INFORMATION DOCUMENT

for the registration of the "FLEX 2031 HUF Bonds"

issued by **Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság** as Issuer

irrevocably and unconditionally guaranteed by **Flex Ltd. (acting through its Bermuda branch)** as Guarantor

on the XBond multilateral trading facility

Arranger, Paying Agent and Market Maker: Raiffeisen Bank Zrt.

1 February 2022

This information document (the "**Information Document**") has been prepared pursuant to Act CXX of 2001 on Capital Markets (the "**Capital Markets Act**") and Government Decree 285/2001. (XII. 26.) on Bonds (the "**Bond Decree**") for the registration of the HUF 100,000,000,000 3.6 per. cent. per annum fixed interest rate, unsecured and dematerialised bonds named "FLEX 2031 HUF Bonds" (ISIN code: HU0000360979) (the "**Bonds**") issued by Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság (registered seat: H-8660 Tab, Munkás u. 28.; company registration number: 14-09-300339) (the "**Issuer**") on the XBond multilateral trading facility (the "**XBond MTF**") operated by the Budapest Stock Exchange (the "**BSE**"). The payments of all amounts due under the Bonds are irrevocably and unconditionally guaranteed by Flex Ltd. acting through its Bermuda branch (registered seat: 2 Changi South Lane, 486123, Singapore; company registration number: 199002645H) (the "**Guarantor**") pursuant to the terms of a Hungarian-law governed guarantee.

This Information Document does not constitute a prospectus (in Hungarian: "*tájékoztató*") or a base prospectus (in Hungarian: "*alaptájékoztató*") within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") and Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "**Prospectus Delegated Regulation**").

This Information Document has not been reviewed or approved by the National Bank of Hungary (the "**NBH**"). Following the offering of the Bonds to the public (in Hungarian: "*nyilvános forgalomba hozatal*"), an application has been filed with the BSE with respect to the registration and subsequent trading of the Bonds on the XBond MTF. The Chief Executive Officer of the BSE approved this Information Document in the resolution dated _2_ February 2022 (_5__/XBond/2022). In the approval of this Information Document, (i) the BSE has not assessed the soundness, accuracy and completeness of the information set out in this Information Document and relating to the Issuer, the Guarantor or their operations; and (ii) the Issuer shall be exclusively liable for any claim arising as a result of any information set out in this Information Document being or becoming untrue, inaccurate or incomplete. Approval by the BSE should not be considered as an endorsement of the Issuer or the Guarantor or of the quality of the Bonds. Accordingly, investment in the Bonds represents a higher risk comparing to the investments into securities offered or registered on the basis of an offering document or prospectus approved by the competent authorities. **Given that the Issuer shall be exclusively liable for the information contained in this Information Document, investment in the Bonds is particularly risky (in Hungarian: "*kiemelten kockázatos*") from investor perspective**. The BSE assumes no liability for the economic and financial soundness of the transactions contemplated by this Information Document, the Bonds or the quality or solvency of the Issuer or the Guarantor.

The Issuer shall be liable for a period of 5 years from the date of this Information Document for any loss suffered by any holder of the Bonds as a result of any information contained in this Information Document or any supplement thereof being inaccurate or misleading or that the information contained in this Information Document or any supplement thereof does not omit anything likely to affect the importance of such information. In accordance with Section 15(e) of Annex 1 of the XBond General Terms and Conditions, such liability of the Issuer shall not validly be excluded or limited and shall extend to any information set out in this Information Document or any supplement thereto or to the omission of any such information. The liability statement of the Issuer is contained in Section 1 (Liability Statement) of this Information Document.

The Bonds were issued through an auction organised within the framework of the Bond Funding for Growth Scheme (in Hungarian: "*Növekedési Kötvényprogram*") launched by NBH, qualifying as an offer of securities to the public pursuant to Article 2(d) of the Prospectus Regulation limited to qualified investors (in Hungarian: "*minősített befektetők*") within the meaning of Article 2(e) of the Prospectus Regulation.

This Information Document shall not qualify and shall not be construed as an investment recommendation, investment advice, or investment analysis within the meaning of the Capital Markets Act and Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulation Governing their Activities.

This Information Document does not purport to contain all the information that any potential investor may require. Neither this Information Document nor any other document supplied in connection with the Bonds is intended to provide the basis of any credit or other evaluation nor should any recipient of this Information Document consider such receipt a recommendation to purchase any Bonds.

Raiffeisen Bank Zrt. as Arranger, Paying Agent and Market Maker has not independently verified the authenticity, accuracy and completeness of the information contained in this Information Document and that the information contained in this Information Document is true, not misleading and complies with the applicable laws and other applicable regulations imposed by the relevant authorities. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Raiffeisen Bank Zrt. as Arranger, Paying Agent and Market Maker as to the accuracy or completeness of the information contained or incorporated in this Information Document and as to whether the information contained in this Information Document is true, not misleading and complies with the applicable laws and other applicable regulations imposed by the relevant authorities.

The Issuer does not undertake to update this Information Document to reflect subsequent events after the date of this Information Document and, therefore, it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer. Neither the delivery of this Information Document nor any sale made in connection herewith shall, under any circumstances, constitute a representation or, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date of this Information Document or the date upon which this Information Document has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date of this Information

Document or the date upon which this Information Document has been most recently amended or supplemented, or that the information contained in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Issuer shall not be liable for any cost or damage incurred by any third party either directly or indirectly in connection with the negotiation of this Information Document, or any recommendation or advice given, or consultancy fee incurred with respect to this Information Document.

The Issuer shall be exclusively liable for the authenticity, accuracy and completeness of the information contained in this Information Document or the omission of any such information. No other person (including Raiffeisen Bank Zrt. acting in its capacities as Arranger, Paying Agent and Market Maker) shall be responsible for any information contained in this Information Document or the omission of any such information.

Unless the context requires otherwise, references in this Information Document to "Flex Group", "we," "us," "our" and similar terms mean the Guarantor and its consolidated subsidiaries (including the Issuer).

SELLING RESTRICTIONS

This Information Document does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Document and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Neither the Issuer, the Guarantor nor Raiffeisen Bank Zrt. as Arranger, Paying Agent and Market Maker represents that this Information Document may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or Raiffeisen Bank Zrt. as Arranger, Paying Agent and Market Maker which is intended to permit an offering of any Bonds or distribution of this Information Document in any jurisdiction (other than in Hungary) where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Information Document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Document or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Document and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Information Document and the offer or sale of Bonds in the United States, the European Economic Area (including Hungary).

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Document or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of financial markets; and

(v) is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.

Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (the "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. For the avoidance of doubt, the selling restrictions set out in this paragraph do not prejudice in any manner the transferability of the Bonds as described under Condition 4.2 (Restrictions on the transfer of the Bonds).

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) or any U.S. State securities laws and may not be offered, sold, transferred or delivered in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

This Information Document has not been, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

CREDIT RATING RELATED INFORMATION

The Bonds of the Issuer have been rated BBB- by Standard & Poor's Financial Services LLC, which rating has been endorsed by S&P Global Ratings Europe Limited (the "**S&P**") in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). Pursuant to Article 4(4) of the CRA Regulation, a credit rating endorsed in accordance with the CRA Regulation shall be considered to be a credit rating issued by a credit rating agency established in EU and registered in accordance with the CRA Regulation.

The rating is available on the website of S&P (https://www.spglobal.com/ratings/en/) and the Issuer (http://www.flex.com/). The Issuer has undertaken to ensure that (i) the above credit rating of the Bonds will be annually reviewed by at least one credit rating agency; (ii) the Bonds will continue to be rated by at least one credit rating agency during the entire term of the Bonds; and (iii) the proceeds of the issue of the Bonds will be used in accordance with the respective documents, including the Issuer's business plan, provided by the Issuer to S&P.

S&P has been established in the European Union and has been registered pursuant to the list of registered and certified credit rating agencies published on the website of the European Securities and Markets Authority (www.esma.europa.eu) pursuant to the CRA Regulation.

Any change in the rating of the Bonds may adversely affect the price that a purchaser may be willing to pay for the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

The Issuer and the Guarantor acknowledge and accept that (1) the NBH shall be entitled to make available to the public on the NBH's website either directly or indirectly (e.g. by way of a link to the relevant website of the Issuer or the Guarantor, as applicable), and (2) the respective credit rating agency shall be entitled to make available on its website, the respective credit ratings of the Bonds and the Guarantor, together with any annual revisions and the rating reports related to such credit ratings.

FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, certain matters included in this Information Document are, or may be deemed to be forward-looking statements. All statements other than statements of historical or current facts, including statements regarding our environmental and other sustainability plans and goals, made in this document are forward-looking. The words "will," "may," "designed to," "believe," "should," "would," "could," "anticipate," "plan," "expect," "intend," "estimate," "goals," "opportunity," "future," "to be," "achieve," "grow," "committed," "seeks," "targets," "continues," "likely," "possible," "might," "potentially," "will," "on track," "working to," "encourage," "continue," "strive," "endeavor," "looking forward," "efforts," and variations of such words and similar expressions identify forward-looking statements, which speak only as of the date of this Information Document. Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from the expectations expressed in the forward-looking statements. Additional information concerning these and other risks is described under Section 3 (Risk Factors and Risk Management). In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise these forward looking statements to reflect subsequent events or circumstances.

MARKET SHARE INFORMATION AND STATISTICS

This Information Document contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Issuer's, the Guarantor's and the Flex Group's business and market. Unless otherwise indicated, such information is based on the Issuer's analysis of multiple sources, including several public regulatory bodies, internal company analysis based on the Issuer's knowledge of its sales and markets and information otherwise obtained from other third-party sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analysis and estimates, thus requiring the Issuer to rely on internally developed data. Consequently, the Issuer has made its estimates largely based on internal surveys and studies. The Issuer has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that were extracted or derived from external sources. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. Internal company analyses, while believed by the Issuer to be reliable, have not been verified by any independent sources, and the Issuer does not make any representation as to the accuracy or completeness of such information and does not take any responsibility in respect of any information and data detailed under this Section (Market Share Information and Statistics). In considering the industry and market data included in this Information Document, prospective investors should note that this information may be subject to significant uncertainty due to differing definitions of the relevant markets and market segments described.

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1. LIABILITY STATEMENT

Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság (registered seat: H-8660 Tab, Munkás u. 28.; company registration number: 14-09-300339) (the "**Issuer**") as the party liable for the content of the Information Document hereby makes the following declaration.

The Issuer shall be exclusively liable for the information contained in this Information Document or the omission of any such information. Such liability shall bind the Issuer for a period of 5 years from the date of this Information Document and may not be validly excluded or limited.

The Issuer hereby declares that, to the best of its knowledge as of the date hereof and having made all reasonable care, the Information Document:

(i) consists of information that is consistent with the facts and are true and not misleading;

(ii) does not omit the disclosure of facts, information or circumstances that could affect important conclusions to be made from such information; and

(iii) does not omit the disclosure of any facts, information or circumstances that is material for the assessment of the Bonds, the Issuer, and the Guarantor.

Place and date: Sárvár, 1 February 2022

Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság

____________________________	____________________________
Name: Christian Pfister	Name: László Nagy
Position: Managing Director	Position: Managing Director

2. AUDITORS

2.1 The auditor of the Issuer

The independent auditor of the Issuer is Deloitte Könyvvizsgáló és Tanácsadó Korlátolt Felelősségű Társaság (registered seat: H-1068 Budapest, Dózsa György út 84/C.; company registration number: 01-09-071057). The auditor personally responsible for the audit of the Issuer is Kornél Bodor.

Deloitte Könyvvizsgáló és Tanácsadó Korlátolt Felelősségű Társaság and Kornél Bodor are independent from the Issuer and the Guarantor and have been mandated and appointed as auditors and personally responsible auditors respectively from 14 July 2021 until 14 July 2024.

Deloitte Könyvvizsgáló és Tanácsadó Korlátolt Felelősségű Társaság and Kornél Bodor are members of the Chamber of Hungarian Auditors.

2.2 The auditor of the Guarantor

The independent registered public accounting firm of the Guarantor is Deloitte & Touche LLP.

Deloitte & Touche LLP has been the independent registered public accounting firm of the Guarantor since 2002 and has been currently mandated and appointed to audit the financial statements and records of the Guarantor for the fiscal year ending on 31 March 2022.

Deloitte & Touche LLP is required to be independent with respect to the Guarantor in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

Deloitte & Touche LLP is a public accounting firm registered with the Public Company Accounting Oversight Board (United States).

3. RISK FACTORS AND RISK MANAGEMENT

The risk factors as set out below only specify those risk factors which directly relate to (i) the Issuer and the Guarantor, (ii) the ability of the Issuer and the Guarantor to fulfil their obligations under the Bonds or under the Guarantee (as applicable) for the purpose of assessing the market risks associated with the Bonds. When purchasing the Bonds, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Bonds or under the Guarantee. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified in this Information Document a number of factors which could materially adversely affect their businesses and ability to make payments due.

The investors should carefully consider all risk factors and other information contained in this Information Document for evaluating the Issuer and the Guarantor before making any investment decision relating to the Bonds. Those investors who have any reservations regarding the content of this Information Document should contact their stockbroker, bank, lawyer, tax advisor or financial advisor. The information contained in this Information Document is not equivalent to the professional advice from the persons mentioned above. The potential investors should also read the detailed information set out elsewhere in this Information Document and reach their own views prior to making any investment decision.

3.1 Risk factors that may affect the Issuer's and the Guarantor's ability to fulfil their obligations under the Bonds

The Issuer is an indirect subsidiary of the Guarantor. The payments of all amounts due under the Bonds are unconditionally and irrevocably guaranteed by the Guarantor. Accordingly, the Issuer is affected, substantially, by the same risks as those that affect the business and operations of the Guarantor and/or its consolidated subsidiaries. Therefore, references in this Section (Risk Factors and Risk Management) to the Guarantor and/or its consolidated subsidiaries and/or Flex Group shall include references to the Issuer (if applicable).

The Guarantor is subject to various risks resulting from changing economic, political, social, industry, business and financial conditions. The principal risks which could affect the Guarantor's business, financial condition, profitability, cash flows, results of operations and future business results are described below. The Guarantor's overall risk situation is the sum of the individual risks of all risk categories for the divisions, the corporate functions and legal entities. In general, the reporting of risks takes place in relation to the individual segments. If no segment is explicitly mentioned, the risks described relate to all divisions.

In addition, risks that are not yet known or assessed as not material can influence profitability, cash flows and financial position.

Given the nature of its business, the Flex Group is subject to the following general risks:

1. Business and Operational Risks

2. Industry Risks

3. Financial Risks

4. International Risks

5. Legal and Regulatory Risks

Summary of Risk Factors

The following risk factors reflect the management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such risk factors include but are not limited to:

- The COVID-19 pandemic has materially and adversely affected Flex Group's business and results of operations. The duration and extent to which it will continue to adversely impact Flex Group's business and results of operations remains uncertain and could be material.

- Weak global economic conditions, geopolitical uncertainty and instability in financial markets may adversely affect Flex Group's business, results of operations, financial condition, and access to capital markets.

- Flex Group depends on industries that continually produce technologically advanced products with short product life cycles and Flex Group's business would be adversely affected if Flex Group's customers' products are not successful or if its customers lose market share.

- Flex Group's customers may cancel their orders, change production quantities or locations, or delay production, and Flex Group's current and potential customers may decide to manufacture some or all of their products internally, which could harm Flex Group's business.

- Flex Group's industry is extremely competitive; if Flex Group is not able to continue to provide competitive services, it may lose business.

- A significant percentage of Flex Group's sales come from a small number of customers and a decline in sales to any of these customers could adversely affect Flex Group's business.

- Flex Group's components business is dependent on its ability to quickly launch world-class component products, and Flex Group's investment in the development of its component capabilities, together with the start-up and integration costs necessary to achieve quick launches of world-class component products, may adversely affect its margins and profitability.

- Flex Group's exposure to financially troubled customers or suppliers may adversely affect its financial results.

- Flex Group may be adversely affected by supply chain issues, including shortages of required electronic components.

- Flex Group's margins and profitability may be adversely affected due to substantial investments, start-up and production ramp costs in its design services.

- Flex Group conducts operations in a number of countries and is subject to the risks inherent in international operations.

- The success of certain of Flex Group's activities depends on its ability to protect its intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against its customers or us could harm its business.

- Flex Group is subject to risks relating to litigation and regulatory investigations and proceedings, which may have a material adverse effect on its business.

- If Flex Group does not effectively manage changes in its operations, Flex Group's business may be harmed; Flex Group has taken substantial restructuring charges in the past and it may need to take material restructuring charges in the future.

- A breach of Flex Group's IT or physical security systems, or violation of data privacy laws, may cause Flex Group to incur significant legal and financial exposure.

- Flex Group's strategic relationships with major customers create risks.

- Flex Group may not meet regulatory quality standards applicable to its manufacturing and quality processes for medical devices, which could have an adverse effect on its business, financial condition or results of operations.

- If Flex Group's products or components contain defects, demand for Flex Group's services may decline and it may be exposed to product liability and product warranty liability.

3.1.1 Business and Operational Risks

(a) The ongoing COVID-19 pandemic has materially and adversely affected Flex Group's business and results of operations. The duration and extent to which it will continue to adversely impact Flex Group's business and results of operations remains uncertain and could be material.

The ongoing COVID-19 pandemic has resulted in a widespread public health crisis and numerous disease control measures being taken to limit its spread, including travel bans and restrictions, quarantines, shelter-in-place orders, and shutdowns. These measures have materially impacted and are continuing to impact Flex Group's workforce and operations, the operations of its customers, and those of its respective vendors and suppliers. Flex Group has significant operations worldwide, including in China, Mexico, the United States, Brazil, India, Malaysia and Europe, and each of these geographies has been affected by the outbreak and has taken measures to try to contain it. This has resulted in disruptions at many of Flex Group's manufacturing operations and facilities, and further disruptions could occur in the future. Any such disruptions could materially adversely affect Flex Group's business. More recently, Flex Group has been experiencing plant closures and/or restrictions at certain manufacturing facilities in Malaysia. There have been renewed disease control measures being taken to limit the spread including movement bans and shelter-in-place orders. Flex Group continues to closely monitor the situation in all the locations where it operates. The impact of the pandemic on Flex Group's business has included and could in the future include:

- disruptions to or restrictions on Flex Group's ability to ensure the continuous provision of its manufacturing services and solutions;

- temporary closures or reductions in operational capacity of Flex Group's manufacturing facilities;

- temporary closures of Flex Group's direct and indirect suppliers, resulting in adverse effects to its supply chain, and other supply chain disruptions, which adversely affect Flex Group's ability to procure sufficient inventory to support customer orders;

- temporary shortages of skilled employees available to staff manufacturing facilities due to shelter-in-place orders and travel restrictions within as well as into and out of countries;

- restrictions or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls or closures;

- increases in operational expenses and other costs related to requirements implemented to mitigate the impact of the pandemic;

- delays or limitations on the ability of Flex Group's customers to perform or make timely payments;

- reductions in short- and long-term demand for Flex Group's manufacturing services and solutions, or other disruptions in technology buying patterns;

- workforce disruptions due to illness, quarantines, governmental actions, other restrictions, and/or the social distancing measures Flex Group has taken to mitigate the impact of COVID-19 at its locations around the world in an effort to protect the health and well-being of its employees, customers, suppliers and of the communities in which it operates (including working from home, restricting the number of employees attending events or meetings in person, limiting the number of people in Flex Group's buildings and factories at any one time, further restricting access to its facilities and suspending employee travel); and

- Flex Group's management team continuing to commit significant time, attention and resources to monitoring the COVID-19 pandemic and seeking to mitigate its effects on Flex Group's business and workforce.

The global spread of COVID-19 also has created significant macroeconomic uncertainty, volatility and disruption, which may continue to adversely affect Flex Group's and its customers' and suppliers' liquidity, cost of capital and ability to access the capital markets. As a result, the continued spread of COVID-19 could cause further disruptions in Flex Group's supply chain and customer demand, and could adversely affect the ability of its customers to perform, including in making timely payments to Flex Group, which could further adversely impact its business, financial condition and results of operations. The COVID-19 pandemic has, in the short-term, adversely impacted, and may, in the long-term, adversely impact the global economy, potentially leading to an economic downturn. Even after the COVID-19 pandemic has subsided, Flex Group may continue to experience adverse impacts to its business as a result of the pandemic's global economic impact, including any recession, economic downturn, government spending cuts, tightening of credit markets or increased unemployment that has occurred or may occur in the future, which could cause its customers and potential customers to postpone or reduce spending on Flex Group's manufacturing services and solutions.

The extent to which the COVID-19 pandemic will continue to impact Flex Group's business and financial results going forward will be dependent on future developments such as the length and severity of the crisis, the potential resurgence of COVID-19 in the future including variants of the virus, the availability and distribution of effective treatments and vaccines, and public health measures and actions taken throughout the world to contain COVID-19, and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. Flex Group cannot at this time quantify or forecast the business impact of COVID-19, and there can be no assurance that the COVID-19 pandemic will not have a material and adverse effect on its business, financial results and financial condition. In addition, the COVID-19 pandemic increases the likelihood and potential severity of other risks described in this Section 3 (Risk Factors and Risk Management).

(b) *Flex Group's customers may cancel their orders, change production quantities or locations, or delay production, any of which could harm its business; the short-term nature of Flex Group's customers' commitments and rapid changes in demand may cause supply chain and other issues which adversely affect its operating results.*

Cancellations, reductions, or delays by a significant customer or by a group of customers have harmed, and may in the future harm, Flex Group's results of operations by reducing the volumes of products it manufactures and delivers for those customers, by causing a delay in the repayment of its expenditures for inventory in preparation for customer orders and/or an impairment loss for inventory, and by lowering its asset utilization and overhead absorption resulting in lower gross margins and earnings.

As a provider of design and manufacturing services and components for electronics, Flex Group must provide increasingly rapid product turnaround times for its customers. Flex Group generally does not obtain firm, long-term purchase commitments from its customers, and it often experiences reduced lead times in customer orders which may be less than the lead time Flex Group requires to procure necessary components and materials.

The short-term nature of Flex Group's customers' commitments and the rapid changes in demand for their products reduces Flex Group's ability to accurately estimate the future requirements of its customers. This makes it difficult to schedule production and maximize utilization of Flex Group's manufacturing capacity. In that regard, Flex Group must make significant decisions, including determining the levels of business that it will seek and accept, setting production schedules, making component procurement commitments, and allocating personnel and other resources based on Flex Group's estimates of its customers' requirements.

On occasion, customers require rapid increases in production or require that manufacturing of their products be transitioned from one facility to another to reduce costs or achieve other objectives. These demands may stress Flex Group's resources, cause supply chain management issues, and reduce Flex Group's margins. Flex Group may not have sufficient capacity at any given time to meet its customers' demands, and transfers from one facility to another can result in inefficiencies and costs due to excess capacity in one facility and corresponding capacity constraints at another. Many of Flex Group's costs and operating expenses are relatively fixed, and thus customer order fluctuations, deferrals, and transfers of demand from one facility to another, as described above, have had a material adverse effect on Flex Group's operating results in the past and it may experience such effects in the future.

(c) *A significant percentage of Flex Group's sales come from a small number of customers and a decline in sales to any of these customers could adversely affect Flex Group's business.*

Sales to Flex Group's ten largest customers represent a significant percentage of its net sales. Flex Group's ten largest customers accounted for approximately 36%, 39% and 43% of net sales in fiscal years 2021, 2020 and 2019, respectively. No customer accounted for more than 10% of net sales in fiscal years 2021, 2020 and 2019.

In relation to the Issuer, the concentration of its customers base calculated based on the number of its business partners in the fiscal years 2021, 2020 and 2019, respectively, is shown by the following table (all financial data deriving from the management books of the Issuer). The companies within the same customer group are calculated as one business partner.

Fiscal year	**50% revenue**	**80% revenue**
2019	3	18
2020	2	15
2021	2	16

Flex Group's principal customers have varied from year to year. These customers may experience dramatic declines in their market shares or competitive position, due to economic or other forces, that may cause them to reduce their purchases from us or, in some cases, result in the termination of their relationship with Flex Group. Significant reductions in sales to any of these customers, or the loss of major customers, would materially harm Flex Group's business. If Flex Group is not able to timely replace expired, cancelled or reduced contracts with new business, its revenues and profitability could be harmed. Additionally, mergers, acquisitions, consolidations or other significant transactions involving Flex Group's key customers generally entail risks to its business. If a significant transaction involving any of Flex Group's key customers results in the loss of or reduction in purchases by any of its largest customers, it could have a material adverse effect on Flex Group's business, results of operations, financial condition and prospects.

(d) Flex Group has been and continues to be adversely affected by supply chain issues, including shortages of required electronic components.

From time to time, Flex Group has experienced shortages of some of the electronic components that it uses. These shortages can result from strong demand for those components or from problems experienced by suppliers, such as shortages of raw materials. Flex Group has also experienced, and continues to experience, such shortages due to the effects of the COVID-19 pandemic. Most recently, Flex Group has experienced shortages of semiconductor components which has impacted its end markets. These unanticipated component shortages have resulted and will continue to result in curtailed production or delays in production, which prevent Flex Group from making scheduled shipments to customers. Its inability to make scheduled shipments has caused and will continue to cause Flex Group to experience a reduction in sales, increase in inventory levels and costs, and could adversely affect relationships with existing and prospective customers. Component shortages may also increase Flex Group's cost of goods sold because it may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages have adversely affected and, will continue to adversely affect, Flex Group's operating results. Flex Group's customers also may experience component shortages which may adversely affect customer demand for its products and services. Flex Group's end markets have been and continue to be impacted by logistical constraints, with COVID-19 related restrictions contributing to a declining workforce, including at ports and warehouses, as well as driver shortages around the world.

Flex Group's supply chain has been and will continue to be impacted by the COVID-19 pandemic, and may be impacted by other events outside Flex Group's control, including macro-economic events, trade restrictions, political crises, other public health emergencies, or natural or environmental occurrences.

(e) *Flex Group's components business is dependent on its ability to quickly launch world-class component products, and Flex Group's investment in the development of its component capabilities, together with start-up and integration costs, may adversely affect its margins and profitability.*

Flex Group's components business, which includes power supply manufacturing, is part of Flex Group's strategy to improve its competitive position and to grow its future margins, profitability and shareholder returns by expanding its capabilities. The success of Flex Group's components business is dependent on its ability to design and introduce world-class components that have performance characteristics which are suitable for a broad market and that offer significant price and/or performance advantages over competitive products.

To create these world class components offerings, Flex Group must continue to make substantial investments in the development of its components capabilities, in resources such as research and development, technology licensing, test and tooling equipment, facility expansions, and personnel requirements. Flex Group may not be able to achieve or maintain market acceptance for any of its components offerings in any of its current or target markets. The success of Flex Group's components business will also depend upon the level of market acceptance of its customers' end products, which incorporate Flex Group's components, and over which Flex Group has no control.

The Issuer is not involved in the components business of Flex Group.

(f) *Flex Group's margins and profitability may be adversely affected due to substantial investments, start-up and production ramp costs in its design services.*

As part of its strategy to enhance its end-to-end service offerings, Flex Group continues to expand its design and engineering capabilities. Providing these services can expose Flex Group to different or greater potential risks than those it faces when providing its manufacturing services.

Although Flex Group enters into contracts with its design services customers, it may design and develop products for these customers prior to receiving a purchase order or other firm commitment from them. Flex Group is required to make substantial investments in the resources necessary to design and develop these products, and no revenue may be generated from these efforts if its customers do not approve the designs in a timely manner or at all. In addition, Flex Group may make investments in designing products and not be able to design viable manufacturable products, in which cases it may not be able to recover its investments. Even if Flex Group is successful in designing manufacturable products and its customers accept its designs, if Flex Group's customers do not then purchase anticipated levels of products, Flex Group may not realize any profits. Its design activities often require that Flex Group purchases inventory for initial production runs before Flex Group has a purchase commitment from a customer. Even after Flex Group has a contract with a customer with respect to a product, these contracts may allow the customer to delay or cancel deliveries and may not obligate the customer to any particular volume of purchases. These contracts can generally be terminated on short notice. In addition, some of the products Flex Group designs and develops must satisfy safety and regulatory standards and some must receive government certifications. If Flex Group fails to obtain these approvals or certifications on a timely basis, Flex Group would be unable to sell these products, which would harm its sales, profitability and reputation.

Flex Group's design services offerings require significant investments in research and development, technology licensing, test and tooling equipment, patent applications, facility building and expansion, and recruitment. Flex Group may not be able to achieve a high enough level of sales for this business to be profitable. The costs of investing in the resources necessary to expand Flex Group's design and engineering capabilities, and in particular to support Flex Group's design services offerings, have historically adversely affected its profitability, and may continue to do so as it continues to make investments to grow these capabilities.

In addition, Flex Group often agrees to certain product price limitations and cost reduction targets in connection with these services. Inflationary and other increases in the costs of the raw materials and labour required to produce the products have occurred and may recur from time to time. Also, the production ramps for these programs are typically significant and negatively impact Flex Group's margin in early stages as the manufacturing volumes are lower and result in inefficiencies and unabsorbed manufacturing overhead costs. Flex Group may not be able to reduce costs, incorporate changes in costs into the selling prices of its products, or increase operating efficiencies as Flex Group ramps production of its products, which would adversely affect its margins and results of operations.

(g) *If Flex Group does not effectively manage changes in its operations, Flex Group's business may be harmed; Flex Group has taken substantial restructuring charges in the past and it may need to take material restructuring charges in the future*.

The expansion of Flex Group's business, as well as business contractions and other changes in its customers' requirements, including as a result of COVID-19, have in the past, and may in the future, require that Flex Group adjust its business and cost structures by incurring restructuring charges. Restructuring activities involve reductions in Flex Group's workforce at some locations and closure of certain facilities. All of these changes have in the past placed, and may in the future place, considerable strain on Flex Group's financial and management control systems and resources, including decision support, accounting management, information systems and facilities. If Flex Group does not properly manage its financial and management controls, reporting systems and procedures to manage its employees, Flex Group's business could be harmed.

In recent years, including the fiscal years 2021, 2020, and 2019, Flex Group initiated targeted restructuring activities focused on optimizing its portfolio, in particular customers and products in its consumer devices business, optimizing its cost structure in lower growth areas and, more importantly, streamlining certain corporate and segment functions. Restructuring charges are recorded based upon employee termination dates, site closure and consolidation plans generally in conjunction with an overall corporate initiative to drive cost reduction and realign the Flex Group's global footprint.

Flex Group may be required to take additional charges in the future to align its operations and cost structures with global economic conditions, market demands, cost competitiveness, and its geographic footprint as it relates to its customers' production requirements and in response to the economic challenges in light of recent events with

COVID-19. Flex Group may consolidate certain manufacturing facilities or transfer certain of its operations to lower cost geographies. If Flex Group is required to take additional restructuring charges in the future, its operating results, financial condition, and cash flows could be adversely impacted. Additionally, there are other potential risks associated with Flex Group's restructurings that could adversely affect Flex Group, such as delays encountered with the finalization and implementation of the restructuring activities, work stoppages, and the failure to achieve targeted cost savings.

(h) *A breach of Flex Group's IT or physical security systems, or violation of data privacy laws, may cause Flex Group to incur significant legal and financial exposure.*

Flex Group are increasingly reliant on its information systems to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees, customers, and other business partners), and to manage or support a variety of critical business processes and activities. In particular, the COVID-19 pandemic has caused Flex Group to modify Flex Group's business practices, including requiring many of its office-based employees to work from home. As a result, Flex Group is increasingly dependent upon its information systems to operate its business and Flex Group's ability to effectively manage its business depends on the security, reliability and adequacy of such information systems. Flex Group regularly faces attempts by others to gain unauthorized access through the Internet or to introduce malicious software to its information systems. Flex Group is also a target of malicious attackers who attempt to gain access to its network or data centers or those of its customers or end users, steal proprietary information related to its business, products, employees, and customers; or interrupt its systems and services or those of its customers or others. Flex Group believes such attempts are increasing in number and in technical sophistication. In some instances, Flex Group, its customers, and the users of its products and services might be unaware of an incident or its magnitude and effects. Flex Group has implemented security systems with the intent of maintaining the physical security of its facilities and inventory and protecting its customers' and its suppliers' confidential information. In addition, while Flex Group seeks to detect and investigate all unauthorized attempts and attacks against its network, products, and services, and to prevent their recurrence where practicable through changes to its internal processes and tools, Flex Group is subject to, and at times have suffered from, breach of these security systems which have in the past and may in the future result in unauthorized access to its facilities and/or unauthorized use or theft of the inventory or information it is trying to protect. If unauthorized parties gain physical access to Flex Group's inventory or if they gain electronic access to Flex Group's information systems or if such information or inventory is used in an unauthorized manner, misdirected, or lost or stolen during transmission or transport, any theft or misuse of such information or inventory could result in, among other things, unfavourable publicity, governmental inquiry and oversight, difficulty in marketing Flex Group's services, allegations by its customers that Flex Group has not performed its contractual obligations, litigation by affected parties including its customers and possible financial obligations for damages related to the theft or misuse of such information or inventory, any of which could have a material adverse effect on Flex Group's profitability and cash flow.

In addition, data privacy laws and regulations, including the European Union General Data Protection Regulation (the "**GDPR**") effective May 2018, pose increasingly complex compliance challenges, which may increase compliance costs, and any failure to comply with data privacy laws and regulations could result in significant penalties. Additionally, the State of California in the U.S. recently enacted legislation, the California Consumer Privacy Act (the "**CCPA**"), which became effective January 1, 2020 and was further amended by the California Privacy Rights Act, or CPRA, on

November 3, 2020. The CCPA, among other requirements, require covered companies to provide new disclosures to California consumers, and allow such consumers new abilities to opt-out of certain sales of personal information. The CCPA was amended in September 2018, November 2019, and June 2020. It is unclear whether further modifications will be made to this law. Additionally, new privacy laws and regulations are under development at the U.S. Federal and state level and many international jurisdictions.

The effects of the GDPR, the CCPA and other data privacy laws and regulations may be significant, and may require Flex Group to modify Flex Group's data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Any actual or perceived failures to comply with the GDPR, the CCPA or other data privacy laws or regulations, or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breach, and other significant costs, penalties, and other liabilities, as well as harm to Flex Group's reputation and market position. The GDPR, CCPA and other laws and self-regulatory codes may affect Flex Group's ability to reach current and prospective customers, to understand how Flex Group's solutions and services are being used, to respond to customer requests allowed under the laws, and to implement Flex Group's business strategy effectively. These new laws and regulations could similarly affect Flex Group's customers.

(i) *Flex Group's strategic relationships with major customers create risks.*

In the past, Flex Group has completed numerous strategic transactions with customers. Under these arrangements, Flex Group generally acquires inventory, equipment and other assets from the customers, and leases or acquires their manufacturing facilities, while simultaneously entering into multi-year manufacturing and supply agreements for the production of their products. Flex Group may pursue these customer divestiture transactions in the future. These arrangements entered into with divesting customers typically involve many risks, including the following:

- Flex Group may need to pay a purchase price to the divesting customers that exceeds the value it ultimately may realize from the future business of the customer;
- the integration of the acquired assets and facilities into Flex Group's business may be time-consuming and costly, including the incurrence of restructuring charges;
- Flex Group, rather than the divesting customer, bears the risk of excess capacity at the facility;
- Flex Group may not achieve anticipated cost reductions and efficiencies at the facility;
- Flex Group may be unable to meet the expectations of the customer as to volume, product quality, timeliness and cost reductions;
- Flex Group's supply agreements with the customers generally do not require any minimum volumes of purchase by the customers, and the actual volume of purchases may be less than anticipated; and

- if demand for the customers' products declines, the customer may reduce its volume of purchases, and Flex Group may not be able to sufficiently reduce the expenses of operating the facility or use the facility to provide services to other customers.

As a result of these and other risks, Flex Group has been, and in the future may be, unable to achieve anticipated levels of profitability under these arrangements. In addition, these strategic arrangements have not, and in the future may not, result in any material revenues or contribute positively to its earnings per share.

(j) *Flex Group may encounter difficulties with acquisitions and divestitures, which could harm its business.*

Flex Group has completed numerous acquisitions of businesses and it may acquire additional businesses in the future. Any future acquisitions may require additional equity financing, which could be dilutive to Flex Group's existing shareholders, or additional debt financing, which could increase its leverage and potentially affect its credit ratings. Any downgrades in Flex Group's credit ratings associated with an acquisition could adversely affect its ability to borrow by resulting in more restrictive borrowing terms. As a result of the foregoing, Flex Group also may not be able to complete acquisitions or strategic customer transactions in the future to the same extent as in the past, or at all.

To integrate acquired businesses, Flex Group must implement its management information systems, operating systems and internal controls, and assimilate and manage the personnel of the acquired operations. The difficulties of this integration may be further complicated by geographic distances. The integration of acquired businesses may not be successful and could result in disruption to other parts of Flex Group's business. In addition, the integration of acquired businesses may require that Flex Group incurs significant restructuring charges.

In addition, acquisitions involve numerous risks and challenges, including:

- diversion of management's attention from the normal operation of Flex Group's business;
- potential loss of key employees and customers of the acquired companies;
- difficulties managing and integrating operations in geographically dispersed locations;
- the potential for deficiencies in internal controls at acquired companies;
- increases in Flex Group's expenses and working capital requirements, which reduce Flex Group's return on invested capital;
- lack of experience operating in the geographic market or industry sector of the acquired business;
- cybersecurity and compliance related issues;
- initial dependence on unfamiliar supply chain or relatively small supply chain partners; and
- exposure to unanticipated liabilities of acquired companies.

In addition, divestitures involve significant risks, including without limitation, difficulty finding financially sufficient buyers or selling on acceptable terms in a timely manner, and the agreed-upon terms could be renegotiated due to changes in business or market conditions. Divestitures could adversely affect Flex Group's profitability and, under certain circumstances, require Flex Group to record impairment charges or a loss as a result of the transaction. In addition, completing divestitures requires expenses and management attention and could leave Flex Group with certain continuing liabilities.

These and other factors have harmed, and in the future could harm, Flex Group's ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition or divestiture, and could adversely affect Flex Group's business and operating results.

(k) *Flex Group is pursuing alternatives for its Nextracker business, including a full or partial separation of the business, through an initial public offering of Nextracker or otherwise, which may not be consummated as or when planned or at all, and may not achieve the intended benefits.*

Flex Group is pursuing alternatives for its Nextracker business, including a full or partial separation of the business, through an initial public offering of Nextracker or otherwise. The proposed separation of the Nextracker business may not be consummated as currently contemplated or at all, or may encounter unanticipated delays. If Flex Group is unable to consummate a transaction on favourable terms or at all, it may experience negative reactions from the financial markets and from its shareholders and employees. Planning a separation requires significant time, effort, and expense, may divert the attention of Flex Group's management and employees from other aspects of its business operations and could adversely affect Flex Group's business, financial condition, results of operations and cash flows its Nextracker business. In addition, if Flex Group completes the proposed separation, there can be no assurance that it will be able to realize the intended benefits. Following a potential separation, the combined value of the two publicly-traded companies may not be equal to or greater than what the value of Flex Group's ordinary shares would have been had the potential separation not occurred.

The Issuer is not involved in the Nextracker business of Flex Group.

(l) *Flex Group's operating results may fluctuate significantly due to seasonal demand.*

Two of Flex Group's significant end markets are the lifestyle market and the consumer devices market. These markets exhibit particular strength generally in the two quarters leading up to the end of the calendar year in connection with the holiday season. As a result, Flex Group has historically experienced stronger revenues in its second and third fiscal quarters as compared to its other fiscal quarters. Economic or other factors leading to diminished orders in the end of the calendar year could harm Flex Group's business.

(m) *Flex Group depends on its executive officers and skilled personnel.*

Flex Group's success depends to a large extent upon the continued services of its executive officers and other key employees. Generally, Flex Group's employees are not bound by employment or non-competition agreements, and there can be no assurance that Flex Group will retain its executive officers and other key employees. Flex Group could be seriously harmed by the loss of any of its executive officers or other key employees. In addition, in connection with expanding Flex Group's design services offerings, Flex Group must attract and retain experienced design engineers.

There is substantial competition in Flex Group's industry for highly skilled employees. Additionally, hiring, training and retaining skilled employees may be adversely impacted by global economic uncertainty and office closures caused by COVID-19. Flex Group's failure to recruit and retain experienced design engineers, or if they are unable to work effectively or at all due to the COVID-19 pandemic, could limit the growth of its design services offerings, which could adversely affect its business. There also is the risk that Flex Group will be unable to achieve its diversity, equity and inclusion objectives and goals or meet the related requirements of its shareholders and other stakeholders.

(n) *Catastrophic events could have a material adverse effect on Flex Group's operations and financial results.*

Flex Group's operations or systems could be disrupted by natural disasters, terrorist activity, public health issues (including the COVID-19 pandemic), cyber security incidents, interruptions of service from utilities, transportation or telecommunications providers, or other catastrophic events. Such events could make it difficult or impossible to manufacture or deliver products to Flex Group's customers, receive production materials from its suppliers, or perform critical functions, which could adversely affect Flex Group's revenue and require significant recovery time and expenditures to resume operations. While Flex Group maintains business recovery plans that are intended to allow it to recover from natural disasters or other events that can be disruptive to its business, some of Flex Group's systems are not fully redundant and it cannot be sure that its plans will fully protect Flex Group from all such disruptions.

Flex Group maintains a program of insurance coverage for a variety of property, casualty, and other risks. Flex Group places its insurance coverage with multiple carriers in numerous jurisdictions. However, one or more of Flex Group's insurance providers may be unable or unwilling to pay a claim. The types and amounts of insurance Flex Group obtains vary depending on availability, cost, and decisions with respect to risk retention. The policies have deductibles and exclusions that result in Flex Group retaining a level of self-insurance. Losses not covered by insurance may be large, which could harm Flex Group's results of operations and financial condition.

(o) *Flex Group's business could be adversely affected by any delays, or increased costs, resulting from issues that its common carriers are dealing with in transporting its materials, its products, or both.*

Given the complexity of its supply chain and its geographically dispersed operations, Flex Group depends on a variety of common carriers to transport its materials from its suppliers to Flex Group, and to transport Flex Group's products from it to its customers. Problems suffered by any of these common carriers, whether due to the COVID-19 pandemic, a natural disaster, labour problems, increased energy prices, criminal activity or some other issue, could result in shipping delays, increased costs, or other supply chain disruptions, and could therefore have a material adverse effect on Flex Group's operations.

3.1.2 Industry Risks

(a) *Flex Group depends on industries that continually produce technologically advanced products with short product life cycles and its business would be adversely affected if its customers' products are not successful or if its customers lose market share.*

Flex Group derives its revenue from customers in a number of end markets and factors affecting any of these industries in general or its customers in particular, could adversely impact Flex Group. These factors include:

- a negative impact of the COVID-19 pandemic on Flex Group’s customers or on the demand for its customers’ products;
- rapid changes in technology, evolving industry standards, and requirements for continuous improvement in products and services that result in short product life cycles;
- demand for Flex Group’s customers' products may be seasonal;
- Flex Group’s customers may fail to successfully market their products, and its customers' products may fail to gain widespread commercial acceptance;
- Flex Group’s customers’ products may have supply chain issues, including as a result of the COVID-19 pandemic; and
- Flex Group’s customers may experience dramatic market share shifts in demand which may cause them to lose market share or exit businesses.

(b) *Flex Group’s industry is extremely competitive; if Flex Group is not able to continue to provide competitive services, it may lose business.*

Flex Group competes with a number of different companies, depending on the type of service Flex Group provides or the location of its operations. For example, Flex Group competes with major global EMS providers, other smaller EMS companies that have a regional or product-specific focus and Original Design Manufacturer (the “**ODM**”) with respect to some of the services that it provides. Flex Group also competes with its current and prospective customers, who evaluate its capabilities in light of their own capabilities and cost structures. In the past, some of Flex Group’s customers moved a portion of their manufacturing from Flex Group in order to more fully utilize their excess internal manufacturing capacity. Any of these developments could cause a decline in Flex Group’s sales, loss of market acceptance of its products or services, decreases of its profits or loss of its market share. Flex Group’s industry is extremely competitive, many of its competitors have achieved substantial market share, and some may have lower cost structures or greater design, manufacturing, financial or other resources than Flex Group does. Flex Group faces particular competition from Asian-based competitors, including Taiwanese ODM suppliers who compete in a variety of Flex Group’s end markets and have a substantial share of global information technology hardware production. If Flex Group is unable to provide comparable manufacturing services and improved products at lower cost than the other companies in Flex Group’s market, Flex Group’s net sales could decline.

3.1.3 Financial Risks

(a) *The Guarantor’s goodwill and identifiable intangible assets could become impaired, which could reduce the value of its assets and reduce its net income in the year in which the write-off occurs.*

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. The Guarantor also ascribes value to certain identifiable intangible assets, which consist primarily of customer relationships, developed technology and trade names, among others, as a result of acquisitions. The Guarantor may incur impairment charges on goodwill or identifiable intangible assets if it determines that the fair values of goodwill or identifiable intangible assets are less than their current carrying values. The Guarantor evaluates, on a regular basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of goodwill may no longer be recoverable, in which case an impairment charge to earnings would become necessary.

If the financial performance of Flex Group's businesses were to decline significantly as a result of the COVID-19 pandemic, the Guarantor could incur a material non-cash charge to its income statement for the impairment of goodwill and other intangible assets.

A decline in general economic conditions or global equity valuations could impact the judgments and assumptions about the fair value of Flex Group's businesses and the Guarantor could be required to record impairment charges on its goodwill or other identifiable intangible assets in the future, which could impact its consolidated balance sheet, as well as its consolidated statement of operations. If the Guarantor is required to recognize an impairment charge in the future, the charge would not impact Flex Group's consolidated cash flows, liquidity, capital resources, and covenants under Flex Group's existing credit facilities, asset securitization program, and other outstanding borrowings.

The financial statement of the Issuer for the fiscal year 2021 does not contain any goodwill.

(b) *Flex Group's debt level may create limitations.*

As of March 31, 2021 (the Guarantor's most recent fiscal year-end), Flex Group's total debt was approximately $3.8 billion. This level of indebtedness could limit Flex Group's flexibility as a result of debt service requirements and restrictive covenants, and may limit its ability to access additional capital or execute its business strategy.

(c) *Flex Group's exposure to financially troubled customers or suppliers may adversely affect its financial results.*

Flex Group provides manufacturing services to companies and industries that have in the past, and may in the future, experience financial difficulty. If some of Flex Group's customers experience financial difficulty, Flex Group could have difficulty recovering amounts owed to it by these customers, or demand for its products from these customers could decline. Additionally, if its suppliers experience financial difficulty, Flex Group could have difficulty sourcing supplies necessary to fulfil production requirements and meet scheduled shipments. If one or more of Flex Group's customers were to become insolvent or otherwise were unable to pay for the services provided by us on a timely basis, or at all, Flex Group's operating results and financial condition could be adversely affected. Such adverse effects could include one or more of the following: an increase in Flex Group's provision for doubtful accounts, a charge for inventory write-offs, a reduction in revenue, and an increase in Flex Group's working capital requirements due to higher inventory levels and increases in days Flex Group's accounts receivables are outstanding. Any of these risks may be heightened by the effects of the COVID-19 pandemic.

On April 21, 2016, SunEdison, Inc. (together with certain of its subsidiaries, "**SunEdison**") filed for protection under Chapter 11 of the U.S. Bankruptcy Code. During the fiscal year ended March 31, 2016, the Guarantor recognized a bad debt reserve charge of $61.0 million associated with the Guarantor's outstanding SunEdison receivables and accepted return of previously shipped inventory of approximately $90.0 million. SunEdison stated in schedules filed with the Bankruptcy Court that, within the 90 days preceding SunEdison's bankruptcy filing, the Guarantor received approximately $98.6 million of inventory and cash transfers of $69.2 million, which in the aggregate represents the Guarantor’s estimate of the maximum reasonably possible contingent loss. On April 15, 2018, a subsidiary of the Guarantor together with its subsidiaries and affiliates, entered into a tolling agreement with the trustee of the SunEdison Litigation Trust to toll any applicable statute of limitations or other time-related defense that might exist in regards to any potential claims that either party might be able to assert against the other for a period that will end at the earlier to occur of: (a) 60 days after a party provides written notice of termination; (b) six years from the effective date of April 15, 2018; or (c) such other date as the parties may agree in writing. No preference claims have been asserted against the Guarantor and consideration has been given to the related contingencies based on the facts currently known. An unfavourable resolution of this matter could be material to Flex Group’s results of operations, financial condition, or cash flows.

(d) The market price of Guarantor’s ordinary shares is volatile.

The stock market in recent years has experienced significant price and volume fluctuations that have affected the market prices of companies, including technology companies. These fluctuations have often been unrelated to or disproportionately impacted by the operating performance of these companies. The market for Guarantor’s ordinary shares has been and may in the future be subject to similar volatility. Factors such as fluctuations in Flex Group’s operating results, announcements of technological innovations or events affecting other companies in the electronics industry, currency fluctuations, general market fluctuations, and macro-economic conditions may cause the market price of the Guarantor’s ordinary shares to decline. Stock price fluctuations could impact the value of Guarantor’s equity compensation, which could affect Flex Group’s ability to recruit and retain employees.

(e) Changes in the Guarantor’s credit rating may make it more expensive for it to raise additional capital or to borrow additional funds. The Guarantor is also exposed to interest rate fluctuations on Flex Group’s outstanding borrowings and investments.

The Guarantor’s credit is rated by credit rating agencies. The Guarantor’s 5.000% Notes due 2023, Guarantor’s 4.750% Notes due 2025, Guarantor’s 3.750% Notes due 2026, Guarantor’s 4.875% Notes due 2029 and Guarantor’s 4.875% Notes due 2030 are currently rated BBB- by S&P which is considered to be “investment grade” by S&P, rated Baa3 by Moody’s which is considered to be “investment grade” by Moody's, and rated BBB- by Fitch which is considered to be "investment grade" by Fitch. Any decline in the Guarantor’s credit rating may make it more expensive for the Guarantor to raise additional capital in the future on terms that are acceptable to us, if at all, negatively impact the price of the Guarantor’s ordinary shares, increase the Guarantor’s interest payments under some of Guarantor’s existing debt agreements, and have other negative implications on the Guarantor’s business, many of which are beyond the Guarantor’s control. In addition, the interest rate payable on some of Flex Group’s credit facilities is subject to adjustment from time to time if the Guarantor’s credit ratings change. Thus, any potential future negative change in the Guarantor’s credit rating may increase the interest rate payable on these credit facilities.

In addition, the Guarantor is exposed to interest rate risk under its variable rate terms loans, bilateral facilities and revolving credit facility for indebtedness it has incurred or may incur under such facilities. The interest rates under these borrowings are generally based on either (i) a margin over LIBOR or (ii) the base rate (the greatest of the agent's prime rate, the federal funds rate plus 0.50% and LIBOR for a one-month interest period plus 1.00%) plus an applicable margin, in each case depending on the Guarantor's credit rating. The Guarantor is also exposed to interest rate risk on its invested cash balances, its securitization facilities and its factoring activities.

In addition, the U.K.'s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021, though the ICE Benchmark Administration, the administrator of LIBOR, announced that it would consider ceasing the publication of the one week and two-month U.S. dollar LIBOR settings at the end of 2021 and phase out the remaining U.S. dollar LIBOR settings by June 30, 2023. In connection with the phasing out of LIBOR, certain of the Guarantor's financing facilities (including those in currencies other than the U.S. dollar) have begun to transition to alternative reference rates including EURIBOR, TIBOR, Sonia and BBSY, among others. The full transition from LIBOR to a new replacement benchmark is uncertain at this time and the consequences of such developments cannot be entirely predicted but could result in an increase in the cost of Flex Group's borrowings on its variable rate debt, which could adversely impact its interest expense, results of operations and cash flows.

