negative accumulated profit reserve was offset with the capital reserve; the remaining capital reserve was recognized as an addition in the amount of EUR 809,196.



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**13. PROVISIONS**

The provisions as of 31 March 2020 and 2021 were the following:

	<u>31 March 2020</u>	<u>31 March 2021</u>
<b>Provisions for expected liabilities</b>	<b>5,522,670</b>	<b>5,183,659</b>
- for warranty obligations	3,402,335	2,443,413
- for severance pay, unused leave	2,015,363	2,551,258
- Innovation contribution	0	0
- for deductions	28.694	0
- other	76.278	188.988
<b>Total</b>	<b><u>5,522,670</u></b>	<b><u>5,183,659</u></b>

**PROVISIONS MOVEMENT TABLE**

<b>Legal grounds</b>	<b>31 March 2020</b>	<b>Charge</b>	<b>Release</b>	<b>31 March 2021</b>
For warranty obligations	3,402,335	2,443,413	3,402,335	2,443,413
For severance pay, unused leave	2,015,363	2,551,259	2,015,363	2,551,259
Innovation contribution				0
For deductions	28.694	74.333	28.694	74.333
Waste management	76.278	60.614	76.278	60.614
Other	0	54.040	0	54.040
<b>Total</b>	<b><u>5,522,670</u></b>	<b><u>5,183,659</u></b>	<b><u>5,522,670</u></b>	<b><u>5,183,659</u></b>

The amount of guarantee obligations was determined by the Company based on the warranty period on products manufactured by the Company.

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**14. OTHER LONG-TERM LOANS**

In FY2017 the Company decided to take out a long-term loan. The loan is provided by Unicredit Bank Austria AG. Based on the contract signed on 23 January 2017, the Bank granted a loan of EUR 100 million for a 10-year period (repayment in one sum at the end of the term). The loan bears interest at a rate of 6-month Euribor + 0.45% with a 6-month interest period.

The Company repaid the loan in the current year.

**15. SHORT-TERM BORROWINGS**

The Company had short-term overdraft of EUR 8,063,849 as of 31 March 2021. The purpose of the loan was to bridge potential short-term (days) HUF financing needs.



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**16. SHORT-TERM LIABILITIES DUE TO AFFILIATED PARTIES**

Short-term liabilities due to associated parties as of 31 March 2020 and 2021 were as follows:

	<u>31 March 2020</u>	<u>31 March 2021</u>
Flextronics International GmbH., Austria	2,001,383	257,695,138
Flextronics International Italy	55,845,421	108,927,825
Flextronics International Europe B.V., The Netherlands	98,386,073	88,859,833
Flextronics International Germany, Germany	79,462	33,671,602
Flextronics International Ltd., Ireland	21,814,964	23,156,708
Flextronics Magyarország	3,147,362	23,030,789
Flextronics International Poland, Poland	5,485,105	12,148,946
Flextronics International Singapore PTE Ltd., Singapore	187,544	9,037,699
Flextronics Industrial Technology Ltd., China	4,685,846	6,346,590
Flextronics International Ltd., USA	1,042,276	920,418
Flextronics International Technologia Ltda., Brazil	43,426	807,136
Flextronics International Israel	775,761	612,806
Flextronics Int. Malaysia SDN.BHD., Malaysia	568,862	341,933
Flextronics International France SA, France	316,402	274,716
Flextronics Int. Latin America (Ltd.), Mexico	1,211,520	256,963
Flextronics Romania SRL	121,007	203,713
Flextronics International Scotland, Great Britain	54,174	54,519
Flextronics International India	13,320	14,982
Flextronics International Norway	652	10,575
Flextronics International Switzerland	1,085,427	7,853
Flextronics International Sweden AB, Sweden	39,108	5,825
Flextronics Design S.R.O., Czech Republic	0	0
Flextronics International Denmark, Denmark	0	0
Other concerns	15,591,519	18,789,920
<b>Total</b>	<b><u>212,496,614</u></b>	<b><u>585,176,489</u></b>

The Company recorded a loan of EUR 8,063,849 on the balance sheet line Short-term liabilities to affiliated parties as of 31 March 2021. According to the contract the interest is 12 months Euribor + 1.25 %.