(f) *Flex Group is subject to risks associated with investments.*

Flex Group invests in private funds and companies for strategic reasons and may not realize a return on its investments. Flex Group makes investments in private funds and companies to further its strategic objectives, support key business initiatives, and develop business relationships with related portfolio companies. Many of the instruments in which Flex Group invests are non-marketable at the time of its initial investment. If any of the funds or companies in which Flex Group invests fail, Flex Group could lose all or part of its investment. From time-to-time Flex Group has identified observable price changes, or impairments in investments, and it has written down certain investments fair values and recognized a loss.

(g) *Changes in financial accounting standards or policies have affected, and in the future may affect, the Guarantor's reported financial condition or results of operations.*

The Guarantor prepares its financial statements in conformity with U.S. GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants (AICPA), the U.S. Securities and Exchange Commission (the "**SEC**") and various bodies formed to interpret and create accounting policies. For example, significant changes to lease accounting rules have been enacted and applied to us in fiscal year 2020 per Accounting Standard Update (the "**ASU**") 2016-02 "Leases." Changes to accounting rules or challenges to the Guarantor's interpretation or application of the rules by regulators may have a material adverse effect on its reported financial results or on the way it conducts business.

The Issuer prepares its financial statements in conformity with Act C of 2000 on Accounting (the "**Hungarian Accounting Act**"). Changes in the Hungarian Accounting Act or challenges to the Issuer's interpretation or application of the rules by regulators may have a material adverse effect on its reported financial results or on the way it conducts business.

3.1.4 International Risks

(a) *Weak global economic conditions, geopolitical uncertainty and instability in financial markets may adversely affect Flex Group's business, results of operations, financial condition, and access to capital markets.*

Flex Group's revenue and gross margin depend significantly on general economic conditions and the demand for products in the markets in which its customers compete. Adverse worldwide economic conditions and geopolitical uncertainty may create challenging conditions in the electronics industry, which has occurred and may continue to occur as a result of the COVID-19 pandemic.

Additionally, the withdrawal of the United Kingdom from the EU (the "**Brexit**") may also adversely impact worldwide economic conditions. The political and economic effects of Brexit are still uncertain and will depend, in part, on the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, signed on December 30, 2020. Additionally, conditions may be adversely impacted by the actions that the U.S. or other countries have taken or may take with respect to certain treaty and trade relationships with other countries. The U.S. has thus far signalled a desire to reach a broad trade deal with a post-Brexit U.K., but demands for concessions on issues like tariffs, non-tariff barriers, tax policies, and market access could present obstacles to achieving an agreement. Disagreements over similar issues, including market access, non-tariff barriers, and digital service taxes continue to raise the possibility of the U.S. imposing more tariffs on EU goods, even as the U.S. government signals a desire to reach a trade deal with the EU. The COVID-19 pandemic has served to further delay any potential progress on any U.S.-U.K. and U.S.-EU trade deal.

These conditions may result in reduced consumer and business confidence and spending in many countries, a tightening in the credit markets, a reduced level of liquidity in many financial markets, high volatility in credit, fixed income and equity markets, currency exchange rate fluctuations, and global economic uncertainty. In addition, longer term disruptions in the capital and credit markets could adversely affect Flex Group's access to liquidity needed for its business. If financial institutions that have extended credit commitments to us are adversely affected by the conditions of the U.S. and international capital markets, they may become unable to fund borrowings under their credit commitments to us, which could have an adverse impact on Flex Group's financial condition and its ability to borrow additional funds, if needed, for working capital, capital expenditures, acquisitions, research and development and other corporate purposes.

(b) *Flex Group conducts operations in a number of countries and is subject to the risks inherent in international operations.*

The geographic distances between the Americas, Asia and Europe create a number of logistical and communications challenges for Flex Group. These challenges include managing operations across multiple time zones, directing the manufacture and delivery of products across long distances, coordinating procurement of components and raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the core management team, which is based in a number of different countries.

Facilities in several different locations may be involved at different stages of the production process of a single product, leading to additional logistical difficulties.

Because Flex Group's manufacturing operations are located in a number of countries throughout the Americas, Asia and Europe, it is subject to risks of changes in economic, social and political conditions in those countries, including:

- fluctuations in the value of local currencies;

- labour unrest, difficulties in staffing and geographic labour shortages;
- longer payment cycles;
- cultural differences;
- increases in duties, tariffs, and taxation levied on Flex Group's products including anti-dumping and countervailing duties;
- trade restrictions including limitations on imports or exports of components or assembled products, unilaterally or bilaterally;
- trade sanctions and related regulatory enforcement actions and other proceedings;
- potential trade wars;
- increased scrutiny by the media and other third parties of labour practices within its industry (including but not limited to working conditions) which may result in allegations of violations, more stringent and burdensome labour laws and regulations and inconsistency in the enforcement and interpretation of such laws and regulations, higher labour costs, and/or loss of revenues if Flex Group's customers become dissatisfied with our labour practices and diminish or terminate their relationship with it;
- imposition of restrictions on currency conversion or the transfer of funds;
- expropriation of private enterprises;
- ineffective legal protection of our intellectual property rights in certain countries;
- natural disasters;
- exposure to infectious disease, epidemics and pandemics, including the effects of the COVID-19 pandemic, on Flex Group's business operations in geographic locations impacted by the outbreak and on the business operations of its customers and suppliers;
- inability of international customers and suppliers to obtain financing resulting from tightening of credit in international financial markets;
- political unrest; and
- a potential reversal of current favourable policies encouraging foreign investment or foreign trade by Flex Group's host countries.

Flex Group operates in a number of different countries and jurisdictions, and it cannot anticipate the potential impact that new or current restrictions in each of these countries or jurisdictions due to COVID-19 may have on its manufacturing operations and facilities, its supply chain, and its business more generally.

The attractiveness of Flex Group's services to customers and its ability to conduct business with certain customers can be affected by changes in U.S. and other countries' trade policies. In 2018, the U.S. imposed tariffs on a large variety of products of Chinese origin. The U.S. government also, effective May 10, 2019, increased tariffs on $200 billion of Chinese goods to 25%. Further, on May 15, 2019, President Trump issued an executive order designed to secure the information and communications technology and services supply chain, which would restrict the acquisition or use in the United States of information and communications technology or services designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of foreign adversaries. The executive order is subject to implementation by the Secretary of Commerce and applies to contracts entered into prior to the effective date of the order. In addition, the U.S. Commerce Department has implemented additional restrictions and may implement further restrictions that would affect the conduct of business with certain Chinese companies. A "phase one" trade deal signed between the U.S. and China on January 15, 2020 accompanied a U.S. decision to cancel a plan to increase tariffs on an additional list of Chinese products and to reduce the tariffs imposed on May 13, 2019 from 15% to 7.5% effective February 14, 2020. At present, the majority of tariff exclusions granted have expired and many of the additional tariffs on Chinese origin goods remain, as do concerns over the stability of bilateral trade relations, particularly given the limited scope of the phase one agreement. In addition, the economic disruption caused by the COVID-19 pandemic could make it harder for China to meet its obligations under the deal and increases the potential for China to invoke the deal's "disaster clause," which could further challenge US-China bilateral trade relations. Depending upon their duration and implementation as well as Flex Group's ability to mitigate their impact, these tariffs, the executive order and its implementation and other regulatory actions could materially affect Flex Group's business, including in the form of increased cost of goods sold, decreased margins, increased pricing for customers, and reduced sales. In addition, the 2020 U.S. presidential election and subsequent transition in the administration has resulted in additional uncertainty regarding the future of U.S. trade relations. At this time, there is no assurance that a broader trade agreement will be successfully negotiated between the United States and China to reduce or eliminate the existing tariffs. Further, one of Flex Group's former customers, Huawei Technologies Co., Ltd., and some of its affiliates have been added to the U.S. Department of Commerce's Entity List, and were recently made subject to enhanced restrictions designed to prevent them from having access to foreign-produced items using U.S.-origin semiconductor technology and equipment; Flex Group could be subject to reputational harm based on its business activities, including activities with sanctioned countries. In addition, some countries in which Flex Group operates, such as Brazil, Hungary, India, Mexico, Malaysia and Poland, have experienced periods of slow or negative growth, high inflation, significant currency devaluations or limited availability of foreign exchange. Furthermore, in countries such as China, Brazil, India and Mexico, governmental authorities exercise significant influence over many aspects of the economy, and their actions could have a significant effect on Flex Group. Flex Group could be seriously harmed by inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts in countries in which it operates. In addition, Flex Group may encounter labour disruptions and rising labour costs, in particular within the lower-cost regions in which it operates. Any increase in labour costs that Flex Group is unable to recover in its pricing to its customers could adversely impact its operating results.

Operations in foreign countries also present risks associated with currency exchange and convertibility, inflation and repatriation of earnings. In some countries, economic and monetary conditions and other factors could affect Flex Group's ability to convert its cash distributions to United States dollars or other freely convertible currencies, or to move funds from its accounts in these countries. Furthermore, the central bank of any of these countries may have the authority to suspend, restrict or otherwise impose conditions on foreign exchange transactions or to approve distributions to foreign investors.

(c) *Fluctuations in foreign currency exchange rates could increase Flex Group's operating costs.*

Flex Group has manufacturing operations and industrial parks that are located in various part of the world, including Asia, Eastern Europe, Mexico and Brazil. A portion of Flex Group's purchases and its sale transactions are denominated in currencies other than the United States dollar and, in case of the Issuer, other than Hungarian forint. As a result, Flex Group is exposed to fluctuations in these currencies impacting its fixed cost overhead or its supply base relative to the currencies in which it conducts transactions.

Currency exchange rates fluctuate on a daily basis as a result of a number of factors, including changes in a country's political and economic policies. The primary impact of currency exchange fluctuations is on the cash, receivables, payables and expenses of Flex Group's operating entities. Furthermore, as part of its currency hedging strategy, Flex Group uses financial instruments such as forward exchange, swap contracts, and options to hedge its foreign currency exposure in order to reduce the short-term impact of foreign currency rate fluctuations on its operating results. If its hedging activities are not successful or if Flex Group change or reduce these hedging activities in the future, Flex Group may experience significant unexpected fluctuations in its operating results as a result of changes in exchange rates.

Flex Group is also exposed to risks related to the valuation of the Chinese currency relative to the U.S. dollar. The Chinese currency is the renminbi (the "**RMB**"). A significant increase in the value of the RMB could adversely affect Flex Group's financial results and cash flows by increasing both its manufacturing costs and the costs of its local supply base. Additionally, the recent COVID-19 pandemic could contribute to foreign currency volatility. Volatility in the functional and non-functional currencies of Flex Group's entities and the United States dollar could seriously harm Flex Group's business, operating results and financial condition.

3.1.5 Legal and Regulatory Risks

(a) *Flex Group is subject to risks relating to litigation and regulatory investigations and proceedings, which may have a material adverse effect on its business.*

From time to time, the Guarantor and its subsidiaries are involved in various claims, suits, investigations and legal proceedings. Additional legal claims or regulatory matters may arise in the future and could involve matters relating to commercial disputes, government regulatory and compliance, intellectual property, antitrust, tax, employment or shareholder issues, product liability claims and other issues on a global basis. If the Guarantor or any of its subsidiaries receive an adverse judgment in any such matter, they could be required to pay substantial damages and cease certain practices or activities. Regardless of the merits of the claims, litigation and other proceedings may be both time-consuming and disruptive to Flex Group's business. The defense and ultimate outcome of any lawsuits or other legal proceedings may result in higher operating expenses and a decrease in operating margin, which could have a material adverse effect on Flex Group's business, financial condition, or results of operations.

On May 8, 2018, a putative class action was filed in the Northern District of California against the Guarantor and certain officers alleging violations of Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, alleging misstatements and/or omissions in certain of the Guarantor's financial results, press releases and SEC filings made during the putative class period of January 26, 2017 through April 26, 2018. On October 1, 2018, the Court appointed lead plaintiff and lead plaintiff's counsel in the case. On November 28, 2018, lead plaintiff filed an amended complaint alleging misstatements and/or omissions in certain of the Guarantor's SEC filings, press releases, earnings calls, and analyst and investor conferences and expanding the putative class period through October 25, 2018. On April 3, 2019, the Court vacated its prior order appointing lead plaintiff and lead plaintiff's counsel and reopened the lead plaintiff appointment process. On September 26, 2019, the Court appointed a new lead plaintiff, National Elevator Industry Pension Fund, and lead plaintiff's counsel in the case. On November 8, 2019, lead plaintiff filed a further amended complaint. On December 4, 2019, defendants filed a motion to dismiss the amended complaint. On May 29, 2020, the Court granted defendants' motion to dismiss without prejudice and gave lead plaintiff 30 days to amend. On June 29, 2020, lead plaintiff filed a further amended complaint. On July 27, 2020, defendants filed a motion to dismiss the amended complaint. On December 10, 2020, the Court granted defendants' motion to dismiss with prejudice and entered judgment in favour of defendants. On January 7, 2021, lead plaintiff filed a notice of appeal to the Ninth Circuit Court of Appeals. On May 19, 2021, lead plaintiff filed its opening appeal brief, on July 19, 2021, defendants filed their answering brief, and on September 8, 2021, lead plaintiff filed its reply brief. The Court of Appeals has scheduled oral argument for December 8, 2021. Any existing or future lawsuits could be time-consuming, result in significant expense and divert the attention and resources of Flex Group's management and other key employees, as well as harm its reputation, business, financial condition or results of operation.

On February 14, 2019, the Guarantor submitted an initial notification of voluntary disclosure to the U.S. Department of the Treasury, Office of Foreign Assets Control (the "**OFAC**") regarding possible noncompliance with U.S. economic sanctions requirements among certain non-U.S. Flex-affiliated operations. On September 28, 2020, the Guarantor made a submission to OFAC that completed its voluntary disclosure based on the results of an internal investigation regarding the matter. On June 11, 2021, the Guarantor notified OFAC that it had identified possible additional relevant transactions at one non-U.S. Flex-affiliated operation. The Guarantor is currently reviewing those transactions and expect to submit an update to its submission to OFAC once that review is complete. The Guarantor intends to continue to cooperate fully with OFAC in this matter going forward. Nonetheless, it is reasonably possible that the Guarantor could be subject to penalties that could have a material adverse effect on its financial position, results of operations or cash flows.

(b) If Flex Group's compliance policies are breached, it may incur significant legal and financial exposure.

The Flex Group has implemented local and global compliance policies to ensure compliance with its legal obligations across its operations. A significant legal risk resulting from Flex Group's international operations is compliance with the U.S. Foreign Corrupt Practices Act or similar local laws of the countries in which it does business, including the UK Anti-Bribery Act, which prohibits covered companies from making payments to foreign government officials to assist in obtaining or retaining business. Flex Group's Code of Business Conduct prohibits corrupt payments on a global basis and precludes the Flex Group from offering or giving anything of value to a government official for the purpose of obtaining or retaining business, to win a business advantage or to improperly influence a decision regarding Flex Group. Nevertheless, there can be no assurance that all of Flex Group's employees and agents will refrain from taking actions in violation of this and Flex Group's related anti-corruption policies and procedures. Any such violation could have a material adverse effect on Flex Group's business.

(c) *If Flex Group's products or components contain defects, demand for its services may decline and Flex Group may be exposed to product liability and product warranty liability.*

Defects in the products Flex Group manufactures or designs, whether caused by a design, engineering, manufacturing or component failure or deficiencies in Flex Group's manufacturing processes, could result in product or component failures, which may damage Flex Group's business reputation and expose it to product liability or product warranty claims.

Product liability claims may include liability for personal injury or property damage. Product warranty claims may include liability to pay for the recall, repair or replacement of a product or component. Although Flex Group generally allocates liability for these claims in its contracts with its customers, increasingly it is unsuccessful in allocating such liability, and even where it has allocated liability to its customers, Flex Group's customers may not have the resources to satisfy claims for costs or liabilities arising from a defective product or component for which they have assumed responsibility.

If Flex Group designs, engineers or manufactures a product or component that is found to cause any personal injury or property damage or is otherwise found to be defective, Flex Group could spend a significant amount of money to resolve the claim. In addition, product liability and product recall insurance coverage are expensive and may not be available for some or all of Flex Group's services offerings on acceptable terms, in sufficient amounts, or at all. A successful product liability or product warranty claim in excess of Flex Group's insurance coverage or any material claim for which insurance coverage is denied, limited or is not available could have a material adverse effect on Flex Group's business, results of operations and financial condition.

(d) *Flex Group is subject to the risk of increased income taxes.*

Flex Group is subject to taxes in numerous jurisdictions. Flex Group's future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory rates and changes in tax laws or their interpretation including changes related to tax holidays or tax incentives. The international tax environment continues to change as a result of both coordinated efforts by governments and unilateral measures designed by individual countries, both intended to tackle concerns over perceived international tax avoidance techniques, which could ultimately have an adverse effect on the taxation of international businesses. In addition, legislative changes may result from the Organization for Economic Co-operation and Development's Base Erosion and Profit Shifting Project. Any such changes, if adopted, could adversely impact Flex Group's effective tax rate and may have a material impact on its results of operations, cash flows and financial position.

Flex Group's taxes could also increase if certain tax holidays or incentives are not renewed upon expiration, or if tax rates applicable to it in such jurisdictions are otherwise increased. Flex Group's continued ability to qualify for specific tax holiday extensions will depend on, among other things, its anticipated investment and expansion in these countries and the manner in which the local governments interpret the requirements for modifications, extensions or new incentives.

In addition, the Guarantor and its subsidiaries are regularly subject to tax return audits and examinations by various taxing jurisdictions around the world. In determining the adequacy of its provision for income taxes, Flex Group regularly assess the likelihood of adverse outcomes resulting from tax examinations. While it is often difficult to predict the final outcome or the timing of the resolution of a tax examination, Flex Group believes that its reserves for uncertain tax benefits reflect the outcome of tax positions that are more likely than not to occur. However, there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in Flex Group's income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on Flex Group's tax provision, operating results, financial position and cash flows in the period or periods for which that determination is made.

(e) *Flex Group may not meet regulatory quality standards applicable to its manufacturing and quality processes for medical devices, which could have an adverse effect on Flex Group's business, financial condition or results of operations.*

As a medical device manufacturer, Flex Group has additional compliance requirements. The Guarantor is required to register with the U.S. Food and Drug Administration (the "**FDA**") and are subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation (the "**QSR**") requirements, which require manufacturers of medical devices to adhere to certain regulations, including testing, quality control and documentation procedures. Compliance with applicable regulatory requirements is subject to continual review and is rigorously monitored through periodic inspections and product field monitoring by the FDA. If any FDA inspection reveals noncompliance with QSR or other FDA regulations, and Flex Group does not address the observation adequately to the satisfaction of the FDA, the FDA may take action against it. FDA actions may include issuing a letter of inspectional observations, issuing a warning letter, imposing fines, bringing an action against the Guarantor and its officers, requiring a recall of the products it manufactured for its customers, refusing requests for clearance or approval of new products or withdrawal of clearance or approval previously granted, issuing an import detention on products entering the U.S. from an offshore facility, or shutting down a manufacturing facility. If any of these actions were to occur, it would harm Flex Group's reputation and cause its business to suffer.

In the European Union (the "**EU**"), Flex Group is required to maintain certain standardized certifications in order to sell its products and must undergo periodic inspections to obtain and maintain these certifications. Continued noncompliance to the EU regulations could stop the flow of products into the EU from Flex Group or from its customers. In China, the Safe Food and Drug Administration controls and regulates the manufacture and commerce of healthcare products. Flex Group must comply with the regulatory laws applicable to medical device manufacturers, or its ability to manufacture products in China could be impacted. In Japan, the Pharmaceutical Affairs Laws regulate the manufacture and commerce of healthcare products. These regulations also require that subcontractors manufacturing products intended for sale in Japan register with authorities and submit to regulatory audits. Other Asian countries and Latin America where Flex Group operates have similar laws regarding the regulation of medical device manufacturing.

(f) *Flex Group's failure to comply with environmental laws could adversely affect its business.*

Flex Group is subject to various federal, state, local and foreign environmental laws and regulations, including regulations governing the use, storage, discharge and disposal of hazardous substances used in Flex Group's manufacturing processes. Flex Group is also subject to laws and regulations governing the recyclability of products, the materials that may be included in products, and its obligations to dispose of these products after end users have finished with them. Additionally, Flex Group may be exposed to liability to its customers relating to the materials that may be included in the components that Flex Group procures for its customers' products. Any violation or alleged violation by Flex Group of environmental laws could subject Flex Group to significant costs, fines or other penalties.

Flex Group is also required to comply with an increasing number of global and local product environmental compliance regulations focused on the restriction of certain hazardous substances. Flex Group is subject to the EU directives, including the Restrictions on RoHS, the WEEE as well as the EU's REACH regulation. In addition, new technical classifications of e-Waste being discussed in the Basel Convention technical working group could affect both Flex Group's customers' abilities and obligations in electronics repair and refurbishment. Also of note is China's Management Methods for Controlling Pollution Caused by EIPs regulation, commonly referred to as "China RoHS", which restricts the importation into and production within China of electrical equipment containing certain hazardous materials. Similar legislation has been or may be enacted in other jurisdictions, including in the United States. RoHS and other similar legislation bans or restricts the use of lead, mercury and certain other specified substances in electronics products and WEEE requires EU importers and/or producers to assume responsibility for the collection, recycling and management of waste electronic products and components. Flex Group has developed rigorous risk mitigating compliance programs designed to meet the needs of its customers as well as applicable regulations. These programs may include collecting compliance data from Flex Group's suppliers, full laboratory testing and public reporting of other environmental metrics such as carbon emissions, electronic waste and water, and Flex Group also requires its supply chain to comply. Non-compliance could potentially result in significant costs and/or penalties. In the case of WEEE, the compliance responsibility rests primarily with the EU importers and/or producers rather than with EMS companies. However, customers may turn to EMS companies for assistance in meeting their obligations under WEEE.

In addition, Flex Group is responsible for the clean-up of contamination at some of its current and former manufacturing facilities and at some third party sites. If more stringent compliance or clean-up standards under environmental laws or regulations are imposed, or the results of future testing and analyses at its current or former operating facilities indicate that Flex Group is responsible for the release of hazardous substances into the air, ground and/or water, Flex Group may be subject to additional liability. Additional environmental matters may arise in the future at sites where no problem is currently known or at sites that Flex Group may acquire in the future. Additionally, Flex Group could be required to alter its manufacturing and operations and incur substantial expense in order to comply with environmental regulations. Flex Group's failure to comply with environmental laws and regulations or adequately address contaminated sites could limit its ability to expand its facilities or could require Flex Group to incur significant expenses, which would harm its business.

(g) *Failure to comply with domestic or international employment and related laws could result in the payment of significant damages, which would reduce Flex Group's net income.*

Flex Group is subject to a variety of domestic and foreign employment laws, including those related to safety, wages and overtime, discrimination, whistle-blowing, classification of employees and severance payments. Enforcement activity relating to these laws, particularly outside of the United States, can increase as a result of increased media attention due to violations by other companies, changes in law, political and other factors. There can be no assurance that Flex Group will not be found to have violated such laws in the future, due to a more aggressive enforcement posture by governmental authorities or for any other reason. Any such violations could lead to the assessment of fines against Flex Group by federal, state or foreign regulatory authorities or damages payable to employees, which fines could be substantial and which would reduce its net income.

(h) *Flex Group's business could be impacted as a result of actions by activist shareholders or others.*

Flex Group may be subject, from time to time, to legal and business challenges in its operation due to actions instituted by activist shareholders or others. Responding to such actions could be costly and time-consuming, may not align with Flex Group's business strategies and could divert the attention of its board of directors and senior management from the pursuit of Flex Group's business strategies. Perceived uncertainties as to Flex Group's future direction as a result of shareholder activism may lead to the perception of a change in the direction of the business or other instability and may make it more difficult to attract and retain qualified personnel and business partners and may affect Flex Group's relationships with vendors, customers and other third parties.

(i) *Social and environmental responsibility policies and provisions may be difficult to comply with and may impose costs on us.*

There is an increasing focus on Sustainability including the Environmental, Social and Governance (the "**ESG**") in Flex Group's industry. A number of Flex Group's customers have adopted, or may adopt, procurement policies that include social and environmental responsibility provisions that their suppliers should comply with, or they may seek to include such provisions in their procurement terms and conditions. In addition, an increasing number of investors have adopted, or may adopt, ESG policies with which they expect their portfolio companies to comply. Flex Group currently complies with the sustainability standards set forth by various voluntarily sustainability initiatives and organizations, and Flex Group has joined the U.N. Global Compact, a voluntary initiative for businesses to develop, implement and disclose sustainability policies and practices. These social and environmental responsibility and ESG practices, policies, provisions and initiatives are subject to change, can be unpredictable, and may be difficult and expensive for Flex Group to comply with.

(j) *Climate change, and the legal and regulatory initiatives related to climate change, could adversely affect Flex Group's business, results of operations and financial condition.*

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Changes in weather patterns and an increased frequency, intensity and duration of extreme weather conditions could, among other things, impair Flex Group's production capabilities, disrupt the operation of its supply chain, and impact its customers and their demand for its services. As a result, the effects of climate change could have a long-term adverse impact on Flex Group's business, results of operations and financial condition. In many of the countries in which Flex Group operates, governmental bodies are increasingly enacting legislation and regulations in response to the potential impacts of climate change. These laws and regulations have, and will continue to have, the potential to impact Flex Group's operations directly or indirectly as a result of required compliance by Flex Group and its suppliers. In addition, Flex Group has committed to cut its operational emissions in half by 2030 as part of its long-term sustainability strategy and it may take additional voluntary steps to mitigate its impact on climate change. As a result, Flex Group may experience increases in energy, production, transportation and raw material costs, capital expenditures and insurance premiums and deductibles. Inconsistency of legislation and regulations among jurisdictions may also affect the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations or industry standards, as well as any international treaties and accords, is uncertain given the scope of potential regulatory change in the countries in which Flex Group operates. Given the political significance and uncertainty around the impact of climate change and how it should be addressed, Flex Group cannot predict how legislation and regulation will affect its financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by Flex Group or other companies in its industry could harm its reputation. Any of the foregoing could result in a material adverse effect on Flex Group's business, results of operations and financial condition.

(k) *The success of certain of Flex Group's activities depends on its ability to protect its intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against its customers or us could harm its business.*

Flex Group retains certain intellectual property rights to some of the technologies that it develops as part of its engineering, design, and manufacturing services and components offerings. The measures taken by Flex Group to prevent unauthorized use of its technology may not be successful. If Flex Group is unable to protect its intellectual property rights, this could reduce or eliminate the competitive advantages of Flex Group's proprietary technology, which would harm its business.

Flex Group's engineering, design and manufacturing services and component offerings involve the creation and use of intellectual property rights, which subject Flex Group to the risk of claims of infringement or misuse of intellectual property from third parties and/or breach of Flex Group's agreements with third parties, as well as claims arising from the allocation of intellectual property risk among Flex Group and its customers. From time to time, Flex Group enters into intellectual property licenses (e.g., patent licenses and software licenses) with third parties which obligate Flex Group to report covered behaviour to the licensor and pay license fees to the licensor for certain activities or products, or that enable Flex Group's use of third party technologies. Flex Group may also decline to enter into licenses for intellectual property that it does not think is useful for or used in its operations, or for which its customers or suppliers have licenses or have assumed responsibility.

Given the diverse and varied nature of its business and the location of its business around the world, certain activities Flex Group performs, such as providing assembly services in China and India, may fall outside the scope of those licenses or may not be subject to the applicable intellectual property rights. Flex Group's licensors may disagree and claim royalties are owed for such activities. In addition, the basis (e.g., base price) for any royalty amounts owed are audited by licensors and may be challenged. Flex Group's customers are increasingly requiring it to indemnify them against the risk of intellectual property-related claims and licensors are claiming that activities Flex Group perform are covered by licenses to which it is a party.

If any claims of infringement or misuse of intellectual property from third parties and/or breach of Flex Group's agreements with third parties, as well as claims arising from the allocation of intellectual property risk among Flex Group and its customers, are brought against Flex Group or its customers, whether or not these have merit, Flex Group could be required to expend significant resources in defense of such claims. In the event of such a claim, Flex Group may be required to spend a significant amount of money to develop alternatives or obtain licenses or to resolve the issue through litigation. Flex Group may not be successful in developing such alternatives or obtaining such licenses on reasonable terms or at all, and any such litigation might not be resolved in our favour, in which cases Flex Group may be required to curtail certain of its services and offerings. Additionally, litigation could be lengthy and costly, and could materially harm Flex Group's financial condition regardless of outcome.

Flex Group also faces certain heightened risks to its intellectual property rights due to its extensive operations in foreign jurisdictions, including the risk of theft or misuse of its intellectual property rights in certain foreign jurisdictions. The laws of certain countries in which Flex Group operates may not protect intellectual property rights to the same extent as the laws of the United States, and the mechanisms to enforce intellectual property rights may be inadequate to protect Flex Group's rights, which could harm its business.

3.2 Risk factors that are material for the purpose of assessing the market risks associated with the Bonds

(a) The Guarantee will be structurally subordinated to the indebtedness and other liabilities of subsidiaries of Flex Group other than the Issuer, including any guarantees or preferred stock of such subsidiaries.

Apart from the Guarantee provided by the Guarantor, the Bonds will not be guaranteed by any other subsidiaries of Flex Group. The Guarantee will, therefore, be structurally subordinated to any indebtedness and other liabilities of subsidiaries of the Flex Group other than the Issuer. As of October 1, 2021, the total liabilities of Flex Group's subsidiaries, excluding intercompany debt but including trade payables, were approximately $9.8 billion. The subsidiaries of Flex Group are separate and distinct legal entities, and, apart from the Issuer and the Guarantor, have no obligation to pay any amounts due on the Bonds or to provide the Guarantor or the Issuer with funds for their payment obligations. The Guarantor's right to receive any assets of any of its subsidiaries, as an equity holder of that subsidiary, upon its liquidation or reorganization, and the consequent right of the holders of the Bonds to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors, except to the extent that the Guarantor is a recognized as a creditor of that subsidiary, in which case the Guarantor's claims would still be effectively subordinated to any mortgage or other liens on the assets of that subsidiary and would be subordinated to any preferred stock or indebtedness of that subsidiary senior to that held by the Guarantor.

In addition, the Guarantor's term loan due April 2024, the Guarantor's revolving credit facility, the Guarantor's 5.000% Notes due February 2023, the Guarantor's 4.750% Notes due June 2025, the Guarantor's 3.750% Notes due February 2026, the Guarantor's 4.875% Notes due June 2029 and the Guarantor's 4.875% Notes due May 2030, which are not currently guaranteed by any subsidiaries of Flex Group, contain contingent future guarantee provisions whereby certain of such subsidiaries may become guarantors of the obligations thereunder. The Bonds will not have the benefit of any such contingent future guarantee provisions. As a result, if any such guarantee is executed by one or more of the subsidiaries of Flex Group, the holders of the Bonds would not receive the benefit of that guarantee and would therefore be structurally subordinated to any indebtedness that receives the benefit of that guarantee to the extent of the assets of the subsidiaries providing that guarantee (other than the Issuer).

(b) *The Bonds involve high level of risk and may not be a suitable investment for all investors.*

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Document or any applicable supplement hereto;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Sophisticated institutional investors generally do not purchase financial instruments as stand-alone investments. They purchase financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolio. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

(c) *Market price risk.*

The development of market prices of the Bonds depends on various factors, such as changes of market interest rate levels, the policy of central banks, overall economic developments, inflation rates or the lack of or excess demand for the Bonds. The holders of the Bonds are therefore exposed to the risk of an unfavourable development of market prices of their Bonds which materializes if the holder of the Bond sells the Bonds prior to the final maturity of such Bonds.

(d) *Fixed rate bonds.*

A holder of a fixed rate bond (such as the Bonds) is exposed to the risk that the price of such Bond falls as a result of changes in the current interest rate on the capital markets (the “**Market Interest Rate**”) for comparable debt securities of the same maturity. While the nominal interest rate of the Bonds is fixed during the life of the

Bond, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of the Bond also changes, but in the opposite direction. If the Market Interest Rate increases, the price of a fixed rate bond typically falls, until the yield of such bond is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a fixed rate bond typically increases, until the yield of such bond is approximately equal to the Market Interest Rate. Flex Group cannot predict the future level of Market Interest Rate. Potential purchasers of the Bonds should be aware that movements of the Market Interest Rate could adversely affect the market price of the Bonds. If, however, the holder of the Bonds holds such Bonds until maturity, changes in the Market Interest Rate are without relevance to such holder as the Bond will be redeemed at a specified redemption amount.

(e) *An investment in the Bonds may be subject to inflation risks.*

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Bonds. If the inflation rate were to increase and match or exceed the nominal yield, the real yield of the Bonds would be zero or even negative.

(f) *The Bonds do not constitute a deposit and are not subject to deposit protection schemes.*

The Bonds do not constitute deposits or other obligations of a depository institutions and are not subject to deposit protection schemes, such as the National Deposit Insurance Fund (in Hungarian: "*Országos Betétbiztosítási Alap*") or any other governmental agency.

(g) *The Bonds are not subject to investor protection schemes in the event the Issuer or the Guarantor fails to make any payment.*

The Investment Protection Fund (in Hungarian: "*Befektető-védelmi Alap*") will not pay any compensation to any Bondholder in the event the Issuer fails to make any payment of interest or principal under the Bonds and/or the Guarantor fails to make any payment under the Guarantee. The Investor Protection Fund would only pay any compensation to a Bondholder if the manager of the securities account which the Bonds are creditor to has failed to transfer such Bonds at the order of the Bondholder.

(h) *Trading in the Bonds on the XBond MTF may be suspended.*

The BSE is entitled to suspend trading of the Bonds if the Issuer fails to comply with the obligations under the applicable laws, regulations and the XBond General Terms and Conditions. There can be no assurance that trading in the Bonds will not be suspended during the term of the Bonds. During the period of suspension of trading in the Bonds, investors would have no possibility to buy or sell the Bonds on the XBond MTF, which would have a negative impact on liquidity.

(i) *The Bonds may be deleted from the security list of the XBond MTF.*

The BSE is entitled to delete the Bonds from the security list of the XBond MTF if the Issuer fails to comply with the obligations under the applicable laws, regulations and the XBond General Terms and Conditions. There can be no assurance that such a situation will not occur in relation to the Bonds. Once the Bonds are deleted from the security list of XBond MTF the investors lose the possibility of trading in the Bonds on the XBond MTF, which may adversely affect their liquidity. The sale of the Bonds outside the XBond MTF platform may be effected at substantially lower prices compared to the most recent prices obtained in transactions carried out on the XBond

MTF. There can be no assurance that such a situation will not occur in relation to the Bonds, however, currently there is no reason to believe that such a situation will occur in the future.

(j) *An active secondary market in respect of the Bonds may never be established or may be illiquid and this would adversely affect the value at which the investors could sell their Bonds.*

The Bonds may have no established trading market when issued, and one may never develop. If a market for the Bonds does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in any sale of the Bonds having to be at a substantial discount to their principal amount.

(k) *A downgrade, suspension or withdrawal of the rating assigned by a rating agency to the debt securities of the Issuer or the Guarantor could cause the liquidity or market value of the Bonds to decline significantly and increase the Issuer's and the Guarantor's cost of borrowing.*

The credit ratings of the Issuer and the Guarantor are an assessment by the rating agencies of Issuer's and the Guarantor's ability to pay their debts when due. In general, rating agencies base their ratings on many quantitative and qualitative factors, including, but not limited to, capital adequacy, liquidity, asset quality, business mix and quality of earnings, and, as a result, the Issuer and the Guarantor may not be able to maintain their current credit ratings.

Credit rating agencies continually review their ratings for the companies that they follow, including the Issuer and the Guarantor. Borrowing under the Issuer's and the Guarantor's credit facilities, as well as the future incurrence of additional secured or additional unsecured indebtedness, may cause the rating agencies to reassess the ratings assigned to their debt securities. Any such action may lead to a downgrade of any rating assigned to the Bonds or in the assignment of a rating for the Bonds that is lower than might otherwise be the case. Real or anticipated changes in the Issuer's or the Guarantor's credit ratings could cause the liquidity or market value of the Bonds to decline significantly and could increase Flex Group's corporate borrowing costs.

There can be no assurance that the ratings assigned to the Bonds will remain for any given period of time or that these ratings will not be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes in the Issuer's or the Guarantor's financial conditions, so warrant. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Flex Group does not undertake any obligation to maintain the ratings or to advise holders of the Bonds of any changes in ratings. Each agency's rating should be evaluated independently of any other agency's rating.

(l) *The Bonds will be unsecured and will be effectively subordinated to all of the Issuer's secured obligations and the Guarantee will be unsecured and will be effectively subordinated to all of the Guarantor's secured obligations, in each case to the extent of the value of the collateral securing such obligations.*

As of October 1, 2021, the Issuer and the Guarantor had no secured indebtedness, other than capital leases. Although the Issuer and the Guarantor currently do not have any material amount of secured indebtedness outstanding, they may incur additional secured indebtedness in the future. Holders of any of the Issuer's and the Guarantor's future secured indebtedness will have claims that are prior to the claims of the holders of the Bonds to the extent of the value of the assets securing such indebtedness, subject to certain rights accorded under the Terms and Conditions to become secured *pari passu* with other secured indebtedness. In the event of any distribution or payment of the Issuer's and the Guarantor's assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of the Issuer's and the Guarantor's secured indebtedness will have prior claim to the assets that constitute their collateral. Holders of the Bonds will participate rateably with all holders of Issuer's and the Guarantor's other unsecured indebtedness that is deemed to be of the same priority as the Bonds and the Guarantee, as applicable. In that event, because the Bonds and the Guarantee will not be secured by any of Issuer's and the Guarantor's assets (except under the limited rights to be secured *pari passu* referred to above), it is possible that Issuer's and the Guarantor's remaining assets may not be sufficient to satisfy the claims of the holders of the Bonds in full after our secured claims are repaid.

(m) The Guarantor conducts substantially all of its operations through its subsidiaries and depends on cash flow from its subsidiaries to meet its obligations.

Because substantially all of the operations of the Guarantor are conducted through its subsidiaries, the cash flow and ability to comply with the payment obligations under the Guarantee, will depend in part upon the earnings of its subsidiaries and the distribution of those earnings to, or under loans or other payments of funds by its subsidiaries to, the Guarantor. Provisions of law, such as those requiring that dividends be paid only from surplus, could limit the ability of such subsidiaries to make payments or other distributions to the Guarantor. Furthermore, these subsidiaries could in certain circumstances agree to contractual restrictions on their ability to make distributions.

As of October 1, 2021, approximately half of the cash and cash equivalents of the Guarantor were held by foreign subsidiaries outside of Singapore. Local government regulations may restrict the ability of the Guarantor to move cash balances to meet cash needs under certain circumstances. Although substantially all of the amounts held outside of Singapore could be repatriated, under current laws, a significant amount could be subject to income tax withholdings. Repatriation could result in an additional income tax payment; however, for the majority of the foreign entities, the intent of the Guarantor is to permanently reinvest these funds outside of Singapore (approximately $1.5 billion as of March 31, 2021) and the current plans of the Guarantor do not demonstrate a need to repatriate them to fund its operations in jurisdictions outside of where they are held. Where local restrictions prevent an efficient intercompany transfer of funds, the intent of the Guarantor is that cash balances would remain outside of Singapore and the Guarantor would meet its liquidity needs through ongoing cash flows, external borrowings, or both.

(n) The Issuer and the Guarantor will require a significant amount of cash to service its debts under the Bonds and the Guarantee. The ability to generate sufficient cash depends on numerous factors beyond their control, and the Issuer and the Guarantor may be unable to generate sufficient cash flow to service their debt obligations, including making payments on the Bonds.

As of October 1, 2021, after giving pro forma effect to the offering of the Bonds (but not the application of the net proceeds therefrom), Flex Group would have had approximately $4.1 billion of total indebtedness, including the Bonds, substantially all of which was unsecured. The ability of the Issuer to make payments on and to refinance its existing and future indebtedness, including the Bonds, and the ability of the

Guarantor to make payments under the Guarantee, will depend on their current and future ability to generate cash from their operations. The Issuer's and the Guarantor's ability to generate cash from their operations is subject to economic and financial conditions in their industries, the global economy and legislative, regulatory and other factors that are beyond their control. There can be no assurance that the businesses of the Issuer and the Guarantor will generate sufficient cash flow from operations, or that future borrowings will be available to them under their revolving credit facility or otherwise, in an amount sufficient to fund their liquidity needs, including the payment of principal and interest on the Bonds.

A substantial decrease in the operating cash flow or a substantial increase in the expenses could make it difficult for the Issuer to meet debt service requirements or the Guarantor to satisfy its obligations under the Guarantee, and could require the Issuer and the Guarantor to modify their operations, including by selling assets, reducing their capital expenditures, refinancing all or a portion of their existing debt or obtaining additional financing. These alternative measures may not be successful and may not permit the Issuer to meet its scheduled debt service obligations or the Guarantor to satisfy its obligations under the Guarantee. The ability of the Issuer and the Guarantor to restructure or refinance its debt will depend on the condition of the capital markets and their respective financial condition at such time. Any refinancing of its debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict their business operations.

(o) Flex Group may incur substantial additional indebtedness in the future.

The provisions contained in the agreements relating to the indebtedness of the Guarantor, including the Guarantor's term loan due April 2024, the Guarantor's revolving credit facility, the indenture governing the Guarantor's 5.000% Notes due February 2023, the indenture governing the Guarantor's 4.750% Notes due June 2025, the indenture governing the Guarantor's existing 2026 Notes and the Guarantor's existing 2030 Notes and the indenture governing the Guarantor's 4.875% Notes due June 2029 do not completely prohibit the Guarantor and its subsidiaries from incurring additional indebtedness, and the amount of indebtedness that the Guarantor and its subsidiaries could incur could be substantial. The Guarantor's loan agreements contain customary restrictions, subject to a number of exceptions and limitations, on its and its subsidiaries' ability to incur certain debt, enter into sale-leaseback transactions, and incur liens. The loan agreements also require that the Guarantor maintains a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation and amortization), and a minimum interest coverage ratio, which may be suspended in certain circumstances. The indentures governing the outstanding senior notes of the Guarantor contain covenants, which are subject to a number of significant limitations and exceptions, that restrict its and its subsidiaries' ability to create liens, enter into sale-leaseback transactions, or, in the case of certain of our outstanding senior notes, to create, incur, issue, assume or guarantee any funded debt.

The Terms and Conditions will not prohibit the Issuer and the Guarantor from incurring indebtedness, and permits the Issuer and the Guarantor to incur secured indebtedness subject to certain restrictions set forth therein. Accordingly, the Issuer and the Guarantor could incur significant additional indebtedness in the future, especially if their other indebtedness containing these covenants matures or is repaid prior to its maturity. If the Issuer or the Guarantor incur additional unsecured senior indebtedness, the holders of that debt will be entitled to share ratably with the holders of the Bonds in any proceeds distributed in connection with any bankruptcy, liquidation, reorganization or similar proceedings. This may have the effect of reducing the amount of proceeds paid to holders of the Bonds. If the Issuer or the Guarantor incur additional indebtedness, the related risks that they now face could intensify. As of October 1, 2021, the Guarantor had no borrowings outstanding under its revolving credit facility and had borrowing availability of $2.0 billion under that facility.

(p) *If the Issuer or the Guarantor defaults on their obligation to pay their other indebtedness, the Issuer and the Guarantor may not be able to make payments on the Bonds or under the Guarantee.*

Any default under the agreements governing the Issuer's and the Guarantor's other indebtedness could result in the Issuer being unable to make payments of principal, premium, if any, or interest on the Bonds or the Guarantor being unable to make payments under the Guarantee, and could substantially decrease the market value of the Bonds. If the Issuer or the Guarantor are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on their other indebtedness, or if the Issuer or the Guarantor otherwise fail to comply with the various covenants in the instruments governing our other indebtedness, the Issuer or the Guarantor could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest. Any such default or acceleration could also give the holders of any of other indebtedness of the Issuer and the Guarantor the right to accelerate such indebtedness, which would exacerbate the risks described above.

(q) *The Terms and Conditions do not contain a tax gross-up clause; the Guarantee provides tax gross up only for the benefit of the Bondholders resident in Hungary for tax purposes under the applicable laws and regulations of Hungary.*

Investment in the Bonds may entail the necessity of the Bondholders paying taxes.

The Terms and Conditions do not contain a tax gross-up clause related to payments to the Bondholders. If any payment on account of Bonds entails the obligation to collect and pay any tax, charge or other public imposts, the Issuer shall not be obliged to pay to the Bondholders any amounts compensating the collected taxes, charges or other public imposts, or to make any other payments.

The Guarantee contains a tax gross-up clause in relation to a payment due and payable by the Guarantor to a Bondholder resident in Hungary for tax purposes under the applicable laws and regulations of Hungary (the "**Hungarian Bondholder**"). The Guarantor intends to make payments through its Bermuda branch. As of the date of this Information Document, there is no Bermuda income or profits tax, withholding tax, capital gains or other tax on any payment to be made by the Guarantor to the Bondholders. However, there can be no assurance that future changes in the tax laws or double taxation treaties will not require the Guarantor to make withholding or deduction on such payments under the Guarantee. If any payment under the Guarantee entails the obligation to collect and pay any tax, charge or other public imposts due to any future changes in the laws, the Guarantor shall not be obliged to pay to the Bondholders not qualifying as Hungarian Bondholders any amounts compensating the collected taxes, charges or other public imposts, or to make any other payments.

The obligation to pay any taxes connected with acquiring, holding (in terms of any payments under the Bonds), or selling the Bonds may result in a lower than expected rate of return on the investment in the Bonds.

(r) *The Bondholders' Meeting may fail to pass some resolutions, or may pass resolutions which are contradictory to the interest of the Bondholders voting against such resolutions or not present at the Bondholders' Meeting*

Certain decisions related to the Bonds and the Guarantee are passed by the Bondholders' Meeting. Convening a Bondholders' Meeting requires specific actions to be taken with the support of at least 5% of the number of the Bonds outstanding, while the decisions are carried by certain majority of the votes (for example, 75% of the number of Bonds represented at the Bondholders' Meeting needed to amend the Terms and Conditions or the Guarantee). The Bondholders' Meeting may be unable to be called or, even if called, it may not pass certain resolutions if the resolution is backed by the Bondholders representing less than the required number of Bonds.

There is a risk that actions taken as a result of resolutions passed by the Bondholders' Meetings may conflict with the interest of the Bondholders voting against these resolutions, or those who do not attend the Bondholders' Meeting. In addition, there is a risk that Bondholders seeking adoption of a specific resolution, in particular a resolution changing the Terms and Conditions or the Guarantee, may not gain the required majority of votes or there may be no quorum as required for passing such a resolution.

(s) *The form of the Bonds.*

The Bonds are issued in dematerialised form. The holders of the Bonds are not entitled to request the creation and the issue and delivery of the Bonds in printed form.

(t) *Lack of market stabilisation measures in relation to the Bonds.*

Raiffeisen Bank Zrt. as Arranger, Paying Agent and Market Maker has not undertaken any market stabilisation obligation (as specified in paragraph (d) of Article 3(2) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC) with respect to the Bonds.

3.3 Risk management

Flex Group's enterprise risk management process is designed to identify risks that could affect its ability to achieve business goals and strategies, to assess the likelihood and potential impact of significant risks to its business, and to prioritize risk control and mitigation.

The Board of Directors' role in risk oversight involves both the full Board of Directors and each of its committees. The Board of Directors as a group is regularly updated on specific risks in the course of its review of corporate strategy and business plans and as part of reports to the Board of Directors by its standing committees. The Board of Directors believes that Flex Group's leadership structure, with an independent Chair, supports the Board of Directors' risk oversight function by ensuring a strong role for the independent directors

The Audit Committee reviews Flex Group's policies and practices with respect to risk assessment and risk management, discusses with management Flex Group's major risk exposures and the steps that have been taken to monitor and mitigate such exposures, oversees major financial risk exposures as well as major capital structure, operational, compliance, reputational, cybersecurity, and strategic risks, including steps to monitor, manage, and mitigate those risks.

The Nominating and Corporate Governance Committee oversees corporate governance policies and procedures, regularly reviews Flex Group's sustainability program including the application of social and environmental policies and procedures, assesses and oversees ESG risks, including corporate governance and climate change risks, and continuously assesses the capabilities and independence of the Board of Directors to ensure optimal composition.

The Compensation and People Committee oversees executive compensation, administration of our equity compensation plans, CEO succession planning and employee compensation structure, monitors and oversees significant changes to our human capital management strategy including corporate culture, inclusion, pay and opportunity equity, diversity, and social initiatives and results, and talent attraction, training, development, and retention programs and results, and regularly reviews our compensation practices with a view to assessing associated risks.

The Flex Group's Chief Financial Officer, Chief Accounting Officer, General Counsel, and Chief Ethics and Compliance Officer regularly report on the Flex Group's risk management policies and practices to relevant committees and to the full Board of Directors.

The Flex Group has a resiliency framework that includes crisis management, information technology, disaster recovery and business continuity planning. Combined, these programs form a readiness umbrella for crisis situations designed to meet the needs of the Flex Group. Every crisis is situational, and the framework Flex Group has adopted is adaptable. For example, to address the multifaceted implications of COVID-19, Flex Group has assembled a worldwide crisis management team of senior leadership, which gives us both a centralized view of the global impact of COVID-19 and a single point of strategic orchestration. Additionally, Flex Group organized several global specialized teams to focus on specific areas. Regionally, Flex Group activated seven crisis management teams, chaired by regional leaders to guide the response to COVID-19 in specified geographies for all Flex Group sites and operations. Finally, every major Flex Group site has a local crisis management team to execute actions and measures.

The Board of Directors is regularly informed by its resiliency advisory, crisis management, and executive leadership teams and remains actively engaged in identifying, monitoring, and mitigating the risks to the Flex Group's stakeholders that arise from time to time. The Board of Directors continues to focus on overseeing and managing risks associated with the COVID-19 pandemic, including financial, cybersecurity and employee health and safety risks. As the world continues to address the ongoing global pandemic and recover in certain areas, the Board of Directors continues to meet regularly and work closely with Flex Group's management teams to review information, assess potential issues, and oversee the development and implementation of strategies to effectively navigate this ongoing global pandemic.

4. DESCRIPTION OF THE ISSUER

Except as indicated otherwise, all financial data set forth in this Section 4 (Description of the Issuer) are derived from the audited financial statements of the Issuer for the fiscal year ended on March 31, 2021 which have been prepared in accordance with the Hungarian Accounting Act. These historical results are not necessarily indicative of the results to be expected in the future.

4.1 General description of the Issuer

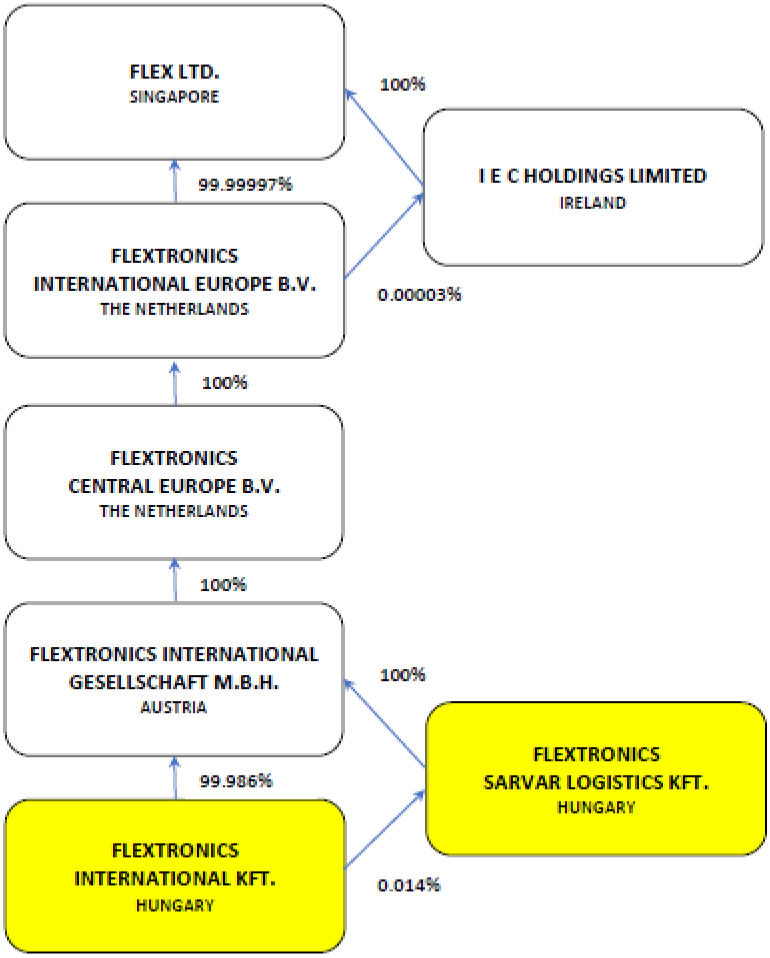
Company name	Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság
Short company name	Flextronics International Kft.
Registered seat	H-8660 Tab, Munkás u. 28.
Telephone number	+36-92-507-350
Place of registration	Hungary
Company registration number	14-09-300339
Date of registration	26 November 1992
LEI code	529900JFQOAB7NK8C472
Legal form	limited liability company (in Hungarian: "*korlátolt felelősségű társaság*")
Law governing the operation	Hungarian
Website	http://www.flex.com/

4.2 Company structure, organisational structure

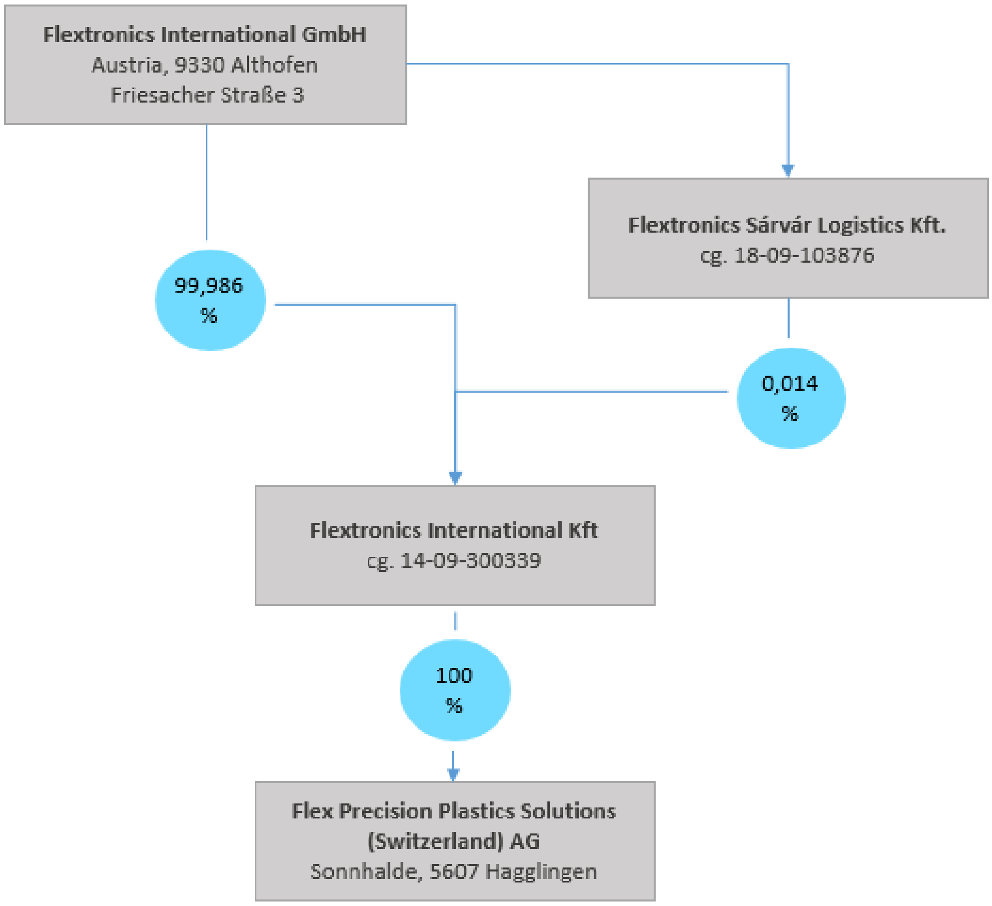
4.2.1 Brief overview of the company group and the material subsidiaries

The ownership relationship between the Issuer and the Guarantor within Flex Group is shown on the following chart:

FLEXTRONICS INTERNATIONAL KFT.
UPSTREAM ORGANIZATIONAL STRUCTURE TO UBO – FLEX LTD.



The direct parent companies of the Issuer and its subsidiary are shown on the following chart:



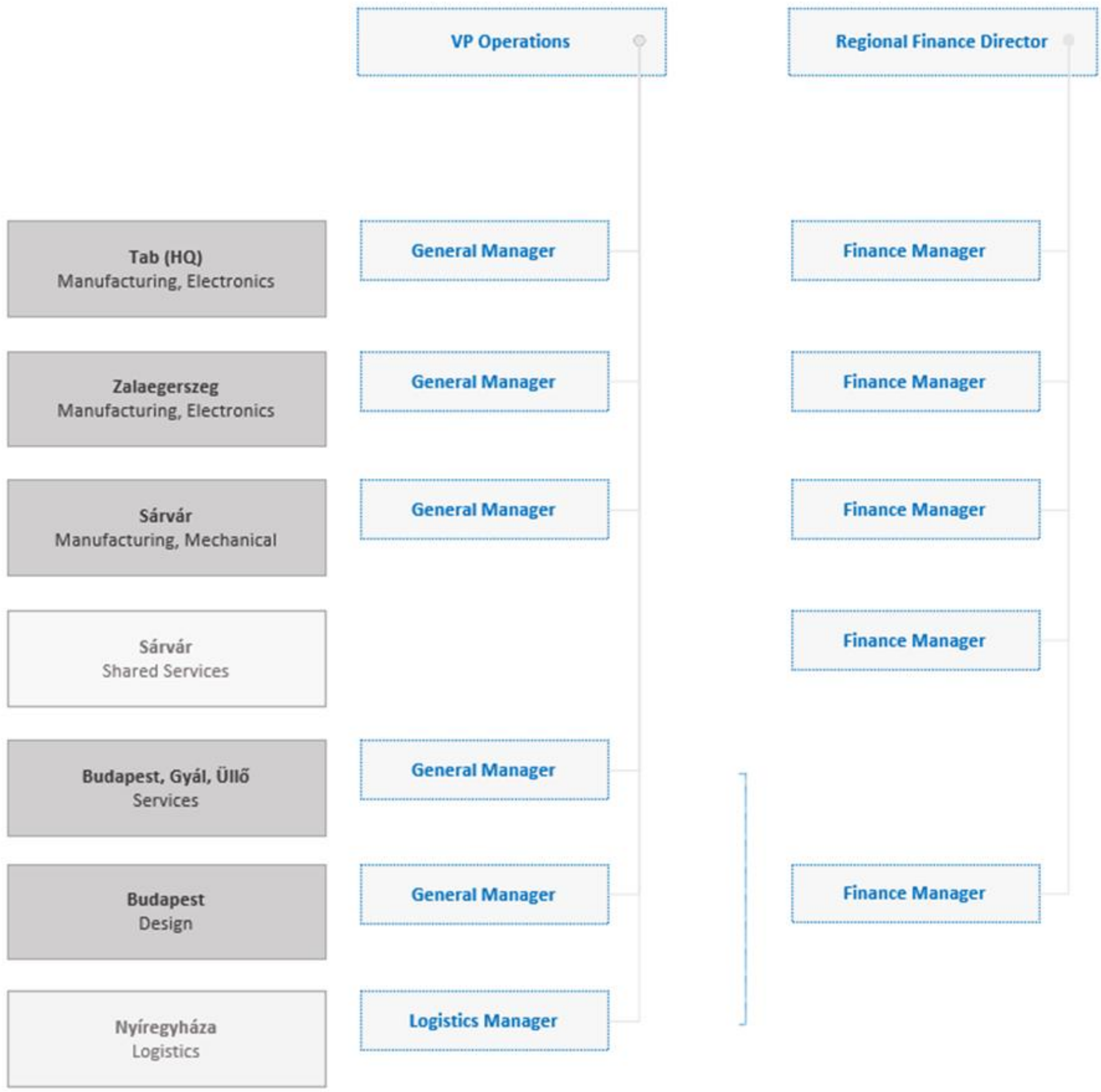
Flextronics International GmbH is a 100% indirect subsidiary of the Guarantor, operates as a functional European headquarter office in Vienna and a manufacturing and design service site in Althofen, Austria. The Althofen site supports leading global and local brands with the focus on Automotive, Aerospace & Defense, Medical and Industrial & Emerging Industries. It offers to its customers a broad range of services in the area of innovation, design, engineering, manufacturing and supply chain solutions. The Althofen site operates on 17.000m² floor space with – on average - 700 full-time employees. Flextronics International GmbH was honored with the Trigos award for the extensive CSER activities and projects in Althofen and has successfully trained over 705 apprentices through today.

Flextronics International GmbH is the direct shareholder of Flextronics Holding GmbH (100%), the Issuer (99.986%), Flextronics Sárvár Logistics Kft. (100%), Flextronics Holding France SA (6.07%), Flextronics Laval SNC (0.1%), Sønderborg Værkløjsfabrik S/A (100%), Flextronics Holding Spain SL (100%), Flextronics Ltd. (99.84%) and AGM Durmont Austria GmbH (100%). Flextronics International GmbH also holds indirect investments in Flex Precision Plastics Solutions (Switzerland) AG.

Flextronics Sárvár Logistics Kft.'s main activity is the trading of electronic devices for household appliances produced in its Tab factory for one of the leading household appliance manufacturers. Flextronics Sárvár Logistics Kft. also holds the ownership title of the manufacturing building located in Sárvár, Ikervári u. 25. that is rented by the Issuer for its manufacturing activity. Flextronics Sárvár Logistics Kft. is owned by Flextronics International GmbH.

Flex Precision Plastics Solutions (Switzerland) AG operates in the Switzerland in two locations, Hägglingen and Küssnacht am Rigi. Flex Precision Plastics Solutions (Switzerland) AG is manufacturing high precision plastic components for Medical and Pharmaceutical industries, mainly medical disposables, implants packaging and drug delivery devices. Flex Precision Plastics Solutions (Switzerland) AG has currently approximately 400 employees. It is 100% owned by the Issuer and does not have any subsidiaries.

4.2.2 Organisational chart of the Issuer



As shown on the organizational chart above, the finance managers of the Issuer report directly to the regional finance manager, working in cooperation but independently from the operational leadership of the Issuer.

4.3 Number of the employees at the end of the financial period presented in the Information Document

As of March 31, 2021, the average number of the employees (in Hungarian: "*átlagos állományi létszám*") at the Issuer was 5,903.

4.4 Overview of the Issuer's business

4.4.1 Operation of the Issuer

The Issuer is a subsidiary of a world-wide manufacturer of electronic products. The Issuer provides a wide range of manufacturing services for original equipment manufacturers (the "**OEMs**") and Tier1 manufacturers from contract manufacturing to sketch to scale services, including product design.

The Issuer has five manufacturing sites and four other logistics locations in Hungary. The geographical diversification of the sites in Hungary enables the Issuer to avoid exposure concentration to one single labour market.

The following is a summary of the Issuer's sites and the operations conducted at each site.

(a) 8660 Tab, Munkás u. 28. (the registered office of the Issuer).

The Issuer's site at 8660 Tab, Munkás u. 28. manufactures electronic applications (SMT and assembly operation). The products mainly include parts and components for industrial electronics and household goods.

(b) 8900 Zalaegerszeg, Zrínyi Miklós u. 38., 8900 Zalaegerszeg, Posta u. 63.

There are two production plants of the Issuer in Zalaegerszeg. One of these sites manufactures electronic appliances and IT equipment. The other manufacturing site is engaged in the production of electronic components used in the car industry. In addition to manufacturing, the second factory has capabilities of research and development and laboratory for electronical components. Furthermore, it is equipped to build various manufacturing equipment such as complex testers required to fulfil our service offering to customers under reliability segment.

(c) 9600 Sárvár, Ikervári u. 42., 9600 Sárvár, Ikervári u. 25., 9600 Sárvár, Ungvár u. 22.

The Issuer'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 the Issuer's branches. The final integration of ODM (own design) car applications is delivered through this factory. The integration services include assembling, testing of lighting and infotainment systems under the automotive segment. The Issuer's factory in Sárvár also executes the manufacturing agreement with one leading brand in Lifestyle segment by assembling, testing high end household appliances. The shared service centre (SSC) of the Issuer is located in Sárvár, providing accounting, tax and payroll reporting services to the Hungarian and to certain European factories.

In order to meet the rising logistical needs, the Issuer has extended its warehousing capacity by purchasing the warehouse next to the Industrial Park under Ungvár u. 22., Sárvár.

(d) 4400 Nyíregyháza, Debreceni út 342., 4400 Nyíregyháza, Debreceni út 370.

Currently, the Issuer rents the site at Nyíregyháza, Debreceni út 342. to a former customer who operates an injection moulding plant at this site and a relating warehouse.

The Issuer's permanent establishment at Nyíregyháza, Debreceni út 370. operates as a logistical base, helping the Issuer satisfy the material need and carry out the logistical tasks relating to the Ukrainian toll manufacturing activities.

(e) 1183 Budapest, Hangár utca 5-37.

Following the merger of the Issuer with Flextronics Budapest Kft, the site at 1183 Budapest, Hangár utca 5-37. became the repair centre that provides maintenance service for the Issuer's customers.

(f) 2360 Gyál, Bem József utca 32.

The logistic and repair services are rendered for the Budapest site of the Issuer at the site in Gyál.

(g) 1117 Budapest, Irinyi József u. 4-20.

The Issuer launched the site at 1117 Budapest, Irinyi József u. 4-20. in 2015. The Issuer's activities at this site are closely related to the industrial research and development activity carried out by the Flex Group. The engineering knowledge centre located at this site is involved in the further development of IT hardware solutions.

(h) 2225 Üllő, K-Sped körút 28.

The Issuer provides logistics- and material handling services to its customers at the site at 2225 Üllő, K-Sped körút 28.

(i) 2360 Gyál, Gorcsev Iván utca, building 7. B.

At its second site in Gyál, the Issuer provides logistics services, which complements and serves the operation of the Issuer's other sites (Budapest and Bem József street sites in Gyál).

4.4.2 Overview of the main activities, products and/or services of the Issuer

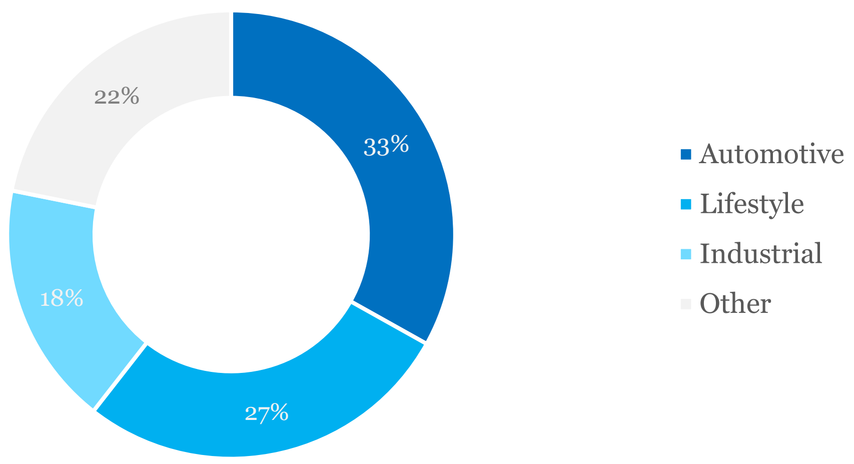
The services of the Issuer include manufacturing electronical products with SMT technology, extended with wide range of testing capabilities, manufacturing high precision injection moulded components, complex logistics and repair services and electronical and mechanical design of products. The diversified geographical locations serve as know-how network and support more solid business continuity solutions.

4.4.3 Description of the most important markets of the Issuer, including its aggregate turnover broken down to the Issuer's respective business and also in a geographical breakdown; the Issuer's competitive position

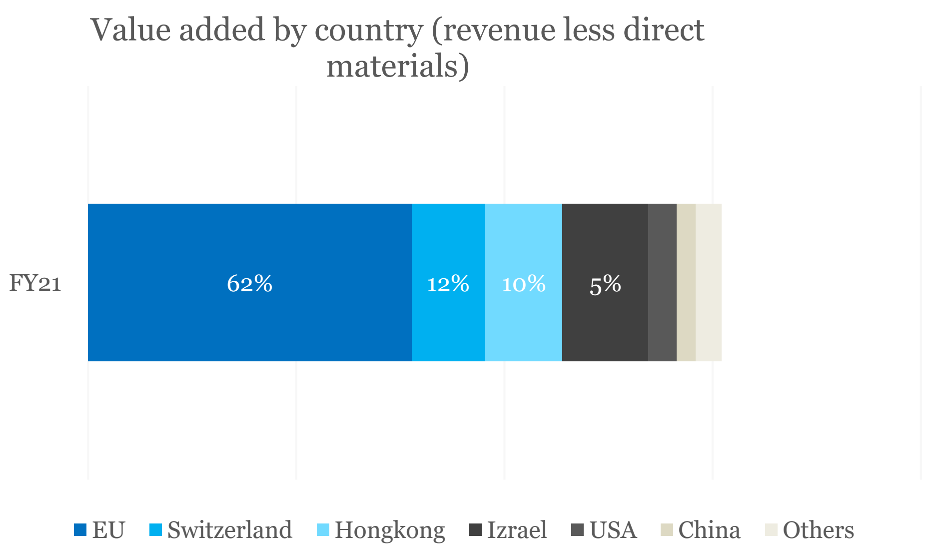
Given the labour situation in Hungary, the Issuer focuses on high value add market segments, where it can leverage the WW know-how and gain competitive advantage through outstanding risk management. The customers of the Issuer represent most of the business segments of Flex Group, however it is overall focused rather on

Lifestyle (electronical control panels of whitegoods, high -end household appliances), Automotive (Infotainment electronics, power electronics, battery management electronics), Industrial (solar power electronics, plastic components) segments along with complex logistics and service offerings.

The following chart shows the value (revenue less direct materials) added of each segment based on the management books of the Issuer in fiscal year 2021.



The following chart shows the geographical distribution of the value (revenue less direct materials) added by the customers in each segment based on the management books of the Issuer in fiscal year 2021.



The Issuer competes in various markets with well-established worldwide companies aside to smaller local service providers in Hungary. The diversified portfolio (represented by automotive, industrial, lifestyle, and communications, enterprise and cloud (CEC) segments) provides good competitive position to the Issuer. The Issuer’s know-how and technology puts it in a strong market position. Wide range of value-added services including product design, manufacturing of electrical and plastic components supported by advanced laboratory all provide a high level of assurance for the Issuer to deliver on its commitments to its customers.

4.4.4 Description of the strategic partners of the Issuer and the cooperation with such partners

The strategic partners of the Issuer are OEMs and system integrators (Tier1) of car infotainment systems, car power electronics, car and industrial batteries, household solar power management hardware and high-end household appliances.

The contracts with the customers in these product lines are either Flex Standard manufacturing agreements or the OEMs general terms and conditions. The services offered by the Issuer to these strategic partners include manufacturing, testing, validating, industrializing (process design, equipment design and sourcing), in some case, design of sub-components.

4.4.5 Brief summary of the business strategy of the Issuer

In line with the target markets, the Issuer is focusing its efforts on digitalizing its manufacturing processes, automating workplaces considered scarce on the labour market, and innovating production processes driving superior quality. In order to support the growth in the target segments, the Issuer continuously assesses the required technologies and invests in programs delivering the best return over long term. Aside from technology, the Issuer invests in its key talents required to execute its business strategy. Section 4.5.11 of this Information Document contains the presentation of such investments of the Issuer.

4.5 Information on the Issuer's financial situation – management discussion and analysis on the Issuer's financial situation and the results of the Issuer's operation in the last year

4.5.1 Description of the material factors which have a material effect on the business results

The operations of the Issuer might be impacted by following matters:

- Availability of semiconductors components limit the ability to fulfil customer demand, or limits the ability of the customer to pull the committed volume. The Issuer is adapting its procedures and cost structure to the situation in order to improve the speed of reaction, this way allowing its customers to catch up and penetrate the market in case the material is made available.

- COVID 19 pandemic might impact the ability of the Issuer to serve the customer in case of employee infections. The Issuer has implemented and maintains strict hygienic procedures, applied home office work model where possible in order to limit physical contact among key staff to safeguard business continuity.

- Unfavourable, significant macro-economic events might impact the Issuer's customers negatively causing demand erosion, but its widely diversified segmentation can limit the impact by hedging between complementary markets.

- COVID 19 impacts on the Issuer's customers, namely the ability to finance their activities might limit their credit capacity, which can negatively impact the Issuer's cash-flow. The Issuer operates credit management procedures that enable to capture risk in time and prevent material consequences

- Increased labour costs and scarcity of some professions can create challenges to compete successfully for new contract awards on some markets.

4.5.2 Revenues (in Hungarian: „*árbevétel*")

The revenues of the Issuer in the fiscal year ending on March 31, 2021 was EUR 2,468,745,083.

4.5.3 Operational expenses (in Hungarian: „*működési ráfordítások*")

The operational expenses of the Issuer in the fiscal year ending on March 31, 2021 was EUR 2,447,687,549.

4.5.4 Results of operations (in Hungarian: „*üzleti tevékenység eredménye*")

The results of operations of the Issuer in the fiscal year ending on March 31, 2021 was EUR 12,550,625.

4.5.5 Result of financial transactions (in Hungarian: „*pénzügyi műveletek eredménye*")

The results of financial transactions of the Issuer in the fiscal year ending on March 31, 2021 was EUR 11,745,238.

4.5.6 Profit after tax (in Hungarian: „*adózott eredmény*")

The profit after tax of the Issuer in the fiscal year ending on March 31, 2021 was EUR 23,461,537.

4.5.7 Fixed assets (in Hungarian: „*befektetett eszközök*")

The value of the fixed assets of the Issuer on March 31, 2021 was EUR 97,121,638.

4.5.8 Current assets (in Hungarian: „*forgóeszközök*")

The value of the current assets of the Issuer on March 31, 2021 was EUR 1,212,985,354.

4.5.9 Total liabilities (in Hungarian: „*források*")

The value of the total liabilities of the Issuer on March 31, 2021 was EUR 1,136,918,213.

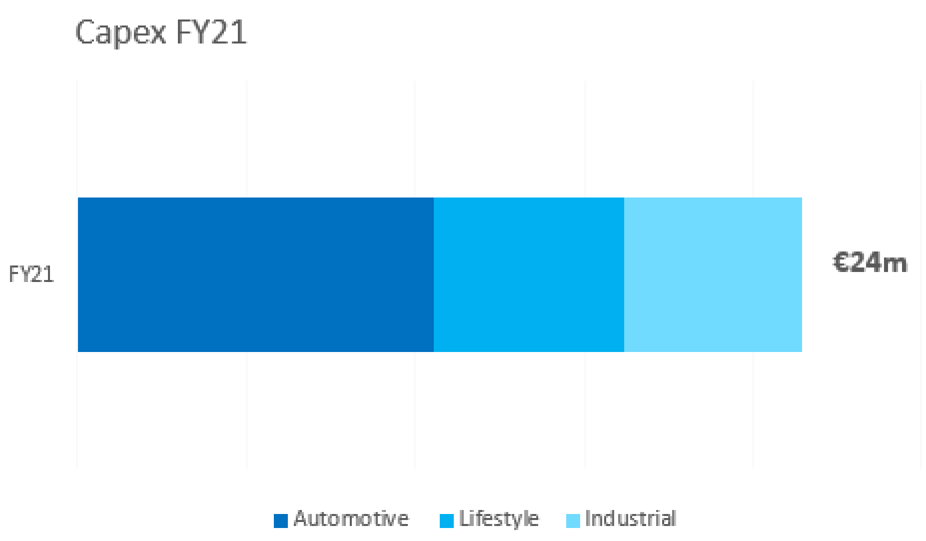
4.5.10 Cash flows

Please find the Cash Flow details on Page 6 (Cash Flow Statement) of the Supplementary notes in Annex 5 of this Information Document.

4.5.11 Information of the Issuer's current, pending and future investments

Besides minor infrastructure upgrades, the Issuer implemented investments in order to safeguard the capacity and capabilities for its new contract awards from its customers and to improve efficiency in Automotive and Lifestyle segments to ensure profitability on long term.

The capex in fiscal year 2021 in each segment is as follows:



4.5.12 Overview of the short term and long-term funding sources (equity. amount, term, and type of the loans and credit facilities, EU and state subsidies)

<u>The Issuer's equity</u>

The value of the equity of the Issuer on March 31, 2021 was EUR 255,988,673.

<u>The Issuer's loans (amount, type, maturity)</u>

The Issuer had no long-term loans on March 31, 2021.

The Issuer had a short-term overdraft credit facility in the amount of EUR 8,063,849 on March 31, 2021.

<u>EU and state subsidies received by the Issuer</u>

The Issuer has the following subsidies with an active monitoring period:

Grant program	Grant Amount €	End of monitoring	Grant purpose
EKD/FELD-2017/39	€ 2.5 mn	2024/4	Capacity extension automotive division
EKD/K+F-2020/4	€ 1.1 mn	2023/3	R&D on validation procedures automotive components
VNT2-2020-042	€ 10.3 mn	2022/06	Competitiveness, covid
1.1.2-PIACI-KFI-2020-00141	€ 1.7 mn	2024/1	Consortium with Pannon University aiming to improve welding processes

The monitoring period for the subsidy granted to the Issuer under number VNT2020-1-0355 in the amount of 0.8 million EUR has ended in December 2021. The Issuer failed to satisfy the headcount requirement set for such subsidy during the original monitoring period.

4.6 Owners, officers and employees of the Issuer

4.6.1 Names, positions and a brief introduction of the members of the management and supervisory bodies of the Issuer (management, board of directors, supervisory board, audit committee and any other committee, as applicable) and the key officers/employees of the Issuer

Managing Directors

(a) László Nagy, Managing Director

Finance professional; 17+ years of experience in manufacturing
2015 Regional Finance Director, Flextronics International Kft.
2011 Finance Director, Flextronics International Kft.
2009 Business unit controller, Flextronics International Kft.
2007 Finance Manager, Eybl International AG
2006 Program Controller, Flextronics International Kft.
2004 Production Controller, Eybl International AG

(b) Dr. Márk András Molnár, Managing Director

2015 Finance Manager, Flextronics International Kft.
2014-15 Finance Director, KOM Zrt.
2002-11 Magyar Telekom Nyrt. various positions: Head of Department, Controlling Directorate, Support Manager to the CFO, Financial Analyst.
2007-11 CEO and Member of the Board of Directors, Investel Zrt.
2007-08 Member of the Supervisory Board, KIBU Non-profit Innovation Laboratory
1998- Teaching Corporate Finance at the Department of Finance, Corvinus University of Budapest and other business schools.

(c) Tamás László, Managing Director

Operation and supply chain professional in electronics industry, 22+ years of experience in manufacturing, repair and supply chain.
2015: General manager, Flextronics International Kft.
2012: Plant manager, Flextronics International Kft.
2006: Material and supply chain manager, Flextronics International Kft.
2004: Logistics manager, Artesyn Kft
2001: Airfreight operation manager, Expeditors Kft
1999: Operation manager, SkyNet Hungary

(d) Christian Pfister, Managing Director

Finance professional 26+ years of experience in manufacturing
2019 Vice President Finance, Flex - EMEA
2012 Regional Finance Director, Flex- EMEA
2009 Finance Director, Flextronics International Kft.
2008 Finance Director, LiteOn APM – Hungary
2006 Finance Director, Philips Components, Hungary
2000 Controller, Philips PC Peripherals Sales and Marketing Europe, The Netherlands
1998 Finance Director, Philips Monitors Manufacturing, Hungary
1995 Controller, Philips Regional Sales Organization, Central & Eastern Europe

(e) Robert M McCafferty, Managing Director

2008 VP Corporate Finance Flextronics International GmbH, Vienna, Austria
2002 Director Corporate Finance Dept.
2000 Controller US operations, Trellis Photonics, Inc. Columbia, MD, USA
1993 Director AT&T/Lucent Technologies, Hilversum, NL, Morristown, NJ, USA
1991 Director Corporate Finance NCR Corporation/AT&T, Dayton, OH, USA, Augsburg, DE
1989 Senior Manager KPMG, Cincinnati, OH, USA
1982 Staff Member to Manager Deloitte, Cincinnati, OH, USA, Duesseldorf, DE, Caracas, VZ, Tokyo, JP

Supervisory Board

(f) ZOELLER Jean-François, Member of the Supervisory Board

26+ years Finance and Operation Professional
2019 Senior Vice President - Global Operations - Europe Africa Middle East
2018 Vice President Finance - Global Operations - America & EMEA
2015 Vice President Finance – EMEA
2013 Vice President Finance - Global Operations EMEA
2011 Senior Director Finance - Automotive Segment
2006 Senior Director Finance - SBS & Operations Western Europe
2004 Senior Financial Controller: Alcatel HQ Paris
2000 Senior Manager Finance –Deputy Director Enterprise Division Alcatel
Strasbourg France
1997 Finance Manager: Alcatel HQ Paris
1995 Director Finance: United Telecom Investment (Budapest Hungary)

(g) Dr. Christopher Kahler, Member of the Supervisory Board

Seasoned tax professional with 19 years of experience as outside tax advisor with PwC and in-house tax expert with a US multinational group
Certified Austrian tax advisor
Managing Director of several Flextronics Group companies
2018 Vice President Tax EMEA – Flextronics International GmbH
2014 Senior Director Tax EMEA – Flextronics International GmbH
2011 Director Tax Global Planning – Flextronics International USA Inc (California)
2009 Manager Tax EMEA – Flextronics International GmbH
2007 Manager Tax – PwC PricewaterhouseCoopers GmbH
2002 Consultant Tax – PwC PricewaterhouseCoopers GmbH

(h) Lajos Takács, Works Council Representant in the Supervisory Board

2003 Area supervisor, Flextronics International Kft.
2002 Area supervisor TDI Zalaegerszeg
1997 Shift leader HTR KFt, Neutronics Kft.
1994 Police Officer, City Police Zalagerszeg
1984 Warrant Officer, People's Army of Hungary
1982 EHS Administrator Aranykalász MGTSZ Nagykapornak
1979 Payroll Administrator Zala megyei Állami Építőipari Vállalat

4.6.2 Description of any proceedings initiated against such members in the last three years in connection with their professional activities (including the results of such proceedings)

The Issuer is, to the best of its knowledge, not aware of any proceedings against any of the managing directors or supervisory board members.

4.6.3 Owners of the Issuer with an ownership interest over 5%

Flextronics Sárvár Logistics Korlátolt Felelősségű Társaság (registered seat: 9600 Sárvár, Ikervári u. 25.; company registration number: 18-09-110713) holds 0.014% quota, representing a capital contribution of EUR 762, and Flextronics International GmbH (registered seat: Friesacher Straße 3 Althofen, Kärnten, 9330 Austria; company registration number: FN 104704 b) holds 99.986% quota, representing a capital contribution of EUR 5,590,053 in the Issuer. At the members' meeting (in Hungarian: "*taggyűlés*") of the Issuer, each member has as many votes as the number of times its capital contribution can divided by forty.

4.7 Financial information

4.7.1 The audited annual financial statement of the Issuer for the most recent fiscal year (together with business reports and other annexes) and the auditor's reports thereon

We refer to Annex 5 of this Information Document.

4.7.2 Quarterly or semi-annual financial information published since the date of the most recent audited annual financial statements of the Issuer

Not applicable to the Issuer.

4.8 Pending court proceedings, arbitration proceeding s or other administrative (e.g., tax) proceedings in a value exceeding 10% of the equity of the Issuer

There are no pending court proceedings, arbitration proceedings or other administrative (e.g., tax) proceedings commenced against the Issuer in a value exceeding 10% of the equity of the Issuer.

4.9 Material contracts

Sale and leaseback contracts

The Issuer sold three of its buildings located at different locations in Hungary as part of a "sale and leaseback" transaction in December 2018 in order to increase its long-term financing capabilities. The Issuer received $60 million under this sale and leaseback transaction and pays market-based lease fee to the lessor. These sale and leaseback contracts have 10 years lease term, which can be extended by additional 5 years at the option of the Issuer. The sale and leaseback contracts do not provide for any repurchase obligation for the Issuer at the end of the lease term. The lessor is not entitled to terminate the agreement with ordinary termination before the expiry of the lease term, only with extraordinary termination in case the Issuer breaches the sale and leaseback contract.

Apart from the sale and lease back contracts, there are no contracts concluded out of the ordinary course of business, which could result in the Issuer being under any obligation or entitlement that is material for the purposes of the assessment of the Issuer or the Bonds.

5. DESCRIPTION OF THE GUARANTOR

Except as indicated otherwise, all consolidated financial data set forth in this Section 5 (Description of the Guarantor) are derived from the audited consolidated financial statements of the Guarantor for the fiscal year ended on March 31, 2021 which have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). These historical results are not necessarily indicative of the results to be expected in the future.

5.1 General description of the Guarantor

Company name	Flex Ltd.
Registered seat	2 Changi South Lane, 486123, Singapore
Telephone number	(65) 6876-9899
Place of registration	Singapore
Company registration number	199002645H
Date of registration	May 31, 1990
LEI code	549300EAQH74YHD07T53
Legal form	registered public company limited by shares
Law governing the operation	Singapore law
Website	http://www.flex.com/

5.2 Company structure, organisational structure

5.2.1 Brief overview of the company group and the material subsidiaries

The Guarantor is the ultimate parent company of the Flex Group. Flex Group is one of the world's largest providers of global supply chain solutions. It has established an extensive network of manufacturing facilities in the world's major consumer and enterprise markets (Asia, the Americas, and Europe) to serve the growing outsourcing needs of both multinational and regional customers. Flex Group has a network of over 100 facilities in approximately 30 countries across four continents.

We refer to Exhibit 21.01 of the Annual Report 2021 for the detailed list of direct and indirect subsidiaries within Flex Group.

5.2.2 Organisation of the Guarantor

The Board of Directors oversees and provides policy guidance on the Flex Group's strategic and business planning processes, oversees the conduct of its business by senior management, and is principally responsible for the succession planning for the Guarantor’s key executives, including the Chief Executive Officer.

(a) *Audit Committee*

The purpose of the Audit Committee is to assist the Board of Directors in overseeing Guarantor’s financial statements, accounting and financial reporting processes and systems of internal control, independent auditors, capital structure and financial risk, cybersecurity, and compliance with legal and regulatory requirements.

(b) *Compensation and People Committee*

The purpose of the Compensation and People Committee is to assist the Board of Directors in overseeing the Guarantor’s compensation and succession of executive officers, administer equity plans, and direct Flex Group’s global human capital management strategy.

(c) *Nominating and Corporate Governance Committee*

The purpose of the Nominating and Corporate Governance Committee is to assist the Board of Directors in overseeing the Guarantor’s board composition, shareholder communications, and environmental, social, and corporate governance policies and procedures.

(d) *Executive Officers*

Section 5.6.1(e) contains the main functions of each executive officer of the Guarantor.

5.3 Number of the employees at the end of the financial period presented in the Information Document

As of March 31, 2021, the global workforce of the Flex Group totalled approximately 167,201 employees including the contractor workforce.

5.4 Overview of the Guarantor’s business

5.4.1 Operation of the Guarantor

The Guarantor is the manufacturing partner of choice that helps a diverse customer base design and build products that improve the world. Through the collective strength of a global workforce across approximately 30 countries and responsible, sustainable operations, the Guarantor delivers technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets.

5.4.2 Overview of the main activities, products and/or services of the Guarantor

Flex Group provides design, manufacturing and supply chain services through a network of over 100 locations in approximately 30 countries across four continents. Flex Group has established global scale through an extensive network of innovation labs, design centers, and manufacturing and services sites in the world's major consumer and enterprise products markets (Asia, the Americas, and Europe) in order to serve the supply chain needs of both multinational and regional companies. Its services provide customers with a competitive advantage by delivering leading-edge manufacturing technology, supply chain expertise, improved product quality, increased flexibility, faster time to market, and overall value. The customers leverage services of Flex Group to meet their requirements throughout their products' entire life cycles.

Flex Group believes that it has the broadest worldwide product development lifecycle capabilities in the industry, from concept design to manufacturing to aftermarket and end of life services. The competitive advantages of Flex Group are its people, processes, and capabilities for making products, systems and solutions for customers:

- Time to market advantage: The sophisticated supply chain management tools and expertise allows Flex Group to provide customers with access to real-time information that increases visibility and reduces risk throughout the entire product lifecycle. Its experience with new product introductions and manufacturing ramps provides customers with a time to market advantage.

- Broad range of services: Flex Group's full range of services include innovation and design, engineering, manufacturing, forward and reverse logistics, and circular economy supply chain management. Its deep cross-industry knowledge and multi-domain expertise accelerate the production of increasingly complex products for increasingly interconnected industries.

- Global scale: Flex Group's physical infrastructure includes over 100 facilities in approximately 30 countries, staffed by approximately 160,000 employees, providing customers with truly global scale and strategic geographic distribution capabilities.

Flex Group offers global economies of scale in advanced materials and technology sourcing, manufacturing and after-market services, as well as market-focused expertise and capabilities in design and engineering. As a result of extensive experience in specific markets, Flex Group has developed a deep understanding of complex market dynamics, giving it the ability to anticipate trends that impact customers' businesses. Flex Group's expertise can help improve customers' market positioning by effectively adjusting product plans and roadmaps to efficiently and cost-effectively deliver high quality products that meet their geographic and time to market requirements.

Flex Group's services include all processes necessary to design, build, ship, and service a wide range of products for customers. These services include:

(a) Design and Engineering Services

In addition to innovation and design centers, Flex Group offers a comprehensive range of value-added design, engineering and systems integration services, tailored to specific industries and markets, the needs of customers, and cover a broad range of technical competencies:

- System architecture;

- User interface and industrial design;

- Cross-industry technologies;

- Hardware design;
- Software design; and
- Design for excellence.

Flex Group is exposed to different or greater potential liabilities from the various design services than those the companies typically face in its core assembly and manufacturing services. See Section 3.1.5 (k) “The success of certain of Flex Group’s activities depends on its ability to protect its intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against its customers or us could harm its business”.

(b) Systems Assembly and Manufacturing

Flex Group’s systems assembly and manufacturing operations generate the majority of its revenues and includes printed circuit board assembly and assembly of systems and subsystems that incorporate printed circuit boards and complex electromechanical components. Flex Group assembles electronic products with custom electronic enclosures on either a build-to-order or configure-to-order basis. As customers seek to provide greater functionality in physically smaller products, they increasingly require more sophisticated manufacturing technologies and processes. Flex Group’s investment in advanced manufacturing equipment and its expertise in innovative miniaturization, packaging and interconnect technologies, enables Flex Group to offer a variety of leading-edge manufacturing solutions. Flex Group supports a wide range of product demand profiles, from low-volume, high-complexity programs, to high-volume production. Flex Group’s systems assembly and manufacturing capabilities includes enclosures, testing services, and materials procurement and inventory management.

(c) Power Modules

Flex Group offers a full-service power supply business that provides a range of solutions from custom to highly scalable system solutions. Flex Group has expertise in high efficiency and high-density switching power supplies ranging from 1 to 3,000 watts. The product portfolio includes chargers for smartphones and tablets, adapters for notebooks and gaming systems, and power supplies for the server, storage, and networking markets.

(d) Logistics

The Flex Global Services business provides after-market and forward supply chain logistics services. The suite of services is tailored to customers operating in the computing, consumer digital, infrastructure, industrial, mobile, automotive and medical industries.

(e) Reverse Logistics and Repair Services

Flex Group offers a suite of integrated reverse logistics and repair solutions that use globally consistent processes, which help increase the customers' brand loyalty of Flex Group by improving turnaround times and raising end-customer satisfaction levels. The reverse logistics and repair solutions of Flex Group include returns management, exchange programs, complex repair, asset recovery, recycling and e-waste management. Flex Group provides repair expertise to multiple product lines such as consumer and midrange products, printers, smart phones, consumer medical devices, notebook personal computers, set-top boxes, game consoles and highly complex infrastructure products.

5.4.3 Description of the most important markets of the Guarantor, including its aggregate turnover broken down to the Guarantor's respective business and also in a geographical breakdown; the Guarantor's competitive position

The Guarantor one of the world's largest providers of global supply chain solutions, with revenues of $24.1 billion in fiscal year 2021. The Guarantor, through its subsidiaries, have established an extensive network of manufacturing facilities in the world's major consumer and enterprise markets (Asia, the Americas, and Europe) to serve the growing outsourcing needs of both multinational and regional customers. The Guarantor designs, builds, ships, and services consumer and enterprise products for its customers through a network of over 100 facilities in approximately 30 countries across four continents. As of March 31, 2021, the Flex Group's total manufacturing capacity was approximately 27 million square feet. The following tables set forth the relative percentages and dollar amounts of net sales by region and by country, and net property and equipment, by country, based on the location of our manufacturing sites (amounts may not sum due to rounding):

	Fiscal year Ended March 31,					
	2021		2020		2019	
	(In millions)					
Net sales by region:						
Asia	$ 9,326	39 %	$ 9,362	39 %	$ 11,470	44 %
Americas	9,672	40 %	10,066	42 %	9,893	38 %
Europe	5,126	21 %	4,782	19 %	4,848	18 %
	$ 24,124		$ 24,210		$ 26,211	
Net sales by country:						
China	$ 6,147	25 %	$ 5,665	23 %	$ 6,649	25 %
Mexico	4,413	18 %	4,449	18 %	4,539	17 %
U.S.	3,648	15 %	3,719	15 %	3,106	12 %
Malaysia	1,563	6 %	1,539	6 %	1,996	8 %
Brazil	1,554	6 %	1,831	8 %	2,181	8 %
Hungary	1,313	5 %	1,355	6 %	1,290	5 %
Other	5,486	25 %	5,652	24 %	6,450	25 %
	$ 24,124		$ 24,210		$ 26,211	

	Fiscal year Ended March 31,			
	2021		2020	
	(In millions)			
Property and equipment, net:				
Mexico	$ 553	26 %	$ 555	25 %

U.S.	361	17 %		378	17 %
China	331	16 %		396	18 %
India	166	8 %		207	9 %
Malaysia	106	5 %		111	5 %
Hungary	105	5 %		100	4 %
Other	475	23 %		469	22 %
	$ 2,097			$ 2,216	

In the first quarter of fiscal year 2021, the Guarantor made certain changes in its organization structure as part of its strategy to further drive efficiency and productivity with two focused and complimentary delivery models. As a result, the Guarantor now reports its financial performance based on two reportable segments:

- Flex Agility Solutions (the "**FAS**"), which is comprised of the following end markets:
  - Communications, Enterprise and Cloud (the "**CEC**"), including data infrastructure, edge infrastructure and communications infrastructure;
  - Lifestyle, including appliances, consumer packaging, floorcare, micro mobility and audio; and
  - Consumer Devices, including mobile and high velocity consumer devices.
- Flex Reliability Solutions (the "**FRS**"), which is comprised of the following end markets:
  - Automotive, including autonomous, connectivity, electrification, and smart technologies;
  - Health Solutions, including medical devices, medical equipment and drug delivery; and
  - Industrial, including capital equipment, industrial devices, renewable including our Nextracker business, grid edge, and power systems.

The following table sets forth our net sales by segment, and their relative percentages:

	Fiscal year Ended March 31,					
	2021		2020		2019	
Net sales:			(In millions)			
Flex Agility Solutions	$ 13,493	56 %	$ 14,053	58 %	$ 16,855	64 %
Flex Reliability Solutions	10,631	44 %	10,157	42 %	9,356	36 %
	$ 24,124		$ 24,210		$ 26,211	

Flex Group's market is extremely competitive. Flex Group competes against numerous domestic and foreign manufacturing service providers, as well as current and prospective customers, who evaluate its capabilities in light of their own capabilities and cost structures.

In recent years, the Flex Group has seen an increased level of diversification by many companies in the technology, automotive and healthcare industries along with the convergence of many industries being transformed by technology advances. Increasingly complex products require highly customized solutions, in turn resulting in significant changes to the overall manufacturing and supply chain landscape.

The principal competitive factors in the contract manufacturing services market are quality and range of services; design and technological capabilities; cost; location of sites; and responsiveness and flexibility. Flex Group believes it is extremely competitive with regard to all of these factors.

5.4.4 Description of the strategic partners of the Guarantor and the cooperation with such partners

The Guarantor does not participate in any joint ventures or cooperation which would be material to Flex Group.

5.4.5 Brief summary of the business strategy of the Guarantor

Flex Group helps its customers responsibly design and build products that create value and improve people's lives. Flex Group does this by providing its customers with product development lifecycle services, from innovation, design, and engineering, to manufacturing, supply chain solutions, logistics, and circularity offerings. Flex Group's strategy is to continue investing in areas where it can differentiate and add value, whether through engineering and design services, product technologies or developing differentiated processes and business methods. Flex Group is strengthening its abilities in software, robotics, AI, factory automation, and other disruptive technologies. Flex Group selects ethical partners and integrate the supply chain so that its customers can operate efficiently and responsibly. Flex Group is committed to investing in its employees and communities, which includes addressing critical environmental issues.

(a) *People*

To maintain competitiveness and world-class capabilities, the Guarantor focuses on hiring and retaining the world's best talent. The Guarantor has focused on attracting the best engineering, functional and operational leaders and have accelerated efforts to develop the future leaders of Flex Group.

(b) *Customer Focus*

The Guarantor believes that building strong partnerships with its customers and delivering on its commitments strengthens trust and customer retention. For the Guarantor, customers come first, and it has a relentless focus on delivering distinctive products and services in a cost-effective manner with fast time to market. The Guarantor is highly collaborative and leverage its global system and processes to operate with speed and responsiveness to provide customers a reliant and resilient supply chain and manufacturing technology solutions and services.

(c) *Markets*

The Guarantor focuses on companies that are leaders in their industry and value its superior capabilities in design, manufacturing, and supply chain services. The Guarantor focuses on high-growth industries and markets where Flex Group has distinctive competence and a compelling value proposition. Examples include investments in specific technologies and industries such as healthcare, automotive, industrial, and energy. The market-focused approach to managing Flex Group's business increases customers' competitiveness by leveraging its deep vertical industry and cross-industry expertise, as well as global scale, regional presence and agility to respond to changes in market dynamics.

(d) *Operations*

The Guarantor continues to invest in maintaining leadership position in its world-class manufacturing and services capabilities including automation, simulation tools, digitizing Flex Group's factories and implementing leading edge Industry 4.0 methodologies. The Guarantor leverages Flex Group's broad set of capabilities globally to provide a competitive advantage by minimizing logistics, manufacturing costs, and cycle times while increasing flexibility and responsiveness.

5.5 Information on the Guarantor's financial situation – management discussion and analysis on the Guarantor's financial situation and the results of the Guarantor's operation in the last year

5.5.1 Description of the material factors which have a material effect on the business results

The operating results of the Guarantor are affected by a number of factors, including the following:

- the impacts on its business due to component shortages, disruptions in transportation or other supply chain related constraints including as a result of the COVID-19 pandemic;

- the effects of the COVID-19 pandemic on its business and results of operations;

- changes in the macro-economic environment and related changes in consumer demand;

- the mix of the manufacturing services Flex Group is providing, the number, size, and complexity of new manufacturing programs, the degree to which Flex Group utilizes its manufacturing capacity, seasonal demand, and other factors;

- the effects on its business when its customers are not successful in marketing their products, or when their products do not gain widespread commercial acceptance;

- its ability to achieve commercially viable production yields and to manufacture components in commercial quantities to the performance specifications demanded by our customers;

- the effects that current credit and market conditions (including as a result of the COVID-19 pandemic) could have on the liquidity and financial condition of our customers and suppliers, including any impact on their ability to meet their contractual obligations;

- the effects on its business due to certain customers' products having short product life cycles;

- Flex Group’s customers' ability to cancel or delay orders or change production quantities;

- Flex Group’s customers' decisions to choose internal manufacturing instead of outsourcing for their product requirements;

- integration of acquired businesses and facilities;

- increased labour costs due to adverse labour conditions in the markets Flex Group operates;

- changes in tax legislation; and

- changes in trade regulations and treaties.

The Flex Group is also subject to other risks as outlined in Section 3 (Risk Factors and Risk Management).

Net sales for fiscal year 2021 decreased less than 1%, or $0.1 billion, to $24.1 billion from the prior year. The decrease in sales was most notable in the Flex Group’s FAS segment, down $0.6 billion, or 4.0%, from the prior year, driven by lower demand in Consumer Devices business due to the impact of COVID-19 and more significantly Flex Group’s continued strategic shift away from high volatility, short cycle businesses that it has initiated in the prior years. Largely offsetting the overall decline in revenue from the FAS segment for fiscal year 2021, was an increase in net sales from the FRS segment of $0.5 billion, or 4.7%, from the prior year, primarily driven by an increase in sales from Flex Group’s Health Solutions business and to a lesser extent from its Industrial business. The Guarantor’s gross profit for fiscal year 2021 totalled $1.7 billion, representing an increase of $0.3 billion, or 26%, from the prior year. The increase was primarily driven by lower restructuring costs in fiscal year 2021 versus those incurred in fiscal year 2020 as a result of the geopolitical challenges and uncertainties which impacted certain of the customers of Flex Group. Gross profit also increased by $0.1 billion due to customer asset impairment charges recorded in the prior year coupled with the write-down of inventory not recoverable due to the significant reductions in future customer demand as the Guarantor has reduced its exposure to certain higher volatility businesses. The Guarantor’s net income totalled $0.6 billion, representing an increase of $0.5 billion, or 597%, compared to fiscal year 2020, due to the factors explained above, further impacted by higher impairment charges incurred in fiscal year 2020.

Cash provided by operations increased by approximately $1.6 billion to a cash inflow of $0.1 billion for fiscal year 2021 compared with a cash outflow of $1.5

billion for fiscal year 2020 primarily driven by the $0.5 billion increase in net income and the reduced cash outflow related to accounts receivables during fiscal year 2021. The Guarantor's net working capital (the "**NWC**") is calculated as current quarter accounts receivable, net of allowance for doubtful accounts, plus inventories and contract assets, less accounts payable and certain other current liabilities related to vendor financing programs. The net working capital as a percentage of annualized sales for fiscal year 2021 increased to 11.5% from 6.3% in the prior year as a direct result of reducing the outstanding balance of accounts receivable sold through our ABS and accounts receivable factoring programs.