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**17. OTHER SHORT-TERM LIABILITIES**

Other short-term liabilities as at 31 March 2020 and 31 March 2021 were as follows:

	<u>31 March 2020</u>	<u>31 March 2021</u>
Liabilities to employees	4,533,544	4,713,243
Liabilities to the local tax authority	2,133,696	1,471,568
Health insurance liability	369,000	991,292
Personal income tax	978,988	952,907
National Health Care Fund	1,082,030	662,006
Corporate income tax	0	491,591
Rehabilitation contribution	282,848	267,872
Pension insurance liability (private and voluntary)	818,217	155,977
Vocational training contribution	137,618	124,242
Short-term portion of lease debt	273,287	0
Self-revision fees	3,399	0
Health insurance contribution	0	0
Other	5,204,858	5,787,894
<b>Total</b>	<b><u>15,817,485</u></b>	<b><u>15,618,592</u></b>

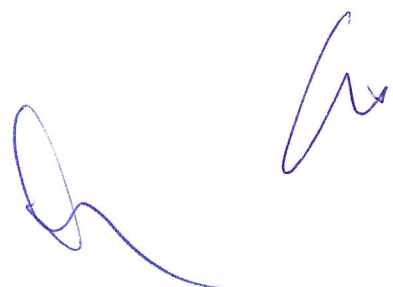
**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**18. ACCRUALS**

Accruals as of 31 March 2020 and 2021 were as follows:

	31 March 2020	31 March 2021
<b>Prepaid income</b>	<b>17,507,664</b>	<b>28,375,228</b>
Subsidy	1,804,003	13,569,678
Projects not accomplished	11,637,447	10,483,449
Deferred income of product sales	3,953,730	4,322,101
Price difference (Customer discounts)	112,484	-
Credit item	0	-
<b>Accrued expenses</b>	<b>77,458,075</b>	<b>49,767,230</b>
Rechargeable costs to customers	11,593,670	16,737,971
Royalty fee	1,440,028	8,308,292
Wages and contributions	4,194,274	4,226,756
Exchange rate losses on forward transactions	38,372,866	4,138,523
Transport charges	3,752,841	3,504,706
Project costs	5,229,002	2,953,382
Operating costs	2,638,821	2,759,848
Price difference charges	3,311,457	1,946,524
Management services	2,013,598	1,258,065
Material costs	248,450	775,345
Operating leases	362,139	736,013
Passenger transport	728,239	563,851
Customs expenses	350,010	493,169
Cost recharge to affiliated party	0	196,095
Environmental product charge	191,962	158,830
Machine maintenance fee	801,256	82,793
Health care services	112,292	82,304
Rental fees	0	74,253
Insurance	16,029	62,731
Vehicle lease	106,668	29,129
Education, training	15,570	28,841
Storage	0	4,087
Fines, interest	53,749	-
Costs of packaging materials	26,058	-
Tangible assets of small value	39,469	-
Audit, advisory	208,680	-
Scrap, repair costs	2,342	-
Other	1,648,605	645,722
<b>Deferred income</b>	<b>22,841</b>	<b>0</b>
Assets received without consideration	0	0
Deferral of subsidies*	22,841	0
<b>Total</b>	<b>94,988,580</b>	<b>78,142,458</b>



FLEXTRONICS INTERNATIONAL KFT.  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

\* The subsidy which is presented among Deferred income is related to an asset which is purchased from money received through a grant. It is located in the Company's workshop in Zalaegerszeg.

**19. SALES RECORDED IN FOREIGN CURRENCY**

Sales realised in foreign exchange/currency in the years ended on 31 March 2020 and 2021:

	<u>2020</u>	<u>2021</u>
Domestic sales:	41,930,748	115,876,117
In foreign currency:	41,930,748	115,876,117
Export sales in foreign currency	2,647,779,335	2,352,868,966
<b>Total</b>	<b><u>2,689,710,083</u></b>	<b><u>2,468,745,083</u></b>

In the business years ended 31 March 2020 and 2021, revenue from related parties were as follows:

	2020		2021	
	<u>extent</u>	<u>value</u>	<u>extent</u>	<u>value</u>
Revenue from related parties	0.30%	8,028,075	0.27%	1,607,799
Of which: from parent company Flextronics International GmbH		<u>5,806,982</u>		<u>4,742,051</u>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