The Guarantor believes that the adjusted free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions, repurchase company shares and for certain other activities. The adjusted free cash flow of the Guarantor is defined as cash from operations, plus cash collections of deferred purchase price receivables (for fiscal year 2020), less net purchases of property and equipment to present adjusted cash flows on a consistent basis for investor transparency. The Guarantor also excluded the impact to cash flows related to certain vendor programs that is required for U.S. GAAP presentation as well as cash outflows related to repayment of the outstanding balance of our ABS programs in fiscal year 2021 as the Guarantor utilized proceeds from debt issuance to replace funding from the ABS programs for working capital purposes. The adjusted free cash flow of the Guarantor remained relatively flat at $0.7 billion for fiscal year 2021 compared to $0.7 billion for fiscal year 2020. Cash used in investing activities decreased by approximately $2.5 billion to a cash outflow of $0.2 billion for fiscal year 2021, compared with a cash inflow of $2.3 billion for fiscal year 2020, primarily due to lower cash collections on deferred purchase price receivables offset by lower net capital expenditures in the current fiscal year. Cash provided by financing activities increased by approximately $1.2 billion to a cash inflow of $0.7 billion during fiscal year 2021, compared with a cash outflow of $0.5 billion in the prior year, primarily driven by $1.4 billion of proceeds received in aggregate, net of discounts and after premiums, following the issuance of the 2026 Notes and the 2030 Notes, partially offset by $0.4 billion cash paid for the repayment of the term loan due June 2022.

5.5.2 Net sales

The net sales of the Flex Group in the fiscal year ending on March 31, 2021 was $24.1 billion.

5.5.3 Cost of sales

The cost of sales of the Flex Group in the fiscal year ending on March 31, 2021 was $22,349 million.

5.5.4 Gross profit

The gross profit of the Flex Group in the fiscal year ending on March 31, 2021 was $1,687 million.

5.5.5 Profit after tax

The profit after tax of the Guarantor in the fiscal year ending on March 31, 2021 was $613 million.

5.5.6 Inventories

The value of the inventories of the Guarantor on March 31, 2021 was $3,895 million.

5.5.7 Current assets

The value of the current assets of the Guarantor on March 31, 2021 was $11,363 million.

5.5.8 Total liabilities and shareholders' equity

The value of the total liabilities and shareholders' equity of the Guarantor on March 31, 2021 was $15,836 million.

5.5.9 Cash flows

We refer to the "Consolidated Statements of Cash Flows" table in the Flex Group 2021 Consolidated Financial Statements under Annex 6 of this Information Document.

5.5.10 Information of the Guarantor's current, pending and future investments

The Guarantor has an investment portfolio that consists of strategic investments in privately held companies, and certain venture capital funds which are included within other assets. These privately held companies range from startups to more mature companies with established revenue streams and business models. As of March 31, 2021, and March 31, 2020, the Guarantor's investments in non-consolidated companies totalled $102.8 million and $128.1 million, respectively.

5.5.11 Overview of the short term and long-term funding sources (equity, amount, term, and type of the loans and credit facilities, EU and state subsidies)

As of March 31, 2021, the Guarantor had cash and cash equivalents of approximately $2.6 billion and bank and other borrowings of approximately $3.8 billion. The Guarantor has a new $2.0 billion revolving credit facility, that is due to mature in January 2026 (the "**2026 Credit Facility**"), under which the Guarantor had no borrowings outstanding as of March 31, 2021. The new credit facility replaced the previous $1.75 billion credit facility that was to mature in June 2022. The Guarantor also issued $675 million of 3.750% Notes due February 2026 and $650 million of 4.875% Notes due May 2030 and repaid $433 million for the term loan due June 2022 in fiscal year 2021.

As of March 31, 2021, the bank borrowings and long-term debt of the Guarantor were as follows:

	As of March 31,	
	2021	**2020**
	(In millions)	
Term Loan, including current portion, due in installments through June 2022	—	433
5.000% Notes due February 2023	500	500
Term Loan due April 2024 - three-month Yen LIBOR plus 0.50%	305	310

4.750% Notes due June 2025	598	597
3.750% Notes due February 2026	694	—
4.875% Notes due June 2029	661	662
4.875% Notes due May 2030	694	—
India Facilities	133	138
Other	219	211
Debt issuance costs	(21)	(13)
	3,783	2,838
Current portion, net of debt issuance costs	(268)	(149)
Non-current portion	$ 3,515	$ 2,689

As of March 31, 2021, the Guarantor was in compliance with the covenants under all of our credit facilities and indentures.

The Guarantor's cash balances are held in numerous locations throughout the world. As of March 31, 2021, over half of the Guarantor's cash and cash equivalents were held by foreign subsidiaries outside of Singapore. Although substantially all of the amounts held outside of Singapore could be repatriated, under current laws, a significant amount could be subject to income tax withholdings. The Guarantor provides for tax liabilities on these amounts for financial statement purposes, except for certain of our foreign earnings that are considered indefinitely reinvested outside of Singapore (approximately $1.5 billion as of March 31, 2021). Repatriation could result in an additional income tax payment; however, for the majority of the foreign entities within Flex Group, the Guarantor intends to permanently reinvest these funds outside of Singapore and its current plans do not demonstrate a need to repatriate them to fund its operations in jurisdictions outside of where they are held. Where local restrictions prevent an efficient intercompany transfer of funds, the Guarantor's intent is that cash balances would remain outside of Singapore and the Guarantor would meet its liquidity needs through ongoing cash flows, external borrowings, or both.

The Guarantor has not received any EU and state subsidies.

5.6 Owners, officers and employees of the Guarantor

5.6.1 Names, positions and a brief introduction of the members of the management and supervisory bodies of the Guarantor (management, board of directors, supervisory board, audit committee and any other committee, as applicable) and the key officers/employees of the Guarantor

(a) Board of Directors

As of the date of this Information Document, the Board of Director consists of the following directors:

Name	Committee Membership	Introduction
Revathi Advaithi	None	Ms. Advaithi has served as Flex Group's Chief Executive Officer since February 11,

Name	Committee Membership	Introduction
		2019. Prior to joining Flex Group, Ms. Advaithi was President and Chief Operating Officer, Electrical Sector, of Eaton Corporation plc, a power management company, a position she had held since September 1, 2015. Prior to that, she served as President of Electrical Sector, Americas of Eaton from April 1, 2012 through August 31, 2015. She joined Eaton in 1995 and led the Electrical Sector in the Americas and Asia-Pacific, with a three-year assignment in Shanghai. Between 2002 and 2008, Ms. Advaithi worked at Honeywell, where she held several senior roles within the sourcing and supply chain functions of the aerospace sector before being named vice president and general manager of Honeywell's Field Solutions business in 2006. Ms. Advaithi returned to Eaton in 2008 as Vice President and General Manager of the Electrical Components Division. She has a bachelor's degree in mechanical engineering from the Birla Institute of Technology and Science in Pilani, India, and an MBA in international business from Thunderbird-Garvin School of International Business in Glendale, Arizona. Ms. Advaithi serves on the Board of Uber Technologies Inc.
Michael D. Capellas	Nominating and Corporate Governance Committee Chair	Mr. Capellas has served as non-executive Chairman of the Board and Chairman of the Board's Nominating and Corporate Governance Committee since June 2017, and as a member of Flex Group's Board of Directors since March 2014. He has served as Principal at Capellas Strategic Partners since June 2013. He served as the Chairman of the Board of VCE Company, LLC (VCE) from January 2011 until November 2012 and as VCE's Chief Executive Officer from May 2010 to September 2011. VCE is a joint venture between EMC Corporation and Cisco with investments from VMware, Inc. and Intel Corporation. Mr. Capellas was the Chairman and Chief Executive Officer of First Data Corporation from September 2007 to March 2010. From October 2006 to July 2007, Mr. Capellas served as a Senior Advisor at Silver Lake Partners. From November 2002 to January 2006, he served as Chief Executive Officer of MCI, Inc. (MCI), previously WorldCom, Inc. From March 2004 to January 2006, he also served

Name	Committee Membership	Introduction
		as that company’s President. From November 2002 to March 2004, he was also Chairman of the Board of WorldCom, and he continued to serve as a member of the board of directors of MCI until January 2006. Mr. Capellas left MCI as planned in early January 2006 upon its acquisition by Verizon Communications Inc. Previously, Mr. Capellas was President of Hewlett-Packard Company from May 2002 to November 2002. Before the merger of Hewlett-Packard and Compaq Computer Corporation in May 2002, Mr. Capellas held various positions including President and Chief Executive Officer of Compaq, a position he had held since July 1999, and Chairman of the Board of Compaq, a position he had held since September 2000. Mr. Capellas held earlier positions as Chief Information Officer and Chief Operating Officer of Compaq. Mr. Capellas currently serves on the boards of directors of Cisco Systems, Inc. and Vesper Healthcare Acquisition Corp.
John D. Harris II	Compensation and People Committee	John D. Harris II most recently served as vice president of Business Development for Raytheon Company, and chief executive officer of Raytheon International, Inc. He was responsible for worldwide sales and marketing, Raytheon's international business and its government relations operations functions and developing and leading the execution of Raytheon's global business strategy. Mr. Harris joined Raytheon in 1983 and has held positions of increasing responsibility with the company. Mr. Harris has over 30 years of technology, non-profit and business board experience. Mr. Harris currently serves on the board of directors of Cisco Systems, Inc. He received his Bachelor of Science degree in Business Administration from Boston University.
Michael E. Hurlston	Audit Committee	With over 25 years of business and technology leadership experience, Mr. Hurlston currently serves as president and chief executive officer of Synaptics Incorporated, a worldwide pioneer and leader in human interface hardware and software. Before joining Synaptics, he was chief executive officer of Finisar Corporation, a

Name	Committee Membership	Introduction
		manufacturer of optical communication components and subsystems. He also served as executive vice president, worldwide sales and in a variety of management roles over the course of his nearly 20-year career with Broadcom. Mr. Hurlston currently serves as a board member for Synaptics and Ubiquiti Inc., a position he has held since 2016. He received his Bachelor of Science in Electrical Engineering and his MBA from the University of California, Davis.
Jennifer Li	Compensation and People Committee	Ms. Li currently serves as General Partner of Changcheng Investment Partners, Baidu's newly initiated growth fund. She previously served as Chief Executive Officer and General Managing Director of Baidu Capital, the investment arm of Baidu, Inc. She was previously Chief Financial Officer of Baidu Inc., the leading Chinese language search engine and one of the largest search engines in the world. Ms. Li led Baidu over the past ten years of growth. In this capacity, she gained diverse functional experience, leading human resources, public relations, marketing, international operations, mergers and acquisitions, and finance. From 1994 to 2008, she held a number of senior finance positions at various General Motors companies in China, Singapore, the United States, and Canada, rising to Chief Financial Officer of GM's business in China and Financial Controller of the North American Operations for GMAC. Ms. Li currently serves on the boards of directors of ABB Ltd., The Hongkong and Shanghai Banking Corporation Limited and Philip Morris International Inc. where she also serves as the Chair of its Audit Committee and a member of both its Nominating and Corporation Governance and Finance Committees.
Erin L. McSweeney	Compensation and People Committee	Ms. McSweeney currently serves as executive vice president, chief human resources officer of Optum, Inc., operating globally with 180,000 employees worldwide and a part of UnitedHealth Group. Before joining Optum, she was executive vice president, chief human resources officer for IT leader EMC Corporation (now Dell EMC). In this role, she led all strategic and operational aspects of human resources, including organizational design, talent

Name	Committee Membership	Introduction
		management, total rewards, diversity and inclusion, and the overall employee experience. She also served as chief human resources officer at VCE — a joint venture of EMC, Cisco and VMWare, and now a full business unit within EMC.
Marc A. Onetto	Audit Comittee	Mr. Onetto has served as a member of our Board of Directors since January 2014. Since 2013, Mr. Onetto has provided executive leadership consulting through his company “Leadership from the Mind and the Heart LLC.” Mr. Onetto was the Senior Vice President of Worldwide Operations and Customer Service for Amazon.com from 2006 to 2013. Previously, Mr. Onetto was Executive Vice President of Worldwide Operations for Solectron Corporation, which was acquired by Flex in 2007, from June 2003 to June 2006. He joined Solectron after a 15-year career with General Electric where his last position was Vice President of GE Corporate’s European operations. From 1992 to 2002, Mr. Onetto held several senior leadership positions at GE Medical Systems as head of its global supply chain and operations, global quality, and global Component Division. Mr. Onetto was also one of GE’s Six Sigma pioneers and spearheaded the globalization and quality transformation of GE Medical Systems. Prior to GE, Mr. Onetto served 12 years with Exxon Corporation in supply operations, information systems and finance. Mr. Onetto currently serves on the Business Board of Advisors of the Tepper School of Business at Carnegie-Mellon University.
Willy C. Shih, Ph.D.	Compensation and People Committee	Dr. Shih has served as a member of our Board of Directors since January 2008. Dr. Shih is currently a Professor of Management Practice at the Harvard Business School, a position he has held since January 2007. Dr. Shih’s broad industry career experience includes significant accomplishments for globally recognized organizations such as Kodak, IBM, Silicon Graphics and Thomson. From August 2005 to September 2006, Dr. Shih served as Executive Vice President of Thomson, a provider of digital video technologies. He was an intellectual property consultant from February to August 2005, and from 1997 to 2005 served as Senior Vice

Name	Committee Membership	Introduction
		President of Eastman Kodak Company. Dr. Shih holds a Ph.D. in Chemistry from the University of California, Berkeley and S.B. degrees in Chemistry and Life Sciences from the Massachusetts Institute of Technology. Dr. Shih previously served on the board of directors of Atheros Communications, Inc.
Charles K. Stevens, III	Audit Committee Nominating and Corporate Governance Committee	Chuck Stevens retired as CFO for General Motors in September 2018, after a 40-year career at the company. From 1994 to 2005, he held several leadership positions in General Motors' Asia Pacific Region, including China, Singapore, Indonesia and Thailand. He returned to North America in 2006 and assumed the role of CFO for General Motors Canada, GM Mexico in 2008 and CFO of GM North America in 2010. In 2014, Mr. Stevens was named Executive Vice President and CFO of General Motors Corporation, where he was responsible for leading the company's financial and accounting operations worldwide. Mr. Stevens currently serves on the boards of directors of Eastman Chemical Company, Masco Corporation and Tenneco Inc. He received his Bachelor of Industrial Administration from General Motors Institute (now Kettering University) and MBA from the University of Michigan, Flint.
Lay Koon Tan	Audit Committee	Mr. Tan has served as a member of Flex Group’s Board of Directors since March 2012. He previously served as the President and Chief Executive Officer and a member of the Board of Directors of STATS ChipPAC Ltd. from August 2004 to November 2015 and of its predecessor, ST Assembly Test Services Ltd., since June 2002. Mr. Tan joined ST Assembly Test Services Ltd. in May 2000 as its Chief Financial Officer, and in August 2004, he led the formation of STATS ChipPAC Ltd. with the acquisition of ChipPAC, Inc., becoming the combined company’s founding President and Chief Executive Officer. Prior to joining ST Assembly Test Services Ltd., Mr. Tan was an investment banker with Salomon Smith Barney, the global investment banking unit of Citigroup Inc. Before that, he held various senior positions in government and financial institutions in Singapore. Mr. Tan graduated with a Bachelor of Engineering (First Class

Name	Committee Membership	Introduction
		Honors) from the University of Adelaide, Australia as a Colombo Plan Scholar. He also has a Master of Business Administration (Distinction) from the Wharton School, University of Pennsylvania where he was elected a Palmer scholar.
Patrick J. Ward	Audit Committee	Patrick J. Ward is a seasoned executive leader with strong financial expertise. After more than a 30-year career, in 2019, Mr. Ward retired as Chief Financial Officer of Cummins Inc., a global power leader that designs, manufactures, distributes and services engines, and related technologies. Prior to serving as Cummins' CFO, Mr. Ward held a broad range of global financial leadership positions including serving as Vice President, Engine Business Controller and Executive Director, Power Generation Business Controller. Mr. Ward also serves as a director, chair of the audit committee, and a member of the people and compensation committee of Corteva, Inc. Prior to Corteva, Mr. Ward previously served as a director of E.I. du Pont de Nemours and Company, Inc. and remained a board member through its merger with DowDuPont Inc. Mr. Ward received his HNC in Accounting at Dundee College of Commerce in the United Kingdom and his MBA from the University of Strathclyde in the United Kingdom.
William D. Watkins	Compensation and People Committee Nominating and Corporate Governance Committee	Mr. Watkins has served as a member of Flex Group’s Board of Directors since April 2009. Mr. Watkins was Chief Executive Officer of Imergy Power Systems, Inc., a leading innovator in cost-effective energy storage products from September 2013, and appointed Chairman of the Board in January 2015, until August 2016. He previously served as Chairman of the Board of Bridgelux, Inc. from February 2013 to December 2013 and as its Chief Executive Officer from January 2010 to February 2013. He previously served as Seagate Technology’s Chief Executive Officer from 2004 through January 2009, and as Seagate’s President and Chief Operating Officer from 2000 until 2004. During that time, he was responsible for Seagate’s hard disc drive operations, including recording heads, media and other components, and related R&D and product development organizations. Mr.

Name	Committee Membership	Introduction
		Watkins joined Seagate in 1996 with the company's merger with Conner Peripherals. Mr. Watkins currently serves on the boards of directors of Avaya Holdings Corp. and Maxim Integrated Products, Inc.

(b) Audit Committee

As of the date of this Information Document, the Audit Committee consists of the following members: Charles K. Stevens, III (Independent), Michael E. Hurlston (Independent), Marc A. Onetto (Independent), Lay Koon Tan (Independent), and Patrick J. Ward. Paragraph (a) of Section 5.6.1 of this Information Document contains more information about the members of the Audit Committee.

(c) Compensation and People Committee

As of the date of this Information Document, the Compensation and People Committee consists of the following members: Erin L. McSweeney (Independent), John D. Harris II (Independent), Jennifer Li (Independent), and Willy C. Shih, Ph.D. (Independent). Paragraph (a) of Section 5.6.1 of this Information Document contains more information about the members of the Compensation and People Committee.

(d) Nominating and Corporate Governance Committee

As of the date of this Information Document, the Nominating and Corporate Governance Committee consists of the following members: Michael Capellas (Independent), Erin L. McSweeney (Independent), Charles K. Stevens, III (Independent), William D. Watkins (Independent). Paragraph (a) of Section 5.6.1 of this Information Document contains more information about the members of the Nominating and Corporate Governance Committee.

(e) Executive Officers

As of the date of this Information Document, the names and positions of the Guarantor's executive officers are as follows:

Name	Position	Introduction and functions
Revathi Advaithi	Chief Executive Officer	Please refer to paragraph (a) of Section 5.6.1 of this Information Document. As a CEO, Ms. Advaithi is responsible for architecting the company's strategic direction and leading Flex Group through a transformation that is defining a new era in manufacturing. Along with Flex Group's strong workforce spanning 30 countries, Ms. Advaithi is focused on driving technology innovation, supply chain, and responsible, sustainable manufacturing solutions across various industries and end markets
Paul R. Lundstrom	Chief Financial Officer	Mr. Lundstrom has served as Chief Financial Officer of the Flex Group since August 2020.

Name	Position	Introduction and functions
		Mr. Lundstrom oversees the finance function, spanning corporate accounting, financial planning and analysis, internal audit, investor relations, tax, and treasury. In this role, he is focused on shareholder value creation and driving the company's long-term financial framework, which includes consistent revenue growth, earnings expansion, cash generation, and disciplined capital allocation Prior to that, Mr. Lundstrom was Vice President and Chief Financial Officer of Aerojet Rocketdyne Holdings, Inc., a rocket, missile and energetics propulsion manufacturer, a position he had held since November 2016. Between 1997 and 2016, Mr. Lundstrom worked at United Technologies Corporation (now Raytheon Technologies Corporation), where he held several senior roles including Vice President of Investor Relations; Vice President and Chief Financial Officer, Building & Industrial Systems – North Asia; Vice President and Chief Financial Officer, Climate, Control & Security – Asia; and Vice President and Chief Financial Officer, Carrier Building Systems and Services. He holds a Bachelor of Science in Finance from Truman State University and an MBA from Columbia University. He is a registered Certified Public Accountant in the State of Illinois.
Francois P. Barbier	President, Global Operations and Components	Mr. Barbier has served as Flex Group's President, Global Operations and Components since February 2012. Mr. Barbier is responsible for global manufacturing, procurement and supply chain, operational excellence, quality systems and Flex's components business. In his role, he is focused on scaling modern manufacturing capabilities, including additive manufacturing, automation and robotics, and advanced and remote simulation, among others, and optimizing the company's operational footprint to further drive efficiency. Prior to holding this position, Mr. Barbier served as our President, Global Operations since June 2008. Prior to his appointment as President, Global Operations, Mr. Barbier was President of Special Business Solutions and has held a number of executive management roles in Flex Europe. Prior to joining Flex in 2001,

Name	Position	Introduction and functions
		Mr. Barbier was Vice President of Alcatel Mobile Phone Division. Mr. Barbier holds an engineering degree in production from Couffignal School in Strasbourg.
David P. Bennett	Chief Accounting Officer	Mr. Bennett has served as Flex Group’s Principal Accounting Officer since July 2013. Mr. Bennett served as Vice President, Finance from 2009 to 2014, Corporate Controller from 2011 to 2013 and Senior Vice President, Finance from 2014. Prior to joining us in 2005, he was a Senior Manager at Deloitte and Touche LLP. Mr. Bennett is a certified public accountant and earned a bachelor’s degree in Business and administration with an emphasis in accounting and finance from the University of Colorado Boulder.
Michael Hartung	President, Flex Agility Solutions	Mr. Hartung has served as Flex Group’s President, Flex Agility Solutions since April 2020. his capacity, Mr. Hartung oversees the company’s operating segment that is comprised of the Communications, Enterprise and Cloud (CEC), Consumer Devices, and Lifestyle business units. To address customers’ evolving needs, he is responsible for driving the segment’s strategy by creating differentiated end-to-end solutions, integrating a regionalized agile manufacturing model with market leading technical expertise. Prior to holding this position, Mr. Hartung served as our Senior Vice President of Lifestyle since July 2013 and Vice President of our Capital Equipment market segment from October 2007 to July 2013. Prior to joining us in 2007, Mr. Hartung held positions of increasing responsibility at Solectron Corporation, culminating his career there as Vice President of the Computing & Storage business unit where he was directly responsible for sales, marketing, and account management functions. He holds a bachelor’s degree in economics from the University of California, Los Angeles and has attended a variety of executive education programs, most notably at Stanford University.
Scott Offer	Executive Vice President and General Counsel	Mr. Offer has served as Flex Group’s Executive Vice President and General Counsel since September 2016. Mr. Offer

Name	Position	Introduction and functions
		leads the company's legal function, including government relations, corporate governance, brand protection and security, intellectual property, contracts, litigation, ethics and compliance. He is also responsible for the company's marketing, communications, and sustainability organization. Previously, he served as Senior Vice President and General Counsel at Lenovo from January 2016 until August 2016 and had served as Chief Counsel for the Lenovo Mobile Business Group since October 2014. Prior to that, he served as Senior Vice President and General Counsel, Motorola Mobility, a Google company, from August 2010 and Senior Vice President and General Counsel, Motorola Mobility, Inc. from July 2010. Prior to that, he held several senior positions at Motorola. Prior to joining Motorola, he worked for the law firm of Boodle Hatfield. He received his law degree from the London School of Economics and Political Science and is qualified as a lawyer in the United Kingdom and United States.

5.6.14 Description of any proceedings initiated against such members in the last three years in connection with their professional activities (including the results of such proceedings)

Please refer to the class action disclosed under Section 3.5.1(a) "Flex Group is subject to risks relating to litigation and regulatory investigations and proceedings, which may have a material adverse effect on its business.".

5.6.15 Owners of the Guarantor with an ownership interest over 5%

Each shareholder known to Flex Group to be the beneficial owner of more than 5% of our outstanding ordinary shares of the Guarantor are shown in the following table:

	Shares Beneficially Owned	
Name and Address of Beneficial Owner	**Number of Shares**	**Percent**
5% Shareholders:		
PRIMECAP Management Company 177 E. Colorado Blvd., 11th Floor, Pasadena, CA 91105	65,016,736	12.97%
Wellington Management Co. LLP 280 Congress Street, Boston, Massachusetts 02210	52,710,291	10.52%
FMR LLC 245 Summer Street, Boston, MA 02210	50,046,737	10.03%

Information in this table as to our greater than 5% shareholders is based solely upon the disclosures made by these shareholders with the SEC. The Flex Group has not independently validated this information.

5.7 Financial information

5.7.1 The audited annual financial statement of the Guarantor for the most recent fiscal year (together with business reports and other annexes) and the auditor's reports thereon

We refer to Annex 6 of this Information Document.

5.7.2 Quarterly or semi-annual financial information published since the date of the most recent audited annual financial statements of the Guarantor

The quarterly reports for the first and second quarters of fiscal year 2022 were published and are available for inspection at https://investors.flex.com/financials/quarterly-results/default.aspx.

5.8 Pending court proceedings, arbitration proceedings or other administrative (e.g., tax) proceedings in a value exceeding 10% of the equity of the Guarantor

In connection with the matters described below, the Guarantor has accrued for loss contingencies where it believes that losses are probable and estimable. The amounts accrued for any individual matter are not material. Although it is reasonably possible that actual losses could be in excess of the Guarantor's accrual, the Guarantor is unable to estimate a reasonably possible loss or range of loss in excess of its accrual, due to various reasons, including, among others, that: (i) the proceedings are in early stages or no claims have been asserted, (ii) specific damages have not been sought in all of these matters, (iii) damages, if asserted, are considered unsupported and/or exaggerated, (iv) there is uncertainty as to the outcome of pending appeals, motions, or settlements, (v) there are significant factual issues to be resolved, and/or (vi) there are novel legal issues or unsettled legal theories presented. Any such excess loss could have a material adverse effect on the Guarantor's results of operations or cash flows for a particular period or on the Guarantor's financial condition.

In addition, the Guarantor provides design and engineering services to its customers and also designs and makes its own products. As a consequence of these activities, its customers are requiring the Guarantor to take responsibility for intellectual property to a greater extent than in its manufacturing and assembly businesses. Although the Guarantor believes that its intellectual property assets and licenses are sufficient for the operation of its business as it currently conducts it, from time to time third parties do assert patent infringement claims against the Guarantor or its customers. If and when third parties make assertions regarding the ownership or right to use intellectual property, the Guarantor could be required to either enter into licensing arrangements or to resolve the issue through litigation. Such license rights might not be available to the Guarantor on commercially acceptable terms, if at all, and any such litigation might not be resolved in its favour. Additionally, litigation could be lengthy and costly and could materially harm the Guarantor's financial condition regardless of the outcome. The Guarantor also could be required to incur substantial costs to redesign a product or re-perform design services.

From time to time, the Guarantor enters into IP licenses (e.g., patent licenses and software licenses) with third parties which obligate the Guarantor to report covered behaviour to the licensor and pay license fees to the licensor for certain activities or products, or that enable the Guarantor's use of third-party technologies. The Guarantor may also decline to enter into licenses for intellectual property that it does not think is useful for or used in its operations, or for which its customers or suppliers have licenses or have assumed responsibility. Given the diverse and varied nature of its business and the location of its business around the world, certain activities the Guarantor performs, such as providing assembly services in China and India, may fall outside the scope of those licenses or may not be subject to the applicable intellectual property rights. The Guarantor's licensors may disagree and claim royalties are owed for such activities. In addition, the basis (e.g., base price) for any royalty amounts owed are audited by licensors and may be challenged. Some of these disagreements, may lead to claims and litigation that might not be resolved in the Guarantor's favour. Additionally, litigation could be lengthy and costly and could materially harm the Guarantor's financial condition regardless of the outcome.

A foreign tax authority (the "**Tax Authority**") has assessed a cumulative total of approximately $162.5 million in taxes owed for multiple Flex Group legal entities within its jurisdiction for various fiscal years ranging from fiscal year 2010 through fiscal year 2018. The assessed amounts related to the denial of certain deductible intercompany payments. The Guarantor disagrees with the Tax Authority's assessments and is actively contesting the assessments through the administrative and judicial processes.

A different foreign Tax Authority has issued a letter against one of the Guarantor's legal entities asserting that the entity did not meet the qualification criteria for tax holiday status for fiscal year 2006 through fiscal year 2013. The asserted additional tax and penalty is approximately $80.0 million. The Guarantor disagreed with the Tax Authority's assertion but has agreed with the Tax Authority to settle the issue for an immaterial amount. This immaterial amount was accrued for during the fourth quarter of fiscal year 2021 and is expected to be paid during fiscal year 2022.

As the final resolutions of the above tax items remain uncertain, the Guarantor continues to provide for the uncertain tax positions based on the more likely than not standard. While the resolution of the issues may result in tax liabilities, interest and penalties, which may be significantly higher than the amounts accrued for these matters, management currently believes that the resolution will not have a material adverse effect on the Guarantor's financial position, results of operations or cash flows.

In November 2019, the Guarantor received a favourable ruling from the Brazilian Supreme Court in a case against the Brazilian tax authorities regarding the right to exclude the value of a state tax referred to as ICMS from the calculation of a federal operational tax basis referred to as PIS/COFINS. The ruling allowed the Guarantor the right to recover amounts unduly paid from February 2003 to December 2019. As a result, the Guarantor recorded an immaterial gain in fiscal year 2020 for the recovery of taxes. The Receita Federal, a tax authority in Brazil, filed a Motion of Clarification on a leading case with the Brazilian Supreme Court previously in 2017 and in May 2021, the Brazilian Supreme Court ruled in favour of the taxpayers and specifically clarified that the ICMS taxes to be excluded from the PIS/COFINS tax basis are to be based on the amount stated on the sales invoice irrespective of any further discounts received from the state. As a result of this ruling, which further reinforced the favourable ruling received in November 2019, the Guarantor initiated the request for "Credit Habilitation" with the tax authorities in June 2021 to request additional PIS/COFINS credit in the amount of 776.7 million Brazilian reals (approximately $154.8 million based on the exchange rate as of July 2, 2021). However, the nature of the Guarantor's credits requested for Habilitation were not specifically addressed by the May 2021 ruling, and accordingly there remained uncertainty regarding the Guarantor's ability to recognize these credits. The Guarantor considered the recognition of these credits to be a contingent gain in accordance with ASC 450, Contingencies, and did not record a gain for such credits in the three-month period ended July 2, 2021 as it had not resolved all contingencies to conclude a realized or realizable amount. In September 2021, the Credit Habilitation request was approved by the tax authorities and the Guarantor recognized a gain of 809.6 million Brazilian reals (approximately $149.3 million based on the exchange rate as of October 1, 2021) included in interest and other, net in the condensed consolidated statements of operations for the three and six-month periods ended October 1, 2021. The total gain recorded included credits from February 2003 to September 2021, net of additional taxes, as the Credit Habilitation received covering the period from February 2003 to December 2019 resolved any uncertainty regarding the Guarantor's ability to claim such credits. This gain is non-cash and can only be used to offset certain current and future tax obligations. Out of the $149.3 million, $50.6 million was included in other current assets and $98.7 million was included in other assets in the condensed consolidated balance sheet as of October 1, 2021 as the Guarantor expects to utilize these credits in the next two to three years.

Sections 3.1.3(c) and 3.1.5(a) of this Information Document contain the description of further proceedings which are material to the assessment of Flex Group.

In addition to the matters discussed above, from time to time, the Guarantor is subject to legal proceedings, claims, and litigation arising in the ordinary course of business. The Guarantor defends itself vigorously against any such claims. Although the outcome of these matters is currently not determinable, management expects that any losses that are probable or reasonably possible of being incurred as a result of these matters, which are in excess of amounts already accrued in the Guarantor's consolidated balance sheets, would not be material to the financial statements as a whole.

5.9 Material contracts

There are no contracts concluded out of the ordinary course of business, which could result in the Guarantor being under any obligation or entitlement that is material for the purposes of the assessment of the Guarantor or the Bonds.

6. INFORMATION ON THE ISSUE

6.1 Reasons for the offering and the use of the proceeds

The Issuer intends to apply the proceeds from the Bonds for the Issuer's general corporate purposes.

6.2 Coverage for the performance of the liabilities based on bonds

The contemplated financial coverage for the performance of the Issuer's payment obligation under the Bonds will be available from the free cash-flow generated by the Issuer and from the funds distributed by other members of the Flex Group to the Issuer as well as, to the extent necessary, the assets of the Issuer.

7. TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions (the "**Conditions**") of the HUF denominated, fixed interest rate, unsecured and dematerialised bonds named "FLEX 2031 HUF Bonds" (ISIN code: HU0000360979) (each a "**Bond**", and together the "**Bonds**"). The Bonds are issued by Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság (registered seat: H-8660 Tab, Munkás u. 28.; company registration number: 14-09-300339; tax number: 11222149-2-14; LEI code: 529900JFQOAB7NK8C472) (the "**Issuer**"). The payments of all amounts due and payable under the Bonds are irrevocably and unconditionally guaranteed by Flex Ltd. acting through its Bermuda branch (registered seat: 2 Changi South Lane, 486123, Singapore; company registration number: 199002645H; LEI code: 549300EAQH74YHD07T53) (the "**Guarantor**") pursuant to the terms of a Hungarian-law governed guarantee. These Conditions form an inseparable part of the Document (as defined below).

1. LEGAL BASIS, AUTHORISATION AND PURPOSE OF THE ISSUE

1.1. Legal basis of the issue of the Bonds

The Bonds have been issued as registered debt securities in accordance with (a) Section 12/B of Act CXX of 2001 on the Capital Markets (the "**Capital Markets Act**"), (b) Government Decree 285/2001. (XII. 26.) on Bonds (the "**Bond Decree**"), (c) Act V of 2013 on the Civil Code (the "**Civil Code**"), and (d) the Terms and Conditions for the Bond Funding for Growth Scheme (in Hungarian: "*Tájékoztató a Növekedési Kötvényprogram Feltételeiről*") available in Hungarian language on the website of the National Bank of Hungary (the "**NBH**") at https://www.mnb.hu/letoltes/nkp-termektajekoztato.pdf. Each Bond represents the same rights pursuant to point 45 of Section 5(1) of the Capital Markets Act. The Bonds do not give any right to its holder to exchange the Bond for, or acquire, other securities or any other financial instruments.

1.2. Authorisation

The public offering of the Bonds and the application for their registration in and subsequent trading on the XBond multilateral trading facility operated by the Budapest Stock Exchange (the "**BSE**") has been authorised under Resolution No. 23/2021 of the general meeting of the Issuer held on 24 November 2021. The Bonds will be registered on the XBond multilateral trading facility operated by BSE within 90 days of the Issue Date. The Issuer shall decide, at its sole discretion, on the admission of the Bonds to any other regulated market or multilateral trading facility operated by BSE.

1.3. Purpose of the issue

The Issuer intends to apply the proceeds from the Bonds for the Issuer's general corporate purposes. The contemplated financial coverage for the performance of the Issuer's payment obligations under the Bonds will be available from the free cash-flow generated by the Issuer and from the funds distributed by other members of the Flex Group (as defined in the Information Document) to the Issuer as well as, to the extent necessary, the assets of the Issuer.

2. METHOD OF CREATION, PLACE AND DATE OF ISSUE

2.1. Method of creation of the Bonds

The Bonds are in dematerialised and registered form. The Issuer has, in accordance with Sections 7(2) and 9(1) of the Capital Markets Act, issued and deposited with KELER Központi Értéktár Zártkörűen Működő Részvénytársaság acting as central securities depository (the "**KELER**") a dematerialisation document (the "**Document**"), which does not qualify as a security, with the mandatory particulars of the Bonds. The form of the Document is set out in Annex 2 of the Information Document. The Document will remain to be deposited with KELER as long as all claims of the Bondholders (as defined below) under the Bonds will be satisfied.

Should any Bonds be cancelled or further Bonds be issued by the Issuer pursuant to Condition 3.3 (Tap Issue) prior to the Maturity Date (as defined below) in accordance with these Conditions, the Document will be cancelled and a new Document (the "**New Document**") with the particulars of the outstanding number of Bonds will be issued and deposited with KELER in order to reflect the change in the number of the outstanding Bonds which arises due to such cancellation. These Conditions form part of the Bonds, and, accordingly, also the Document or the New Document, as the case may be. This procedure shall apply accordingly in the case of amendment of Conditions pursuant to Condition 16.4.

Pursuant to Section 6(5) of the Capital Markets Act, the Bondholders will be not entitled to exchange the dematerialised Bonds for printed bonds (in Hungarian: "*nyomdai úton előállított kötvények*").

2.2. Method, place and date of the offering and creation of the Bonds

The place of the public offering (in Hungarian: "*nyilvános forgalomba hozatal*") and the place of the creation (in Hungarian: "*előállítás*") of the Bonds were in each case Budapest, Hungary. Hungarian law shall be applicable to the public offering of the Bonds. The Bonds have been issued within the framework of a public offering through auction held on 2 December 2021. The creation of the Bonds has taken place on 6 December 2021 (the "**Issue Date**").

3. TERM, NUMBER AND NOMINAL FACE VALUE

3.1. Term of the Bonds

The term of the Bonds is 10 (ten) years commencing on the Issue Date and ending on 6 December 2031 (the "**Maturity Date**").

3.2. Number and nominal face value of the Bonds and the aggregate principal amount

The issue of the Bonds consists of 2,000 Bonds. Each Bond is issued in HUF with the nominal face value of HUF 50,000,000 (fifty million Hungarian forints) (the "**Nominal Face Value**"). The aggregate amount of the Nominal Face Value of the Bonds is HUF 100,000,000,000.

3.3. Tap issue

The Issuer is entitled at any time to issue further bonds within the series of the Bonds by way of a tap issue (in Hungarian: "*rábocsátás*"). In case of such tap issue, the technical parameters of the Bonds (e.g., number of Bonds within the series, the aggregate amount of the face value) are automatically amended as set forth in these Conditions. Such amendment of the Conditions shall not be subject to the approval or consent of the Bondholders' Meeting or the Bondholders as the Bondholders hereby approve the right of the Issuer to perform tap issue.

4. OWNERSHIP AND TRANSFER

4.1. Bondholders

Pursuant to Section 6:566(6) of the Civil Code and Section 138(2) of the Capital Markets Act, any reference to a "**Bondholder**" or the "**Bondholders**" in relation to any Bonds shall mean the person or persons to whose securities accounts the Bonds are credited until the opposite is proven. The transfer of the Bonds is effectuated on the basis of a contract for transfer or other legal title by way of debiting the Bonds from the transferor's securities account and crediting the Bonds to the transferee's securities account.

The holder of any Bond who acquired the Bonds in accordance with the paragraph above shall (except as otherwise required by law or a competent court) be deemed and treated as its absolute owner and shall be entitled to any payments of principal and interest by the Issuer and other rights under the Bonds in accordance with these Conditions, even if the term of the Bonds expired, if applicable in relation to such rights.

4.2. Restrictions on the transfer of the Bonds

The Issuer does not restrict the transfer of the Bonds. The rules and procedures of KELER may specify limitations and closed periods in relation to the transfer of the Bonds between the respective securities accounts of the relevant securities account keeping entities which shall apply to, and be binding on, the Bondholders.

5. GUARANTEE IN RELATION TO THE BONDS

The payment of the principal and interest and default interest accrued thereon which is due and payable, and any costs and expenses that are due and payable by the Issuer to the Bondholders in connection with the enforcement of any rights of the Bondholders (now existing or hereafter arising) under or in connection with the Bonds has been guaranteed by the Guarantor pursuant to the unconditional and irrevocable parent company guarantee dated 25 November 2021 (the "**Guarantee**"). The Guarantee is a first demand guarantee issued by the Guarantor pursuant to Section 6:431 of the Civil Code as set out in Annex 1 of the Information Document. The original copy of the Guarantee duly executed by the Guarantor has been deposited, as an attachment to the Document, with KELER for the benefit of the Bondholders. In case the address of the Guarantor as set out in Annex 1 of the Information Document would change, the Issuer will notify the Bondholders of the changed address of the Guarantor by providing not less than 5 (five) Business Days' notice before such change in accordance with Condition 14 (Notices).

All the obligations of the Guarantor under the Guarantee have been incurred by the Guarantor at its Bermuda branch having a principal place of business from which it conducts operations in accordance with its permit located at 16 Par-la-Ville Road, Hamilton HM08 Bermuda, and all payments under the Guarantee by the Guarantor of the Guaranteed Obligations (as defined in the Guarantee) will be made through its Bermuda branch. Notwithstanding the foregoing, the Guarantor has acknowledged and agreed in the Guarantee that the Guarantor's obligations under the Guarantee are full recourse to the Guarantor, and are not limited to any extent to any branch thereof and shall in no manner impair any Bondholder's ability to enforce or collect any of the Guaranteed Obligations from the Guarantor.

6. PAYING AGENT AND THE TERMS AND CONDITIONS OF THE PAYING AGENCY AGREEMENT

The Bonds have been issued subject to and with the benefit of a paying agency agreement (the "**Paying Agency Agreement**") made between the Issuer and Raiffeisen Bank Zrt. (the "**Paying Agent**") as paying agent. Pursuant to the Paying Agency Agreement, the Paying Agent agrees to provide interest and principal paying agency services set out therein.

A copy of the Paying Agency Agreement (excluding any fee related parts of the Paying Agency Agreement) shall be made available for inspection free of charge upon a prior written notice at a mutually acceptable time agreed over the telephone but no later than 8 (eight) Business Days from such notice during the Issuer's regular business hours on any Business Day at the Issuer's registered seat, for any Bondholder who has evidenced her/his/its identity and ownership title in a manner satisfactory to the Issuer.

The Paying Agent may change, provided that during the entire term of the Bonds there will be a paying agent in Hungary in relation to the Bonds (the Issuer may, for such purposes, in the absence of a paying agent and to the extent permitted by applicable law, carry out on a temporary basis the duties of a paying agent). When acting under the Paying Agency Agreement, the Paying Agent acts solely as agent of the Issuer and does not assume any obligation or liability to any Bondholders.

7. STATUS OF THE BONDS

The Bonds are direct, unsecured (subject to the provisions of Condition 8 (Negative Pledge)) and unsubordinated obligations of the Issuer guaranteed by the Guarantor pursuant to the Guarantee. The Bonds will rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsecured and unsubordinated bonds, loans, or any other financial indebtedness of the Issuer, present or future, from time to time outstanding except for any obligations which are mandatorily preferred by any applicable laws.

8. NEGATIVE PLEDGE

So long as any of the Bonds remain outstanding, neither the Issuer nor the Guarantor will create, incur or assume any Security (as defined below) on any of their respective assets, whether now owned or hereafter acquired, to secure the Relevant Indebtedness (as defined below) of the Issuer or the Guarantor (as applicable), without in any such case effectively providing concurrently with the creation, incurrence or assumption of such Security with respect to the Relevant Indebtedness that the Bonds will be secured by any such Security equally and rateably with (or prior to) such secured Relevant Indebtedness, so long as such secured Relevant Indebtedness is so secured. Any Security created for the benefit of the Bondholders pursuant to this Condition 8 (Negative Pledge) shall provide by its terms that such Security shall be automatically and unconditionally released and discharged upon the release and discharge of the Security that gave rise to the obligation to secure the Bonds.

This Condition 8 (Negative Pledge) shall not apply to:

(i) Security on assets of the Issuer or the Guarantor existing on the Issue Date;

(ii) Security on assets of the Issuer or the Guarantor existing at the time of acquisition thereof (including acquisition through merger or consolidation); provided that such Security was in existence prior to and were not created in contemplation of such acquisition and shall not extend to any other property or assets of the Issuer or the Guarantor;

(iii) Security on assets of the Issuer or the Guarantor securing the payment of all or any part of the purchase price thereof, or the cost of development, operation, construction, alteration, repair or improvement of all or any part thereof, or securing any Relevant Indebtedness created, incurred, assumed or guaranteed prior to, at the time of or within 180 days after, the acquisition of such property or assets and/or the completion of any such development, operation, construction, alteration, repair or improvement, whichever is later, for the purpose of financing all or any part of the purchase price and/or such cost;

(iv) Security which secures Relevant Indebtedness owing by the Issuer or the Guarantor to any of the subsidiaries of the Guarantor;

(v) Security on receivables, leases, Receivables Assets (as defined below) or other financial assets incurred in connection with a Permitted Receivables Transaction (as defined below);

(vi) landlords', carriers', warehouseman's, mechanics', suppliers', materialmen's, repairmen's, or other like Security arising in the ordinary course of business and with respect to amounts not yet delinquent for a period of more than 60 days (taking into account applicable grace periods) or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted;

(vii) Security on assets of the Issuer or the Guarantor in favour of the Hungarian State, any local government, or any authority, department, agency, instrumentality or political subdivision of the Hungarian State or any local government, or in favour of any state, any foreign country or any department, agency, instrumentality or political subdivision of any such jurisdiction;

(viii) statutory Security arising in the ordinary course of business and with respect to amounts not yet delinquent for a period of more than 60 days (taking into account applicable grace periods) or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted;

(ix) Security for taxes, assessments or governmental charges that are not yet delinquent for a period of more than 60 days (taking into account applicable grace periods) or are being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted;

(x) zoning restrictions, easements, rights of way or defects or irregularities in title and other similar charges or encumbrances on property of the Issuer or the Guarantor and Security of a landlord, lessor or lessee under operating leases to which the Issuer or the Guarantor is a party;

(xi) customary deposit or reserve arrangements entered into in connection with acquisitions;

(xii) Security incurred by the Issuer or the Guarantor in the ordinary course of business (a) in connection with any interest rate agreement, currency agreement or other similar agreement designed to protect the Issuer or the Guarantor from fluctuations in interest rates, currencies or the price of commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, (b) in connection with workers' compensation, unemployment insurance, pensions, social security or similar laws and other types of statutory obligations or the requirements of any official body, including for the obtaining of franchises or licenses useful in the operation of business, (c) to secure the performance of surety obligations incurred in the ordinary course of business consistent with industry practice or customs, penalty or appeal bonds, (d) to secure performance of bids, tenders, leases, construction, sales or servicing contracts and similar obligations, (e) to secure obligations in respect of customs, duties, excise taxes, value-added taxes, rents, or goods or services (including utility services), or (f) to obtain or secure obligations with respect to letters of credit, guarantees, bonds or other sureties or assurances;

(xiii) Security created pursuant to a judgment, attachment, garnishee orders or other process in connection with a judgment or pre-judgment court proceedings;

(xiv) Security securing Relevant Indebtedness in an aggregate principal amount outstanding from time to time of no more than $250,000,000 arising in connection with (a) so-called "synthetic leases" or "tax retention operating leases," or (b) capitalized leases;

(xv) Security (x) arising in connection with the administration and operation of deposit accounts of the Issuer or the Guarantor provided, however that such Security shall not extend beyond the amounts on deposit therein, (y) arising out of cash management, netting or set off arrangements made by banks or financial institutions and the Issuer or the Guarantor in the ordinary course of business, or over any asset held with a clearing house and (z) arising by operation of law or by agreement in favour of collecting or payor banks and other banks providing cash management services, in each case, having a right of setoff, revocation, refund or chargeback against money or instruments of the Issuer or the Guarantor on deposit with or in possession of such bank to secure the payment of bank fees and other amounts owing in the ordinary course of business;

(xvi) Security established pursuant to supply or consignment contracts or otherwise for the receipt of goods and services, encumbering only the goods, inventory or equipment covered thereby, incurred in the ordinary course of business and not incurred or made in connection with the borrowing of money;

(xvii) Security securing contingent obligations in respect of acceptances, letters of credit, bank guarantees, surety bonds or similar extensions of credit incurred in the ordinary course of business and not incurred or made in connection with the borrowing of money;

(xviii) any extension, renewal, substitution, refinancing or replacement (or successive extensions, renewals, substitutions, refinancing or replacements), in whole or in part, of any of the Security referred to in paragraphs (i)-(xvii) above or the Relevant Indebtedness secured thereby;

(xix) the interest of a licensor under any license of intellectual property in the ordinary course of business;

(xx) Security established on assets pursuant to merger agreements, stock or asset purchase agreements and similar purchase agreements in respect of the disposition of such assets by the Issuer or the Guarantor;

(xxi) call arrangements, rights of first refusal and similar rights and customary reciprocal easements and other rights of use relating to (w) investments in joint ventures, partnership and the like, (x) investments consisting of equity issued by suppliers and other venture capital or similar direct investments, (y) ownership of undivided interests in assets subject to a joint ownership or similar agreement or (z) assets acquired in original equipment manufacturing divestiture transactions or similar acquisitions and arising in favour of the original seller or transferor of such assets (or their respective affiliates) pursuant to or in connection with master services, manufacturing services or supply arrangements entered into in connection therewith; and

(xxii) Security established in favour of the Bondholders pursuant to these Conditions.

Except in the case of any lien granted under the Credit Facilities (as to which no exceptions to this Condition 8 (Negative Pledge) shall apply), this Condition 8 (Negative Pledge) shall not apply to the creation, incurrence or assumption by the Issuer or the Guarantor of Security which would otherwise be subject to the restrictions under this Condition 8 (Negative Pledge) if the aggregate principal amount of all Relevant Indebtedness of the Issuer and the Guarantor secured by Security on assets of the Guarantor and the Issuer then outstanding (not including any such Relevant Indebtedness secured by Security permitted to be incurred pursuant to paragraphs (i)-(xxii) or any Relevant Indebtedness deriving from guarantees or similar ancillary obligations of the Guarantor or the Issuer securing the underlying primary obligations from any Relevant Indebtedness of the Issuer or the Guarantor, respectively) above does not at the time such Relevant Indebtedness is incurred exceed the higher of (A) USD 3,000,000,000, or (B) an amount equal to 15% of Consolidated Net Tangible Assets (as defined below).

If any breach of this Condition 8 (Negative Pledge) has occurred, the Issuer will notify the Bondholders in accordance with Condition 14 (Notices).

For the purposes of this Condition 8 (Negative Pledge), the capitalised terms below shall have the following meaning:

(a) "**Consolidated Net Tangible Assets**" means the total of all assets reflected on the most recent consolidated balance sheet of the Guarantor and its consolidated subsidiaries prepared in accordance with U.S. GAAP, at their net book values (after deducting related depreciation, depletion, amortization and all other valuation reserves which, in accordance with such principles, should be set aside in connection with the business conducted), but excluding goodwill, unamortized debt discount and all other like intangible assets, all as determined in accordance with such principles, less the aggregate of the current liabilities of the Guarantor and its consolidated subsidiaries reflected on such balance sheet, all as determined in accordance with such principles. For purposes of this definition, "current liabilities" includes all indebtedness for money borrowed, incurred, issued, assumed or guaranteed by the Guarantor and its consolidated subsidiaries, and other payables and accruals, in each case payable on demand or due within one year of the date of determination of Consolidated Net Tangible Assets, but shall exclude any portion of long-term debt maturing within one year of the date of such determination (which excluded amount includes, for the avoidance of doubt, the portion of such debt maturing during the last year thereof notwithstanding that such debt may then be characterized as short-term debt), all as reflected on such consolidated balance sheet of the Guarantor and its consolidated subsidiaries, prepared in accordance with U.S. GAAP.

(b) "**Credit Facilities**" means the Credit Agreement, dated as of January 7, 2021 by and among the Guarantor and certain of its subsidiaries as borrowers, Bank of America, N.A., as Administrative Agent and Swing Line Lender, and the other lenders party thereto, and any amendment, extension, renewal, increase, decrease, substitution or replacement of such facility or any such substitution or replacement.

(c) "**Permitted Receivables Transaction**" means any transaction or series of transactions entered into by the Guarantor or any of its subsidiaries in order to monetize or otherwise finance receivables, leases, Receivables Assets or other financial assets (including, without limitation, financing contracts) or other transactions evidenced by receivables purchase agreements, receivables sales agreement, factoring agreements and other similar agreements pursuant to which receivables are sold at a discount (in each case whether now existing or arising in the future), and which may include a grant of a security interest in any such receivables, leases, Receivables Assets or other financial assets (whether now existing or arising in the future) of the Guarantor or any of its subsidiaries, and any assets related thereto, including all collateral securing such receivables, leases, Receivables Assets or other financial assets, all contracts and all guarantees or other obligations in respect thereof, proceeds thereof and other assets that are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization transactions or factoring transactions involving receivables, leases, Receivables Assets or other financial assets or other transactions evidenced by receivables purchase agreements, receivables sales agreement, factoring agreements and other similar agreements pursuant to which receivables are sold at a discount

(d) "**Receivables Assets**" means accounts receivable, indebtedness and other obligations owed to or owned by the Guarantor or any subsidiaries (whether now existing or arising or acquired in the future) arising in the ordinary course of business from the sale of goods or services (including any Indebtedness or other obligation constituting an account, instrument or general intangible), together with all related security, collateral, collections, contracts, contract rights, guarantees or other obligations in respect thereof, all proceeds and supporting obligations and all other related assets which are of the type customarily transferred in connection with a sale, factoring, financing or securitization transaction involving accounts receivable.

(e) "**Relevant Indebtedness**" means any indebtedness now or hereafter existing which is in the form of or represented or evidenced by any bonds, notes or other securities which, in any such case, are or are capable of being listed on any recognised stock exchange or multilateral trading facility.

(f) "**Security**" means, with respect to any asset, any pledge, mortgage, charge, encumbrance or security interest in respect of such asset.

9. INTEREST

9.1. Interest Payment Dates

The Bonds bear interest at the fixed rate of 3.6 per cent. per annum (the "**Interest Rate**") from and including the Issue Date to, but excluding, the Maturity Date. Interest is payable annually in arrears on 6 December in each year following the year of the Issue Date until and including the Maturity Date (each such date, an "**Interest Payment Date**") on the Nominal Face Value decreased with the aggregate amount of all principal amounts already paid by the Issuer before the respective Interest Payment Date (the "**Amortised Face Value**"). The first Interest Payment Date shall be the day which is falling on the first anniversary of the Issue Date, being 6 December 2022, and the last Interest Payment Date shall be on the Maturity Date.

The amount of interest payable and the respective Interest Payment Dates are set out in the table below:

Interest Payment Date:	Interest amount (per Bond):
6 December 2022	HUF 1,800,000
6 December 2023	HUF 1,800,000
6 December 2024	HUF 1,800,000
6 December 2025	HUF 1,800,000
6 December 2026	HUF 1,800,000
6 December 2027	HUF 1,800,000
6 December 2028	HUF 1,800,000
6 December 2029	HUF 1,620,000
6 December 2030	HUF 1,440,000
6 December 2031	HUF 1,260,000

9.2. Calculation of interest for a broken interest period

When interest is required to be calculated in respect of a period which is equal or shorter than a full year, it shall be calculated by applying the Interest Rate to the Amortised Face Value of the Bond and then the result shall be multiplied by the actual number of days elapsed since the last Interest Payment Date (or the Issue Date, if no Interest Payment Date occurred since the Issue Date) and divided by (i) 365; or (ii) 366 if the 29th day of February falls in the period since the last Interest Payment Date (or the Issue Date, if no Interest Payment Date occurred since the Issue Date) (Actual/Actual (ISMA/ÁKK)). The resultant figure per Bond shall be rounded to the nearest forint, half a forint being rounded upwards.

9.3. Default interest

Unless otherwise provided in this Condition 9 (Interest), no interest shall accrue in respect of the Bonds from the date on which the principal amount under the Bonds becomes due and payable. Should the Issuer unlawfully delay or refuse to effect repayment of any portion of the principal amount under the Bonds, the Issuer shall pay default interest in connection with the respective portion of the principal amount in accordance with section 6:48(2) of the Civil Code until the earlier of the day (i) when the outstanding principal amount payable under the Bonds is paid in full, or (ii) when the Guarantor is in default with its payment obligation under the Guarantee with respect to such principal amount, in which case the default interest under the Guarantee shall be payable in accordance with its terms.

Should the Issuer be in default with any interest payment obligations under the Bonds, the Issuer shall pay default interest in connection with the overdue but unpaid interest amount in accordance with section 6:48(2) of the Civil Code until the earlier of the day (i) when the outstanding interest amount payable under the Bonds is paid in full, or (ii) when the Guarantor is in default with its payment obligation under the Guarantee with respect to such interest amount, in which case the default interest under the Guarantee shall be payable in accordance with its terms.

In the event of a partial delay in the payment of any interest or principal amount payable under the Bonds, the Paying Agent shall pay the partial amount made available to it to the Bondholders on the due date (the "**Partial Payment**") in a manner that the amount paid with respect to the Partial Payment:

(i) shall first be used for the purposes satisfying any due and payable interest payment obligations under the Bonds and shall then be used for the purposes of satisfying any due and payable principal payment obligations under the Bonds; and

(ii) shall be paid to each Bondholder pro rata to the Bonds held by such Bondholder. The resultant broken figure shall be rounded to the nearest forint (half a forint being rounded upwards).

Without prejudice to the application of Condition 13 (Events of Default), the consequences of late payment, as set out in this Condition 9.3, shall not apply in the context of any Partial Payment effected in accordance with this Condition.

9.4. Business Day

In these Conditions "**Business Day**" shall mean a day which is:

(i) a day on which commercial banks settle payments and are open for general business in Budapest; and

(ii) a day on which KELER is effectuating money and securities transfers.

10. AMORTISATION, REDEMPTION AND REPURCHASE

10.1. Scheduled amortisation and redemption at maturity

Unless previously redeemed or purchased and cancelled as specified in this Condition 10 (Amortisation, Redemption and Repurchase), the principal amount of each Bond will be amortised by the Issuer:

(i) at HUF 5,000,000 (per Bond) as amortisation amount (the "**Amortisation Amount**") of the Bond due and payable to the Bondholders on the 7th, the 8th, and the 9th Interest Payment Date, being on 6 December 2028, 6 December 2029, and 6 December 2030;

(ii) at HUF 35,000,000 (per Bond) as the final amortisation amount (the "**Final Redemption Amount**"), due and payable to the Bondholders on the Maturity Date.

For the payment of any Amortisation Amount and the Final Redemption Amount, Condition 11 (Payment) shall apply.

10.2. Redemption for tax reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Bonds or (if applicable) the Guarantee, the Issuer or (if applicable) the Guarantor, as the case may be, will be or is expected to become the subject of any negative tax consequences related to the payment of interest under the Bonds (including any application of withholding tax or the deductibility of such interest payments for accounting purposes) as a result of any change in, or amendment to, the laws or regulations of any jurisdiction applicable to the Issuer or, in the case of payment by the Guarantor (if applicable), any jurisdiction applicable to the Guarantor or its Bermuda branch, or, in either case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment is expected to become effective on or after the Issue Date; and

(ii) such negative tax consequence cannot be avoided by the Issuer or (where applicable) the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or (where applicable) the Guarantor or its Bermuda branch would become subject to such negative tax consequence (were a payment in respect of the Bonds then due).

Each Bond redeemed pursuant to this Condition 10.2 will be redeemed at the Amortised Face Value together (if appropriate) with interest accrued but unpaid to (but excluding) the date of redemption.

10.3. Repurchase

Following the offering of the Bonds the Issuer may at any time purchase Bonds at any price in the open market or otherwise. The Bonds purchased by the Issuer may, at the option of the Issuer, be held, resold or cancelled. In the event of a partial repurchase of the Bonds prior to their maturity, the Issuer shall repurchase Bonds from the NBH (as a Bondholder) pro rata to the Bonds owned by the NBH in the series at the time of the repurchase. The price to be paid for such repurchase shall, in all cases, be agreed between the Issuer and the relevant Bondholders.

11. PAYMENTS

11.1. Method of payment

Payments in respect of the Bonds to the Bondholders shall be made through the Paying Agent as set out in the Paying Agency Agreement and in accordance with the rules and regulations of KELER as effective from time to time, and taking into consideration the relevant laws on taxation, to those securities account keeping entities to whose securities account at KELER such Bonds are credited at close of business on the Reference Date (as defined below) for that payment, as designated in the regulations of KELER effective from time to time. In these Conditions, the "**Reference Date**" is the day falling two (2) Business Days immediately prior to the relevant payment date pursuant to the currently effective rules and regulations of KELER. Payments shall be due to that Bondholder who is deemed to be the Bondholder on the Reference Date in accordance with Condition 4.1.

11.2. Non-Business Day

If the date for payment of any amount in respect of any Bond does not fall on a Business Day, the Bondholder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to further interest, default interest or other payment in respect of such delay.

11.3. General provisions relating to payments

Only Bondholders are entitled to receive payments under the Bonds and the Issuer shall be deemed to have fulfilled its respective payment obligation by effecting payment to the respective Bondholder pursuant to Condition 11.1.

12. PRESCRIPTION

Claims against the Issuer for payment under the Bonds may not be prescribed unless otherwise permitted by Hungarian law.

13. EVENTS OF DEFAULT AND ACCELERATION

13.1. Events of default

Each of the following events shall be an "**Event of Default**" in these Conditions:

(i) the Issuer defaults in the payment of any of its due and payable principal or interest payment obligations in respect of the Bonds, and the default continues for a period of 30 (thirty) days; or

(ii) the Guarantor defaults in the due performance or breaches any of its obligations under or in relation to the Guarantee if such default or breach have been not remedied within 90 (ninety) consecutive days after written notice thereof having been given to the Guarantor by the Bondholders of 25 per cent. or more in principal amount of the Bonds then outstanding specifying such default or breach and requiring it to be remedied and stating that it is a "Notice of Default" under these Conditions; or

(iii) the Issuer or the Guarantor defaults in the due performance or breaches any of their respective obligation under Condition 7 (Status of the Bonds) or Condition 8 (Negative

Pledge), if such default or breach have not been remedied within 90 (ninety) consecutive days after written notice thereof having been given to the Issuer or the Guarantor, as the case may be, by the Bondholders of 25 per cent. or more in principal amount of the Bonds then outstanding specifying such default or breach and requiring it to be remedied and stating that it is a "Notice of Default" under these Conditions; or

(iv) a competent court orders, by way of a final and binding decision, the commencement of bankruptcy or liquidation proceedings against the Issuer or the Issuer is benefitting of a payment moratorium ordered by a competent court by way of a final and binding decision; or

(v) an involuntary case or other proceedings are commenced against the Guarantor with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 (sixty) days; or an order for relief is entered against the Guarantor under the federal bankruptcy laws as now or hereafter in effect; or

(vi) the Guarantor (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Guarantor or of all or substantially all of the property and assets of the Guarantor or (c) effects any general assignment for the benefit of creditors; or

(vii) there occurs with respect to any issue or issues of the Relevant Indebtedness (as defined in Condition 8 (Negative Pledge) above) of the Issuer or the Guarantor having an outstanding principal amount of USD 150,000,000 or more in the aggregate for all such issues, whether such Relevant Indebtedness exists on the date hereof or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and such indebtedness shall not have been discharged in full or such acceleration shall not have been rescinded or annulled within 30 days of such acceleration and/or (b) the failure to make a principal payment at the final (but not any interim) fixed maturity and such defaulted payment shall not have been made, waived or extended within 30 days of such payment default, which are, in each case, not being appropriately contested in good faith; or

(viii) the Issuer or the Guarantor shall fail within 60 days to pay, bond or otherwise discharge uninsured judgments or court orders for the payment of money in excess of USD 150,000,000 in the aggregate, which are not stayed on appeal or are not otherwise being appropriately contested in good faith; or

(ix) the adoption of a plan relating to the Guarantor's liquidation or dissolution; or

(x) the occurrence of any of the following events:

(a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Guarantor taken as a whole to any person other than the Guarantor or any of its subsidiaries;

(b) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person, other than the Guarantor or its subsidiaries, becomes the beneficial owner, directly or indirectly, of more than 50% of the combined voting power of the Guarantor; or

(c) the Guarantor consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Guarantor, in any such event pursuant to a transaction in which any of the voting stocks of the Guarantor or such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of voting stock of the Guarantor outstanding immediately prior to such transaction directly or indirectly constitute, or are converted into or exchanged for, a majority of the voting stock of the surviving person (held in substantially the same proportions) immediately after giving effect to such transaction;

provided in each case that the Bonds cease to be rated by Baa3 or better by Moody's Investors Service, Inc. (or, as applicable, any successor to its rating agency business) and BBB- or better by S&P Global Ratings, a division of S&P Global, Inc. (or, as applicable, any successor to its rating agency business) on any day within 60 days after the earlier of (x) the occurrence of any of the events in sub-paragraphs (a)-(d) above (the "**Change of Control**"), or (y) public notice of the occurrence of a Change of Control or the intention by the Guarantor to effect a Change of Control; or

(xi) the Guarantee ceases to be the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, or the Guarantor contests or denies the validity of the Guarantee.

13.2. Acceleration

If an Event of Default has occurred and is continuing under these Conditions, (i) the Issuer will notify the Bondholders in accordance with Condition 14 (Notices), and (ii) any Bondholder may, by way of delivering a written notice to the registered seat of the Issuer in accordance with Condition 14 (Notices) (which notice shall become effective on the date of its receipt by the Issuer), declare the payment obligations with respect to the Bonds held by such Bondholder to become due and payable on such date unless prior to such date all such Events of Default in respect of the relevant Bond have been remedied. In such case, the Issuer shall immediately, but no later than within 30 (thirty) Business Days, pay to the Bondholder the Amortised Face Value together with any interest or default interest accrued but unpaid until the date of payment in respect of all Bonds in relation to which the Bondholder has duly evidenced its identity and ownership title to the Issuer with a document issued by KELER or the relevant securities account keeping entity, as applicable.

14. NOTICES

All notices relating to the Bonds:

(i) shall be published on the website of the Issuer (http://flex.com/), and, in case of notices given by the Issuer following the registration of the Bonds on the XBond MTF, in the official information storage system operated by the NBH (www.kozzetetelek.hu) and on the BSE's website (http://www.bet.hu);

(ii) shall be sent electronically all to those Bondholders whose contact details are available to the Issuer (for NBH: nkp@mnb.hu) on the date of their publication; and

(iii) shall be deemed to be validly given and delivered if published on the website of the Issuer (http://flex.com/), on the date of their first publication.

The Issuer shall ensure that notices are published in accordance with applicable law and in the manner prescribed by the competent supervisory authority.

Notices or declarations from the Bondholders shall be duly signed (in Hungarian: "*cégszerűen aláírva*"), in written form, in Hungarian and/or English language, and unless otherwise stated, shall be sent to the Issuer by way of registered post or personal delivery at its registered seat and shall be accompanied with a document issued by KELER or the relevant securities account keeping entity, as applicable, which document certifies at least the ownership title of the Bondholder to the Bonds.

15. TAXATION

All payments of principal and interest in respect of the Bonds by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Hungary or any province, territory or other political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, neither the Issuer, nor Raiffeisen Bank Zrt. as Arranger, Paying Agent and Market Maker will pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction. Neither the Issuer, nor Raiffeisen Bank Zrt. as Arranger, Paying Agent and Market Maker, or any other future Paying Agent shall be held liable to the Bondholders for the recovery of any fees, expenses or losses in connection with the payment of any principal, interest or other amounts under the Bonds.

16. APPLICABLE LAW, DISPUTE RESOLUTION, LANGUAGE AND AMENDMENTS

16.1. Applicable law

The Bonds are governed by, and shall be construed in accordance with, Hungarian law.

16.2. Dispute resolution

All disputes arising out of or in connection with the Bonds shall be finally settled by the ordinary courts of Hungary.

16.3. Language

These Conditions are prepared in the English language and shall be binding on the Issuer and the Bondholders. The English language version of these Conditions shall prevail over any translation thereof.

16.4. Amendments

These Conditions may only be amended by the resolutions of the Bondholders' Meeting convened and conducted pursuant to the rules specified under Annex 3 of the Information Document. Annex 3 forms part of these Conditions.

8. DOCUMENTS ON DISPLAY

The Issuer's annual financial statements are published in electronic form on the website of the Issuer (http://www.flex.com/) and, following the registration of the Bonds on the XBond MTF, in the information storage system operated by the NBH (www.kozzetetelek.hu) and on the BSE's website of (http://www.bet.hu).

The most recent articles of association (in Hungarian: "*társasági szerződés*") of the Issuer is available for inspection upon a prior written notice sent to the Issuer in accordance with Condition 14 (Notices). The inspection shall be carried out at a mutually acceptable time agreed over the telephone (the Issuer's telephone number is provided under Section 4.1 of this Information Document) during the Issuer's regular business hours on any Business Day at the Issuer's registered seat.

The most recent constitution of the Guarantor and the Guarantor's annual reports and interim financial statements are published in electronic form on the Guarantor's website (https://investors.flex.com/financials/sec-filings/default.aspx).

None of the above documents are incorporated by reference into this Information Document. Without any limitation, the contents of any websites, rules, policies of any authority, entity (including the Issuer and the Guarantor) or person referred to in this Information Document are for information purposes only and do not form part of this Information Document.

9. DEFINITIONS

In this Information Document, all capitalised terms which are used but not defined in any particular section of this Information Document shall have the meaning attributed to them below.

"**2026 Credit Facility**	has the meaning described in Section 5.5.11 of this Information Document.
"**Amortisation Amount**"	has the meaning described in Condition 10.1.
"**Amortised Face Value**"	has the meaning described in Condition 9.1.
"**Annual Report 2021**"	means Annex 6 of this Information Document.
"**ASU**"	has the meaning described in Section 3.1.3(g) of this Information Document.
"**Bond Decree**"	has the meaning described on the cover page of this Information Document.
"**Bonds**"	has the meaning described on the cover page of this Information Document.
"**Bondholder**" or "**Bondholders**"	has the meaning described in Condition 4.1.
"**Bondholders' Meeting**"	has the meaning described in Annex 3 of this Information Document.
"**Brexit**"	has the meaning described in Section 3.1.4(a) of this Information Document.
"**BSE**"	means the Budapest Stock Exchange.
"**Business Day**"	has the meaning described in Condition 9.4.
"**Capital Markets Act**"	has the meaning described on the cover page of this Information Document.
"**CCPA**"	has the meaning described in Section 3.1.1(h) of this Information Document.
"**CEC**"	has the meaning described in Section 5.4.3 of this Information Document.
"**Change of Control**"	has the meaning described in Condition 13.1(viii).
"**Civil Code**"	has the meaning described in Condition 1.1
"**CRA Regulation**"	has the meaning described on the cover page of this Information Document.
"**Document**"	has the meaning described in Condition 2.1.

“**ESG**”	has the meaning described in Section 3.1.5(i) of this Information Document.
“**EU**”	means the European Union.
“**EUR**”	means euro, the single currency of the European Union.
“**Event of Default**”	has the meaning described in Condition 13.1.
“**FAS**”	has the meaning described in Section 5.4.3 of this Information Document.
“**FDA**”	has the meaning described in Section 3.1.5(e) of this Information Document.
“**Final Redemption Amount**”	has the meaning described in Condition 10.1.
“**Flex Group**”	means the Guarantor and its consolidated subsidiaries (including the Issuer).
“**FRS**”	has the meaning described in Section 5.4.3 of this Information Document.
“**GDPR**”	has the meaning described in Section 3.1.1(h) of this Information Document.
“**Guarantee**”	has the meaning described in Condition 5, the full text of which is set out in Annex 1 of this Information Document.
“**Guarantor**”	means Flex Ltd. acting through its Bermuda branch (registered seat: 2 Changi South Lane, 486123, Singapore; company registration number: 199002645H).
“**HUF**”	means Hungarian forint, the lawful currency of Hungary.
“**Hungarian Accounting Act**”	has the meaning described in Section 3.2(q) of this Information Document.
“**Hungarian Bondholder**”	has the meaning described in Section 3.1.3(g) of this Information Document.
“**Information Document**”	means this Information Document.
“**Interest Payment Date**”	has the meaning described in Condition 9.1.
“**Interest Rate**”	has the meaning described in Condition 9.1.
“**Issue Date**”	has the meaning described in Condition 2.2.

“**Issuer**”	means Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság (registered seat: H-8660 Tab, Munkás u. 28.; company registration number: 14-09-300339)
“**KELER**”	means KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (registered seat: 1074 Budapest, Rákóczi út 70-72.; company registration number: 01-10-042346) acting as central securities depository.
“**Market Interest Rate**”	has the meaning described in Section 3.2(d) of this Information Document.
“**Market Maker**”	means Raiffeisen Bank Zártkörűen Működő Részvénytársaság (registered seat: H-1133 Budapest Váci út 116-118.; company registration number: 01-10-041042).
“**Maturity Date**”	has the meaning described in Condition 3.1.
“**MiFID II**”	has the meaning described on the cover page of this Information Document.
“**NBH**”	means the National Bank of Hungary.
“**New Document**”	has the meaning described in Condition 2.1.
“**Nominal Face Value**”	has the meaning described in Condition 3.2.
“**NWC**”	has the meaning described in Section 5.5.1 of this Information Document.
“**ODM**”	has the meaning described in Section 3.1.2(b) of this Information Document.
“**OEMs**”	has the meaning described in Section 4.4.1 of this Information Document.
“**OFAC**”	has the meaning described in Section 3.1.5(a) of this Information Document.
“**Partial Payment**”	has the meaning described in Condition 9.3.
“**Paying Agency Agreement**”	has the meaning described in Condition 6.
“**Paying Agent**”	means Raiffeisen Bank Zártkörűen Működő Részvénytársaság (registered seat: H-1133 Budapest Váci út 116-118.; company registration number: 01-10-041042).
“**PRIIPs Regulation**”	has the meaning described on the cover page of this Information Document.
“**Prospectus Delegated Regulation**”	has the meaning described on the cover page of this Information Document.

"**Prospectus Regulation**"	has the meaning described on the cover page of this Information Document.
"**QSR**"	has the meaning described in Section 3.1.5(e) of this Information Document.
"**Reference Date**"	has the meaning described in Condition 11.1.
"**RMB**"	means renminbi, the lawful currency of the People's Republic of China.
"**SEC**"	has the meaning described in Section 3.1.3(g) of this Information Document.
"**SFA**"	means the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.
"**S&P**"	has the meaning described on the cover page of this Information Document.
"**Tax Authority**"	has the meaning described in Section 5.8 of this Information Document.
"**Terms and Conditions**" or "**Conditions**"	have the meaning described in Section 7 of this Information Document, and all references to a Condition shall mean references to such Condition of the Terms and Conditions.
"**U.S.**"	means the United States of America.
"**USD** or "**$**"	means U.S. dollar, the lawful currency of the United States.
"**XBond MTF**"	means the XBond multilateral trading facility operated by BSE.
"**XBond General Terms and Conditions**"	means the general business rules of XBond MTF, effective as of 15 May 2021 pursuant to Resolution No 47/Xbond/2021 (dated 5 May 2021) of the BSE, and as the same may be amended by BSE from time to time.

ANNEX 1

FORM OF THE GUARANTEE

PARENT COMPANY GUARANTEE

THIS PARENT COMPANY GUARANTEE (this "Guarantee"), dated as of November 25, 2021 is made by Flex Ltd., a company incorporated in Singapore with registration number 199002645H, with its registered office at 2 Changi South Lane, Singapore 486123, acting through its Bermuda branch having a principal place of business from which it conducts operations in accordance with its permit located at 16 Par-la-Ville Road, Hamilton HM08 Bermuda (the "Guarantor"), in favour of the Bondholders (as defined below).

A. Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság, a Hungarian limited liability company having its registered seat at 8660 Tab, Munkás u. 28., Hungary, as issuer (the "Issuer"), proposes to issue up to 2,000 dematerialised bonds, each with a nominal face value of HUF 50,000,000, up to an aggregate amount of HUF 100,000,000,000 (Name: FLEX 2031 HUF Bonds, ISIN code: HU0000360979, as amended, restated, extended, supplemented or otherwise modified in writing from time to time, including any further bonds issued by the Issuer under a tap issue in accordance with the Bond Documents, the "Bonds") to various holders (as defined in the Bond Documents, each a "Bondholder" and, collectively, the "Bondholders") under the National Bank of Hungary's Bond Funding for Growth Scheme.

B. The Bonds will be issued in accordance with (i) Section 12/B of Act CXX of 2001 on the Capital Markets, (ii) Government Decree 285/2001. (XII. 26.) on Bonds, (iii) Act V of 2013 on the Civil Code (the "Civil Code"), and (iv) the Terms and Conditions for the Bond Funding for Growth Scheme available in Hungarian language on the website of the National Bank of Hungary.

C. The Guarantor, as the indirect parent company of the Issuer, will derive substantial direct and indirect benefits from the issuance of the Bonds (which benefits are hereby acknowledged by the Guarantor).

Accordingly, to induce the Bondholders to subscribe for the Bonds, and in the consideration thereof, the Guarantor hereby agrees as follows:

SECTION 1. Definitions; Interpretation.

(a) Terms Defined in the Bond Documents. All capitalized terms used in this Guarantee (including in the recitals hereabove) and not otherwise defined herein shall have the meanings assigned to them in the Bond Documents.

(b) Certain Defined Terms. As used in this Guarantee (including in the recitals hereabove), the following terms shall have the following meanings:

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with the Person specified.

"Bond Documents" means (i) the information memorandum (in Hungarian: "*információs összeállítás*") prepared by the Issuer dated November 25, 2021 in relation to the issuance of the Bonds (containing, among others, the terms and conditions of the Bonds), and (ii) the dematerialisation document deposited by the Issuer with KELER in connection with the Bonds.

"Bondholders" has the meaning specified in the recitals to this Guarantee.

"Civil Code" has the meaning specified in the recitals to this Guarantee.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Debtor Relief Laws" means all liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, suspension of payments, rearrangement, receivership, insolvency, judicial management, composition, arrangement, reorganization, schemes of arrangement or similar debtor relief laws of Hungary, Singapore or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Governmental Authority" means the government of Hungary, the government of Singapore or the government of any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guaranteed Obligations" has the meaning set forth in Section 2.

"Hungarian Bondholder" means any Bondholder resident in Hungary for tax purposes under the applicable laws and regulations of Hungary.

"Insolvency Proceeding" means, with respect to any Person, (i) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up moratoria, judicial management, schemes of arrangement or relief of debtors, or (ii) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in either case undertaken under Debtor Relief Laws.

"KELER" means KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (registered seat: H-1074 Budapest, Rákóczi út 70-72.; company registration number: 01-10-042346) acting as central securities depository.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

(c) Interpretation.

Unless a contrary indication appears, a reference in this Guarantee to:

(i) the "**Guarantor**", any "**Bondholder**" and the "**Issuer**", or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Bonds;

(ii) "**assets**" includes present and future properties, revenues and rights of every description;

(iii) "**indebtedness**" includes any obligation (whether incurred as principal or as surety or otherwise) for the payment or repayment of money, whether present or future, actual or contingent;

(iv) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation; and

(d) Any reference in this Guarantee to a "**Bond**" or any other agreement or other document shall be construed as a reference to that Bond or that other agreement or document as amended, novated, supplemented, extended or restated, whether or not as a result of any of the following:

(i) there is an increase or decrease in any debt facility made available under that Bond or other agreement or document or an increase in the period for which any facility is available or in which it is repayable;

(ii) any additional, further or substituted debt facility to or for such facility is provided;

(iii) any rate of interest, commission or fees or relevant purpose is changed;

(iv) the identity of the parties is changed;

(v) there is an increased or additional liability on the part of any person; or

(vi) a new agreement is effectively created or deemed to be created.

(e) Any reference in this Guarantee to "**this Guarantee**" shall be deemed to be a reference to this parent company guarantee as a whole and not limited to the particular Section, clause, schedule or provision in which the relevant reference appears and to this Guarantee as restated, varied, amended, extended, supplemented, substituted, novated or assigned from time to time and any reference in this Guarantee to a "**Section**" is, unless otherwise provided, a reference to a Section of this Guarantee.

SECTION 2. Guarantee.

(a) The Guarantor hereby unilaterally, unconditionally and irrevocably guarantees, pursuant to Section 6:431 of the Civil Code, for the Bondholders as beneficiaries, the payment of all principal amount of the Bonds, interest and default interest accrued thereon which is due and payable, and any costs and expenses that are due and payable by the Issuer to the Bondholders in connection with the enforcement of any rights of the Bondholders (now existing or hereafter arising) under or in connection with the Bonds (collectively, the "Guaranteed Obligations") upon the first written demand of the Bondholders acting individually pursuant to Section 2(b) below. Notwithstanding anything to the contrary contained herein, the Guarantor shall be entitled to designate one of its Affiliates to pay the Guaranteed Obligations on its behalf, which designation shall not impair or diminish Guarantor's obligations hereunder in any way.

(b) Pursuant to this Guarantee, the Guarantor shall pay or otherwise make available from time to time to the Bondholders within 30 (thirty) Business Days upon receiving a written demand duly executed by or on behalf of a Bondholder (the "Demand") the amount of the Guaranteed Obligations as specified by the Bondholder in the Demand, without any set-off, counterclaim, or withholding for any taxes except as required by the applicable laws. Each Bondholder may deliver a Demand up to the amount of the Guaranteed Obligations owed by the Issuer to that Bondholder. The Demand shall be delivered to the address of the Guarantor in accordance with Section 9 and shall contain:

(i) name of the Bond(s);

(ii) ISIN code of the Bond(s);

(iii) number of the Bond(s) held by the Bondholder;

(iv) a document issued by KELER or the relevant securities account manager, as applicable, which document certifies at least the ownership title of the Bondholder to the Bond(s);

(v) the documents duly evidencing the existence of the Bondholder and signing authority of the person or persons executing such Demand on behalf of the Bondholder;

(vi) determination of the payment obligation that the Issuer has not fulfilled towards the Bondholder within the applicable deadline and an express statement that the Issuer has not fulfilled its due payment obligations within the applicable deadline and specifying related costs and expenses incurred by the Bondholder in connection with the enforcement of its rights;

(vii) determination of the due amount to be paid by the Guarantor and an express payment order regarding the amount set out therein;

(viii) name of the account holding bank and the bank account number of the Bondholder designated for the receipt of proceeds related to the Bond(s); and

(ix) the signature(s) of the person or persons executing such Demand on behalf of the Bondholder, and, except for the NBH as Bondholder, the signature of such person(s) shall be notarised by a notary public, and, if executed outside of Hungary, an Apostille to, or the legalisation and superlegalisation of, the notarial certificate shall be attached thereto.

(c) The Demand sent to the Guarantor in accordance with this Section shall qualify as payment order (in Hungarian: "*fizetési felszólítás*") set forth in Section 6:435 of the Civil Code.

(d) This Guarantee may only be amended by the resolution of the Bondholders' Meeting convened and conducted pursuant to the rules specified under Annex 2 of the Information Memorandum.

SECTION 3. Liability of Guarantor. The liability of the Guarantor under this Guarantee shall be unconditional and irrevocable and shall not be affected by any circumstance which might constitute a discharge of a surety or guarantor other than in accordance with Section 7. All amounts payable by the Guarantor under this Guarantee may not exceed the amount of the Guaranteed Obligations. The payment obligations of the Guarantor under this Guarantee are independent from the Guaranteed Obligations and the Guarantor's liability with respect to the Guaranteed Obligations shall remain in full force and effect without regard to, and shall not be impaired or affected by, nor shall the Guarantor be exonerated or discharged by, any of the following events:

(a) any Insolvency Proceeding with respect to the Issuer or the Guarantor;

(b) any limitation, discharge, or cessation of the liability of the Issuer or the Guarantor for any Guaranteed Obligations due to any statute, regulation or rule of law, or any invalidity or unenforceability in whole or in part of any of the Guaranteed Obligations or the Bond Documents;

(c) any merger, acquisition, consolidation or change in structure of the Issuer or the Guarantor, or any sale, lease, transfer or other disposition of any or all of the assets or shares of the Issuer or the Guarantor;

(d) any assignment or other transfer, in whole or in part, of interests of any Bondholder in and rights under this Guarantee or the other Bond Documents, including right of any Bondholder to receive payment of the Guaranteed Obligations, made in each case in accordance with the Bond Documents;

(e) any claim, defence, counterclaim or setoff, other than that of prior performance, that the Issuer may have or assert, including any defence of incapacity or lack of corporate or other authority to execute any of the Bond Documents;

(f) amendment, modification, renewal or extension made by the Bondholder of any Bond Document, or any Guaranteed Obligations, in accordance with the Bond Documents; and

(g) any other guarantee, whether by the Guarantor or any other Person, of all or any part of the Guaranteed Obligations or any other indebtedness, obligations or liabilities of the Issuer to any Bondholder;

in each case, subject to the mandatory provisions of applicable laws.

SECTION 4. Consents of Guarantor. The Guarantor hereby unconditionally consents and agrees that, without notice to or further assent from the Guarantor:

(a) the principal amount of the Guaranteed Obligations may be increased or decreased and additional obligations under the Bond Documents may be incurred, by one or more amendments, modifications, renewals or extensions of any Bond Document or otherwise, including, any increase in the principal amount of the Guaranteed Obligations under any tap issue in accordance with the Bond Documents;

(b) the time, manner, place or terms of any payment under any Bond Document may be extended or changed, including by an increase or decrease in the interest rate on any Guaranteed Obligation or any fee or other amount payable under such Bond Document, by an amendment, modification or renewal of any Bond Document or otherwise;

(c) the time for the Issuer's performance of or compliance with any term, covenant or agreement on its part to be performed or observed under any Bond Document may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to, all in such manner and upon such terms as the Bondholders may deem proper;

(d) any Bondholder may discharge or release, in whole or in part, the Issuer, and may permit or consent to any such action or any result of such action, and no Bondholder shall be liable to the Guarantor for any failure to collect or enforce payment or performance of the Guaranteed Obligations from the Issuer;

(e) the Bondholders may request and accept other guaranties of the Guaranteed Obligations and any other indebtedness, obligations or liabilities of the Issuer to any Bondholder and may, from time to time, in whole or in part, surrender, release, subordinate, modify, waive, rescind, compromise or extend any such guarantee and may permit or consent to any such action or the result of any such action; and

(f) the Bondholders may exercise, or waive or otherwise refrain from exercising, any other right, remedy, power or privilege granted by any Bond Document or agreement, or otherwise available to any Bondholder, with respect to the Guaranteed Obligations, even if the exercise of such right, remedy, power or privilege affects or eliminates any right of subrogation or any other right of the Guarantor against the Issuer;

all as the Bondholders may deem advisable, and all without impairing, abridging, releasing or affecting this Guarantee, in each case subject to the terms of the Bond Documents and mandatory provisions of applicable laws.

SECTION 5. Guarantor Waivers. The Guarantor shall not be entitled to refuse the payment under the Guarantee or to claim or enforce any exception against such payment except if the Demand was made obviously fraudulent, in an abusive way or in bad faith in accordance with Section 6:436 of the Civil Code.

SECTION 6. Representation and Warranties. The Guarantor represents and warrants to each Bondholder that as of the date hereof (a) it is a company duly incorporated and validly existing under the laws of Singapore, and (b) it has the power and capacity to issue the Guarantee and to perform its obligations hereunder, and (c) it is not insolvent or being under termination procedure of whatsoever nature, and (d) it has taken all necessary actions and made all necessary formalities to authorise the undertaking of this Guarantee.

SECTION 7. Term and Continuing Guarantee.

(a) This Guarantee shall be effective for a definite period of time commencing on the Issue Date and shall continue to be in effect and be binding upon the Guarantor until the earlier of (i) the payment and performance in full of all Guaranteed Obligations, or (ii) 60 (sixty) Business Days from the 10th (tenth) anniversary of the Issue Date, provided that the Guarantee shall remain in effect and will be binding on the Guarantor if any unsettled Demand is outstanding (unless such Demand is dismissed by a final and binding decision of the competent court), with respect to such Demand.

(b) This Guarantee is a continuing guarantee relating to any Guaranteed Obligations, including Guaranteed Obligations which may exist continuously or which may arise from time to time in connection with successive transactions consummated under the Bond Documents.

SECTION 8. Tax Gross-up for Hungarian Bondholders. If any withholding tax or deduction of any similar nature is required to be made by the Guarantor under the applicable laws in relation to a payment due and payable by the Guarantor to a Hungarian Bondholder, the Guarantor shall ensure that the amount of the payment due from the Guarantor is increased to an amount which (after making any such withholding or deduction) leaves an amount equal to the payment which would have been due if no such withholding or deduction had been required.

SECTION 9. Notices and Delivery.

(a) The Demand and any other document or communication to be made under or in connection with this Guarantee shall be made in writing and shall be delivered by hand delivery or by registered letter with acknowledgement of receipt.

(b) The address (and the department or officer, if any, for whose attention the document or communication is to be made) of the Guarantor for any document or communication to be made or delivered under or in connection with this Guarantee is as follows:

Address:	c/o Flextronics Sárvár Logistics Kft.
	Ikervári utca 25.
	Sárvár
	9600
	Hungary
For the Attention of:	Finance Director

with a copy to

Address: 6201 America Center Drive

4th Floor

San Jose, CA 95002

For the Attention of: Corporate Treasury

or any substitute address, department or officer as may be notified to the Bondholders by not less than 5 (five) Business Days' notice in accordance with the Bond Documents.

(c) Any document or communication made or delivered to the Guarantor under or in connection with this Guarantee will only be effective:

(i) if by way of hand delivery, when the representative of the Guarantor executes the acknowledgement of receipt;

(ii) if by way of letter, when it is delivered to the address of the Guarantor or, if the acknowledgement of receipt is returned with any of the indications 'refused', 'unclaimed', 'moved', 'unknown' or any other equivalent indication, on the 5th (fifth) Business Days following the date of the attempted delivery.

(d) Any document or communication given under or in connection with this Guarantee must be in English or, if in another language, shall be accompanied by a certified English translation.

SECTION 10. No Waiver; Cumulative Remedies. No failure by any Bondholder to exercise, and no delay by any such Bondholder in exercising, any right, remedy, power or privilege hereunder or under any Bond Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each Bond Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 11. Default Interest. Should the Guarantor be in default with any payment obligations under this Guarantee, the Guarantor shall pay default interest in connection with the overdue but unpaid amount in accordance with Section 6:48(2) of the Civil Code until the outstanding amount payable under the Guarantee is paid in full.

SECTION 12. Right of Set-Off. Without limiting any other rights conferred on the Bondholders by law or by any other agreements entered into with the Guarantor, the Bondholders may (but shall not be obliged to) set off any matured obligation due from the Guarantor under this Guarantee against any matured obligation owed by the Bondholders to the Guarantor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bondholder may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

SECTION 13. Payments Set Aside. To the extent that the Guarantor makes a payment to any Bondholder, or any Bondholder exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by any Bondholder in its discretion) to be repaid to the Guarantor in connection with any Insolvency Proceeding or otherwise, then to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

SECTION 14. Benefits of Guarantee. This Guarantee is entered into for the sole protection and benefit of the Bondholders and their respective successors and assigns, and no other Person shall be a direct or indirect beneficiary of or shall have any direct or indirect cause of action or claim in connection with this Guarantee.

SECTION 15. Binding Effect; Assignment.

(a) Binding Effect. This Guarantee shall be binding upon the Guarantor and its successors and assigns and inure to the benefit of and be enforceable by the Bondholders and their respective successors, endorsees, transferees and assigns.

(b) Assignment. The Guarantor shall not have the right to assign or transfer its rights and obligations under this Guarantee without the resolution of the Bondholders' Meeting convened and conducted pursuant to the rules specified under Annex 2 of the Information Memorandum on consenting to such assignment or transfer. Each Bondholder may assign, charge or transfer all or any of its rights under this Guarantee (including transferring the right to send a Demand) without the consent of the Guarantor, provided such assignment, charge or transfer is in accordance with the Bond Documents. For the purpose of Section 6:433 of the Civil Code, the Guarantor hereby expressly and irrevocably consents to any such assignment, charge or transfer made in accordance with the Bond Documents.

SECTION 16. Governing Law; Jurisdiction.

(a) Governing Law. This Guarantee and any non-contractual obligations arising out of or in connection with it are governed by Hungarian law.

(b) Submission to Jurisdiction. All disputes arising out of or in connection with this Guarantee shall be finally settled by the ordinary courts of Hungary.

SECTION 17. Severability. If any provision of this Guarantee is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Guarantee shall not be affected or impaired thereby and (b) the parties shall endeavour in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 18. Counterparts. This Guarantee is executed in one original copy by the Guarantor, which shall be deposited with KELER for the benefit of the Bondholders.

SECTION 19. Bermuda Branch; Full Recourse Obligations. All the obligations of the Guarantor hereunder are incurred by the Guarantor at its Bermuda branch having a principal place of business from which it conducts operations in accordance with its permit located at 16 Par-la-Ville Road, Hamilton HM08 Bermuda, and all payments hereunder by the Guarantor of the Guaranteed Obligations will be made through its Bermuda branch; provided, however, that, notwithstanding the foregoing, Guarantor acknowledges and agrees that the Guarantor's obligations hereunder are full recourse to the Guarantor, and are in no manner limited to any extent to any branch thereof and shall in no manner impair any Bondholder's ability to enforce or collect any of the Guaranteed Obligations from the Guarantor.

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SIGNATURES

This Guarantee has been executed as of the date first above written.

FLEX LTD.

By: ____________________

Name: CHRISTIAN PFISTER

Title: AUTHORIZED SIGNATURE

. Sulyok Mónika
zjegyző
aegerszeg 3.sz.
)0 Zalaegerszeg, Petőfi utca 24.

+36 (92) 510 357
sulyok@mokk.hu

KRID: 342479118 (MOKKIT)

Ügyszám: 24018/Z/444/2021

-- **Tanúsítvány** --

---Alulírott közjegyző **tanúsítom Mag. Pfister Christian ügyfél** (születési neve: Pfister Christian, született: Admont, 1963. február 13. napján, anyja születési neve: Dertschnig Ingeborg) 9700 Szombathely, Justitia utca 8. szám alatti lakos, Ausztria állampolgára – aki személyazonosságát az előttem felmutatott U 3724766 számú útlevéllel igazolta, továbbá akinek lakcímét bemondás alapján rögzítettem – ezen idefűzött, 9, azaz kilenc lapból, 9, azaz kilenc oldalból álló idegen nyelvű okiraton szereplő **aláírásának a valódiságát**. ----------------

---Az ügyfél kijelentette, hogy az angol nyelvet, amelyen az okirat készült érti és beszéli, azonban a magyar nyelvet nem érti, ezért - miután alulírott közjegyző figyelmeztettem az ügyfél által felkért alant nevezett tolmácsot arra, hogy a hamis tolmácsolás bűncselekmény - jelen magyar nyelvű **záradék szövegét** az ügyfél részére az ügyfél által értett angol nyelven **Nagy László** (születési neve: Nagy László, született: Zalaszentgrót, 1979. július 05. napján, anyja születési neve: Ausztrics Erzsébet) 8900 Zalaegerszeg, Egry József utca 4/D. III/12. szám alatti lakos, Magyarország állampolgára – aki személyazonosságát az előttem felmutatott 731507SA számú személyazonosító típusú igazolvánnyal, lakcímét pedig a 768660LK számú lakcímet igazoló hatósági igazolvánnyal igazolta – **tolmács útján** a záradék magyar nyelvű szövegének az ügyfél által értett angol nyelvre fordítása mellett – az ügyfél részére **megmagyaráztam**. ---

---Alulírott **Nagy László** tolmács büntetőjogi felelőssége tudatában előttem, alulírott közjegyző előtt kijelentette, hogy a záradék magyar nyelvű szövegét angol nyelvre, valamint a közjegyző által adott, a záradék szövegére vonatkozó magyar nyelvű magyarázatát és egyéb tájékoztatását az ügyfél által értett angol nyelvre szöveghűen és hitelesen fordította le.--------------------------

---Alulírott közjegyző előzetesen tájékoztattam a személyazonosság ellenőrzésével érintett személyt (az ügyfelet és a tolmácsot) a közjegyzőkről szóló 1991. évi XLI. törvény (a továbbiakban: **Kjtv**.) 122. §-ának (2)-(10) bekezdése szerinti adat-ellenőrzés céljáról, módjáról és tartalmáról, a közjegyzői közreműködés megtagadásának kötelezettségéről és a Kjtv. 122. §-ának (8) bekezdésében megjelölt bejelentési kötelezettségéről, valamint az ellenőrzés során megismert adatok kezeléséről, valamint arról, hogy a bemutatott külföldi okmány – a Jogügyletek Biztonságát Erősítő Adatszolgáltatási Keretrendszeren (JÜB) keresztül a Bevándorlási és Állampolgársági Hivatal (BÁH) által szolgáltatott adatok alapján – nem szerepel az elveszett külföldi úti okmányok nyilvántartásában. ---------------------------------------

---Kelt Zalaegerszeg, 2021.11.25, kettőezer-huszonegyedik év november hónap huszonötödik napján. --

Nagy László
tolmács

dr. Sulyok Mónika
közjegyző

KÖZJEGYZŐ ZALAEGERSZEG 3. 2.

ANNEX 2

FORM OF THE DEMATERIALISED SECURITIES DOCUMENT OF THE BONDS

OKIRAT DEMATERIALIZÁLT KÖTVÉNYRŐL

1. A kibocsátóra vonatkozó adatok:

Teljes név:	Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság
Rövid név:	Flextronics International Kft.
Székhely:	Magyarország 8660 Tab, Munkás utca 28.
Cégjegyzékszám:	14-09-300339
Adószám:	11222149-2-14
Alaptőke mértéke:	5 590 815,00

Az Okiratot aláíró(k) adatai:

az első aláíró neve:	Christian Pfister
képviseleti jogának alapja (beosztása):	Ügyvezető
a második aláíró neve:	Nagy László
képviseleti jogának alapja (beosztása):	Ügyvezető

2. A sorozatrészletre vonatkozó adatok:

Sorozatrészlet kibocsátásáról szóló döntés időpontja:	2021.11.24.
Sorozatrészlet kibocsátásáról szóló döntés jellege:	Egyéb határozat
Sorozatrészlet száma:	1
Sorozatrészlet névérték darabszáma:	2 000
Sorozatrészlet össznévértéke:	100 000 000 000,0000 HUF
Sorozatrészlethez kapcsolódó értéknap:	2021.12.06.
Eddigi kibocsátások összesen névérték darabszáma:	0

3. A teljes sorozatra vonatkozó adatok:

Sorozat elnevezése:	FLEX 2031 HUF Kötvény
Sorozat betűjele és kódja:	FLEX2031
ISIN-azonosító:	HU0000360979
Sorozat típusa:	Névre szóló
Névérték és devizanem:	50 000 000,0000 HUF
Sorozat összesen névérték darabszáma:	2 000
Sorozat össznévértéke:	100 000 000 000,0000 HUF
Kibocsátás helye:	Budapest, Magyarország
Forgalomba hozatal helye:	Budapest, Magyarország
Forgalomba hozatal módja:	Nyilvános
Kibocsátás ideje (az első kibocsátás értéknapja):	2021.12.06.
Lejárat napja:	2031.12.06.

Kötvény futamideje:	10 Év
Kamatozás módja:	Fix
a kamatláb mértéke %-ban:	3,60
Kamatfizetési időpont(ok):	2022.12.06.; 2023.12.06.; 2024.12.06.; 2025.12.06.; 2026.12.06.; 2027.12.06.; 2028.12.06.; 2029.12.06.; 2030.12.06.; 2031.12.06.;
Kamatfizetési feltételek:	A Kötvényekkel kapcsolatos kamat és tőkeösszegek kifizetésére a KELER mindenkor hatályos szabályai alapján, továbbá a vonatkozó adózási jogszabályok figyelembe vétele mellett, a Fizető Ügynökön keresztül azon értékpapír-számlavezetők részére kerül sor, amely értékpapír-számlavezetők KELER-nél vezetett értékpapírszámláin a Kötvények az adott kifizetéssel érintett – és a KELER mindekor hatályos szabályai alapján kijelölt – Referencia Napon üzletzáráskor szerepelnek. A KELER hatályos szabályai alapján a Referencia Nap azt a napot jelenti, amely két Munkanappal megelőzi az adott fizetési napot. Amennyiben a Kötvényekkel kapcsolatos bármely összeg kifizetése olyan napon válik esedékessé, amely nem tekinthető Munkanapnak, az adott Kötvénytulajdonos a következő Munkanapon válik a kifizetésre jogosulttá és e késedelemmel kapcsolatosan további kamat, késedelmi kamat vagy bármely egyéb fizetés igénylésére nem lesz jogosult. Munkanap olyan napot jelent, amelyen (i) Budapesten a kereskedelmi bankok nyitva tartanak és kifizetéseket teljesítenek; és (ii) a KELER pénzátutalásokat végez és értékpapírtranszfereket hajt végre.
Futamidőn belül van beváltás (törlesztés):	Igen
Beváltási (törlesztési) időpont(ok) és kapcsolódó tőkeértékek:	2028.12.06. 45 000 000,0000; 2029.12.06. 40 000 000,0000; 2030.12.06. 35 000 000,0000;
Beváltási (törlesztési) feltételek:	A Kibocsátó választása alapján bármikor jogosult az általa legalább 30, de legfeljebb 60 napon belül a Kötvénytulajdonosoknak megküldött előzetes értesítés alapján (mely értesítés visszavonhatatlan) a Kötvényeket teljes mértékben és nem részben visszaváltani, amennyiben: (i) a Kötvények vagy adott esetben a Garancia szerinti következő esedékes kifizetéskor a Kibocsátó vagy, a Garantőr által teljesítendő kifizetés esetében, a Garantőr vagy annak bermudai fióktelepe országa vagy ezen országok bármely politikai alegysége vagy adóhatósága által a Kibocsátás Napján vagy azt követően bevezetett jogszabály vagy szabályozás alapján vagy ezen jogszabályok, illetve szabályozás hivatalos értelmezésében vagy alkalmazásában bekövetkező bármilyen mértékű változás vagy módosulás eredményeképpen a Kibocsátó, illetve adott esetben a Garantőr a Kötvényekkel kapcsolatos kamatfizetések tekintetében (ideértve bármely forrásadó alkalmazását vagy a kamatfizetések számviteli levonhatóságát) ténylegesen vagy várhatóan hátrányos adókövetkezményeknek lenne kitéve; és (ii) a fenti hátrányos adókövetkezményt a Kibocsátó vagy adott esetben a Garantőr nem tudja a rendelkezésre álló észszerű intézkedésekkel elkerülni, feltéve, hogy a visszaváltásról szóló értesítést leghamarabb 90 nappal azelőtt az időpont előtt küldheti ki, amely időpontban a Kibocsátó vagy adott esetben a Garantőr ki lenne téve a hátrányos adókövetkezményeknek (ha a Kötvények tekintetében kifizetések válnának esedékessé). Minden, a fenti feltétel alapján visszaváltott Kötvény a Kötvényfeltételek 10.2 pontja szerinti Amortizált Névértéken, a visszaváltás napjáig (visszaváltás napját kivéve) esedékes és kifizetetlen kamatösszegekkel együtt kerül visszaváltásra.
Sorozathoz kapcsolódó átruházás megkötések leírása:	Sorozathoz kapcsolódó átruházási megkötések nincsenek.
A kötvény összegének visszafizetését és a kamat megfizetését biztosító kötelezettségvállalások:	A Kötvények a Garancia által garantált kötelezettségek. A Garancia eredeti példánya a jelen Okirat melléklete. Kibocsátó által az okiraton megjeleníteni kívánt további információk: Az alábbi események bármelyike Felmondási Eseményt alapoz meg a Kötvényfeltételek alapján: (i) a Kibocsátó a Kötvényekkel kapcsolatos bármely esedékes tőke vagy kamatfizetési kötelezettségét 30 (harminc) napon keresztül nem teljesíti; vagy (ii) a Garantőr a Garancia alapján fennálló bármely kötelezettsége teljesítését elmulasztja vagy nem megfelelően teljesíti, ha az ilyen mulasztást vagy kötelezettségszegést

90 (kilencven) napon keresztül nem kerül orvoslásra azt követően, hogy a forgalomban lévő Kötvények össznévértékének legalább 25 százalékával vagy annál nagyobb tőkeösszegű Kötvényekkel rendelkező Kötvénytulajdonosok írásban értesítették a Garantőrt, megjelölve az ilyen mulasztást vagy kötelezettségszegést és felszólítva a Garantőrt annak orvoslására, valamint megállapítva, hogy az a Kötvényfeltételek szerinti "Kötelezettségszegési Értesítésnek" minősül; vagy (iii) a Kibocsátó vagy a Garantőr a Kötvényfeltételek 7. pontja (Kötvények Jellemzői) vagy 8. pontja (Negatív Pledge) szerinti bármely kötelezettsége teljesítését elmulasztja vagy nem megfelelően teljesíti, ha az ilyen mulasztást vagy kötelezettségszegést 90 (kilencven) napon keresztül nem kerül orvoslásra azt követően, hogy a forgalomban lévő Kötvények össznévértékének legalább 25 százalékával vagy annál nagyobb tőkeösszegű Kötvényekkel rendelkező Kötvénytulajdonosok írásban értesítették a Kibocsátót vagy a Garantőrt, megjelölve az ilyen mulasztást vagy kötelezettségszegést és felszólítva a Kibocsátót vagy a Garantőrt annak orvoslására, valamint megállapítva, hogy az a Kötvényfeltételek szerinti "Kötelezettségszegési Értesítésnek" minősül; vagy (iv) a hatáskörrel rendelkező bíróság jogerős határozatában a Kibocsátóval szemben csőd- vagy felszámolási eljárás megindítását rendeli el, vagy a Kibocsátó a hatáskörrel rendelkező bíróság jogerős határozatában elrendelt fizetési moratóriumban részesül; vagy (v) a Garantőr ellen bármely jelenlegi vagy jövőbeli csőd-, fizetésképtelenségi vagy más hasonló jogszabály alapján hivatalból olyan eljárás indul, amelynek célja a Garantőr vagy vagyona bármely jelentős részének tekintetében vagyonfelügyelő, felszámoló, csődgondnok, vagyonkezelő vagy más hasonló tisztségviselő kinevezése, és az ilyen eljárás 60 (hatvan) napon nem kerül megszüntetésre vagy felfüggesztésre; vagy a jelenlegi vagy jövőbeli szövetségi fizetésképtelenségi jogszabályok alapján a Garantőrrel szemben végzést hoznak; vagy (vi) a Garantőr (a) eljárást indít bármely jelenlegi vagy jövőbeli csőd-, fizetésképtelenségi vagy más hasonló jogszabály alapján, vagy hozzájárul bármely ilyen jogszabály szerinti eljárásban a moratórium elrendelésére vonatkozó végzés meghozatalához, (b) hozzájárul a Garantőr vagy vagyonának teljes vagy jelentős része tekintetében vagyonfelügyelő, felszámoló, csődgondnok, vagyonkezelő vagy más hasonló tisztségviselő kijelöléséhez, vagy ahhoz, hogy teljes vagyonát vagy annak jelentős részét ilyen tisztségviselő birtokba vehesse, vagy (c) általános vagyonátruházást hajt végre a hitelezők javára; vagy

A kötvény kibocsátásának célja:	A Kötvények kibocsátásából befolyó bevételek a Kibocsátó általános társasági céljaira kerülnek felhasználásra.