**20. EXPORT SALES IN GEOGRAPHICAL BREAKDOWN**

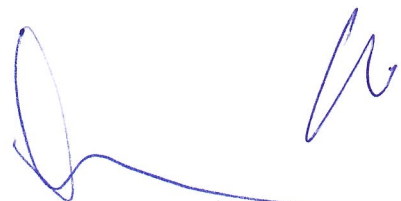
The following is a breakdown of export sales for the business years ended 31 March 2020 and 31 March 2021:

	<u>2020</u>	<u>2021</u>
Europe (EU)	891,597,189	597,788,205
Hong Kong	1,361,358,314	1,325,112,011
Israel	69,356,012	158,874,580
Switzerland	174,055,716	136,179,559
USA	58,315,424	51,787,644
China	25,797,262	35,156,954
Turkey	13,020,386	10,402,120
Singapore	6,944,015	6,691,363
Mexico	19,494,530	5,830,128
Canada	1,525,617	5,452,099
Luxembourg	2,254,380	4,797,284
United Kingdom	0	4,604,483
Malaysia	5,310,344	4,451,032
Australia	3,264,143	1,236,759
Russia	3,488,753	1,090,297
Taiwan	857,109	747,879
Ukraine	8,038,908	686,629
Liechtenstein	143,028	439,030
Brazil	795,173	431,838
Thailand	495,343	235,754
Puerto Rico	424,141	235,525
Norway	219,856	173,584
Mauritius	17,365	138,389
Korean Republic	176,725	107,960
New Zealand	414,804	85,448
India	135,574	48,317
Serbia	0	138
Other	279,221	83,957
<b>Total</b>	<b><u>2,647,779,332</u></b>	<b><u>2,352,868,966</u></b>

The following is a breakdown of export sales by products and services for the business years ended 31 March 2020 and 31 March 2021:

	<u>2020</u>	<u>2021</u>
Intra-community product supply	1,444,679,804	760,458,371
Product exports	903,918,330	1,293,192,624
Intra-community services	200,476,905	170,167,762
Service exports	98,704,293	129,050,209
<b>Total</b>	<b><u>2,647,779,332</u></b>	<b><u>2,352,868,966</u></b>

Within export sales for the business year ended 31 March 2020, the amount of income received from affiliated parties was EUR 199,147,154, which decreased to EUR 187,430,412 in the current year.





**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

**21. OTHER INCOME**

Other income in the business years ended 31 March 2020 and 31 March 2021 were as follows:

	<u>2020</u>	<u>2021</u>
Reversal of impairment of inventories	9,978,847	8,803,595
Provisions released	18,097,362	5,522,669
Subsequent contractual discount	409,123	2,779,942
Scrap paid for by customers	599,879	1,019,294
Sales of tangible assets	3,383,782	934,636
Reversal of impairment of receivables	1,578	57,806
Income associated with damage events	94,758	43,186
Penalties, fines, damage events	1,324,079	38,585
Cost compensation	26,548	25,531
Amount collected from receivables written off	0	0
Sales of tools	4,008,700	-26,950
Other	811,219	2,738,036
<b>Total</b>	<b><u>38,735,875</u></b>	<b><u>21,936,330</u></b>



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

**22. SERVICES USED**

The costs of services used for the business years ended 31 March 2020 and 31 March 2021 were as follows:

	<u>2020</u>	<u>2021</u>
Services related to production	34,217,840	49,641,440
Staff costs	86,402,477	43,848,785
Management services	37,876,629	42,480,453
Operating lease fees	9,192,523	10,676,266
Operation and maintenance cost	11,155,172	9,092,847
Royalty fee	21,270,103	6,436,845
Passenger transport	5,347,882	5,079,507
Costs of book-keeping and audit services	1,506,412	1,257,958
EDP/IT services	430,624	439,266
Rental fees	222,787	343,029
Advertising and promotional costs	147,582	122,721
Transportation, loading, warehousing	758,090	-1,462,800
Administrative services	469,068	-1,911,038
Other	196,953	71,347
<b>Total</b>	<b><u>209,194,142</u></b>	<b><u>166,116,626</u></b>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

The following is a breakdown of the import of products by geographies in the business years ended 31 March 2020 and 31 March 2021:

Product imports	<u>2020</u>	<u>2021</u>
EU	462,714,356	388,857,733
Taiwan	176,611,694	203,593,339
Hong Kong	515,066,559	193,444,565
China	176,271,776	123,091,459
USA	106,485,458	106,621,507
Israel	39,171,009	65,807,082
Switzerland	78,103,386	61,114,521
Singapore	49,262,672	28,365,626
Mauritius	21,738,838	15,421,747
United Kingdom	0	13,382,937
Malaysia	3,290,363	10,373,378
Ukraine	50,171,529	6,459,444
Korea	2,478,361	1,332,480
Canada	539,692	839,582
Thailand	358,425	538,895
India	1,044,897	370,404
Indonesia	265,217	255,309
Brazil	135,811	230,780
Japan	354,747	209,074
Mexico	671,714	185,281
Australia	4,080	0
Other	179,778	108,749
<b>Total</b>	<b><u>1,684,920,362</u></b>	<b><u>1,220,603,892</u></b>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

The following is a breakdown by geographies of the import of services in the business years ended 31 March 2020 and 31 March 2021:

Service imports	<u>2020</u>	<u>2021</u>
NON-EU	631,756	7,280,301
EU	<u>209,658,217</u>	<u>170,647,820</u>
<b>Total</b>	<b><u><u>210,289,973</u></u></b>	<b><u><u>177,928,121</u></u></b>

**23. OTHER SERVICES**

Other services in the business years ended 31 March 2020 and 31 March 2021 were as follows:

	<u>2020</u>	<u>2021</u>
Financial and investment service fees	683,529	507,194
Insurance premium	338,297	278,746
Administrative fees and duties	40,153	33,314
Bank charges	<u>10,134</u>	<u>9,118</u>
<b>Total</b>	<b><u><u>1,072,113</u></u></b>	<b><u><u>828,372</u></u></b>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**24. OTHER EXPENDITURES**

Other expenditures in the business years ended 31 March 2020 and 31 March 2021 were as follows:

	<u>2020</u>	<u>2021</u>
Inventory scrapping	7,799,575	7,992,873
Taxes	10,423,577	7,559,346
Provisioning	5,523,664	5,183,658
Impairment of inventory	6,984,848	3,533,175
Discounts given and settled	0	1,155,990
Book value of tangible assets sold	1,745,088	386,960
Expenses related to warranty	71,107	160,910
Scrapping of tangible assets	495,411	103,423
Various other expenditures	3,657,060	41,725
Fine, penalty	8,488	37,384
Credit loss	27,040	12,887
Donations given	3,223	881
Impairment of trade receivables	90,798	0
Extraordinary depreciation of tangible assets	0	0
Payments relating to damage events	931	-2,527
<b>Total</b>	<b><u><u>36,830,810</u></u></b>	<b><u><u>26,166,685</u></u></b>

**25. INCOME FROM FINANCIAL TRANSACTIONS**

Income from financial transactions in the business years ended 31 March 2020 and 2021 were as follows:

	<u>2020</u>	<u>2021</u>
<b>Other received interest, interest-type income</b>	<b>1,420,380</b>	<b>1,134,946</b>
Interest received from Flextronics companies	1,333,644	1,095,128
Interest income ETC	75,529	39,702
Interest income from financial institutions	11,207	116
<b>Other income from financial transactions</b>	<b>38,205,100</b>	<b>78,094,654</b>
Exchange rate gain on receivables and liabilities	19,175,834	56,933,336
Realised capital gain on futures	20,300,942	20,809,946
Unrealised capital gain on receivables and liabilities	-1,234,933	349,722
Exchange rate gain realised on foreign currency inventories	0	7,558
Income from cash discounts	-36,743	-5,908
<b>Total</b>	<b><u><u>39,625,480</u></u></b>	<b><u><u>79,229,600</u></u></b>



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**26. EXPENDITURE OF FINANCIAL TRANSACTIONS**

Expenditures of financial transactions in the business years ended 31 March 2020 and 2021 were as follows:

	<u>2020</u>	<u>2021</u>
<b>Interest payable and similar expenditure</b>	<b>8,286,213</b>	<b>3,060,368</b>
Expenditures of factored trade receivables*	3,029,124	1,038,873
Interest paid to Flextronics member firms	5,196,775	1,851,368
Interest payable to financial institutions	60,314	150,156
Lease interest		19,971
<b>Impairment of shares, securities, long-term loans given and bank deposits</b>	<b>0</b>	<b>9,267,988</b>
<b>Other expenditures of financial transactions</b>	<b>55,831,908</b>	<b>55,156,006</b>
Exchange rate loss on receivables and liabilities	26,335,258	41,238,724
Realised FX loss on futures	33,554,801	11,423,593
Unrealised exchange rate losses on receivables and liabilities	-4,080,271	1,910,193
Expenditures of cash discounts	22,120	583,496
<b>Total</b>	<b><u>64,118,121</u></b>	<b><u>67,484,362</u></b>

\* The Company recognises the net difference between the proceeds of trade receivables factored under the securitisation arrangement and their book value here (see Note 8).



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**27. BOARD OF DIRECTORS, MANAGEMENT, SUPERVISORY BOARD**

No payments were made to the members of the Company's Board of Directors and Supervisory Board during the business years ended 31 March 2020 and 31 March 2021.

**28. STAFF**

The average headcounts by employee group in 2020 and 2021 were as follows:

	<u>2020</u>	<u>2021</u>
Direct	3,311	3,066
Indirect	2,893	2,837
<b>Total</b>	<b><u>6,204</u></b>	<b><u>5,903</u></b>

Salaries, wages and other payments to staff for the business years ended 31 March 2020 and 2021 by staff groups were as follows:

	<u>Wage costs</u>		<u>Other payments to staff</u>		<u>Total</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Direct	48,586,475	44,091,525	4,649,705	4,170,087	53,236,180	48,261,612
Indirect	42,870,117	38,289,243	3,924,887	2,361,696	46,795,004	40,650,939
<b>Total</b>	<b><u>91,456,592</u></b>	<b><u>82,380,768</u></b>	<b><u>8,574,592</u></b>	<b><u>6,531,783</u></b>	<b><u>100,031,184</u></b>	<b><u>88,912,551</u></b>

The amount of wage contributions related to the salaries, wages and other payroll related costs for the business years ended 31 March 2020 and 31 March 2021 by staff groups were as follows:

	<u>2020</u>	<u>2021</u>
Direct	12,304,137	9,628,546
Indirect	7,636,172	5,717,286
<b>Total</b>	<b><u>19,940,309</u></b>	<b><u>15,345,832</u></b>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**29. CORPORATE INCOME TAX**

The items modifying the Company's corporate income tax base in 2021 were the following:

	<b>2020</b>	<b>2021</b>
<b>Pre-tax profit</b>	<b>11,221,794</b>	<b>24,295,863</b>
<b>Deductibles</b>	<b>54,824,068</b>	<b>51,518,978</b>
Amount recorded as income in the tax year due to the use of provisions	18,097,362	5,522,669
Amount deducted from the previous years' deferred losses in the tax year	21,814,057	9,270,283
Depreciation recognised as per the tax law	0	19,759,220
Allowance received on students who take part in vocational training	20,315	20,397
Exchange rate gain on the revaluation of shares	2,108,760	0
Reversal of impairment recorded on receivables	0	57,806
Direct costs of research and development	12,783,574	13,925,561
Other deductibles	0	2,963,042
<b>Additions</b>	<b>28,931,091</b>	<b>36,493,399</b>
Provisions for expected liabilities and future expenses	5,523,664	5,183,658
Depreciation as per the Accounting Act -	21,866,320	19,811,484
Costs not incurred in the interest of the Company	0	0
Fine imposed by a final ruling	0	26,777
Impairment of trade receivables	0	0
Amount of uncollectible receivables written off and forgiven receivables	0	0
Exchange rate loss on the revaluation of shares	0	1,792,748
Impairment of participations	0	9,267,988
Subsidies given without the obligation of repayment	11,711	0
Other additions	1,529,396	410,744
<b>Tax base</b>	<b>-14,671,183</b>	<b>9,270,284</b>
<b>Tax 9%</b>	<b>0</b>	<b>834,326</b>
<b>Amount of sports subsidy</b>	<b>0</b>	<b>0</b>
<b>Amount of cultural subsidy</b>	<b>0</b>	<b>0</b>
<b>Tax payable</b>	<b>0</b>	<b>834,326</b>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**30. HAZARDOUS WASTE**

The Company did not make provisions for its environmental liabilities in the previous and current business years.

The Company's typical environmental costs are the following:

Treatment and disposal of hazardous waste, collection and transportation of communal and industrial waste.

The Company engages external service providers holding the necessary licences to perform the aforementioned activities.

The following is a summary of the movements in the Company's hazardous waste for the fiscal year ended 31 March 2021:

(The table contains unaudited data)

<i>Data in Kg</i>	2020	2021
Opening stock	<b>32,022</b>	<b>6,189</b>
Amount generated	752,393	464,906
Amount recognised	778,226	464,253
Closing inventories	<b>6,189</b>	<b>6,842</b>

**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**

*(all amounts are in EUR unless otherwise indicated)*

**31. OFF-BALANCE SHEET LIABILITIES**

**The Company's open F/X futures positions as of 31 March 2021 were as follows:**

Currency	Amount	Direction	Expected result
EUR	-27,685,000	Sale	307,414
EUR	29,950,000	Buy	-294,072
HUF	-43,005,897,510	Sale	433,262
HUF	89,517,896,966	Buy	-2,544,048
GBP	-472,000	Sale	2,095
GBP	706,000	Buy	-12,985
CHF	-2,245,000	Sale	1,675
CHF	5,273,000	Buy	-14,213
USD	-217,659,056	Sale	-1,108,609
USD	406,734,028	Buy	5,541,094
JPY	-59,411,000	Sale	2,228
JPY	118,822,000	Buy	-6,851

The negative valuation difference of open FX futures is disclosed in Accruals and Other expenditures of financial transactions.

**The closing balance of the Company's bank guarantees as of 31 March 2021 is as follows:**

<u>Transaction ID</u>	<u>Maturity</u>	<u>Currency</u>	<u>Balance</u>
176851R203	31 December 2023	EUR	414,539.13
176851R203	24 October 2022	HUF	45,200,000.00
176851R203	24 October 2022	EUR	225,453.60
176851R203	31 December 2023	EUR	142,767.01
176851R203	2 January 2024	HUF	6,433,324,434.00
176851R203	24 October 2022	HUF	250,000,000.00
Current account overdraft facility	31 December 2049	EUR	5,000,000.00

The Company's bank guarantees serve as coverage for customs procedures.



**FLEXTRONICS INTERNATIONAL KFT.**  
**SUPPLEMENTARY NOTES**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2021**  
*(all amounts are in EUR unless otherwise indicated)*

**Guarantee obligations:**

Guarantee obligations reported in previous financial statements no longer exist at the end of the financial year.

**32. THE GOING CONCERN PRINCIPLE**

The business year has been affected by the coronavirus epidemic and its consequences. As a result, the automotive segment underperformed compared to previous years, while the demand generated by the worldwide introduction of home office in the lifestyle and services businesses did not fully compensate for the shortfall in automotive revenues.

The Company's management has sought to respond to the revenue shortfall and maintain employment by postponing investments and asking employees to work reduced hours in certain administrative positions.

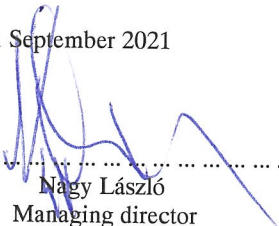
In addition to the measures implemented on company level, we have participated in support programmes announced by the Government, which have also reduced the negative effects of decreased customer demand and contributed to maintaining employment and thus preserving know-how.

On the financing side, the company has successfully exploited the positive cash-flow impact of the reduction in working capital by closely monitoring inventory levels, and has also been able to fully secure the company's financing by taking advantage of favourable receivables financing solutions of some of our customers.

Given the company's order portfolio, management is positive about the outlook for FY 2022 despite the semiconductor shortfall. We expect growth in key business areas.

Thanks to our strict pandemic measures, we have managed to keep coronavirus infections to a minimum despite the high number of staff, and thanks to our employees who have been disciplined in following the rules, we have been able to serve our partners without any major disruptions throughout the year.

Tab, 11 September 2021

  
.....  
Nagy László  
Managing director

  
.....  
Christian Pfister  
Managing director

**FLEXTRONICS INTERNATIONAL KFT.**  
**BUSINESS REPORT for the year ended 31 March 2021**

Our Company, Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság, has the following sites:

1. 8660 Tab, Munkás u. 28. (also the registered office)  
This site manufactures electronic components and finished products. The products mainly include parts and components for industrial electronics and household goods.
  