4. Kibocsátó által az okiraton megjeleníteni kívánt további információk:

(vii) a Kibocsátó vagy a Garantőr kibocsátásával vagy kibocsátásaival kapcsolatban legalább 150.000.000 USD fennálló tőkeösszegű Releváns Adósságának (a fenti 8. feltételben (Negatív Pledge) meghatározottak szerint) tekintetében, függetlenül attól, hogy az ilyen Releváns Adósság jelenleg fennáll vagy a jövőben keletkezik, (a) egy olyan kötelezettségi esemény következik be, amely miatt a jogosult az ilyen adósságot annak eredeti lejárata előtt lejárttá és esedékessé nyilvánította, feltéve, hogy az ilyen adósságot a lejárttá és esedékessé tételtől számított 30 napon belül nem teljesítették vagy a lejárttá és esedékessé tételt nem vonták vissza, és/vagy (b) a végső (de nem bármelyik közbenső) lejáratkor történő tőkefizetést elmulasztják, feltéve, hogy az ilyen késedelmes fizetés nem történt meg, nem kerül elengedésre vagy meghosszabbításra a fizetési kötelezettség teljesítésének elmulasztásától számított 30 napon belül; és ezeket az eseteket nem vitatják megfelelően és jóhiszeműen; vagy (viii) a Kibocsátó vagy a Garanciavállaló 60 napon belül nem fizeti meg vagy más módon nem teljesíti a 150.000.000 USD összeget meghaladó, biztosítással nem fedezett ítéleteket vagy bírósági végzéseket, amelyeket nem függesztettek fel fellebbezés miatt vagy amelyeket egyébként nem vitatnak jóhiszeműen; vagy (ix) a Garantőr felszámolásával vagy jogutód nélküli megszüntetésével kapcsolatos terv elfogadása; vagy (x) az alábbi események bármelyikének bekövetkezése: (a) a Garantőr összes vagy lényegében az összes ingatlanának vagy eszközének
közvetlen vagy közvetett eladása, bérbeadása, átruházása vagy más módon történő elidegenítése (az egyesülés vagy konszolidáció kivételével), egy vagy több tranzakción keresztül, a Garantőr vagy annak bármely leányvállalatán kívüli más személyek részére; (b) bármely olyan tranzakció (ideértve különösen bármely egyesülést vagy konszolidációt) megvalósulása, amelynek eredményeként a Garantőrön vagy annak leányvállalatain kívüli más személy közvetlenül vagy közvetve a Garantőr szavazatainak több mint 50%-át ténylegesen megszerzi; vagy (c) a Garantőr konszolidációba kerül vagy egyesül bármely személlyel, vagy bármely személy konszolidációba lép vagy egyesül a Garantőrrel, egy olyan tranzakció

keretében, amelyben a Garantőr vagy az ilyen más személy szavazati jogot biztosító részvényei készpénzre, értékpapírra vagy más vagyontárgyra változnak vagy cserélnek, kivéve az olyan tranzakciókat, amelyek során a Garantőr az ilyen tranzakciót megelőzően forgalomban lévő szavazati jogot biztosító részvényei közvetlenül vagy közvetve a jogutód személy szavazati jogot biztosító részvényeinek többségét testesítik meg, vagy az ilyen ügylet hatálybalépését követően közvetlenül ilyen részvényekre váltják át vagy cserélik lényegében azonos arányban; feltéve mindegyik esetben, hogy a Kötvények elveszítik a Moody's Investors Service, Inc. vagy annak bármely jogutódja által megállapított Baa3 vagy annál jobb hitelminősítést és az S&P Global Ratings, az S&P Global, Inc. részlege vagy annak bármely jogutódja által megállapított BBB- vagy annál job hitelminősítést is 60 napon belül bármikor azt követően, amikor (x) a fenti (a)-(d) alpontokban említett események bármelyike bekövetkezett (a "Tulajdonosváltozás"), vagy (y) a Tulajdonosváltozásról vagy a Garantőr Tulajdonosváltozásra vonatkozó szándékáról szóló nyilvános közleményt tesznek közzé, attól függően, hogy ezen (x)-(y) alpontok közül melyik következett be előbb; vagy (x) a Garancia megszűnik a Garantőr jogszerű, érvényes és kötelező erejű és az abban foglaltaknak megfelelő végrehajtható kötelezettségének lenni vagy a Garantőr vitatja vagy tagadja a Garancia érvényességét. A Kötvényfeltételek szerint Felmondási Esemény bekövetkezése és fennállása esetén (i) a Kibocsátó a Kötvényfeltételek 14. pontjának (Értesítések) megfelelően köteles értesíteni a Kötvénytulajdonosokat, és (ii) bármely Kötvénytulajdonos a Kibocsátónak szóló, a Kibocsátó székhelyére a Kötvényfeltételek 14. pontjának (Értesítések) megfelelően eljuttatott és a Kibocsátó általi kézhezvétel napján hatályos értesítéssel lejárttá és esedékessé teheti a tulajdonában lévő Kötvényekből eredő fizetési kötelezettségeket a kézhezvétel napjának hatályával, kivéve, ha addig a napig minden Felmondási Esemény orvoslásra került. A Kibocsátó köteles a lejárttá és esedékessé tett Kötvények Amortizált Névértékét a visszafizetés napjáig felmerült, de meg nem fizetett kamatokkal és késedelmi kamatokkal együtt haladéktalanul, de legkésőbb 30 (harminc) Munkanapon belül megfizetni a Kötvénytulajdonos részére azon Kötvények tekintetében, amelyeknél a Kötvénytulajdonos személyét és tulajdonjogát a KELER vagy a vonatkozó értékpapír-számlavezető által kiállított dokumentummal Kibocsátó részére megfelelően igazolta. A 2021. november 25. napján kelt Információs Összeállításban foglalt Kötvényfeltételek a jelen Okirat melléklete és annak részét képezi.

Jelen Okirat nem minősül értékpapírnak.

Az Okirat kiállításának helye: Budapest

Az Okirat kiállításának napja: 2021.12.02.

....	....
Christian Pfister	Nagy László
Ügyvezető	Ügyvezető

Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság

Ezen dokumentum Kibocsátó cégszerű elektronikus aláírásával érvényes, ennek hiányában a nyomtatvány kinyomtatandó és cégszerűen aláírandó. A nyomtatvány papír alapú benyújtása esetén aláírási címpéldány vagy aláírás minta csatolása kötelező a nyomtatványt aláíró személy(ek)vonatkozásában.

ANNEX 3

PROVISIONS ON MEETINGS OF BONDHOLDERS

These provisions (the "**Meeting Rules**") shall apply to each meeting of the Bondholders (the "**Bondholders' Meeting**" or the "**Meeting**") convened in connection with the Bonds and shall form part of the Terms and Conditions and the Information Document.

The capitalised terms which are used but not defined in these Meeting Rules will have the meaning ascribed to them in the Information Document.

1. Convening of the Bondholders' Meeting

1.1. The Issuer or the Guarantor may at any time convene a Bondholders' Meeting. A Bondholders' Meeting shall be convened by the Issuer upon the written request of Bondholder(s) holding at least 5% (five per. cent.) of the number of the Bonds outstanding. The request to convene a Bondholders' Meeting to the Issuer shall be submitted in accordance with Condition 14 (Notices) along with a justification and a proposed agenda. The Issuer shall convene the Bondholders' Meeting for a day falling no later than 30 (thirty) days from the receipt by the Issuer of the request fulfilling the aforementioned requirements. The Bondholders' Meeting is convened by way of an announcement published through the website of the Issuer (http://www.flex.com/), and, in case of the announcements published following the registration of the Bonds on the XBond MTF, in the official information storage system operated by the NBH (www.kozzetetelek.hu) and on the BSE's website (http://www.bet.hu), at least 15 (fifteen) Business Days prior to the planned date of the Meeting, and indicating the date, time, place and proposed agenda of the Bondholders' Meeting. The announcement may also include other information necessary for the Bondholders to decide whether to participate in the Bondholders' Meeting.

1.2. If the Issuer fails to convene the Meeting within 7 (seven) Business Days from the receipt of the request of the Bondholder(s) holding at least 5% (five per. cent.) of the number of the Bonds outstanding, the same may be convened by the requesting Bondholder(s). In such case, the announcement shall be published on the website of the Bondholder(s) in the form and content and within the deadline set forth in Clause 1.1 above, and simultaneously shall be sent to all Bondholders, the Paying Agent, the Issuer and the Guarantor in accordance with Condition 14 (Notices).

1.3. The Bondholders' Meeting shall be held in Budapest. The venue for the Bondholders' Meeting in Budapest shall be defined in the announcement on the convening of the Bondholders' Meeting. The Bondholders' Meeting shall not start earlier than 11:00 a.m. (Budapest time) and later than 6:00 p.m. (Budapest time).

1.4. The right to participate in the Bondholders' Meeting (including any adjourned Bondholders' Meeting) shall vest with the Bondholder who presents a document issued by KELER or the relevant securities account keeping entity, as applicable, which document (the "**Ownership Certificate**") certifies at least the ownership title of the Bondholder to the Bonds with a record date no earlier than 2 (two) Business Days prior to the date of the relevant Bondholders' Meeting (the "**Record Date**"). The transfer of the Bonds after the Record Date does not affect the right of person(s) evidenced by the Ownership Certificate as the holder(s) of the Bonds to attend the Bondholders' Meeting and exercise the rights under these Meeting Rules.

1.5. Each Bondholder is entitled to request copies of documents regarding any matter on the agenda of that Bondholders' Meeting. Such copies should be provided to the Bondholder within 2 (two) Business Days from the receipt by the Issuer of the Bondholder's request thereon.

1.6. A person representing a Bondholder at the Bondholders' Meeting shall evidence its right of representation by providing the underlying documents in form qualifying at least private deed with full probative force (in Hungarian: "*teljes bizonyító erejű magánokirat*") in original or certified copy.

1.7. A Bondholder can be represented at a Bondholders' Meeting by a proxy, subject to Clause 1.5 of these Meeting Rules and based on an authorisation incorporated into a document with full probative force (in Hungarian: "*teljes bizonyító erejű magánokirat*"). Any Bondholder or any director, executive officer or other employee of a Bondholder may act as proxy for another Bondholder(s). A proxy shall for all purposes in connection with the relevant Meeting or the adjourned Meeting be deemed to be the holder of the relevant Bond(s).

1.8. A Bondholder's right to participate in the Bondholders' Meeting include in particular the right to: (i) participate in voting and (ii) take floor.

2. Attendance

2.1. The following may attend and speak at a Bondholders' Meeting:

(i) Bondholders, including their representatives and proxies;

(ii) the Chairman;

(iii) any director, executive officer or other employee of the Issuer or the Guarantor;

(iv) any representative and financial, legal and other professional advisor of the Issuer or the Guarantor; and

(v) any other person approved in writing by the Issuer or the Guarantor in advance.

2.2. Save for Clause 2.1 above, no other person shall be entitled to attend and speak nor shall any person be entitled to vote at any Bondholders' Meeting or join with others in requesting the convening of a Meeting.

3. Chairman

Any person (who may but need not be a Bondholder) nominated in writing by the Issuer or the Guarantor shall be entitled to take the chair at every Meeting but if no such nomination is made or if at any Meeting the person nominated shall not be present within 15 (fifteen) minutes after the time appointed for holding the Meeting, the Bondholders present shall choose one of the Bondholders to be chairman (the "**Chairman**") by a simple majority of 50% plus 1 (one) vote based on the number of the Bonds represented.

4. Holding a Bondholders' Meeting

4.1. A Bondholders' Meeting shall be opened by any managing director of the Issuer or a duly authorized representative of the Issuer.

4.2. Once the Bondholders' Meeting is opened, the Chairman shall be appointed in accordance with Clause 3 above.

4.3. An attendance list is drawn up immediately upon electing the Chairman. The attendance list shall include: (i) the identification details of the Bondholder(s), (ii) the information regarding the number of the Bonds held by the given Bondholder, (iii) the aggregate Nominal Face Value of the Bonds held by a Bondholder being present, (iv) the number of votes to which the given

Bondholder is entitled, and (v) type of representative (personal or by way of representative). If a Bondholder is represented by a proxy or other representative, the attendance list shall additionally include its role and identification data of such proxy or representative.

4.4. The attendance list shall be signed by the Chairman and at least 1 (one) Bondholder being present at the Bondholders' Meeting.

4.5. The attendance list shall be available for review during the Bondholders' Meeting.

4.6. Subject to Clause 5 below, once the agenda of the Bondholders' Meeting is presented, the Chairman shall open the discussion by giving the floor to the participants in the sequence in which they submitted their request. The participants may take floor only with regard to the matters included on the agenda which are the subject of the discussion at a given moment in time. Sequence of the agenda items may be amended by the Chairman subject to the consent of the participants of the Bondholders' Meeting. The representatives of the Issuer and the Guarantor may take the floor out of turn.

4.7. Each participant in a Bondholders' Meeting shall be entitled to submit questions regarding the matters included on the agenda.

4.8. A Bondholder shall have the right to request that certified copies of resolutions be released to such Bondholder by the Issuer at the Bondholder's expense.

5. Quorum and Adjournment

5.1. A Bondholders' Meeting shall form a quorum if attended by the Bondholders representing at least 20% (twenty per. cent.) of the number of Bonds outstanding for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any Meeting unless the requisite quorum is present at the commencement of business.

5.2. If within 15 (fifteen) minutes after the time appointed for any Meeting a quorum is not present, the Meeting shall, if convened upon the request of the Bondholders, be dissolved. In any other case, the Meeting shall be adjourned to the same day in the next week (or if such day is a public holiday, then the next succeeding Business Day) at the same time and place and at such adjourned Meeting one or more Bondholders are present (whatever the nominal amount of the Bonds so held or represented by them) shall form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the Meeting from which the adjournment took place had the requisite quorum been present. It shall not be necessary to give any notice of an adjourned meeting.

5.3. The Chairman may with the consent of (and shall if so directed by), in each case, taken by a simple majority of 50% plus 1 (one) vote based on the number of the Bonds represented, any Meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned Meeting except business which might lawfully (but for the lack of required quorum) have been transacted at the Meeting from which the adjournment took place.

5.4. Any poll demanded at any Meeting on the election of a Chairman or on any question of adjournment shall be taken at the Meeting without adjournment.

6. Voting

6.1. Each question submitted to a Bondholders' Meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the Chairman, the Issuer, the Guarantor or one or more Bondholders representing at least 5% (five per. cent.) of the number of Bonds outstanding.

6.2. Unless a poll is demanded, a declaration by the Chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

6.3. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the Chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

6.4. On a show of hands or a poll, each Bond entitles a Bondholder to 1 (one) vote at the Bondholders' Meeting including the adjourned Bondholders' Meeting. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

6.5. In case of equality of votes, the Chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which it may have.

7. Adopting Resolutions

7.1. The Bondholders' Meeting adopts resolution only on matters included in the agenda.

7.2. The Bondholders' Meeting shall have the following powers exercisable by adopting a resolution (subject to the provisions relating to the quorum) with a qualified majority of 75% (seventy-five per. cent.) of the votes based on the number of Bonds represented at the Bondholders' Meeting:

(i) power to amend the Terms and Conditions in accordance with Condition 16.4, including these Meeting Rules;

(ii) power to amend or consent to the transfer or assignment by the Guarantor of its rights and obligations under the Guarantee in accordance with Sections 2(d) and 15(b) of the Guarantee;

(iii) power to approve any compromise or arrangement proposed to be made between the Issuer and the Guarantor and the Bondholders or any of them;

(iv) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Bondholders against the Issuer and the Guarantor or against any of their respective property whether such rights shall arise under these Meeting Rules, the Bonds or otherwise;

(v) power to give any authority or to approve which under these Meeting Rules or the Bonds is required to be given by a resolution at a Bondholders' Meeting;

(vi) power to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholders could themselves exercise by a resolution at a Bondholders' Meeting; and

(vii) power to approve the substitution of any entity in place of the Issuer or the Guarantor (or any previous substitute) as the principal debtor or guarantor, as the case may be, in respect of the Bonds

provided that, in each case. such resolution shall be subject to the written consent of the Issuer and the Guarantor in accordance Clause 7.3 below.

7.3. Any resolution (i) passed at the Bondholders' Meeting duly convened and held, (ii) passed as a resolution in writing, or (iii) passed by way of electronic consents given by Bondholders, in each case in accordance with these Meeting Rules, shall be binding upon all the Bondholders whether present or not present at the Meeting and whether or not voting and each of them shall be bound to give effect thereto accordingly, provided that (for the avoidance of doubt) no such resolution shall be binding without the written consent of the Issuer and the Guarantor, and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Bondholders shall be published in accordance with Condition 14 (Notices) by the Issuer within 3 (three) Business Days, or earlier if so required by law, of such result being known provided that the non-publication of such notice shall not invalidate such resolution.

8. Minutes

Minutes of all resolutions and proceedings at every Meeting as aforesaid shall be made and duly entered in the books to be from time to time provided for that purpose by the Issuer and any such minutes signed by the Chairman at which such resolutions were passed or proceedings had shall be conclusive evidence of the matters therein contained. Until the contrary is proved, every Meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had there to have been duly passed or had.

9. Holding the Meeting through electronic means

9.1. The Issuer (or the Guarantor, as applicable) may decide at its sole discretion that, or if so requested by the Bondholders in their request referred to in Clause 1.1 of these Meeting Rules, the Meeting can be convened to be held by the use of electronic communication device(s). In such case the Issuer (or the Guarantor, as applicable) shall indicate the details for the applicable electronic communication device(s) and channel in the announcement referred to in Clause 1.1. of these Meeting Rules.

9.2. In case the Meeting is held by the use of electronic communication device(s), the provisions of these Meeting Rules shall apply *mutatis mutandis*.

9.3. The Bondholders' Meeting that is held by the use of electronic communication device(s) shall be recorded by the Chairman and shall be stored on the Issuer's (or the Guarantor's, as applicable) servers for, at least, 5 (five) years.

10. Decision making in writing without convening the Meeting

10.1. The Meeting may make decisions in writing by voting on proposed draft resolution(s) without convening the Bondholders' Meeting in case the Issuer (or the Guarantor, as applicable) so proposes or if so requested by the Bondholders in their request referred to in Clause 1.1 of these Meeting Rules. In such case, the Issuer shall indicate the proposed draft resolution(s), the appointed Chairman (who will manage the Bondholders' Meeting's decision making in writing), as well as the deadline for submitting the votes in the announcement referred to in Clause 1.1 of these Meeting Rules subject to Clause 10.3 below.

10.2. In case the Bondholders' Meeting is proposed to decide without convening the Meeting, the provisions of these Meeting Rules shall apply in a manner and to the extent those can reasonably be applicable in accordance with the rules laid down in this Clause 10 and if not set forth otherwise herein.

10.3. The Bondholders shall submit their votes on the proposed draft resolution(s) within the deadline set by the Issuer, which deadline shall be at least 15 (fifteen) Business Days following the date of the Issuer's announcement referred to in Clause 1.1 of these Meeting Rules.

10.4. The decision (adoption or rejection) on the proposed draft resolution(s) shall be deemed to be made if the Chairman receives the number of votes which would have been required for the quorum of the Bondholder's Meeting and, by such votes, the required majority under these Meeting Rules has been reached.

10.5. A vote is valid in case it unequivocally specifies the name, address/registered seat, name of representative of the Bondholder, the proposed draft resolution(s) the Bondholder votes on, the number of the proposed draft resolution(s), and the vote on the proposed draft resolution(s).

10.6. The Bondholders may send their votes (i) in writing via post or courier, or (ii) via e-mail and signed by the use of qualified electronic signature (in Hungarian: "*minősített elektronikus aláírás*") or advanced electronic signature (in Hungarian: "*minősített tanúsítványon alapuló fokozott biztonságú elektronikus aláírás*").

10.7. The Chairman declares and announces the results of the voting within 3 (three) Business Days following the deadline of the voting. The date of the Bondholders' resolution(s) will be the date of the deadline of the voting or, if it happens earlier, when the Chairman receives all votes from all Bondholders.

10.8. In case the Bondholders adopt the proposed draft resolution(s), the Issuer will publish a related declaration on its website within 3 (three) Business Days following the date of the Bondholders' resolution(s) as set forth in Clause 10.7 above.

ANNEX 4

DECLARATION IN CONNECTION WITH THE BOND FUNDING FOR GROWTH SCHEME

2. DECLARATION IN CONNECTION WITH THE BOND FUNDING FOR GROWTH SCHEME

HUF denominated, fixed interest rate, unsecured and dematerialised bonds named "FLEX 2031 HUF Bonds" (ISIN code: HU0000360979) in the amount of up to HUF 100,000,000,000 (the "Bonds") to be issued by Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság (registered seat: H-8660 Tab, Munkás u. 28.; company registration number: 14-09-300339) (the "Issuer") and irrevocably and unconditionally guaranteed by Flex Ltd. (acting through its Bermuda branch) (the "Guarantor")

Given that: (1) following the offering of the Bonds, an application will be made to the Budapest Stock Exchange (the "**BSE**") with respect to the registration and subsequent trading of the Bonds on the XBond multilateral trading facility operated by the BSE (the "**XBond MTF**"); and (2) the Bonds are issued within the framework of the Bond Funding for Growth Scheme (in Hungarian: "*Növekedési Kötvényprogram*") launched by the National Bank of Hungary (the "**NBH**"), the Issuer hereby makes the following statements and undertakings:

(a) The Issuer declares that the Issuer is neither directly nor indirectly under the dominant influence of the public sector and the Issuer does not qualify as a public undertaking in accordance with the definitions of the Terms and Conditions for the Bond Funding for Growth Scheme (in Hungarian: "*Tájékoztató a Növekedési Kötvényprogram Feltételeiről*") (the "**BGS Terms and Conditions**").

(b) The Issuer declares that

(i) the registered seat of the Issuer is in Hungary;

(ii) the Issuer has a balance sheet total of at least HUF 1 billion pursuant to the audited financial statements of the Issuer for the last two financial year;

(iii) the Issuer does not qualify as credit institution, financial undertaking, investment firm, fund manager of collective investment undertaking, or branch office thereof;

(iv) the Issuer does not have parent undertaking which would qualify as credit institution, financial undertaking, or branch office thereof, or any similar institution established in a third country;

(v) the Issuer is not a national resolution authority holding assets deriving from any resolution action;

(vi) the Issuer does not provide fiduciary asset management services;

(vii) the Issuer is not subject to any voluntary winding-up, liquidation or bankruptcy proceedings.

(c) The Issuer undertakes to issue the Bonds through the (MMTS1) auction trading platform operated by the BSE.

(d) The Issuer declares that (i) the Arranger has invited at least 10 (ten) investors together with NBH as defined in Section 8 (Rules of the Auction) of the Information Memorandum, and (ii) the Issuer has informed and informs such investors in due time and manner in order to ensure that the investors can make their investments decisions regarding the Bonds.

(e) The Issuer declares that the public offering of the Bonds complies with paragraphs (a) and (c) of Article 1(4) of the Prospectus Regulation.

(f) The Issuer undertakes to ensure that one investor may only acquire up to 50% of the aggregate principal amount of the Bonds in the course of the auction of the Bonds.

(g) The Issuer undertakes that the registration of the Bonds on the XBond MTF operated by the BSE will occur within 90 days following the completion of the offering of the Bonds and to maintain the registration of the Bonds on the XBond MTF operated by the BSE or to ensure the continuous registration of the Bonds in any other regulated market or multilateral trading facility operated by BSE until the maturity of the Bonds.

(h) Until all payment obligations under the Bonds are settled in full, the Issuer shall refrain from any transaction or any combination of transactions or transaction structure, that may individually or by way of its combined effect be capable of raising funds through the issue of the Bonds to a member of the group of which the Issuer is a member or to an owner of a company in such group or to a close relative of such owner. Upon request of the NBH, the Issuer shall provide ad hoc data reports to verify its compliance with the obligation in this sub-paragraph.

(i) The Issuer will ensure that at least one market maker will enter into a market making agreement with the BSE for making binding bids and offers on the trading venue from the first trading day on the XBond MTF until the maturity of the Bonds, subject to the following conditions:

(viii) the market maker shall place own-account bilateral offers/bids (simultaneous buying bids and selling offers) on each trading day for at least 15 minutes;

(ix) the face value of the offers/bids on both the buying and selling side is at least (A) the amount in HUF which is equivalent to EUR 100.000; or (B) for 1 (one) Bond; and

(x) the difference between yields related to the buy rate and sell rate, as calculated for the second trading day following the date when the relevant offer/bid was made, does not exceed 200 basis points.

(j) The Issuer undertakes to ensure that (i) the credit rating of the Bonds will be reviewed annually by at least one credit rating agency which is eligible under the Bond Funding for Growth Scheme; (ii) the Bonds will continue to be rated by at least one credit rating agency during the entire term of the Bonds; and (iii) the Issuer will cooperate with the respective credit rating agency (including the provision of any documents or information requested by the credit rating agency and necessary for the purposes of such credit rating). The Issuer directly informs the Bondholders whose contact details are available (for NBH: nkp@mnb.hu) about the annual review of the credit rating and its result. The Issuer acknowledges and accepts that:

(i) the NBH shall be authorised to make available to the public on the NBH's website either directly or indirectly (*e.g.*, by way of a link to the relevant website of the Issuer or the credit rating agency); and

(ii) the respective credit rating agency shall be authorised to make available on its website

the respective credit ratings, together with any annual revisions, any formal documents connected thereto, and the rating reports related to such credit ratings.

(k) The Information Memorandum contains all information, including information as to whether the Issuer is a public undertaking or under the dominant influence of the public sector which is relevant for the purposes of the assessment whether the purchase of the Bonds by the NBH complies with the requirements of the BGS Terms and Conditions and the prohibition of monetary financing. The Issuer shall be responsible for the accuracy and completeness of the above information as described in this Information Memorandum. By participating in the Bond Funding for Growth Scheme, the Issuer agrees to provide without any delay any further information in relation to this sub-paragraph upon the request of the NBH.

(l) In the event the Issuer will repurchase some, but not all of the Bonds prior to maturity, the Issuer undertakes to repurchase the Bonds from the NBH at least pro rata to the number of Bonds owned by the NBH on the date of such repurchase to the total number of the Bonds. In case of any such repurchase, the purchase price shall be determined on the basis of an agreement between the Issuer and the relevant Bondholder(s).

(m) The Issuer undertakes to use, and shall be liable for using, the proceeds from the issue of the Bonds for general corporate purposes or as described in the credit rating report issued by S&P.

(n) The Issuer undertakes to determine the lowest level of purchase price that can offered in the Auction.

(o) The Issuer undertakes to order the identification of the Bondholders from KELER immediately after the creation of the Bonds.

(p) The Issuer undertakes that following the placement of the auction purchase offers in the course of the Auction, it will not accept auction purchase offers for more Bonds than was offered for sale prior to the commencement of the Auction.

(q) The Issuer undertakes that the issue of the Bonds, the Issuer and the Bonds comply with the requirements of the BGS Terms and Conditions.

(r) The Issuer undertakes that, following the registration of the Bonds on the XBond MTF, it will publish annual and semi-annual reports pursuant to the Capital Markets Act and the ministerial decree on the detailed rules of disclosure obligations in relation to securities offered to the public and send all of such reports to those Bondholders whose contact details are available to the Issuer (in the case of NBH: nkp@mnb.hu) simultaneously with the publication of such reports.

The capitalised terms which are used but not defined in this declaration will have the meaning ascribed to them in the Information Memorandum.

Place and date: Budapest, 25 November 2021

Flextronics International Termelő és Szolgáltató Vámszabadterületi Korlátolt Felelősségű Társaság

Name: Christian Pfister	Name: László Nagy
Position: Managing Director	Position: Managing Director

ANNEX 5

FINANCIAL STATEMENT OF THE ISSUER

Flextronics International Kft.

Financial Statements

and

Independent Auditor's Report

March 31, 2021

Deloitte.

Deloitte Auditing and Consulting Ltd.
H-1068 Budapest,
Dózsa György út 84/C, Hungary
H-1438 Budapest,
P.O.Box 471, Hungary

Phone: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.hu

Registered by the Capital Court of Registration
Company Registration Number: 01-09-071057

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
A. FIXED ASSETS	**237,628,028**	**228,688,374**
I. Intangible assets	**83,520**	**350,905**
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	**94,915,262**	**96,770,733**
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	**142,629,247**	**131,566,736**
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. CURRENT ASSETS	**954,775,133**	**1,212,985,354**
I. Inventories	**193,770,057**	**174,183,027**
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	**758,119,113**	**1,036,165,131**
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	**0**	**0**
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	**2,885,963**	**2,637,196**
1. Cash on hand, cheques	5,983	5,165
2. Bank deposits	2,879,980	2,632,031
C. PREPAYMENTS	**37,238,275**	**34,559,275**
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
Managing director

Christian Küster
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
D.	**EQUITY**	**232,527,136**	**255,988,673**
	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
E.	**PROVISIONS**	**5,522,670**	**5,183,659**
	1. Provisions for expected liabilities	5,522,670	5,183,659
	2. Provisions for future expenses	0	0
	3. Other provisions	0	0
F.	**LIABILITIES**	**896,603,050**	**1,136,918,213**
	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	**100,468,211**	**1,696**
	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	**796,134,839**	**1,136,916,517**
	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
G.	**ACCRUALS**	**94,988,580**	**78,142,458**
	1. Prepaid income	17,507,664	28,375,228
	2. Accrued expenses	77,458,075	49,767,230
	3. Deferred income	22,841	0
	TOTAL LIABILITIES	**1,229,641,436**	**1,476,233,003**

Tab, 11 September 2021

Nagy László
Managing director

Christian Pfister
Managing director

The supplementary notes form an integral part of the financial statements.

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	2,647,779,335	2,352,868,966
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	160,162,685	128,980,967
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	19,940,309	15,345,832
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
A.	OPERATING PROFIT	**35,714,435**	**12,550,625**
	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	38,205,100	78,094,654
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	55,831,908	55,156,006
IX.	Expenditures of financial transactions	64,118,121	67,484,362
B.	PROFIT ON FINANCIAL TRANSACTIONS	**-24,492,641**	**11,745,238**
C.	PRE-TAX PROFIT	**11,221,794**	**24,295,863**
X.	Tax liability	0	834,326
D.	AFTER-TAX PROFIT	**11,221,794**	**23,461,537**

Tab, 11 September 2021

Nagy László	Christian Pfister
Managing director	Managing director

The supplementary notes form an integral part of the financial statements.

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 Vámszabadterületi 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.

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.

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

* 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

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:

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:

Description	Year	%
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.

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.

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:

	31 March 2020	31 March 2021
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
I.	**Cash flows from ordinary activities (lines 1-15)**	**16,994,611**	**133,368,987**
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
II.	**Cash flows from investing activities (lines 14-18)**	**-16,624,629**	**-22,968,891**
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
III.	**Cash flows from financing activities (lines 19-29)**	**-4,393,845**	**-110,648,863**
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
	Changes in cash and bank accounts (I.+II.+III.)	**-4,023,862**	**-248.767**
	Change in cash from balance sheet	**-4,023,862**	**-248.767**
	Opening balance	**6,909,825**	**2,885,963**
	Closing balance	**2,885,963**	**2,637,196**

Profitability indicators:

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

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
GROSS VALUE:			
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	610,862	0	610,862
Additions	348,265	0	348,265
Disposals	-300,158	0	-300,158
Reclassifications		0	0
Closing balance as of 31 March 2021	658,969	0	658,969
ACCUMULATED AMORTISATION:			
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	527,342	0	527,342
Additions	80,880	0	80,880
Disposals	-300,158	0	-300,158
Reclassifications	0	0	0
Closing balance as of 31 March 2021	308,064	0	308,064
NET VALUE as of 31 March 2020	83,520	0	83,520
NET VALUE as of 31 March 2021	350,905	0	350,905

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.

(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	47,249,146	117,398,907	24,057,898	9,209,561	197,915,512
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	48,424,598	121,767,620	23,634,753	11,059,410	204,886,381

(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	16,329,617	69,625,926	17,044,708	0	103,000,251
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	18,172,776	70,245,856	19,697,016	0	108,115,648
NET VALUE as of 31 March 2020	30,919,529	47,772,981	7,013,190	9,209,561	94,915,261
NET VALUE as of 31 March 2021	30,251,822	51,521,764	3,937,737	11,059,410	96,770,733

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.

6. LONG-TERM PARTICIPATIONS

	31 March 2020	31 March 2021
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

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

8. MATERIALS

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

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

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

CHANGE IN SELF-MANUFACTURED INVENTORIES

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

9. RECEIVABLES

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

	31 March 2020	31 March 2021
Trade receivables	**213,601,810**	**384,899,506**
Gross value	225,238,499	396,478,390
Impairment	11,636,689	11,578,884
Receivables from other Flextronics affiliates	**522,060,578**	**638,305,840**
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

	31 March 2020	31 March 2021
Other receivables	**22,456,725**	**12,959,785**
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
Total	**758,119,113**	**1,036,165,131**

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	11,578,882

10. BANK DEPOSITS

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

	31 March 2020	31 March 2021
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
Total	**2,879,979**	**2,632,031**

11. PREPAYMENTS

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

	31 March 2020	31 March 2021
Accrued income	**14,445,318**	**19,267,571**
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
Prepaid expenses	**22,792,957**	**15,291,704**
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
Deferred expenses*	**0**	**0**
Subsidy	0	0
Gas and electricity development contribution	0	0
Total	**37,238,275**	**34,559,275**

* 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.

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%
Total	**5,590,815**	**5,590,815**	100%	100%

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

* 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.

13. PROVISIONS

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

	31 March 2020	31 March 2021
Provisions for expected liabilities	**5,522,670**	**5,183,659**
- 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
Total	**5,522,670**	**5,183,659**

PROVISIONS MOVEMENT TABLE

Legal grounds	**31 March 2020**	**Charge**	**Release**	**31 March 2021**
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
Total	**5,522,670**	**5,183,659**	**5,522,670**	**5,183,659**

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

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.

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:

	31 March 2020	31 March 2021
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
Total	**212,496,614**	**585,176,489**

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 %.

17. OTHER SHORT-TERM LIABILITIES

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

	31 March 2020	31 March 2021
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
Total	**15,817,485**	**15,618,592**

18. ACCRUALS

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

	31 March 2020	31 March 2021
Prepaid income	**17,507,664**	**28,375,228**
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	-
Accrued expenses	**77,458,075**	**49,767,230**
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
Deferred income	**22,841**	**0**
Assets received without consideration	0	0
Deferral of subsidies*	22,841	0
Total	**94,988,580**	**78,142,458**

* 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:

	2020	2021
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
Total	**2,689,710,083**	**2,468,745,083**

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

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

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:

	2020	2021
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
Total	**2,647,779,332**	**2,352,868,966**

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

	2020	2021
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
Total	**2,647,779,332**	**2,352,868,966**

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.

21. OTHER INCOME

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

	2020	2021
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
Total	**38,735,875**	**21,936,330**

22. SERVICES USED

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

	2020	2021
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
Total	**209,194,142**	**166,116,626**

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	2020	2021
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
Total	**1,684,920,362**	**1,220,603,892**

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	2020	2021
NON-EU	631,756	7,280,301
EU	209,658,217	170,647,820
Total	**210,289,973**	**177,928,121**

23. OTHER SERVICES

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

	2020	2021
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	10,134	9,118
Total	**1,072,113**	**828,372**

24. OTHER EXPENDITURES

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

	2020	2021
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
Total	**36,830,810**	**26,166,685**

25. INCOME FROM FINANCIAL TRANSACTIONS

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

	2020	2021
Other received interest, interest-type income	**1,420,380**	**1,134,946**
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
Other income from financial transactions	**38,205,100**	**78,094,654**
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
Total	**39,625,480**	**79,229,600**

26. EXPENDITURE OF FINANCIAL TRANSACTIONS

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

	2020	2021
Interest payable and similar expenditure	**8,286,213**	**3,060,368**
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
Impairment of shares, securities, long-term loans given and bank deposits	0	**9,267,988**
Other expenditures of financial transactions	**55,831,908**	**55,156,006**
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
Total	**64,118,121**	**67,484,362**

* 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).

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:

	2020	2021
Direct	3,311	3,066
Indirect	2,893	2,837
Total	**6,204**	**5,903**

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

	Wage costs		Other payments to staff		Total	
	2020	2021	2020	2021	2020	2021
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
Total	**91,456,592**	**82,380,768**	**8,574,592**	**6,531,783**	**100,031,184**	**88,912,551**

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:

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

29. CORPORATE INCOME TAX

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

	2020	2021
Pre-tax profit	**11,221,794**	**24,295,863**
Deductibles	**54,824,068**	**51,518,978**
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
Additions	**28,931,091**	**36,493,399**
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
Tax base	**-14,671,183**	**9,270,284**
Tax 9%	**0**	**834,326**
Amount of sports subsidy	**0**	**0**
Amount of cultural subsidy	**0**	**0**
Tax payable	**0**	**834,326**

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)

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

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:

Transaction ID	Maturity	Currency	Balance
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.

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	Christian Pfister
Managing director	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.

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.

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.

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 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

ANNEX 6

ANNUAL REPORT OF THE GUARANTOR

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended March 31, 2021

Or

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

Commission file number 000-23354

FLEX LTD.

(Exact name of registrant as specified in its charter)

Singapore	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2 Changi South Lane,	
Singapore	**486123**
(Address of registrant's principal executive offices)	(Zip Code)

Registrant's telephone number, including area code
(65) 6876-9899
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, No Par Value	FLEX	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act—**NONE**

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

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

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

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

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

As of September 25, 2020, the aggregate market value of the Company's ordinary shares held by non-affiliates of the registrant was approximately $5.3 billion based upon the closing sale price as reported on the Nasdaq Global Select Market.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 14, 2021
Ordinary Shares, No Par Value	490,742,161

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts into Which Incorporated
Proxy Statement to be delivered to shareholders in connection with the Registrant's 2021 Annual General Meeting of Shareholders	Part III

TABLE OF CONTENTS

PART I

FORWARD-LOOKING STATEMENTS

Unless otherwise specifically stated, references in this report to "Flex," "the Company," "we," "us," "our" and similar terms mean Flex Ltd. and its subsidiaries.

Except for historical information contained herein, certain matters included in this annual report on Form 10-K are, or may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words "will," "may," "designed to," "believe," "should," "anticipate," "plan," "expect," "intend," "estimate" and similar expressions identify forward-looking statements, which speak only as of the date of this annual report. These forward-looking statements are contained principally under Item 1, "Business," and under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from the expectations expressed in the forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include those described in Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

ITEM 1. *BUSINESS*

OVERVIEW

Flex is the manufacturing partner of choice that helps a diverse customer base design and build products that improve the world. Through the collective strength of a global workforce across approximately 30 countries and responsible, sustainable operations, Flex delivers technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets.

In the first quarter of fiscal year 2021, Flex made certain changes in its organization structure as part of its strategy to further drive growth, efficiency and productivity with two focused and complementary delivery models, Flex Agility Solutions and Flex Reliability Solutions, Flex now reports its financial performance based on these two reportable segments:

- Flex Agility Solutions ("FAS"), which is comprised of the following end markets:
  - *Communications, Enterprise and Cloud ("CEC")*, including data infrastructure, edge infrastructure and communications infrastructure;
  - *Lifestyle*, including appliances, consumer packaging, floorcare, micro mobility and audio; and
  - *Consumer Devices*, including mobile and high velocity consumer devices.
- Flex Reliability Solutions ("FRS"), which is comprised of the following end markets:
  - *Automotive*, including autonomous, connectivity, electrification, and smart technologies;
  - *Health Solutions*, including medical devices, medical equipment and drug delivery; and
  - *Industrial*, including capital equipment, industrial devices, renewable including our Nextracker business, grid edge, and power systems.

The FAS segment is optimized for speed to market based on a highly flexible supply and manufacturing system. The FRS segment is optimized for longer product lifecycles requiring complex ramps with specialized production models and critical environments.

Our customers include many of the world's leading technology, healthcare, automotive, and industrial companies. We are focused on establishing long-term relationships with our customers and have been successful in expanding relationships to incorporate additional product lines and services.

In fiscal year 2021, our ten largest customers accounted for approximately 36% of net sales. No customer accounted for greater than 10% of the Company's net sales in fiscal year 2021.

Flex believes that growth in the contract manufacturing services industry will be largely driven by the need for OEMs to respond to rapidly changing industries, markets and technologies, as well as the increasing complexity of supply chains and the continued pressure to be innovative and cost competitive. Additionally, we believe there are significant opportunities for global manufacturing services providers to win additional business from OEMs in markets or industry segments that have yet to substantially outsource manufacturing. Finally, we believe the COVID-19 pandemic may drive further growth opportunities as it highlights numerous new vulnerabilities and challenges for OEMs, which will require OEMs from all markets and industries to evaluate their supply chain resiliency.

STRATEGY

Flex helps its customers responsibly design and build products that create value and improve people’s lives. We do this by providing our customers with product development lifecycle services, from innovation, design, and engineering, to manufacturing, supply chain solutions, logistics, and circularity offerings. Flex’s strategy is to continue investing in areas where we can differentiate and add value, whether through engineering and design services, product technologies or developing differentiated processes and business methods. We are strengthening our abilities in software, robotics, AI, factory automation, and other disruptive technologies. We select ethical partners and integrate the supply chain so that our customers can operate efficiently and responsibly. We are committed to investing in our employees and communities, which includes addressing critical environmental issues.

People. To maintain competitiveness and world-class capabilities, we focus on hiring and retaining the world's best talent. We have focused on attracting the best engineering, functional and operational leaders and have accelerated efforts to develop the future leaders of the Company.

Customer Focus. We believe that building strong partnerships with our customers and delivering on our commitments strengthens trust and customer retention. For Flex, customers come first, and we have a relentless focus on delivering distinctive products and services in a cost-effective manner with fast time to market. We are highly collaborative and leverage our global system and processes to operate with speed and responsiveness to provide customers a reliant and resilient supply chain and manufacturing technology solutions and services.

Markets. We focus on companies that are leaders in their industry and value our superior capabilities in design, manufacturing, and supply chain services. Flex focuses on high-growth industries and markets where we have distinctive competence and a compelling value proposition. Examples include investments in specific technologies and industries such as healthcare, automotive, industrial, and energy. Our market-focused approach to managing our business increases customers' competitiveness by leveraging our deep vertical industry and cross-industry expertise, as well as global scale, regional presence and agility to respond to changes in market dynamics.

Operations. We continue to invest in maintaining leadership position in our world-class manufacturing and services capabilities including automation, simulation tools, digitizing our factories and implementing leading edge Industry 4.0 methodologies. We leverage our broad set of capabilities globally to provide a competitive advantage by minimizing logistics, manufacturing costs, and cycle times while increasing flexibility and responsiveness.

SERVICE OFFERINGS

Flex provides design, manufacturing and supply chain services through a network of over 100 locations in approximately 30 countries across four continents. We have established global scale through an extensive network of innovation labs, design centers, and manufacturing and services sites in the world's major consumer and enterprise products markets (Asia, the Americas, and Europe) in order to serve the supply chain needs of both multinational and regional companies. Our services provide customers with a competitive advantage by delivering leading-edge manufacturing technology, supply chain expertise, improved product quality, increased flexibility, faster time to market, and overall value. Our customers leverage our services to meet their requirements throughout their products' entire life cycles.

We believe we have the broadest worldwide product development lifecycle capabilities in the industry, from concept design to manufacturing to aftermarket and end of life services. We believe our key competitive advantages are our people, processes, and capabilities for making products, systems and solutions for customers:

- *Time to market advantage*: Our sophisticated supply chain management tools and expertise allow us to provide customers with access to real-time information that increases visibility and reduces risk throughout the entire product lifecycle. Our experience with new product introductions and manufacturing ramps provides customers with a time to market advantage.

- *Broad range of services*: Our full range of services include innovation and design, engineering, manufacturing, forward and reverse logistics, and circular economy supply chain management. Our deep cross-industry knowledge and multi-domain expertise accelerate the production of increasingly complex products for increasingly interconnected industries.

- *Global scale*: Flex's physical infrastructure includes over 100 facilities in approximately 30 countries, staffed by approximately 160,000 employees, providing customers with truly global scale and strategic geographic distribution capabilities.

We offer global economies of scale in advanced materials and technology sourcing, manufacturing and after-market services, as well as market-focused expertise and capabilities in design and engineering. As a result of extensive experience in specific markets, we have developed a deep understanding of complex market dynamics, giving us the ability to anticipate trends that impact customers' businesses. Our expertise can help improve customers' market positioning by effectively adjusting product plans and roadmaps to efficiently and cost-effectively deliver high quality products that meet their geographic and time to market requirements.

Our services include all processes necessary to design, build, ship, and service a wide range of products for customers. These services include:

Design and Engineering Services.   In addition to innovation and design centers, the Company offers a comprehensive range of value-added design, engineering and systems integration services, tailored to specific industries and markets, the needs of customers, and cover a broad range of technical competencies:

- System architecture;
- User interface and industrial design;
- Cross-industry technologies;
- Hardware design;
- Software design; and
- Design for excellence.

Flex is exposed to different or greater potential liabilities from the various design services than those the Company typically face in its core assembly and manufacturing services. See "Risk Factors—*The success of certain of our activities depends on our ability to protect our intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against our customers or us could harm our business*."

Systems Assembly and Manufacturing.   Our systems assembly and manufacturing operations generate the majority of our revenues and includes printed circuit board assembly and assembly of systems and subsystems that incorporate printed circuit boards and complex electromechanical components. We assemble electronic products with custom electronic enclosures on either a build-to-order or configure-to-order basis. As customers seek to provide greater functionality in physically smaller products, they increasingly require more sophisticated manufacturing technologies and processes. Our investment in advanced manufacturing equipment and our expertise in innovative miniaturization, packaging and interconnect technologies, enables us to offer a variety of leading-edge manufacturing solutions. We support a wide range of product demand profiles, from low-volume, high-complexity programs, to high-volume production. Our systems assembly and manufacturing capabilities includes enclosures, testing services, and materials procurement and inventory management.

Power Modules.   We offer a full-service power supply business that provides a range of solutions from custom to highly scalable system solutions. We have expertise in high efficiency and high-density switching power supplies ranging from 1 to 3,000 watts. Our product portfolio includes chargers for smartphones and tablets, adapters for notebooks and gaming systems, and power supplies for the server, storage, and networking markets.

Logistics.   The Flex Global Services business provides after-market and forward supply chain logistics services. Our suite of services is tailored to customers operating in the computing, consumer digital, infrastructure, industrial, mobile, automotive and medical industries.

Reverse Logistics and Repair Services.   We offer a suite of integrated reverse logistics and repair solutions that use globally consistent processes, which help increase our customers' brand loyalty by improving turnaround times and raising end-customer satisfaction levels. Our reverse logistics and repair solutions include returns management, exchange programs, complex repair, asset recovery, recycling and e-waste management. We provide repair expertise to multiple product lines such as consumer and midrange products, printers, smart phones, consumer medical devices, notebook personal computers, set-top boxes, game consoles and highly complex infrastructure products.

COMPETITION

Flex's market is extremely competitive. We compete against numerous domestic and foreign manufacturing service providers, as well as current and prospective customers, who evaluate our capabilities in light of their own capabilities and cost structures.

In recent years, we have seen an increased level of diversification by many companies in the technology, automotive and healthcare industries along with the convergence of many industries being transformed by technology advances. Increasingly complex products require highly customized solutions, in turn resulting in significant changes to the overall manufacturing and supply chain landscape.

We believe the principal competitive factors in the contract manufacturing services market are quality and range of services; design and technological capabilities; cost; location of sites; and responsiveness and flexibility. We believe we are extremely competitive with regard to all of these factors.

COMPETITIVE STRENGTHS

We continuously enhance our business through the development and expansion of our product and service offerings. We strive to maintain the efficiency and flexibility of the organization, with repeatable execution that adapts to macro-economic changes to provide clear value to customers, while increasing their competitiveness. We have a focused strategy on delivering value to customers through manufacturing technology, a trusted supply chain, innovation and design services, and domain expertise.

Significant Scope and Global Scale. We believe our global scale and regional capability are a significant competitive advantage, as customers increasingly require a broad range of manufacturing and supply chain services and solutions globally. Increasingly, customers are exploring transitioning to regional based supply chains to take advantage of time to market and specific customization required to win in those markets. Our global expertise, footprint and diverse supply chain network provides customers the ability to quickly adjust to changing regional, trade and manufacturing dynamics.

Trusted Supply Chain. We offer one of the most trusted and resilient global supply chain through a combination of deep expertise, technology, collaboration and disciplined execution to help customers build and deliver products that improve the world.

Long-Standing Customer Relationships. We believe our long-term relationships with key customers are the result of our track record of meeting commitments and delivering value that increases customers' competitiveness.

Extensive Design and Engineering Capabilities. We have an industry-leading global design service offering, with extensive product design engineering resources that provides design services, product development, and solutions to satisfy a wide array of customer requirements across all of the key industries and markets in which we do business.

Geographic, Customer and End Market Diversification. We believe we are operating one of the most well-balanced and diversified portfolios from a product, geographical and customer diversification perspective. No customer accounts for more than 10% of our annual revenue and the ten largest accounted for 36% of the Company's net sales in fiscal year 2021. We believe we are well-positioned to grow faster than the industry average.

Customer and Product Innovation Hubs. We have established state-of-the art innovation hubs in the Americas, Asia and Europe, with differentiated offerings and specialized services for specific industries and markets. These innovation hubs offer customers geographically focused centers of design services, taking their product from concept to volume production and go-to-market in a rapid, cost effective and low risk manner.

Industrial Parks; Cost-Efficient Manufacturing Services. We have developed self-contained industrial parks that co-locate manufacturing and logistics operations with our suppliers in various cost-efficient locations. These sites enhance supply chain management efficiency, while providing multi-technology solution value for customers.

We have deployed manufacturing operations in regions around the world to provide customers with a wide array of solutions where the customers and/or their customers are located. As of March 31, 2021, approximately 80% of the Company's manufacturing capacity was located in emerging markets, including Brazil, China, Hungary, India, Indonesia, Malaysia, Mexico, Poland, Romania, and Ukraine.

HUMAN CAPITAL MANAGEMENT

We believe that the performance of our Company is impacted by our human capital management, and as a result we consistently work to attract, select, develop, engage and retain strong, diverse talent. Our policies, philosophy and strategies support the inclusion of all people in our working environment. Further, we're committed to respecting the human rights of our employees and improving their quality of life.

In 2020, the Company introduced new vision, mission, purpose, and value statements in support of cultivating an inclusive, high-performing culture where employees are empowered and given opportunities to reach their full potential. We are committed to providing a positive and safe workplace for Flex employees, respecting their dignity, creating an inclusive environment, and ensuring access to opportunity. We recognize that we have an opportunity to promote and support a culture of inclusion and diversity, wellness, and health and safety among our employees.

Employees. As of March 31, 2021, our global workforce totaled approximately 167,201 employees including our contractor workforce. In certain international locations, our employees are represented by labor unions and by work councils.

Region:	**Number of Employees**
Asia	59,252
Americas	76,503
Europe	31,446
Total	167,201

Well-being, Health, and Safety. Flex is committed to providing a safe and injury-free workplace. We provide programs and tools to improve physical, mental, financial, and social well-being, with increased focus during the COVID-19 pandemic. Our programs give access to a variety of innovative, flexible, and convenient health and wellness programs for our global employees, including on-site health centers in some of our major factories, which were increasingly critical this year for our essential workers who have worked on site since the start of the COVID-19 pandemic.

We promote a “zero-injury” culture through health and safety management systems, some of which are certified ISO 45001:2018, that implement a data-driven and risk-based approach in monitoring and reporting performance regularly. Some of the specific goals for which we measure our performance include increasing employee development, social and environmental management system audits, human rights policy training completion, Responsible Business Alliance ("RBA") compliance for rest day requirements, and decreasing safety incident rates.

In response to the COVID-19 pandemic, we deployed our contingency and resiliency plans that are encompassed in our business continuity programs. Our resiliency advisory and crisis management teams defined work streams and activated site teams with hundreds of employees, organizing across our global footprint, and coordinating and communicating with our suppliers and customers. Our leadership teams initiated enhanced health and safety measures across all facilities, as our foremost focus has been the health and safety of our employees. For those employees who could work from home, we provided them with the tools and support to do so. This allowed us to focus resources and additional investment on our manufacturing facilities. We modified practices at our manufacturing locations and offices to require personal protective equipment, sanitization measures, temperature checks, and social distancing. Our protocols to protect employees and safely operate our facilities have been in partnership with several governments, including those in China, Mexico, Malaysia, Brazil, and Europe. These measures enabled us to continue to conduct operations throughout the pandemic and have been recognized by several governments as a role model for employee safety.

Inclusion and Diversity. Inclusion and diversity are key priorities and strengths at Flex and are embedded in the fabric of our culture. Our commitment to diversity is exemplified by the composition of our Board of which three of eleven directors are female and six of eleven directors are ethnically diverse.

In 2020, we continued our progress on improving inclusion and diversity through employee programs. We launched or re-launched our employee resources groups (ERGs) which work to create a community that fosters freedom of self, build cultural awareness and develop a new generation of diverse leaders at Flex by establishing a sustainable structure with executive support that challenges bias and promotes unity. The Company maintains ERG chapters worldwide across five categories: Black, LatinX, Disabilities, Women and Veterans. These groups help to create a sense of belonging and support retention and attraction. Each ERG has an executive sponsor and is supported by senior leaders across the Company. The Company also held cultural awareness activities throughout the year to highlight specific groups including People with disabilities, Black History Month, LatinX Heritage Month, and Women’s History Month.

Additionally, we launched our cross-functional Global Inclusion Counsel, led by our CEO, of 12 members that represent diverse viewpoints. In partnership with McKinsey, we offered leadership development opportunities through their Management Accelerator and Executive Leadership Program to 56 Black employees. We also enhanced SheLeads, our leadership development program for women employees, and implemented a new unconscious bias training for all people managers to, among other things, provide tools to help managers lead more inclusively and improve diversity in recruiting. Furthermore, we leveraged external community partnerships with organizations such as the Business Roundtable, The Valuable 500, and INROADS to amplify our impact in recruiting and retaining diverse talent.

Our commitment to diversity starts at the top with our highly skilled and diverse Board of Directors and female CEO. Our board of directors includes three female directors (representing approximately 27% of directors) and six underrepresented minority directors (representing approximately 54% of directors).

As of March 31, 2021, women represent 44% of our global employees, and underrepresented minorities (those who identify as Black/African American, Hispanic/Latinx, Native American, Pacific Islander and/or two or more races) represent 59% of our U.S. employees. Approximately 17% of our executive team and approximately 21% percent of our leadership team (director level and above) are female. Approximately 11% of our executive team and approximately 33% percent of our U.S. leadership team (director level and above) are comprised of underrepresented minorities.

We established corporate goals to increase the number of employees and leaders from underrepresented groups and will continue to evolve these over time to improve representation. In developing these goals, we focused on hiring, retaining and promoting diversity across the organization. Additionally, we remain committed to parity in pay and opportunity in the U.S. by 2022.

Talent Attraction, Development, and Retention. Talent attraction, development, and retention are critical to our success and core to our mission as a company. To support the advancement of our employees, we provide training and development programs and opportunities encouraging advancement from within as well as continue to fill our team with strong and experienced external talent. We leverage both formal and informal programs, including in-person (as health and safety allows), virtual, social and self-directed learning, mentoring, coaching, and external development to identify, foster, and retain top talent. Employees have access to courses through our learning and development platform, Flex Learn. In 2020, 31,996 of our employees completed 397,408 hours of training programs. Flex has undertaken initiatives to keep employees who are working from home engaged during COVID-19, including virtual learning programs and check-in sessions.

We are also focused on completing talent and performance reviews. Our in-depth talent reviews serve to identify high potential talent to advance in roles with greater responsibility, assess learning and development needs, and establish and refresh succession plans for critical leadership roles across the enterprise. Our performance review process promotes transparent communication of team member performance, which we believe is a key factor in our success. The performance and the talent reviews enable ongoing assessments, reviews, and mentoring to identify career development and learning opportunities for our employees.

As a part of our efforts to improve employee experiences at Flex, we conduct the annual enterprise-wide employee engagement Flex Voice survey. Our leadership uses the results of the survey to continue developing our strengths and measure opportunities for improvement. This year 94% of employees completed the Flex Voice survey and the results reflected increased enthusiasm and engagement.

Compensation and Benefits. Our total rewards are designed to attract, motivate and retain employees. Our compensation philosophy is driven by the desire to attract and retain top talent, while ensuring that compensation aligns with our corporate financial objectives and the long-term interests of our shareholders. Our pay structures offer competitive salaries, bonuses and equity awards in the countries where we operate.

In each of the countries where we have operations, our comprehensive benefit plans offer a locally competitive mix of some or all of the following: medical, dental and vision insurance, short and long-term disability, flexible spending accounts, various types of voluntary coverage, and other benefit programs. We routinely benchmark our salaries and benefits against market peers to ensure our total rewards package remains competitive.

Board Oversight of Human Capital Management. The Compensation and People Committee of our Board of Directors is responsible for assisting the Board in oversight of our human capital management, including among other aspects, receiving periodic updates (not less than twice annually) regarding, and overseeing any significant change to, our human capital management strategy including corporate culture, inclusion, pay and opportunity equity, diversity, social initiatives and results, and talent, training, development, and retention programs.

Additional Human Capital Management Information. Additional information regarding human capital management will be included in our proxy statement filed in connection with our 2021 Annual General Meeting and our upcoming sustainability report. The information in the proxy statement and the sustainability report is not a part of this Annual Report on Form 10-K and is not incorporated by reference.

SUSTAINABILITY

At Flex, our sustainability journey began in 2002 with the creation of the Flex Foundation. For nearly 20 years, sustainability has been integrated into the fabric of our company, a key area of differentiation for Flex. Our focus has been to reduce our environmental impact, ensure the safety and well-being of our workforce, and commit to external reporting transparency on our progress.

Our strategy and global efforts, through our sustainability programs and multi-year objectives, are aligned with the principles set forth in the 2030 Sustainable Development Goals ("SDGs"). For the last two years, we were named an Advanced member of the United Nations Global Compact ("UNGC"), the world's largest corporate sustainability initiative, showcasing our commitment to integrate sustainability throughout our company and across our entire supply chain. We recently updated our sustainability strategy for 2030, including goals across the environmental, social, and governance pillars. Several goals of note include cutting operational emissions in half, providing access to mental health and well-being services to all employees, and maintaining top quartile performance for governance and transparency. The Flex Social and Environmental framework is based upon the principles, policies, and standards prescribed by the RBA, a worldwide association of electronics companies committed to promoting an industry code of conduct to improve working and environmental, health and safety conditions, as well as other relevant international standards (e.g., ISO 14001, United Nations Guiding Principles on Business and Human Rights).

During our calendar year 2020, we received several awards and accolades for our sustainability programs including the Manufacturing Leadership award for our sustainability efforts from the National Association of Manufacturers. In addition, we received Cisco’s annual supplier award for our sustainability performance for 2020. Sustainalytics named us #1 in the contract manufacturing sub-industry category and we were ranked in the top 50 out of approximately 13,000 companies overall.

Through the Flex Foundation, we work with nonprofits, community leaders and governments to promote inclusive and sustainable economic growth, employment, and decent work for all. We help protect the environment, support resource conservation and provide disaster relief. We accomplish this through grants, corporate and employee donations, and volunteerism. In response to the COVID-19 pandemic, the Flex Foundation made financial contributions to leading organizations, like the World Health Organization and Red Cross to help support efforts in combating COVID-19 in the countries in which we operate. The company also donated masks to local communities, front-line workers, as well as to Flex employees and their families.

Flex is committed to transparency in sustainability reporting. The company has adhered to the Global Reporting Initiative since 2013 and has published an annual sustainability report each year since 2016. In 2020, we improved our ratings receiving an A for water from CDP and an A- for climate change. The company also aligned its last sustainability report to the Sustainability Accounting Standards Board framework.

More detailed information can be found in the Flex annual sustainability report located at https://flex.com/company/our-sustainability. The information in the sustainability report and on our sustainability webpage is not a part of this Annual Report on Form 10-K and is not incorporated by reference.

ENVIRONMENTAL RISKS AND CLIMATE CHANGE

Our operations are subject to various federal, state, local and international environmental regulations, including laws governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. We have implemented processes and procedures to ensure that our operations comply with all applicable environmental regulations.

We also comply with an increasing number of product environmental compliance regulations focused upon the restriction of certain hazardous substances, including:

- Restrictions on Hazardous Substances ("RoHS") 2011/65/EU
- Waste Electrical and Electronic Equipment ("WEEE") 2012/19/EU directives
- The regulation EC 1907/2006 EU Directive REACH ("Registration, Evaluation, Authorization, and Restriction of Chemicals")
- China RoHS entitled, Management Methods for Controlling Pollution for Electronic Information Products ("EIPs")

We do not believe that costs of compliance with these environmental laws and regulations will have a material adverse effect on our capital expenditures, operating results, or competitive position. In addition, we are responsible for cleanup of contamination at some of our current and former manufacturing facilities and at some third-party sites. We engage environmental consulting firms to assist us in the evaluation of environmental liabilities associated with our ongoing operations, historical disposal activities, and closed sites in order to establish appropriate accruals in our financial statements. We determine the amount of our accruals for environmental matters by analyzing and estimating the probability of occurrence and the reasonable possibility of incurring costs in light of information currently available.

The imposition of more stringent standards or requirements under environmental laws or regulations, the results of future testing and analysis undertaken by us at our operating facilities, or a determination that we are potentially responsible for the release of hazardous substances at other sites could result in expenditures in excess of amounts currently estimated to be required for such matters. Additionally, we could be required to alter our operations in order to comply with any new standards or requirements under environmental laws or regulations. There can be no assurance that additional environmental matters will not arise in the future or that costs will not be incurred with respect to sites as to which no issue is currently known.

Similar legislation has been or may be enacted in other jurisdictions, including the United States. Our business requires close collaboration with our customers and suppliers to mitigate risks of non-compliance. We have developed rigorous compliance programs designed to meet the needs and specifications of our customers as well as the regulations. These programs vary from collecting compliance or material data from our Flex controlled or managed suppliers to full laboratory testing. We include compliance requirements in our standard supplier contracts. Non-compliance could result in significant costs and/or penalties.

RoHS and other similar legislation ban or restrict the use of lead, mercury and certain other specified substances in electronics products and WEEE requires EU importers and/or producers to assume responsibility for the collection, recycling and management of waste electronic products and components. In the case of WEEE, although the compliance responsibility rests primarily with the EU importers and/or producers rather than with EMS companies, OEMs may turn to EMS companies for assistance in meeting their WEEE obligations. Flex continues to monitor developments related to product environmental compliance and is working with our customers and other technical organizations to anticipate and minimize any impacts to our operations.

Refer to the discussion in "Risk Factors" for further details of the legal and regulatory initiatives related to climate change that could adversely affect our business, results of operations and financial condition.

INTELLECTUAL PROPERTY

We own or license various United States and foreign patents relating to a variety of technologies. For certain of our proprietary processes, inventions, and works of authorship, we rely on trade secret or copyright protection. We also maintain trademark rights (including registrations) for our corporate name and several other trademarks and service marks that we use in our business in the United States and other countries throughout the world. We have implemented appropriate policies and procedures (including both technological means and training programs for our employees) to identify and protect our intellectual property, as well as that of our customers and suppliers. As of March 31, 2021, and 2020, the carrying value of our intellectual property was not material.

Although we believe that our intellectual property assets and licenses are sufficient for the operation of our business as we currently conduct it, from time to time third parties assert patent infringement claims against us or our customers. In addition, we provide design and engineering services to our customers and also design and make our own products. As a consequence of these activities, our customers are sometimes requiring us to take responsibility for intellectual property to a greater extent than in our manufacturing and assembly businesses. If and when third parties make assertions regarding the ownership or right to use intellectual property, we could be required to either enter into licensing arrangements or to resolve the issue through litigation. Such license rights might not be available to us on commercially acceptable terms, if at all, and any such litigation might not be resolved in our favor. Additionally, litigation could be lengthy and costly and could materially harm our financial condition regardless of the outcome. We also could be required to incur substantial costs to redesign a product or re-perform design services. See "Risk Factors - *The success of certain of our activities depends on our ability to protect our intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against our customers or us could harm our business.*"

ADDITIONAL INFORMATION

Our Internet address is https://www.flex.com. We make available through our Internet website the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

We were incorporated in the Republic of Singapore in May 1990. Our principal corporate office is located at 2 Changi South Lane, Singapore 486123. Our U.S. corporate headquarters is located at 6201 America Center Drive, San Jose, CA 95002.

ITEM 1A. *RISK FACTORS*

Summary of Risk Factors

These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to:

- The COVID-19 pandemic has materially and adversely affected our business and results of operations. The duration and extent to which it will continue to adversely impact our business and results of operations remains uncertain and could be material.
- Weak global economic conditions, geopolitical uncertainty and instability in financial markets may adversely affect our business, results of operations, financial condition, and access to capital markets.
- We depend on industries that continually produce technologically advanced products with short product life cycles and our business would be adversely affected if our customers' products are not successful or if our customers lose market share.
- Our customers may cancel their orders, change production quantities or locations, or delay production, and our current and potential customers may decide to manufacture some or all of their products internally, which could harm our business.
- Our industry is extremely competitive; if we are not able to continue to provide competitive services, we may lose business.
- A significant percentage of our sales come from a small number of customers and a decline in sales to any of these customers could adversely affect our business.
- Our components business is dependent on our ability to quickly launch world-class component products, and our investment in the development of our component capabilities, together with the start-up and integration costs necessary to achieve quick launches of world-class component products, may adversely affect our margins and profitability.
- Our exposure to financially troubled customers or suppliers may adversely affect our financial results.
- We may be adversely affected by supply chain issues, including shortages of required electronic components.
- Our margins and profitability may be adversely affected due to substantial investments, start-up and production ramp costs in our design services.
- We conduct operations in a number of countries and are subject to the risks inherent in international operations.
- The success of certain of our activities depends on our ability to protect our intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against our customers or us could harm our business.
- We are subject to risks relating to litigation and regulatory investigations and proceedings, which may have a material adverse effect on our business.
- If we do not effectively manage changes in our operations, our business may be harmed; we have taken substantial restructuring charges in the past and we may need to take material restructuring charges in the future.
- A breach of our IT or physical security systems, or violation of data privacy laws, may cause us to incur significant legal and financial exposure.
- Our strategic relationships with major customers create risks.
- We may not meet regulatory quality standards applicable to our manufacturing and quality processes for medical devices, which could have an adverse effect on our business, financial condition or results of operations.
- If our products or components contain defects, demand for our services may decline and we may be exposed to product liability and product warranty liability.

Business and Operational Risks

The ongoing COVID-19 pandemic has materially and adversely affected our business and results of operations. The duration and extent to which it will continue to adversely impact our business and results of operations remains uncertain and could be material.

The ongoing COVID-19 pandemic has resulted in a widespread public health crisis and numerous disease control measures being taken to limit its spread, including travel bans and restrictions, quarantines, shelter-in-place orders, and shutdowns. These measures have materially impacted and are continuing to impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. We have significant operations worldwide, including in China, Mexico, the United States, Brazil, India, Malaysia and Europe, and each of these geographies has been affected by the outbreak and has taken measures to try to contain it. This has resulted in disruptions at many of our manufacturing operations and facilities, and further disruptions could occur in the future. Any such disruptions could materially adversely affect our business. Most recently, with the second wave of the pandemic, we have been experiencing plant closures and/or restrictions at certain manufacturing facilities in Brazil and Malaysia. In addition, India is experiencing a severe COVID-19 resurgence, which has resulted in renewed disease control measures being taken to limit its spread including movement bans and shelter-in-place orders. We have a workforce and operations in India and are closely monitoring the situation. The impact of the pandemic on our business has included and could in the future include:

- disruptions to or restrictions on our ability to ensure the continuous provision of our manufacturing services and solutions;
- temporary closures or reductions in operational capacity of our manufacturing facilities;
- temporary closures of our direct and indirect suppliers, resulting in adverse effects to our supply chain, and other supply chain disruptions, which adversely affect our ability to procure sufficient inventory to support customer orders;
- temporary shortages of skilled employees available to staff manufacturing facilities due to shelter-in-place orders and travel restrictions within as well as into and out of countries;
- restrictions or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls or closures;
- increases in operational expenses and other costs related to requirements implemented to mitigate the impact of the pandemic;
- delays or limitations on the ability of our customers to perform or make timely payments;
- reductions in short- and long-term demand for our manufacturing services and solutions, or other disruptions in technology buying patterns;
- workforce disruptions due to illness, quarantines, governmental actions, other restrictions, and/or the social distancing measures we have taken to mitigate the impact of COVID-19 at our locations around the world in an effort to protect the health and well-being of our employees, customers, suppliers and of the communities in which we operate (including working from home, restricting the number of employees attending events or meetings in person, limiting the number of people in our buildings and factories at any one time, further restricting access to our facilities and suspending employee travel); and
- our management team continuing to commit significant time, attention and resources to monitoring the COVID-19 pandemic and seeking to mitigate its effects on our business and workforce.

The global spread of COVID-19 also has created significant macroeconomic uncertainty, volatility and disruption, which may continue to adversely affect our and our customers' and suppliers' liquidity, cost of capital and ability to access the capital markets. As a result, the continued spread of COVID-19 could cause further disruptions in our supply chain and customer demand, and could adversely affect the ability of our customers to perform, including in making timely payments to us, which could further adversely impact our business, financial condition and results of operations. The COVID-19 pandemic has, in the short-term, adversely impacted, and may, in the long-term, adversely impact the global economy, potentially leading to an economic downturn. Even after the COVID-19 pandemic has subsided, we may continue to experience adverse impacts to our business as a result of the pandemic's global economic impact, including any recession, economic downturn, government spending cuts, tightening of credit markets or increased unemployment that has occurred or may occur in the future, which could cause our customers and potential customers to postpone or reduce spending on our manufacturing services and solutions.

The extent to which the COVID-19 pandemic will continue to impact our business and financial results going forward will be dependent on future developments such as the length and severity of the crisis, the potential resurgence of COVID-19 in the future including variants of the virus, the availability and distribution of effective treatments and vaccines, and public health measures and actions taken throughout the world to contain COVID-19, and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. We cannot at this time quantify or forecast the business impact of COVID-19, and there can be no assurance that the COVID-19 pandemic will not have a material and adverse effect on our business, financial results and financial condition. In addition, the COVID-19 pandemic increases the likelihood and potential severity of other risks described in this “Risk Factors” section.

Our customers may cancel their orders, change production quantities or locations, or delay production, any of which could harm our business; the short-term nature of our customers’ commitments and rapid changes in demand may cause supply chain and other issues which adversely affect our operating results.

Cancellations, reductions, or delays by a significant customer or by a group of customers have harmed, and may in the future harm, our results of operations by reducing the volumes of products we manufacture and deliver for those customers, by causing a delay in the repayment of our expenditures for inventory in preparation for customer orders and/or an impairment loss for inventory, and by lowering our asset utilization and overhead absorption resulting in lower gross margins and earnings.

As a provider of design and manufacturing services and components for electronics, we must provide increasingly rapid product turnaround times for our customers. We generally do not obtain firm, long-term purchase commitments from our customers, and we often experience reduced lead times in customer orders which may be less than the lead time we require to procure necessary components and materials.

The short-term nature of our customers' commitments and the rapid changes in demand for their products reduces our ability to accurately estimate the future requirements of our customers. This makes it difficult to schedule production and maximize utilization of our manufacturing capacity. In that regard, we must make significant decisions, including determining the levels of business that we will seek and accept, setting production schedules, making component procurement commitments, and allocating personnel and other resources based on our estimates of our customers' requirements.

On occasion, customers require rapid increases in production or require that manufacturing of their products be transitioned from one facility to another to reduce costs or achieve other objectives. These demands may stress our resources, cause supply chain management issues, and reduce our margins. We may not have sufficient capacity at any given time to meet our customers' demands, and transfers from one facility to another can result in inefficiencies and costs due to excess capacity in one facility and corresponding capacity constraints at another. Many of our costs and operating expenses are relatively fixed, and thus customer order fluctuations, deferrals, and transfers of demand from one facility to another, as described above, have had a material adverse effect on our operating results in the past and we may experience such effects in the future.

A significant percentage of our sales come from a small number of customers and a decline in sales to any of these customers could adversely affect our business.

Sales to our ten largest customers represent a significant percentage of our net sales. Our ten largest customers accounted for approximately 36%, 39% and 43% of net sales in fiscal years 2021, 2020 and 2019, respectively. No customer accounted for more than 10% of net sales in fiscal year 2021, 2020 and 2019. Our principal customers have varied from year to year. These customers may experience dramatic declines in their market shares or competitive position, due to economic or other forces, that may cause them to reduce their purchases from us or, in some cases, result in the termination of their relationship with us. Significant reductions in sales to any of these customers, or the loss of major customers, would materially harm our business. If we are not able to timely replace expired, canceled or reduced contracts with new business, our revenues and profitability could be harmed. Additionally, mergers, acquisitions, consolidations or other significant transactions involving our key customers generally entail risks to our business. If a significant transaction involving any of our key customers results in the loss of or reduction in purchases by any of our largest customers, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be adversely affected by supply chain issues, including shortages of required electronic components.

From time to time, we have experienced shortages of some of the electronic components that we use. These shortages can result from strong demand for those components or from problems experienced by suppliers, such as shortages of raw materials. We have also experienced, and may continue to experience, such shortages due to the effects of the COVID-19 pandemic. Most recently, we have experienced shortages of semiconductor components which has impacted our end markets including Lifestyle. These unanticipated component shortages have resulted and could continue to result in curtailed production or delays in production, which may prevent us from making scheduled shipments to customers. Our inability to make scheduled shipments could cause us to experience a reduction in sales, increase in inventory levels and costs, and could adversely affect relationships with existing and prospective customers. Component shortages may also increase our cost of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages have adversely affected and, could in the future adversely affect, our operating results. Our customers also may experience component shortages which may adversely affect customer demand for our products and services.

Our supply chain has also been and may continue to be impacted by the COVID-19 pandemic, and may be impacted by other events outside our control, including macro-economic events, trade restrictions, political crises, other public health emergencies, or natural or environmental occurrences.

Our components business is dependent on our ability to quickly launch world-class component products, and our investment in the development of our component capabilities, together with start-up and integration costs, may adversely affect our margins and profitability.

Our components business, which includes power supply manufacturing, is part of our strategy to improve our competitive position and to grow our future margins, profitability and shareholder returns by expanding our capabilities. The success of our components business is dependent on our ability to design and introduce world-class components that have performance characteristics which are suitable for a broad market and that offer significant price and/or performance advantages over competitive products.

To create these world class components offerings, we must continue to make substantial investments in the development of our components capabilities, in resources such as research and development, technology licensing, test and tooling equipment, facility expansions, and personnel requirements. We may not be able to achieve or maintain market acceptance for any of our components offerings in any of our current or target markets. The success of our components business will also depend upon the level of market acceptance of our customers' end products, which incorporate our components, and over which we have no control.

Our margins and profitability may be adversely affected due to substantial investments, start-up and production ramp costs in our design services.

As part of our strategy to enhance our end-to-end service offerings, we continue to expand our design and engineering capabilities. Providing these services can expose us to different or greater potential risks than those we face when providing our manufacturing services.

Although we enter into contracts with our design services customers, we may design and develop products for these customers prior to receiving a purchase order or other firm commitment from them. We are required to make substantial investments in the resources necessary to design and develop these products, and no revenue may be generated from these efforts if our customers do not approve the designs in a timely manner or at all. In addition, we may make investments in designing products and not be able to design viable manufacturable products, in which cases we may not be able to recover our investments. Even if we are successful in designing manufacturable products and our customers accept our designs, if our customers do not then purchase anticipated levels of products, we may not realize any profits. Our design activities often require that we purchase inventory for initial production runs before we have a purchase commitment from a customer. Even after we have a contract with a customer with respect to a product, these contracts may allow the customer to delay or cancel deliveries and may not obligate the customer to any particular volume of purchases. These contracts can generally be terminated on short notice. In addition, some of the products we design and develop must satisfy safety and regulatory standards and some must receive government certifications. If we fail to obtain these approvals or certifications on a timely basis, we would be unable to sell these products, which would harm our sales, profitability and reputation.

Our design services offerings require significant investments in research and development, technology licensing, test and tooling equipment, patent applications, facility building and expansion, and recruitment. We may not be able to achieve a high enough level of sales for this business to be profitable. The costs of investing in the resources necessary to expand our design and engineering capabilities, and in particular to support our design services offerings, have historically adversely affected our profitability, and may continue to do so as we continue to make investments to grow these capabilities.

In addition, we often agree to certain product price limitations and cost reduction targets in connection with these services. Inflationary and other increases in the costs of the raw materials and labor required to produce the products have occurred and may recur from time to time. Also, the production ramps for these programs are typically significant and negatively impact our margin in early stages as the manufacturing volumes are lower and result in inefficiencies and unabsorbed manufacturing overhead costs. We may not be able to reduce costs, incorporate changes in costs into the selling prices of our products, or increase operating efficiencies as we ramp production of our products, which would adversely affect our margins and our results of operations.

If we do not effectively manage changes in our operations, our business may be harmed; we have taken substantial restructuring charges in the past and we may need to take material restructuring charges in the future.

The expansion of our business, as well as business contractions and other changes in our customers' requirements, including as a result of COVID-19, have in the past, and may in the future, require that we adjust our business and cost structures by incurring restructuring charges. Restructuring activities involve reductions in our workforce at some locations and closure of certain facilities. All of these changes have in the past placed, and may in the future place, considerable strain on our financial and management control systems and resources, including decision support, accounting management, information systems and facilities. If we do not properly manage our financial and management controls, reporting systems and procedures to manage our employees, our business could be harmed.

In recent years, including fiscal years 2021, 2020, and 2019, we initiated targeted restructuring activities focused on optimizing our portfolio, in particular customers and products in our consumer devices business, optimizing our cost structure in lower growth areas and, more importantly, streamlining certain corporate and segment functions. Restructuring charges are recorded based upon employee termination dates, site closure and consolidation plans generally in conjunction with an overall corporate initiative to drive cost reduction and realign the Company's global footprint.

We may be required to take additional charges in the future to align our operations and cost structures with global economic conditions, market demands, cost competitiveness, and our geographic footprint as it relates to our customers' production requirements and in response to the economic challenges in light of recent events with COVID-19. We may consolidate certain manufacturing facilities or transfer certain of our operations to lower cost geographies. If we are required to take additional restructuring charges in the future, our operating results, financial condition, and cash flows could be adversely impacted. Additionally, there are other potential risks associated with our restructurings that could adversely affect us, such as delays encountered with the finalization and implementation of the restructuring activities, work stoppages, and the failure to achieve targeted cost savings.

A breach of our IT or physical security systems, or violation of data privacy laws, may cause us to incur significant legal and financial exposure.

We are increasingly reliant on our information systems to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees, customers, and other business partners), and to manage or support a variety of critical business processes and activities. In particular, the COVID-19 pandemic has caused us to modify our business practices, including requiring many of our office-based employees to work from home. As a result, we are increasingly dependent upon our information systems to operate our business and our ability to effectively manage our business depends on the security, reliability and adequacy of our such information systems. We regularly face attempts by others to gain unauthorized access through the Internet or to introduce malicious software to our information systems. We are also a target of malicious attackers who attempt to gain access to our network or data centers or those of our customers or end users, steal proprietary information related to our business, products, employees, and customers; or interrupt our systems and services or those of our customers or others. We believe such attempts are increasing in number and in technical sophistication. In some instances, we, our customers, and the users of our products and services might be unaware of an incident or its magnitude and effects. We have implemented security systems with the intent of maintaining the physical security of our facilities and inventory and protecting our customers' and our suppliers' confidential information. In addition, while we seek to detect and investigate all unauthorized attempts and attacks against our network, products, and services, and to prevent their recurrence where practicable through changes to our internal processes and tools, we are subject to, and at times have suffered from, breach of these security systems which have in the past and may in the future result in unauthorized access to our facilities and/or unauthorized use or theft of the inventory or information we are trying to protect. If unauthorized parties gain physical access to our inventory or if they gain electronic access to our information systems or if such information or inventory is used in an unauthorized manner, misdirected, or lost or stolen during transmission or transport, any theft or misuse of such information or inventory could result in, among other things, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties including our customers and possible financial obligations for damages related to the theft or misuse of such information or inventory, any of which could have a material adverse effect on our profitability and cash flow.

In addition, data privacy laws and regulations, including the European Union General Data Protection Regulation ("GDPR") effective May 2018, pose increasingly complex compliance challenges, which may increase compliance costs, and any failure to comply with data privacy laws and regulations could result in significant penalties. Additionally, California recently enacted legislation, the California Consumer Privacy Act ("CCPA"), which became effective January 1, 2020 and was further amended by the California Privacy Rights Act, or CPRA, on November 3, 2020. The CCPA, among other requirements, require covered companies to provide new disclosures to California consumers, and allow such consumers new abilities to opt-out of certain sales of personal information. The CCPA was amended in September 2018, November 2019, and June 2020. It is unclear whether further modifications will be made to this law. Additionally, new privacy laws and regulations are under development at the U.S. Federal and state level and many international jurisdictions.

The effects of the GDPR, the CCPA and other data privacy laws and regulations may be significant, and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Any actual or perceived failures to comply with the GDPR, the CCPA or other data privacy laws or regulations, or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breach, and other significant costs, penalties, and other liabilities, as well as harm to our reputation and market position. The GDPR, CCPA and other laws and self-regulatory codes may affect our ability to reach current and prospective customers, to understand how our solutions and services are being used, to respond to customer requests allowed under the laws, and to implement our business strategy effectively. These new laws and regulations could similarly affect our customers.

Our strategic relationships with major customers create risks.

In the past, we have completed numerous strategic transactions with customers. Under these arrangements, we generally acquire inventory, equipment and other assets from the customers, and lease or acquire their manufacturing facilities, while simultaneously entering into multi-year manufacturing and supply agreements for the production of their products. We may pursue these customer divestiture transactions in the future. These arrangements entered into with divesting customers typically involve many risks, including the following:

- we may need to pay a purchase price to the divesting customers that exceeds the value we ultimately may realize from the future business of the customer;
- the integration of the acquired assets and facilities into our business may be time-consuming and costly, including the incurrence of restructuring charges;
- we, rather than the divesting customer, bear the risk of excess capacity at the facility;
- we may not achieve anticipated cost reductions and efficiencies at the facility;
- we may be unable to meet the expectations of the customer as to volume, product quality, timeliness and cost reductions;
- our supply agreements with the customers generally do not require any minimum volumes of purchase by the customers, and the actual volume of purchases may be less than anticipated; and
- if demand for the customers' products declines, the customer may reduce its volume of purchases, and we may not be able to sufficiently reduce the expenses of operating the facility or use the facility to provide services to other customers.

As a result of these and other risks, we have been, and in the future may be, unable to achieve anticipated levels of profitability under these arrangements. In addition, these strategic arrangements have not, and in the future may not, result in any material revenues or contribute positively to our earnings per share.

We may encounter difficulties with acquisitions and divestitures, which could harm our business.

We have completed numerous acquisitions of businesses and we may acquire additional businesses in the future. Any future acquisitions may require additional equity financing, which could be dilutive to our existing shareholders, or additional debt financing, which could increase our leverage and potentially affect our credit ratings. Any downgrades in our credit ratings associated with an acquisition could adversely affect our ability to borrow by resulting in more restrictive borrowing terms. As a result of the foregoing, we also may not be able to complete acquisitions or strategic customer transactions in the future to the same extent as in the past, or at all.

To integrate acquired businesses, we must implement our management information systems, operating systems and internal controls, and assimilate and manage the personnel of the acquired operations. The difficulties of this integration may be further complicated by geographic distances. The integration of acquired businesses may not be successful and could result in disruption to other parts of our business. In addition, the integration of acquired businesses may require that we incur significant restructuring charges.

In addition, acquisitions involve numerous risks and challenges, including:

- diversion of management's attention from the normal operation of our business;
- potential loss of key employees and customers of the acquired companies;
- difficulties managing and integrating operations in geographically dispersed locations;
- the potential for deficiencies in internal controls at acquired companies;
- increases in our expenses and working capital requirements, which reduce our return on invested capital;

- lack of experience operating in the geographic market or industry sector of the acquired business;
- cybersecurity and compliance related issues;
- initial dependence on unfamiliar supply chain or relatively small supply chain partners; and
- exposure to unanticipated liabilities of acquired companies.

In addition, divestitures involve significant risks, including without limitation, difficulty finding financially sufficient buyers or selling on acceptable terms in a timely manner, and the agreed-upon terms could be renegotiated due to changes in business or market conditions. Divestitures could adversely affect our profitability and, under certain circumstances, require us to record impairment charges or a loss as a result of the transaction. In addition, completing divestitures requires expenses and management attention and could leave us with certain continuing liabilities.

These and other factors have harmed, and in the future could harm, our ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition or divestiture, and could adversely affect our business and operating results.

We are pursuing alternatives for our Nextracker business, including a full or partial separation of the business, through an initial public offering of Nextracker or otherwise, which may not be consummated as or when planned or at all, and may not achieve the intended benefits.

We are pursuing alternatives for our Nextracker business, including a full or partial separation of the business, through an initial public offering of Nextracker or otherwise. The proposed separation of our Nextracker business may not be consummated as currently contemplated or at all, or may encounter unanticipated delays. If we are unable to consummate a transaction on favorable terms or at all, we may experience negative reactions from the financial markets and from our shareholders and employees. Planning a separation requires significant time, effort, and expense, may divert the attention of our management and employees from other aspects of our business operations and could adversely affect the business, financial condition, results of operations and cash flows of us and our Nextracker business. In addition, if we complete the proposed separation, there can be no assurance that we will be able to realize the intended benefits. Following a potential separation, the combined value of the two publicly-traded companies may not be equal to or greater than what the value of our ordinary shares would have been had the potential separation not occurred.

Our operating results may fluctuate significantly due to seasonal demand.

Two of our significant end markets are the lifestyle market and the consumer devices market. These markets exhibit particular strength generally in the two quarters leading up to the end of the calendar year in connection with the holiday season. As a result, we have historically experienced stronger revenues in our second and third fiscal quarters as compared to our other fiscal quarters. Economic or other factors leading to diminished orders in the end of the calendar year could harm our business.

We depend on our executive officers and skilled personnel.

Our success depends to a large extent upon the continued services of our executive officers and other key employees. Generally, our employees are not bound by employment or non-competition agreements, and we cannot assure you that we will retain our executive officers and other key employees. We could be seriously harmed by the loss of any of our executive officers or other key employees. In addition, in connection with expanding our design services offerings, we must attract and retain experienced design engineers. There is substantial competition in our industry for highly skilled employees. Additionally, hiring, training and retaining skilled employees may be adversely impacted by global economic uncertainty and office closures caused by COVID-19. Our failure to recruit and retain experienced design engineers, or if they are unable to work effectively or at all due to the COVID-19 pandemic, could limit the growth of our design services offerings, which could adversely affect our business. There also is the risk that we will be unable to achieve our diversity, equity and inclusion objectives and goals or meet the related requirements of our shareholders and other stakeholders.

Catastrophic events could have a material adverse effect on our operations and financial results.

Our operations or systems could be disrupted by natural disasters, terrorist activity, public health issues (including the COVID-19 pandemic), cyber security incidents, interruptions of service from utilities, transportation or telecommunications providers, or other catastrophic events. Such events could make it difficult or impossible to manufacture or deliver products to our customers, receive production materials from our suppliers, or perform critical functions, which could adversely affect our revenue and require significant recovery time and expenditures to resume operations. While we maintain business recovery plans that are intended to allow us to recover from natural disasters or other events that can be disruptive to our business, some of our systems are not fully redundant and we cannot be sure that our plans will fully protect us from all such disruptions.

We maintain a program of insurance coverage for a variety of property, casualty, and other risks. We place our insurance coverage with multiple carriers in numerous jurisdictions. However, one or more of our insurance providers may be unable or unwilling to pay a claim. The types and amounts of insurance we obtain vary depending on availability, cost, and decisions with respect to risk retention. The policies have deductibles and exclusions that result in us retaining a level of self-insurance. Losses not covered by insurance may be large, which could harm our results of operations and financial condition.

Our business could be adversely affected by any delays, or increased costs, resulting from issues that our common carriers are dealing with in transporting our materials, our products, or both.

Given the complexity of our supply chain and our geographically dispersed operations, we depend on a variety of common carriers to transport our materials from our suppliers to us, and to transport our products from us to our customers. Problems suffered by any of these common carriers, whether due to the COVID-19 pandemic, a natural disaster, labor problems, increased energy prices, criminal activity or some other issue, could result in shipping delays, increased costs, or other supply chain disruptions, and could therefore have a material adverse effect on our operations.

Industry Risks

We depend on industries that continually produce technologically advanced products with short product life cycles and our business would be adversely affected if our customers' products are not successful or if our customers lose market share.

We derive our revenue from customers in a number of end markets and factors affecting any of these industries in general or our customers in particular, could adversely impact us. These factors include:

- A negative impact of the COVID-19 pandemic on our customers or on the demand for our customers’ products;
- rapid changes in technology, evolving industry standards, and requirements for continuous improvement in products and services that result in short product life cycles;
- demand for our customers' products may be seasonal;
- our customers may fail to successfully market their products, and our customers' products may fail to gain widespread commercial acceptance; and
- our customers' products may have supply chain issues, including as a result of the COVID-19 pandemic
- our customers may experience dramatic market share shifts in demand which may cause them to lose market share or exit businesses.

Our industry is extremely competitive; if we are not able to continue to provide competitive services, we may lose business.

We compete with a number of different companies, depending on the type of service we provide or the location of our operations. For example, we compete with major global EMS providers, other smaller EMS companies that have a regional or product-specific focus and Original Design Manufacturer ("ODM") with respect to some of the services that we provide. We also compete with our current and prospective customers, who evaluate our capabilities in light of their own capabilities and cost structures. In the past, some of our customers moved a portion of their manufacturing from us in order to more fully utilize their excess internal manufacturing capacity. Any of these developments could cause a decline in our sales, loss of market acceptance of our products or services, decreases of our profits or loss of our market share. Our industry is extremely competitive, many of our competitors have achieved substantial market share, and some may have lower cost structures or greater design, manufacturing, financial or other resources than we do. We face particular competition from Asian-based competitors, including Taiwanese ODM suppliers who compete in a variety of our end markets and have a substantial share of global information technology hardware production. If we are unable to provide comparable manufacturing services and improved products at lower cost than the other companies in our market, our net sales could decline.

Financial Risks

Our goodwill and identifiable intangible assets could become impaired, which could reduce the value of our assets and reduce our net income in the year in which the write-off occurs.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. We also ascribe value to certain identifiable intangible assets, which consist primarily of customer relationships, developed technology and trade names, among others, as a result of acquisitions. We may incur impairment charges on goodwill or identifiable intangible assets if we determine that the fair values of goodwill or identifiable intangible assets are less than their current carrying values. We evaluate, on a regular basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of goodwill may no longer be recoverable, in which case an impairment charge to earnings would become necessary.

If the financial performance of our businesses were to decline significantly as a result of the COVID-19 pandemic, we could incur a material non-cash charge to our income statement for the impairment of goodwill and other intangible assets.

Refer to note 2 to the consolidated financial statements and "Critical Accounting Policies" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of the impairment testing of goodwill and identifiable intangible assets.

A decline in general economic conditions or global equity valuations could impact the judgments and assumptions about the fair value of our businesses and we could be required to record impairment charges on our goodwill or other identifiable intangible assets in the future, which could impact our consolidated balance sheet, as well as our consolidated statement of operations. If we are required to recognize an impairment charge in the future, the charge would not impact our consolidated cash flows, liquidity, capital resources, and covenants under our existing credit facilities, asset securitization program, and other outstanding borrowings.

Our debt level may create limitations.

As of March 31, 2021, our total debt was approximately $3.8 billion. This level of indebtedness could limit our flexibility as a result of debt service requirements and restrictive covenants, and may limit our ability to access additional capital or execute our business strategy.

Our exposure to financially troubled customers or suppliers may adversely affect our financial results.

We provide manufacturing services to companies and industries that have in the past, and may in the future, experience financial difficulty. If some of our customers experience financial difficulty, we could have difficulty recovering amounts owed to us by these customers, or demand for our products from these customers could decline. Additionally, if our suppliers experience financial difficulty, we could have difficulty sourcing supplies necessary to fulfill production requirements and meet scheduled shipments. If one or more of our customers were to become insolvent or otherwise were unable to pay for the services provided by us on a timely basis, or at all, our operating results and financial condition could be adversely affected. Such adverse effects could include one or more of the following: an increase in our provision for doubtful accounts, a charge for inventory write-offs, a reduction in revenue, and an increase in our working capital requirements due to higher inventory levels and increases in days our accounts receivables are outstanding. Any of these risks may be heightened by the effects of the COVID-19 pandemic.

On April 21, 2016, SunEdison, Inc. (together with certain of its subsidiaries, “SunEdison”) filed for protection under Chapter 11 of the U.S. Bankruptcy Code. During the fiscal year ended March 31, 2016, we recognized a bad debt reserve charge of $61.0 million associated with our outstanding SunEdison receivables and accepted return of previously shipped inventory of approximately $90.0 million. SunEdison stated in schedules filed with the Bankruptcy Court that, within the 90 days preceding SunEdison's bankruptcy filing, the Company received approximately $98.6 million of inventory and cash transfers of $69.2 million, which in aggregate represents the Company's estimate of the maximum reasonably possible contingent loss. On April 15, 2018, a subsidiary of the Company together with its subsidiaries and affiliates, entered into a tolling agreement with the trustee of the SunEdison Litigation Trust to toll any applicable statute of limitations or other time-related defense that might exist in regards to any potential claims that either party might be able to assert against the other for a period that will end at the earlier to occur of: (a) 60 days after a party provides written notice of termination; (b) six years from the effective date of April 15, 2018; or (c) such other date as the parties may agree in writing. No preference claims have been asserted against the Company and consideration has been given to the related contingencies based on the facts currently known. An unfavorable resolution of this matter could be material to our results of operations, financial condition, or cash flows

The market price of our ordinary shares is volatile.

The stock market in recent years has experienced significant price and volume fluctuations that have affected the market prices of companies, including technology companies. These fluctuations have often been unrelated to or disproportionately impacted by the operating performance of these companies. The market for our ordinary shares has been and may in the future be subject to similar volatility. Factors such as fluctuations in our operating results, announcements of technological innovations or events affecting other companies in the electronics industry, currency fluctuations, general market fluctuations, and macro-economic conditions may cause the market price of our ordinary shares to decline. Stock price fluctuations could impact the value of our equity compensation, which could affect our ability to recruit and retain employees.

Changes in our credit rating may make it more expensive for us to raise additional capital or to borrow additional funds. We are also exposed to interest rate fluctuations on our outstanding borrowings and investments.

Our credit is rated by credit rating agencies. Our 5.000% Notes due 2023, our 4.750% Notes due 2025, our 3.750% Notes due 2026, our 4.875% Notes due 2029 and our 4.875% Notes due 2030 are currently rated BBB- by Standard and Poor's

("S&P") which is considered to be “investment grade” by S&P, rated Baa3 by Moody’s which is considered to be “investment grade” by Moody's, and rated BBB- by Fitch which is considered to be "investment grade" by Fitch. Any decline in our credit rating may make it more expensive for us to raise additional capital in the future on terms that are acceptable to us, if at all, negatively impact the price of our ordinary shares, increase our interest payments under some of our existing debt agreements, and have other negative implications on our business, many of which are beyond our control. In addition, the interest rate payable on some of our credit facilities is subject to adjustment from time to time if our credit ratings change. Thus, any potential future negative change in our credit rating may increase the interest rate payable on these credit facilities.

In addition, we are exposed to interest rate risk under our variable rate terms loans, bilateral facilities and revolving credit facility for indebtedness we have incurred or may incur under such facilities. The interest rates under these borrowings are based on either (i) a margin over LIBOR or (ii) the base rate (the greatest of the agent's prime rate, the federal funds rate plus 0.50% and LIBOR for a one-month interest period plus 1.00%) plus an applicable margin, in each case depending on our credit rating. Refer to the discussion in note 8 to the consolidated financial statements, "Bank Borrowings and Long-Term Debt" for further details of our debt obligations. We are also exposed to interest rate risk on our invested cash balances, our securitization facilities and our factoring activities.

In addition, the U.K.’s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021, though the ICE Benchmark Administration, the administrator of LIBOR, announced that it would consider ceasing the publication of the one week and two-month U.S. dollar LIBOR settings at the end of 2021 and phase out the remaining U.S. dollar LIBOR settings by June 30, 2023. The transition from LIBOR to a new replacement benchmark is uncertain at this time and the consequences of such developments cannot be entirely predicted but could result in an increase in the cost of our borrowings on our variable rate debt, which could adversely impact our interest expense, results of operations and cash flows.

We are subject to risks associated with investments.

We invest in private funds and companies for strategic reasons and may not realize a return on our investments. We make investments in private funds and companies to further our strategic objectives, support key business initiatives, and develop business relationships with related portfolio companies. Many of the instruments in which we invest are non-marketable at the time of our initial investment. If any of the funds or companies in which we invest fail, we could lose all or part of our investment. From time-to-time we have identified observable price changes, or impairments in investments, and we have written down certain investments fair values and recognized a loss.

Changes in financial accounting standards or policies have affected, and in the future may affect, our reported financial condition or results of operations.

We prepare our financial statements in conformity with U.S. GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants (AICPA), the SEC and various bodies formed to interpret and create accounting policies. For example, significant changes to lease accounting rules have been enacted and applied to us in fiscal year 2020 per Accounting Standard Update ("ASU") 2016-02 "Leases." Changes to accounting rules or challenges to our interpretation or application of the rules by regulators may have a material adverse effect on our reported financial results or on the way we conduct business. Refer to "Recently Adopted Accounting Pronouncements" within note 2 of Item 8, Financial Statements and Supplementary Data.

International Risks

Weak global economic conditions, geopolitical uncertainty and instability in financial markets may adversely affect our business, results of operations, financial condition, and access to capital markets.

Our revenue and gross margin depend significantly on general economic conditions and the demand for products in the markets in which our customers compete. Adverse worldwide economic conditions and geopolitical uncertainty may create challenging conditions in the electronics industry, which has occurred and may continue to occur as a result of the COVID-19 pandemic.

Additionally, the withdrawal of the United Kingdom from the EU ("Brexit") may also adversely impact worldwide economic conditions. The political and economic effects of Brexit are still uncertain and will depend, in part, on the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, signed on December 30, 2020. Additionally, conditions may be adversely impacted by the actions that the U.S. or other countries have taken or may take with respect to certain treaty and trade relationships with other countries. The U.S. has thus far signaled a desire to reach a broad trade deal with a post-Brexit U.K. , but demands for concessions on issues like tariffs, non-tariff barriers, tax policies, and market access could present obstacles to achieving an agreement. Disagreements over similar issues, including market access, non-tariff barriers, and digital service taxes continue to raise the possibility of the U.S. imposing more tariffs on EU goods, even as the U.S. government signals a desire to reach a trade deal with the EU. The COVID-19 pandemic has served to further delay any potential progress on any U.S.-U.K. and U.S.-EU trade deal.