2. 8900 Zalaegerszeg, Zrínyi Miklós u. 38.  
8900 Zalaegerszeg, Posta u. 63.  
In addition, there are two production plants in Zalaegerszeg. One of these plants manufactures electronic appliances and IT equipment. The other manufacturing unit is engaged in the production of electronic components used in the car industry. In addition to manufacturing, there is also a research and development base that mainly deals with the development and optimisation of electronic equipment and printed circuits.
  
3. 9600 Sárvár, Ikervári u. 42.  
9600 Sárvár, Ikervári u. 25.  
9600 Sárvár, Ungvár u. 22.  
The Company's plastic injection moulding plant is located in Sárvár. This site manufactures plastic parts for the car industry and for household electronics companies, as well as for our branches. The other huge production unit supplying for the car industry is also founded here. Its focus is on the assembly of lamps. In addition, the plant which is assigned the role of producing key strategic computer equipment for the entire Flextronics group is located in Sárvár as well. The Sárvár plant also hosts the operations of a world famous company's manufacturing small household goods. Test manufacturing was launched at the end of the business year for a customer engaged in medical products.  
Flextronics International Kft's administrative centre is also located in Sárvár, providing bookkeeping, tax and payroll services to the individual sites.  
In order to meet the rising logistical needs, the Company has extended its warehousing capacity by purchasing the warehouse next to the Industrial Park.
  
4. 4400 Nyíregyháza, Debreceni út 342.  
4400 Nyíregyháza, Debreceni út 370.  
Currently, the Company rents the site at 342 Debreceni út out to a former customer who operates an injection moulding plant at this site and a relating warehouse.  
Our permanent establishment under 370 Debreceni út operates as a logistical base, helping the Company satisfy the material need and carry out the logistical tasks relating to the Ukrainian toll manufacturing activities.
  
5. 1183 Budapest, Hangár utca 5-37.



**FLEXTRONICS INTERNATIONAL KFT.**  
**BUSINESS REPORT for the year ended 31 March 2021**

After the merger with Flextronics Budapest Kft the site became the repair centre that provides maintenance service for our customers within or outside the guarantee time frame. This is the manufacturing and repair unit of the Medical segment engaged in the repair and manufacturing of medical equipment.

6. 2360 Gyál, Bem József utca 32.  
Logistic and repair services are rendered for the Budapest site at the site in Gyál.
7. 1117 Budapest, Irinyi József u. 4-20.  
This site was also launched in 2015. Our activities at this site are closely related to the industrial research and development activity carried out by the Flextronics group. The engineering knowledge centre located at this site is involved in the further development of IT hardware solutions.
8. 2225 Üllő, K-Sped körút 28.  
At this branch, we provide logistics and material handling services for our customers.
9. 2360 Gyál, Gorcsev Iván utca 7. B. ép.  
We provide logistical services at our second site in Gyál, which complements and assists the work of the Budapest and Bem József utca, Gyál sites.

The business year has been affected by the coronavirus epidemic and its consequences. As a result, the automotive segment underperformed compared to previous years, while the demand generated by the worldwide introduction of home office in the lifestyle and services businesses did not fully compensate for the shortfall in automotive revenues.

The Company's management has sought to respond to the revenue shortfall and maintain employment by postponing investments and asking employees to work reduced hours in certain administrative positions.

In addition to the measures implemented on company level, we have participated in support programmes announced by the Government, which have also reduced the negative effects of decreased customer demand and contributed to maintaining employment and thus preserving know-how.

On the financing side, the company has successfully exploited the positive cash-flow impact of the reduction in working capital by closely monitoring inventory levels, and has also been able to fully secure the company's financing by taking advantage of favourable receivables financing solutions of some of our customers.





**FLEXTRONICS INTERNATIONAL KFT.**  
**BUSINESS REPORT for the year ended 31 March 2021**

Given the company's order portfolio, management is positive about the outlook for FY 2022 despite the semiconductor shortfall, we expect growth in key business areas.

Thanks to our strict pandemic measures, we have managed to keep coronavirus infections to a minimum despite the high number of staff, and thanks to our employees who have been disciplined in following the rules, we have been able to serve our partners without any major disruptions throughout the year.

In the financial year ending 31 March 2021, the Company achieved a profit after tax of EUR 23.5 million, an increase of EUR 12.3 million compared to the previous year. This is mainly due to the profit from financial transactions resulting from significant USD sales.

The Company generated operating profit of EUR 12.6 million, representing a profit margin of 0.5% on sales, compared to 1.3% in the previous year. The decrease is due to a EUR 221 million decline in sales.

	31 March 2020	31 March 2021
ROE (retained profit / equity)	0.05	0.09
ROA (retained profit / assets)	0.01	0.02
Adjusted ROA ((profit on ordinary activities + interest paid) / assets)	0.01	0.02
Turnover of assets (Revenue / Assets)	2.19	1.67
Operating margin (Operating profit / Revenue)	0.01	0.01

#### Financing

Inventory levels have fallen by 10% and material costs by 8%, resulting in improved stock turnover due to efficient inventory management. In order to maintain liquidity, particular attention was paid to materials management, which resulted in maintaining the turnover rate despite procurement difficulties.

Trade receivables turnover deteriorated, but this is the result of a conscious decision. It was not necessary to use the trade receivables financing utilised at the end of the previous year due to the significant reduction in the net receivables position from related companies.

Trade payables increased slightly in relation to volume, improving the company's liquidity.

**FLEXTRONICS INTERNATIONAL KFT.**  
**BUSINESS REPORT for the year ended 31 March 2021**

We have responded to the challenges of the economic environment through a variety of tools, which we will continue to do in the future.

We have responded to the increase in demand in the labour market by, among other things, improving wages, automation and more prudent acceptance of customer orders.

In response to the increasing shortage of semiconductors towards the end of the year, involving the customers, we negotiated with key suppliers to secure the necessary capacity allocations.

Business lines:

The share of the automotive business in our portfolio continues to grow, with ongoing investments in electronics manufacturing capacity and significant automation to address labour market trends.

Our revenue from the manufacture of consumer electronics has declined compared to the previous year, and we expect a similar trend in the coming financial year, due to the intention of a major customer to continue manufacturing its products in-house. We intend to use the resources freed up in our other growing businesses.

Our industrial products revenues showed a temporary downward trend in the financial year, typically due to delays in government and utility investments caused by the pandemic. We expect growth in this sector thanks to new products and the start of investment projects.

In our Lifestyle business, we also expect growth based on the orders we have won in the past.

Flextronics International Kft. is financed through the parent company. In order to ensure efficient financing, the company operates a cash pool system, so receivables and liabilities related to financing are typically due/from affiliated companies, and the Hungarian company does not typically use bank financing.

Our company has an ISO 9001 certified quality management system, IATF 16949 certification in the relevant plants, ISO 14001 environmental certification and the full ISO 45001 certification of our plants is in progress. It is not only in the production process that environmental protection is an important factor for us but also with respect to our products for which we constantly have to consider the EU guidelines and regulations as well as the Hungarian laws. In the event that the rules in the country of destination of the product are more stringent or of a different nature than the relevant EU regulations, we also have to meet those requirements. This task represents an ever growing challenge for our development engineers, who have to develop adequate technical solutions so that the products manufactured by us meet all current and future requirements (recycling, leadless soldering, etc.). We continue to participate in the full re-cycling of packaging and other materials and these activities win environmental recognition for the Company year after





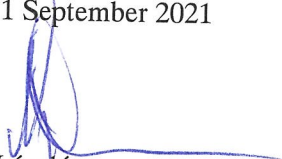
**FLEXTRONICS INTERNATIONAL KFT.**  
**BUSINESS REPORT for the year ended 31 March 2021**

year. Finally, we export the majority of our electronic products, thereby minimising the effects detrimental to the environment in Hungary.

In addition to the quality assurance systems mentioned above, as a consolidated subsidiary, the Hungarian branches operate a strict business control environment in compliance with the requirements of the Sarbanes-Oxley Act.

No major events occurred subsequent to the balance sheet date that could have influenced the data disclosed in the financial statements.

Tab, 11 September 2021

  
Nagy László  
Managing director

  
Christian Pfister  
Managing director