These conditions may result in reduced consumer and business confidence and spending in many countries, a tightening in the credit markets, a reduced level of liquidity in many financial markets, high volatility in credit, fixed income and equity markets, currency exchange rate fluctuations, and global economic uncertainty. In addition, longer term disruptions in the capital and credit markets could adversely affect our access to liquidity needed for our business. If financial institutions that have extended credit commitments to us are adversely affected by the conditions of the U.S. and international capital markets, they may become unable to fund borrowings under their credit commitments to us, which could have an adverse impact on our financial condition and our ability to borrow additional funds, if needed, for working capital, capital expenditures, acquisitions, research and development and other corporate purposes.

We conduct operations in a number of countries and are subject to the risks inherent in international operations.

The geographic distances between the Americas, Asia and Europe create a number of logistical and communications challenges for us. These challenges include managing operations across multiple time zones, directing the manufacture and delivery of products across long distances, coordinating procurement of components and raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the core management team, which is based in a number of different countries.

Facilities in several different locations may be involved at different stages of the production process of a single product, leading to additional logistical difficulties.

Because our manufacturing operations are located in a number of countries throughout the Americas, Asia and Europe, we are subject to risks of changes in economic, social and political conditions in those countries, including:

- fluctuations in the value of local currencies;
- labor unrest, difficulties in staffing and geographic labor shortages;
- longer payment cycles;
- cultural differences;
- increases in duties, tariffs, and taxation levied on our products including anti-dumping and countervailing duties;
- trade restrictions including limitations on imports or exports of components or assembled products, unilaterally or bilaterally;
- trade sanctions and related regulatory enforcement actions and other proceedings;
- potential trade wars;
- increased scrutiny by the media and other third parties of labor practices within our industry (including but not limited to working conditions) which may result in allegations of violations, more stringent and burdensome labor laws and regulations and inconsistency in the enforcement and interpretation of such laws and regulations, higher labor costs, and/or loss of revenues if our customers become dissatisfied with our labor practices and diminish or terminate their relationship with us;
- imposition of restrictions on currency conversion or the transfer of funds;
- expropriation of private enterprises;
- ineffective legal protection of our intellectual property rights in certain countries;
- natural disasters;
- exposure to infectious disease, epidemics and pandemics, including the effects of the COVID-19 pandemic, on our business operations in geographic locations impacted by the outbreak and on the business operations of our customers and suppliers;
- inability of international customers and suppliers to obtain financing resulting from tightening of credit in international financial markets;
- political unrest; and

- a potential reversal of current favorable policies encouraging foreign investment or foreign trade by our host countries.

We operate in a number of different countries and jurisdictions, and we cannot anticipate the potential impact that new or current restrictions in each of these countries or jurisdictions due to COVID-19 may have on our manufacturing operations and facilities, our supply chain, and our business more generally.

The attractiveness of our services to customers and our ability to conduct business with certain customers can be affected by changes in U.S. and other countries' trade policies. In 2018, the U.S. imposed tariffs on a large variety of products of Chinese origin. The U.S. government also, effective May 10, 2019, increased tariffs on $200 billion of Chinese goods to 25%. Further, on May 15, 2019, President Trump issued an executive order designed to secure the information and communications technology and services supply chain, which would restrict the acquisition or use in the United States of information and communications technology or services designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of foreign adversaries. The executive order is subject to implementation by the Secretary of Commerce and applies to contracts entered into prior to the effective date of the order. In addition, the U.S. Commerce Department has implemented additional restrictions and may implement further restrictions that would affect the conduct of business with certain Chinese companies. A “phase one” trade deal signed between the U.S. and China on January 15, 2020 accompanied a U.S. decision to cancel a plan to increase tariffs on an additional list of Chinese products and to reduce the tariffs imposed on May 13, 2019 from 15% to 7.5% effective February 14, 2020. At present, the majority of tariff exclusions granted have expired and many of the additional tariffs on Chinese origin goods remain, as do concerns over the stability of bilateral trade relations, particularly given the limited scope of the phase one agreement. In addition, the economic disruption caused by the COVID-19 pandemic could make it harder for China to meet its obligations under the deal and increases the potential for China to invoke the deal’s “disaster clause,” which could further challenge US-China bilateral trade relations. Depending upon their duration and implementation as well as our ability to mitigate their impact, these tariffs, the executive order and its implementation and other regulatory actions could materially affect our business, including in the form of increased cost of goods sold, decreased margins, increased pricing for customers, and reduced sales. In addition, the 2020 U.S. presidential election and subsequent transition in the administration has resulted in additional uncertainty regarding the future of U.S. trade relations. At this time, there is no assurance that a broader trade agreement will be successfully negotiated between the United States and China to reduce or eliminate the existing tariffs. Further, one of our former customers, Huawei Technologies Co., Ltd., and some of its affiliates have been added to the U.S. Department of Commerce’s Entity List, and were recently made subject to enhanced restrictions designed to prevent them from having access to foreign-produced items using U.S.-origin semiconductor technology and equipment; we could be subject to reputational harm based on its business activities, including activities with sanctioned countries. In addition, some countries in which we operate, such as Brazil, Hungary, India, Mexico, Malaysia and Poland, have experienced periods of slow or negative growth, high inflation, significant currency devaluations or limited availability of foreign exchange. Furthermore, in countries such as China, Brazil, India and Mexico, governmental authorities exercise significant influence over many aspects of the economy, and their actions could have a significant effect on us. We could be seriously harmed by inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts in countries in which we operate. In addition, we may encounter labor disruptions and rising labor costs, in particular within the lower-cost regions in which we operate. Any increase in labor costs that we are unable to recover in our pricing to our customers could adversely impact our operating results.

Operations in foreign countries also present risks associated with currency exchange and convertibility, inflation and repatriation of earnings. In some countries, economic and monetary conditions and other factors could affect our ability to convert our cash distributions to U.S. dollars or other freely convertible currencies, or to move funds from our accounts in these countries. Furthermore, the central bank of any of these countries may have the authority to suspend, restrict or otherwise impose conditions on foreign exchange transactions or to approve distributions to foreign investors.

Fluctuations in foreign currency exchange rates could increase our operating costs.

We have manufacturing operations and industrial parks that are located in various part of the world, including Asia, Eastern Europe, Mexico and Brazil. A portion of our purchases and our sale transactions are denominated in currencies other than the United States dollar. As a result, we are exposed to fluctuations in these currencies impacting our fixed cost overhead or our supply base relative to the currencies in which we conduct transactions.

Currency exchange rates fluctuate on a daily basis as a result of a number of factors, including changes in a country's political and economic policies. The primary impact of currency exchange fluctuations is on the cash, receivables, payables and expenses of our operating entities. As part of our currency hedging strategy, we use financial instruments such as forward exchange, swap contracts, and options to hedge our foreign currency exposure in order to reduce the short-term impact of foreign currency rate fluctuations on our operating results. If our hedging activities are not successful or if we change or reduce these hedging activities in the future, we may experience significant unexpected fluctuations in our operating results as a result of changes in exchange rates.

We are also exposed to risks related to the valuation of the Chinese currency relative to the U.S. dollar. The Chinese currency is the renminbi ("RMB"). A significant increase in the value of the RMB could adversely affect our financial results and cash flows by increasing both our manufacturing costs and the costs of our local supply base. Additionally, the recent COVID-19 pandemic could contribute to foreign currency volatility. Volatility in the functional and non-functional currencies of our entities and the United States dollar could seriously harm our business, operating results and financial condition.

Legal and Regulatory Risks

We are subject to risks relating to litigation and regulatory investigations and proceedings, which may have a material adverse effect on our business.

From time to time, we are involved in various claims, suits, investigations and legal proceedings. Additional legal claims or regulatory matters may arise in the future and could involve matters relating to commercial disputes, government regulatory and compliance, intellectual property, antitrust, tax, employment or shareholder issues, product liability claims and other issues on a global basis. If we receive an adverse judgment in any such matter, we could be required to pay substantial damages and cease certain practices or activities. Regardless of the merits of the claims, litigation and other proceedings may be both time-consuming and disruptive to our business. The defense and ultimate outcome of any lawsuits or other legal proceedings may result in higher operating expenses and a decrease in operating margin, which could have a material adverse effect on our business, financial condition, or results of operations.

On May 8, 2018, a putative class action was filed in the Northern District of California against the Company and certain officers alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, alleging misstatements and/or omissions in certain of the Company’s financial results, press releases and SEC filings made during the putative class period of January 26, 2017 through April 26, 2018. On October 1, 2018, the Court appointed lead plaintiff and lead plaintiff’s counsel in the case. On November 28, 2018, lead plaintiff filed an amended complaint alleging misstatements and/or omissions in certain of the Company’s SEC filings, press releases, earnings calls, and analyst and investor conferences and expanding the putative class period through October 25, 2018. On April 3, 2019, the Court vacated its prior order appointing lead plaintiff and lead plaintiff’s counsel and reopened the lead plaintiff appointment process. On September 26, 2019, the Court appointed a new lead plaintiff and lead plaintiff’s counsel in the case. On November 8, 2019, lead plaintiff filed a further amended complaint. On December 4, 2019, Defendants filed a motion to dismiss the amended complaint. On May 29, 2020, the Court granted defendants’ motion to dismiss without prejudice and gave lead plaintiff 30 days to amend. On June 29, 2020, lead plaintiff filed a further amended complaint. On July 27, 2020, defendants filed a motion to dismiss the amended complaint. On December 10, 2020, the Court granted defendants’ motion to dismiss with prejudice and entered judgment in favor of defendants. On January 7, 2021, lead plaintiff filed a notice of appeal to the Ninth Circuit Court of Appeals. Lead plaintiff’s opening appeal brief is due May 19, 2021, and defendants’ answering brief is due June 18, 2021. Any existing or future lawsuits could be time-consuming, result in significant expense and divert the attention and resources of our management and other key employees, as well as harm our reputation, business, financial condition or results of operations.

On February 14, 2019, we submitted an initial notification of voluntary disclosure to the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") regarding possible noncompliance with U.S. economic sanctions requirements among certain non-U.S. Flex-affiliated operations. On September 28, 2020, we made a submission to OFAC that completed the Company’s voluntary disclosure based on the results of an internal investigation regarding the matter. We intend to continue to cooperate fully with OFAC in this matter going forward. Nonetheless, it is reasonably possible that we could be subject to penalties that could have a material adverse effect on our financial position, results of operations or cash flows.

If our compliance policies are breached, we may incur significant legal and financial exposure.

We have implemented local and global compliance policies to ensure compliance with our legal obligations across our operations. A significant legal risk resulting from our international operations is compliance with the U.S. Foreign Corrupt Practices Act or similar local laws of the countries in which we do business, including the UK Anti-Bribery Act, which prohibits covered companies from making payments to foreign government officials to assist in obtaining or retaining business. Our Code of Business Conduct prohibits corrupt payments on a global basis and precludes us from offering or giving anything of value to a government official for the purpose of obtaining or retaining business, to win a business advantage or to improperly influence a decision regarding Flex. Nevertheless, there can be no assurance that all of our employees and agents will refrain from taking actions in violation of this and our related anti-corruption policies and procedures. Any such violation could have a material adverse effect on our business.

If our products or components contain defects, demand for our services may decline and we may be exposed to product liability and product warranty liability.

Defects in the products we manufacture or design, whether caused by a design, engineering, manufacturing or component failure or deficiencies in our manufacturing processes, could result in product or component failures, which may damage our business reputation and expose us to product liability or product warranty claims.

Product liability claims may include liability for personal injury or property damage. Product warranty claims may include liability to pay for the recall, repair or replacement of a product or component. Although we generally allocate liability for these claims in our contracts with our customers, increasingly we are unsuccessful in allocating such liability, and even where we have allocated liability to our customers, our customers may not have the resources to satisfy claims for costs or liabilities arising from a defective product or component for which they have assumed responsibility.

If we design, engineer or manufacture a product or component that is found to cause any personal injury or property damage or is otherwise found to be defective, we could spend a significant amount of money to resolve the claim. In addition, product liability and product recall insurance coverage are expensive and may not be available for some or all of our services offerings on acceptable terms, in sufficient amounts, or at all. A successful product liability or product warranty claim in excess of our insurance coverage or any material claim for which insurance coverage is denied, limited or is not available could have a material adverse effect on our business, results of operations and financial condition.

We are subject to the risk of increased income taxes.

We are subject to taxes in numerous jurisdictions. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory rates and changes in tax laws or their interpretation including changes related to tax holidays or tax incentives. The international tax environment continues to change as a result of both coordinated efforts by governments and unilateral measures designed by individual countries, both intended to tackle concerns over perceived international tax avoidance techniques, which could ultimately have an adverse effect on the taxation of international businesses. In addition, legislative changes may result from the Organization for Economic Co-operation and Development’s Base Erosion and Profit Shifting Project. Any such changes, if adopted, could adversely impact our effective tax rate and may have a material impact on our results of operations, cash flows and financial position.

Our taxes could also increase if certain tax holidays or incentives are not renewed upon expiration, or if tax rates applicable to us in such jurisdictions are otherwise increased. Our continued ability to qualify for specific tax holiday extensions will depend on, among other things, our anticipated investment and expansion in these countries and the manner in which the local governments interpret the requirements for modifications, extensions or new incentives.

In addition, the Company and its subsidiaries are regularly subject to tax return audits and examinations by various taxing jurisdictions around the world. In determining the adequacy of our provision for income taxes, we regularly assess the likelihood of adverse outcomes resulting from tax examinations. While it is often difficult to predict the final outcome or the timing of the resolution of a tax examination, we believe that our reserves for uncertain tax benefits reflect the outcome of tax positions that are more likely than not to occur. However, we cannot assure you that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax provision, operating results, financial position and cash flows in the period or periods for which that determination is made.

We may not meet regulatory quality standards applicable to our manufacturing and quality processes for medical devices, which could have an adverse effect on our business, financial condition or results of operations.

As a medical device manufacturer, we have additional compliance requirements. We are required to register with the U.S. Food and Drug Administration ("FDA") and are subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation ("QSR") requirements, which require manufacturers of medical devices to adhere to certain regulations, including testing, quality control and documentation procedures. Compliance with applicable regulatory requirements is subject to continual review and is rigorously monitored through periodic inspections and product field monitoring by the FDA. If any FDA inspection reveals noncompliance with QSR or other FDA regulations, and the Company does not address the observation adequately to the satisfaction of the FDA, the FDA may take action against us. FDA actions may include issuing a letter of inspectional observations, issuing a warning letter, imposing fines, bringing an action against the Company and its officers, requiring a recall of the products we manufactured for our customers, refusing requests for clearance or approval of new products or withdrawal of clearance or approval previously granted, issuing an import detention on products entering the U.S. from an offshore facility, or shutting down a manufacturing facility. If any of these actions were to occur, it would harm our reputation and cause our business to suffer.

In the European Union ("EU"), we are required to maintain certain standardized certifications in order to sell our products and must undergo periodic inspections to obtain and maintain these certifications. Continued noncompliance to the EU regulations could stop the flow of products into the EU from us or from our customers. In China, the Safe Food and Drug Administration controls and regulates the manufacture and commerce of healthcare products. We must comply with the regulatory laws applicable to medical device manufacturers, or our ability to manufacture products in China could be impacted. In Japan, the Pharmaceutical Affairs Laws regulate the manufacture and commerce of healthcare products. These regulations also require that subcontractors manufacturing products intended for sale in Japan register with authorities and submit to regulatory audits. Other Asian countries and Latin America where we operate have similar laws regarding the regulation of medical device manufacturing.

Our failure to comply with environmental laws could adversely affect our business.

We are subject to various federal, state, local and foreign environmental laws and regulations, including regulations governing the use, storage, discharge and disposal of hazardous substances used in our manufacturing processes. We are also subject to laws and regulations governing the recyclability of products, the materials that may be included in products, and our obligations to dispose of these products after end users have finished with them. Additionally, we may be exposed to liability to our customers relating to the materials that may be included in the components that we procure for our customers' products. Any violation or alleged violation by us of environmental laws could subject us to significant costs, fines or other penalties.

We are also required to comply with an increasing number of global and local product environmental compliance regulations focused on the restriction of certain hazardous substances. We are subject to the EU directives, including the Restrictions on RoHS, the WEEE as well as the EU's REACH regulation. In addition, new technical classifications of e-Waste being discussed in the Basel Convention technical working group could affect both our customers' abilities and obligations in electronics repair and refurbishment. Also of note is China's Management Methods for Controlling Pollution Caused by EIPs regulation, commonly referred to as "China RoHS", which restricts the importation into and production within China of electrical equipment containing certain hazardous materials. Similar legislation has been or may be enacted in other jurisdictions, including in the United States. RoHS and other similar legislation bans or restricts the use of lead, mercury and certain other specified substances in electronics products and WEEE requires EU importers and/or producers to assume responsibility for the collection, recycling and management of waste electronic products and components. We have developed rigorous risk mitigating compliance programs designed to meet the needs of our customers as well as applicable regulations. These programs may include collecting compliance data from our suppliers, full laboratory testing and public reporting of other environmental metrics such as carbon emissions, electronic waste and water, and we also require our supply chain to comply. Non-compliance could potentially result in significant costs and/or penalties. In the case of WEEE, the compliance responsibility rests primarily with the EU importers and/or producers rather than with EMS companies. However, customers may turn to EMS companies for assistance in meeting their obligations under WEEE.

In addition, we are responsible for the cleanup of contamination at some of our current and former manufacturing facilities and at some third party sites. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our current or former operating facilities indicate that we are responsible for the release of hazardous substances into the air, ground and/or water, we may be subject to additional liability. Additional environmental matters may arise in the future at sites where no problem is currently known or at sites that we may acquire in the future. Additionally, we could be required to alter our manufacturing and operations and incur substantial expense in order to comply with environmental regulations. Our failure to comply with environmental laws and regulations or adequately address contaminated sites could limit our ability to expand our facilities or could require us to incur significant expenses, which would harm our business.

Failure to comply with domestic or international employment and related laws could result in the payment of significant damages, which would reduce our net income.

We are subject to a variety of domestic and foreign employment laws, including those related to safety, wages and overtime, discrimination, whistle-blowing, classification of employees and severance payments. Enforcement activity relating to these laws, particularly outside of the United States, can increase as a result of increased media attention due to violations by other companies, changes in law, political and other factors. There can be no assurance that we won't be found to have violated such laws in the future, due to a more aggressive enforcement posture by governmental authorities or for any other reason. Any such violations could lead to the assessment of fines against us by federal, state or foreign regulatory authorities or damages payable to employees, which fines could be substantial and which would reduce our net income.

Our business could be impacted as a result of actions by activist shareholders or others.

We may be subject, from time to time, to legal and business challenges in the operation of our company due to actions instituted by activist shareholders or others. Responding to such actions could be costly and time-consuming, may not align with our business strategies and could divert the attention of our Board of Directors and senior management from the pursuit of our business strategies. Perceived uncertainties as to our future direction as a result of shareholder activism may lead to the perception of a change in the direction of the business or other instability and may make it more difficult to attract and retain qualified personnel and business partners and may affect our relationships with vendors, customers and other third parties.

Social and environmental responsibility policies and provisions may be difficult to comply with and may impose costs on us.

There is an increasing focus on Sustainability including the Environmental, Social and Governance (ESG) in our industry. A number of our customers have adopted, or may adopt, procurement policies that include social and environmental responsibility provisions that their suppliers should comply with, or they may seek to include such provisions in their procurement terms and conditions. In addition, an increasing number of investors have adopted, or may adopt, ESG policies with which they expect their portfolio companies to comply. We currently comply with the sustainability standards set forth by various voluntarily sustainability initiatives and organizations, and we have joined the U.N. Global Compact, a voluntary initiative for businesses to develop, implement and disclose sustainability policies and practices. These social and environmental responsibility and ESG practices, policies, provisions and initiatives are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with.

Climate change, and the legal and regulatory initiatives related to climate change, could adversely affect our business, results of operations and financial condition.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Changes in weather patterns and an increased frequency, intensity and duration of extreme weather conditions could, among other things, impair our production capabilities, disrupt the operation of our supply chain, and impact our customers and their demand for our services. As a result, the effects of climate change could have a long-term adverse impact on our business, results of operations and financial condition. In many of the countries in which we operate, governmental bodies are increasingly enacting legislation and regulations in response to the potential impacts of climate change. These laws and regulations have, and will continue to have, the potential to impact our operations directly or indirectly as a result of required compliance by us and our suppliers. In addition, we have committed to cut our operational emissions in half by 2030 as part of our long-term sustainability strategy and we may take additional voluntary steps to mitigate our impact on climate change. As a result, we may experience increases in energy, production, transportation and raw material costs, capital expenditures and insurance premiums and deductibles. Inconsistency of legislation and regulations among jurisdictions may also affect the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations or industry standards, as well as any international treaties and accords, is uncertain given the scope of potential regulatory change in the countries in which we operate. Given the political significance and uncertainty around the impact of climate change and how it should be addressed, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

The success of certain of our activities depends on our ability to protect our intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against our customers or us could harm our business.

We retain certain intellectual property rights to some of the technologies that we develop as part of our engineering, design, and manufacturing services and components offerings. The measures we have taken to prevent unauthorized use of our technology may not be successful. If we are unable to protect our intellectual property rights, this could reduce or eliminate the competitive advantages of our proprietary technology, which would harm our business.

Our engineering, design and manufacturing services and component offerings involve the creation and use of intellectual property rights, which subject us to the risk of claims of infringement or misuse of intellectual property from third parties and/or breach of our agreements with third parties, as well as claims arising from the allocation of intellectual property risk among us and our customers. From time to time, we enter into intellectual property licenses (e.g., patent licenses and software licenses) with third parties which obligate us to report covered behavior to the licensor and pay license fees to the licensor for certain activities or products, or that enable our use of third party technologies. We may also decline to enter into licenses for intellectual property that we do not think is useful for or used in our operations, or for which our customers or suppliers have licenses or have assumed responsibility.

Given the diverse and varied nature of our business and the location of our business around the world, certain activities we perform, such as providing assembly services in China and India, may fall outside the scope of those licenses or may not be subject to the applicable intellectual property rights. Our licensors may disagree and claim royalties are owed for such activities. In addition, the basis (e.g., base price) for any royalty amounts owed are audited by licensors and may be challenged. Our customers are increasingly requiring us to indemnify them against the risk of intellectual property-related claims and licensors are claiming that activities we perform are covered by licenses to which we are a party.

If any claims of infringement or misuse of intellectual property from third parties and/or breach of our agreements with third parties, as well as claims arising from the allocation of intellectual property risk among us and our customers, are brought against us or our customers, whether or not these have merit, we could be required to expend significant resources in defense of such claims. In the event of such a claim, we may be required to spend a significant amount of money to develop alternatives or obtain licenses or to resolve the issue through litigation. We may not be successful in developing such alternatives or obtaining such licenses on reasonable terms or at all, and any such litigation might not be resolved in our favor, in which cases we may be required to curtail certain of our services and offerings. Additionally, litigation could be lengthy and costly, and could materially harm our financial condition regardless of outcome.

We also face certain heightened risks to our intellectual property rights due to our extensive operations in foreign jurisdictions, including the risk of theft or misuse of our intellectual property rights in certain foreign jurisdictions. The laws of certain countries in which we operate may not protect intellectual property rights to the same extent as the laws of the United States, and the mechanisms to enforce intellectual property rights may be inadequate to protect our rights, which could harm our business.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

Our facilities consist of a global network of industrial parks, regional manufacturing operations, and design, engineering and product introduction centers, providing approximately 27 million square feet of productive capacity as of March 31, 2021. We do not identify or allocate assets by operating segment, as they are interchangeable in nature and used by multiple operating segments.

The composition of the square footage of our facilities, by region, is as follows:

	Leased (Manufacturing)	Owned (Manufacturing)	Total (Manufacturing)	Non-manufacturing	Total
			(in million square feet)		
Americas	4.1	6.1	10.2	8.2	18.4
Asia	6.2	5.8	12.0	6.9	18.9
Europe	1.9	2.8	4.7	5.4	10.1
Total	12.2	14.7	26.9	20.5	47.4

Our facilities include large industrial parks, ranging in size from approximately 100,000 to 4.4 million square feet in Brazil, China, India, and Mexico. We also have regional manufacturing operations, generally ranging in size from under 100,000 to approximately 2.7 million square feet in Austria, Brazil, Canada, China, Denmark, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Malaysia, Mexico, the Netherlands, Poland, Romania, Singapore, Spain, Switzerland, Ukraine and the United States. We also have smaller design and engineering centers, innovation centers and product introduction centers at a number of locations in the world's major industrial and electronics markets.

Our facilities are well maintained and suitable for the operations conducted. The productive capacity of our plants is adequate for current needs.

ITEM 3. *LEGAL PROCEEDINGS*

For a description of our material legal proceedings, see note 13 "Commitments and Contingencies" to the consolidated financial statements included under Item 8, which is incorporated herein by reference.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not applicable

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

MARKET AND SHAREHOLDER INFORMATION

Our ordinary shares are quoted on the Nasdaq Global Select Market under the symbol "FLEX."

As of May 14, 2021 there were 2,933 holders of record of our ordinary shares. This does not include persons whose stock is in nominee or "street name" accounts through brokers.

DIVIDENDS

Since inception, we have not declared or paid any cash dividends on our ordinary shares. We currently do not have plans to pay any cash dividends in fiscal year 2022.

STOCK PRICE PERFORMANCE GRAPH

The following stock price performance graph and accompanying information is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, regardless of any general incorporation language in any such filing.

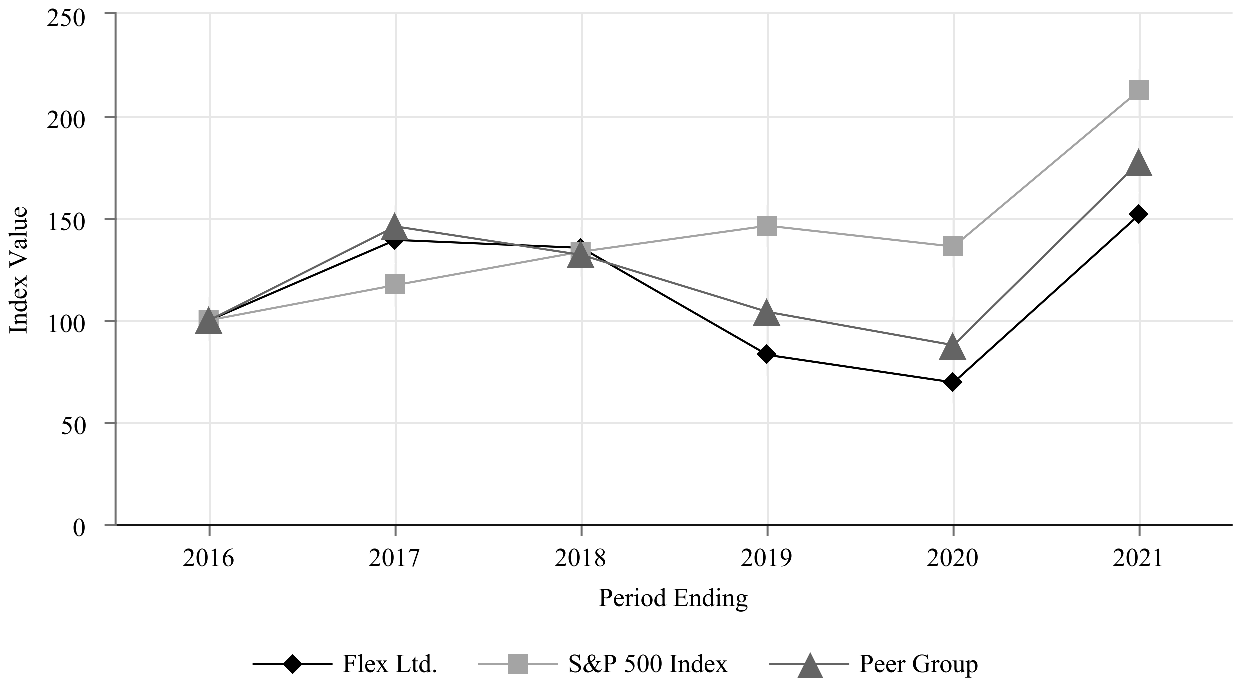
The graph below compares the cumulative total shareholder return on our ordinary shares, the Standard & Poor's 500 Stock Index and a peer group comprised of Benchmark Electronics, Inc., Celestica Inc., Jabil Inc., and Sanmina Corporation.

The graph below assumes that $100 was invested in our ordinary shares, in the Standard & Poor's 500 Stock Index and in the peer group described above on March 31, 2016 and reflects the annual return through March 31, 2021, assuming dividend reinvestment.

The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, the possible future performances of our ordinary shares.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Flex, the S&P 500 Index, and Peer Group



	3/16	3/17	3/18	3/19	3/20	3/21
Flex Ltd.	100.00	139.30	135.41	82.92	69.44	151.82
S&P 500 Index	100.00	117.17	133.57	146.25	136.05	212.71
Peer Group	100.00	145.91	131.95	104.01	87.70	177.65

Issuer Purchases of Equity Securities

The following table provides information regarding purchases of our ordinary shares made by us for the period from January 1, 2021 through March 31, 2021.

Period (2)	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 29, 2021	—	$ —	—	$ 462,318,284
January 30 - February 26, 2021	2,862,625	18.86	2,862,625	408,318,704
February 27 - March 31, 2021	5,229,442	17.56	5,229,442	316,512,931
Total	8,092,067		8,092,067	

(1) During the period from January 1, 2021 through March 31, 2021 all purchases were made pursuant to the program discussed below in open market transactions. All purchases were made in accordance with Rule 10b-18 under the Securities Exchange Act of 1934.

(2) On August 7, 2020, our Board of Directors authorized repurchases of our outstanding ordinary shares for up to $500 million. This is in accordance with the share purchase mandate whereby our shareholders approved a repurchase limit of 20% of our issued ordinary shares outstanding at the Annual General Meeting held on the same date as the Board authorization. As of March 31, 2021, shares in the aggregate amount of $316.5 million were available to be repurchased under the current plan.

RECENT SALES OF UNREGISTERED SECURITIES

None.

INCOME TAXATION UNDER SINGAPORE LAW

Dividends. Singapore does not impose a withholding tax on dividends. All dividends on our ordinary shares are not taxable in Singapore to shareholders, provided that any dividends are paid to shareholders outside of Singapore for this purpose and such dividends are not received or deemed to be received in Singapore by shareholders and are not derived by shareholders pursuant to any trade or business carried on in Singapore. Certain tax exemptions are available for foreign-sourced dividends received by Singapore tax residents, subject to conditions. Since inception, we have not declared nor paid any cash dividends on our ordinary shares, and we currently do not have plans to pay any cash dividends.

Gains on Disposal. Under current Singapore tax law there is no tax on capital gains, and thus any profits from the disposal of shares are not taxable in Singapore unless the gains arising from the disposal of shares are income in nature and subject to tax, especially if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade or business in Singapore (in which case, the profits on the sale would be taxable as trade profits rather than capital gains).

Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 109 Financial Instruments ("FRS 109") for the purposes of Singapore income tax may be required to recognize gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 109 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of shares is made.

Stamp Duty. There is no stamp duty payable for holding shares, and no duty is payable on the issue of new shares. When existing shares are acquired in Singapore, a stamp duty of 0.2% is payable on the instrument of transfer of the shares at market value. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. If the instrument of transfer is executed outside of Singapore, the stamp duty must be paid only if the instrument of transfer is received in Singapore.

Estate Taxation. The estate duty was abolished for deaths occurring on or after February 15, 2008.

An individual shareholder who is a U.S. citizen or resident (for U.S. estate tax purposes) will have the value of the shares included in the individual's gross estate for U.S. estate tax purposes. An individual shareholder generally will be entitled to a tax credit against the shareholder's U.S. estate tax to the extent the individual shareholder actually pays Singapore estate tax on the value of the shares; however, such tax credit is generally limited to the percentage of the U.S. estate tax attributable to the inclusion of the value of the shares included in the shareholder's gross estate for U.S. estate tax purposes, adjusted further by a pro rata apportionment of available exemptions. Individuals who are domiciled in Singapore should consult their own tax advisors regarding the Singapore estate tax consequences of their investment.

Tax Treaties Regarding Withholding. There is no reciprocal income tax treaty between the U.S. and Singapore regarding withholding taxes on dividends and capital gains.

ITEM 6. *SELECTED FINANCIAL DATA*

These historical results are not necessarily indicative of the results to be expected in the future. The following selected consolidated financial data set forth below was derived from our historical audited consolidated financial statements and is qualified by reference to, and should be read in conjunction with, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data." On April 1, 2018, we adopted the new revenue standard and as a result we recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect at the time. As further discussed in note 2 to the consolidated financial statement in Item 8, the prior year amounts related to interest expense (income), net are now presented separately under interest, net, and the remaining balances under interest and other, net have been reclassified to the other charges (income), net within the consolidated statement of operations. For comparability purposes, the prior periods have been recast to conform to the current presentation. The reclassifications had no effect on the previously reported results of operations (Amounts may not sum due to rounding).

	Fiscal Year Ended March 31,				
	2021	2020	2019	2018	2017
	(In millions, except per share amounts)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Net sales	$ 24,124	$ 24,210	$ 26,211	$ 25,441	$ 23,863
Cost of sales	22,349	22,681	24,594	23,778	22,303
Restructuring charges (3)	88	190	99	67	39
Gross profit	1,687	1,338	1,518	1,596	1,521
Selling, general and administrative expenses	817	834	953	1,019	937
Intangible amortization	62	64	74	79	81
Restructuring charges (3)	13	26	14	24	11
Interest, net	148	174	175	137	120
Other charges (income), net (1)	(67)	82	120	(184)	1
Income before income taxes	714	158	182	521	371
Provision for income taxes	101	71	89	92	51
Net income	$ 613	$ 88	$ 93	$ 429	$ 320
Diluted earnings per share:					
Total	$ 1.21	$ 0.17	$ 0.18	$ 0.80	$ 0.59

	As of March 31,				
	2021	2020	2019	2018	2017
	(In millions)				
CONSOLIDATED BALANCE SHEET DATA:					
Working capital (2)	$ 3,529	$ 1,875	$ 1,506	$ 1,902	$ 1,883
Total assets	15,836	13,690	13,499	13,716	12,593
Total long-term debt, excluding current portion	3,515	2,689	2,422	2,898	2,891
Shareholders' equity	3,436	2,831	2,972	3,019	2,678

(1) For fiscal years 2021, 2020 and 2019, refer to note 16 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion.

During fiscal year 2018, the Company recognized a $151.6 million gain from the deconsolidation of Elementum, and $38.7 million of income from the sale of a non-strategic cost basis investment.

(2) Working capital is defined as current assets, less current liabilities.

(3) The Company initiated restructuring plans during each of the fiscal years presented in the table above. For the restructuring plans initiated during fiscal years 2021, 2020, and 2019, refer to note 15 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion. During fiscal year 2018, the Company initiated targeted restructuring activities focused on optimizing the Company's cost structure in lower growth areas and, more importantly, streamlining certain corporate and segment functions. Restructuring charges are recorded based upon employee termination dates, site closures and consolidation plans generally in conjunction with an overall corporate initiative to drive cost reduction and realign the Company's global footprint. The Company recognized approximately $78.6 million of cash charges predominantly related to employee severance costs and $12.1 million of non-cash charges for asset impairment and other exit charges under the above plan. Of these total charges, approximately $66.8 million was recognized in cost of sales. During fiscal year 2017, the Company initiated a restructuring plan to accelerate its ability to support more *Sketch-to-Scale®* efforts across the Company and reposition away from historical legacy programs and structures through rationalizing its current footprint at existing sites and at corporate SG&A functions. The Company recognized restructuring charges of approximately $49.4 million primarily for employee termination costs under the above plan. Of these total charges, approximately $38.8 million was recognized in cost of sales.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

This report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words "expects," "anticipates," "believes," "intends," "plans" and similar expressions identify forward-looking statements. In addition, any statements which refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. We undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to filing this Form 10-K with the Securities and Exchange Commission. These forward-looking statements are subject to risks and uncertainties, including, without limitation, those discussed in this section and in Item 1A, "Risk Factors." In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Accordingly, our future results may differ materially from historical results or from those discussed or implied by these forward-looking statements. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements.

OVERVIEW

We are the manufacturing partner of choice that helps a diverse customer base design and build products that improve the world. Through the collective strength of a global workforce across approximately 30 countries and responsible, sustainable operations, we deliver technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets. In the first quarter of fiscal year 2021, the Company made certain changes in its organization structure as part of its strategy to further drive efficiency and productivity with two focused and complimentary delivery models. As a result, the Company now reports its financial performance based on two reportable segments:

- Flex Agility Solutions ("FAS"), which is comprised of the following end markets:
    - *Communications, Enterprise and Cloud ("CEC")*, including data infrastructure, edge infrastructure and communications infrastructure;
    - *Lifestyle*, including appliances, consumer packaging, floorcare, micro mobility and audio; and
    - *Consumer Devices*, including mobile and high velocity consumer devices.
- Flex Reliability Solutions ("FRS"), which is comprised of the following end markets:
    - *Automotive*, including autonomous, connectivity, electrification, and smart technologies;
    - *Health Solutions*, including medical devices, medical equipment and drug delivery; and
    - *Industrial*, including capital equipment, industrial devices, renewable including our Nextracker business, grid edge, and power systems.

Our strategy is to provide customers with a full range of cost competitive, vertically-integrated global supply chain solutions through which we can design, build, ship and service a complete packaged product for our customers. This enables our customers to leverage our supply chain solutions to meet their product requirements throughout the entire product life cycle.

Over the past few years, we have seen an increased level of diversification by many companies, primarily in the technology sector. Some companies that have historically identified themselves as software providers, Internet service providers or e-commerce retailers have entered the highly competitive and rapidly evolving technology hardware markets, such as mobile devices, home entertainment and wearable devices. This trend has resulted in a significant change in the manufacturing and supply chain solutions requirements of such companies. While the products have become more complex, the supply chain solutions required by such companies have become more customized and demanding, and it has changed the manufacturing and supply chain landscape significantly.

We use a portfolio approach to manage our extensive service offerings. As our customers change the way they go to market, we have the capability to reorganize and rebalance our business portfolio in order to align with our customers' needs and requirements in an effort to optimize operating results. The objective of our business model is to allow us to be flexible and redeploy and reposition our assets and resources as necessary to meet specific customer's supply chain solutions needs across all the markets we serve and earn a return on our invested capital above the weighted average cost of that capital.

During the first half of fiscal year 2020 in connection with the recent geopolitical developments and uncertainties, primarily impacting one customer in China, we experienced a reduction in demand for products assembled for that customer. As a result, we accelerated our strategic decision to reduce our exposure to certain high-volatility products in both China and India. We also initiated targeted activities to restructure our business to further reduce and streamline our cost structure. During fiscal year 2021, in order to further support our strategy and build a sustainable organization, and after considering that the economic recovery from the pandemic will be slower than anticipated, we identified and engaged in certain structural changes. See additional discussion regarding these restructuring actions below under "Results of Operations - Restructuring charges".

We believe that our continued business transformation is strategically positioning us to take advantage of the long-term, future growth prospects for outsourcing of advanced manufacturing capabilities, design and engineering services and after-market services.

Update on the Impact of COVID-19 on our Business

As anticipated, our results were negatively impacted by COVID-19 disruptions to our factories, workforce, and suppliers most notably in our first quarter as the impact from the pandemic extended throughout the entire quarter. Total COVID-19 related costs incurred over fiscal year 2021 were over $150 million and were primarily comprised of enhanced health and safety protocols, incremental labor incentives, incremental supply chain costs and forced under-absorption of idle and underutilized labor and overhead costs. As we expected, these incremental costs persisted during fiscal year 2021, but declined significantly over the period as demand improved. Although not materially impacting our results for the fourth quarter of fiscal year 2021, most recently, with the second wave of the pandemic, we have also been experiencing temporary plant closures and/or restrictions at certain manufacturing facilities in Brazil and Malaysia. In addition, India is experiencing a severe COVID-19 resurgence, which has resulted in renewed disease control measures being taken to limit its spread including movement bans and shelter-in-place orders. We have workforce and operations in India and are closely monitoring the situation in India. Our priority is the welfare of our employees.

Throughout the fiscal year 2021, COVID-19 related demand and production pressures remained in certain end markets that we serve. Net sales decreased $0.1 billion during fiscal year 2021 versus the prior year primarily due to declines in our Consumer Devices business included in the FAS segment. Included in the FRS segment, our Health Solutions business performed well during fiscal year 2021 driven by the increased demand for critical care products and diagnostics and patient monitoring programs. Our factories were productive throughout most of fiscal year 2021 resulting in sales recovering specifically for the automotive businesses that were shut down during the majority of the first quarter. During the third quarter of fiscal year 2021, we started to see certain component constraints in the supply chain and we continued to carefully monitor potential supply chain disruptions due to ongoing tightness in the overall component environment. We expect consumer devices to be one of the end markets more sensitive to industry component constraints. In addition, while we anticipate revenue will continue to improve across our end markets, we believe that our businesses tied to consumer spending, such as Lifestyle and Consumer Devices, will continue to be impacted if there is a prolonged demand slowdown. Refer to "Risk Factors - *The COVID-19 pandemic has materially and adversely affected our business and results of operations. The duration and extent to which it will continue to adversely impact our business and results of operations remains uncertain and could be material.*"

As part of our continuous response to the outbreak, we initiated salary cuts, furloughs and other programs to cut costs during the first half of fiscal year 2021. This also included aggressively reducing discretionary corporate spend. Employees that have been operating on a work-from-home basis are continuing to do so. While there still remains an elevated degree of uncertainty, we have removed specific austerity measures involving employee compensation.

We are continuously evaluating our capital structure in response to the current environment and expect that our current financial condition, including our liquidity sources are adequate to fund future commitments. See additional discussion in the Liquidity and Capital Resources section below.

Other Developments

We are actively pursuing alternatives for our Nextracker business. We are considering options that may include, among others, a full or partial separation of the business through an initial public offering, sale, spin-off, or other transaction. On April

28, 2021, we announced that we confidentially submitted a draft registration statement on Form S-1 with the U.S. Securities and Exchange Commission relating to the proposed initial public offering of Nextracker's Class A common stock. The initial public offering and its timing are subject to market and other conditions and the SEC's review process, and there can be no assurance that we will proceed with such offering or any alternative transaction. Refer to "Risk Factors - *We are pursuing alternatives for our Nextracker business, including a full or partial separation of the business, through an initial public offering of Nextracker or otherwise, which may not be consummated as or when planned or at all, and may not achieve the intended benefits."*

This Annual Report on Form 10-K does not constitute an offer to sell or a solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

Business Overview

We are one of the world's largest providers of global supply chain solutions, with revenues of $24.1 billion in fiscal year 2021. We have established an extensive network of manufacturing facilities in the world's major consumer and enterprise markets (Asia, the Americas, and Europe) to serve the growing outsourcing needs of both multinational and regional customers. We design, build, ship, and service consumer and enterprise products for our customers through a network of over 100 facilities in approximately 30 countries across four continents. As of March 31, 2021, our total manufacturing capacity was approximately 27 million square feet. The following tables set forth the relative percentages and dollar amounts of net sales by region and by country, and net property and equipment, by country, based on the location of our manufacturing sites (amounts may not sum due to rounding):

	Fiscal Year Ended March 31,								
	2021			2020			2019		
	(In millions)								
Net sales by region:									
Asia	$	9,326	39 %	$	9,362	39 %	$	11,470	44 %
Americas		9,672	40 %		10,066	42 %		9,893	38 %
Europe		5,126	21 %		4,782	19 %		4,848	18 %
	$	24,124		$	24,210		$	26,211	
Net sales by country:									
China	$	6,147	25 %	$	5,665	23 %	$	6,649	25 %
Mexico		4,413	18 %		4,449	18 %		4,539	17 %
U.S.		3,648	15 %		3,719	15 %		3,106	12 %
Malaysia		1,563	6 %		1,539	6 %		1,996	8 %
Brazil		1,554	6 %		1,831	8 %		2,181	8 %
Hungary		1,313	5 %		1,355	6 %		1,290	5 %
Other		5,486	25 %		5,652	24 %		6,450	25 %
	$	24,124		$	24,210		$	26,211	

	Fiscal Year Ended March 31,			
	2021		2020	
	(In millions)			
Property and equipment, net:				
Mexico	$ 553	26 %	$ 555	25 %
U.S.	361	17 %	378	17 %
China	331	16 %	396	18 %
India	166	8 %	207	9 %
Malaysia	106	5 %	111	5 %
Hungary	105	5 %	100	4 %
Other	475	23 %	469	22 %
	$ 2,097		$ 2,216	

We believe that the combination of our extensive open innovation platform solutions, design and engineering services, advanced supply chain management solutions and services, significant scale and global presence, and manufacturing campuses in low-cost geographic areas provide us with a competitive advantage and strong differentiation in the market for designing, manufacturing and servicing consumer and enterprise products for leading multinational and regional customers. Specifically, we offer our customers the ability to simplify their global product development, manufacturing process, and after-sales services, and enable them to meaningfully accelerate their time to market and cost savings.

Our operating results are affected by a number of factors, including the following:

- the impacts on our business due to component shortages, disruptions in transportation or other supply chain related constraints including as a result of the COVID-19 pandemic;
- the effects of the COVID-19 pandemic on our business and results of operations;
- changes in the macro-economic environment and related changes in consumer demand;
- the mix of the manufacturing services we are providing, the number, size, and complexity of new manufacturing programs, the degree to which we utilize our manufacturing capacity, seasonal demand, and other factors;
- the effects on our business when our customers are not successful in marketing their products, or when their products do not gain widespread commercial acceptance;
- our ability to achieve commercially viable production yields and to manufacture components in commercial quantities to the performance specifications demanded by our customers;
- the effects that current credit and market conditions (including as a result of the COVID-19 pandemic) could have on the liquidity and financial condition of our customers and suppliers, including any impact on their ability to meet their contractual obligations;
- the effects on our business due to certain customers' products having short product life cycles;
- our customers' ability to cancel or delay orders or change production quantities;
- our customers' decisions to choose internal manufacturing instead of outsourcing for their product requirements;
- integration of acquired businesses and facilities;
- increased labor costs due to adverse labor conditions in the markets we operate;
- changes in tax legislation; and

- changes in trade regulations and treaties.

We also are subject to other risks as outlined in Item 1A, "Risk Factors".

Net sales for fiscal year 2021 decreased less than 1%, or $0.1 billion, to $24.1 billion from the prior year. The decrease in sale was most notable in our FAS segment, down $0.6 billion, or 4.0%, from the prior year, driven by lower demand in our Consumer Devices business due to the impact of COVID-19 and more significantly our continued strategic shift away from high volatility, short cycle businesses that we initiated in the prior years. Largely offsetting the overall decline in revenue from our FAS segment for fiscal year 2021, was an increase in net sales from our FRS segment of $0.5 billion, or 4.7%, from the prior year, primarily driven by an increase in sales from our Health Solutions business and to a lesser extent from our Industrial business. Our fiscal year 2021 gross profit totaled $1.7 billion, representing an increase of $0.3 billion, or 26%, from the prior year. The increase was primarily driven by lower restructuring costs in fiscal year 2021 versus those incurred in fiscal year 2020 as a result of the geopolitical challenges and uncertainties which impacted certain of our customers. Gross profit also increased by $0.1 billion due to customer asset impairment charges recorded in the prior year coupled with the write-down of inventory not recoverable due to the significant reductions in future customer demand as we reduced our exposure to certain higher volatility businesses. Our net income totaled $0.6 billion, representing an increase of $0.5 billion, or 597%, compared to fiscal year 2020, due to the factors explained above, further impacted by higher impairment charges incurred in fiscal year 2020. Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for details of the investment impairments.

Cash provided by operations increased by approximately $1.6 billion to a cash inflow of $0.1 billion for fiscal year 2021 compared with a cash outflow of $1.5 billion for fiscal year 2020 primarily driven by the $0.5 billion increase in net income and the reduced cash outflow related to accounts receivables during fiscal year 2021. Our net working capital ("NWC") is calculated as current quarter accounts receivable, net of allowance for doubtful accounts, plus inventories and contract assets, less accounts payable and certain other current liabilities related to vendor financing programs. Our net working capital as a percentage of annualized sales for fiscal year 2021 increased to 11.5% from 6.3% in the prior year as a direct result of reducing the outstanding balance of accounts receivable sold through our ABS and accounts receivable factoring programs.

We believe adjusted free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions, repurchase company shares and for certain other activities. Our adjusted free cash flow is defined as cash from operations, plus cash collections of deferred purchase price receivables (for fiscal year 2020), less net purchases of property and equipment to present adjusted cash flows on a consistent basis for investor transparency. We also excluded the impact to cash flows related to certain vendor programs that is required for U.S. GAAP presentation as well as cash outflows related to repayment of the outstanding balance of our ABS programs in fiscal year 2021 as we utilized proceeds from debt issuance to replace funding from the ABS programs for working capital purposes. Our adjusted free cash flow remained relatively flat at $0.7 billion for fiscal year 2021 compared to $0.7 billion for fiscal year 2020. Refer to Liquidity and Capital Resources section for the adjusted free cash flows reconciliation to the most directly comparable GAAP financial measure of cash flows from operations. Cash used in investing activities decreased by approximately $2.5 billion to a cash outflow of $0.2 billion for fiscal year 2021, compared with a cash inflow of $2.3 billion for fiscal year 2020, primarily due to lower cash collections on deferred purchase price receivables offset by lower net capital expenditures in the current fiscal year. Cash provided by financing activities increased by approximately $1.2 billion to a cash inflow of $0.7 billion during fiscal year 2021, compared with a cash outflow of $0.5 billion in the prior year, primarily driven by $1.4 billion of proceeds received in aggregate, net of discounts and after premiums, following the issuance of the 2026 Notes and the 2030 Notes, partially offset by $0.4 billion cash paid for the repayment of the term loan due June 2022.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Due to the COVID-19 pandemic, there has been and will continue to be uncertainty and disruption in the global economy and financial markets. We have made estimates and assumptions taking into consideration certain possible impacts due to COVID-19. These estimates may change, as new events occur, and additional information is obtained. Actual results may differ from those estimates and assumptions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. For further discussion of our significant accounting policies, refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data."

Revenue Recognition

In determining the appropriate amount of revenue to recognize, we apply the following steps: (i) identify the contracts with the customers; (ii) identify performance obligations in the contracts; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations per the contracts; and (v) recognize revenue when (or as) we satisfy a performance obligation. Further, we assess whether control of the product or services promised under the contract is transferred to the customer at a point in time (PIT) or over time (OT). We are first required to evaluate whether our contracts meet the criteria for OT recognition. We have determined that for a portion of our contracts, we are manufacturing products for which there is no alternative use (due to the unique nature of the customer-specific product and intellectual property restrictions) and we have an enforceable right to payment including a reasonable profit for work-in-progress inventory with respect to these contracts. As a result, revenue is recognized under these contracts OT based on the cost-to-cost method as it best depicts the transfer of control to the customer measured based on the ratio of costs incurred to date as compared to the total estimated costs at completion of the performance obligation. For all other contracts that do not meet these criteria, we recognize revenue when we have transferred control of the related manufactured products which generally occurs upon delivery and passage of title to the customer. Refer to note 4 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details.

Customer Contracts and Related Obligations

Certain of our customer agreements include potential price adjustments which may result in variable consideration. These price adjustments include, but are not limited to, sharing of cost savings, committed price reductions, material margins earned over the period that are contractually required to be paid to the customers, rebates, refunds tied to performance metrics such as on-time delivery, and other periodic pricing resets that may be refundable to customers. We estimate the variable consideration related to these price adjustments as part of the total transaction price and recognize revenue in accordance with the pattern applicable to the performance obligation, subject to a constraint. We constrain the amount of revenues recognized for these contractual provisions based on our best estimate of the amount which will not result in a significant reversal of revenue in a future period. We determine the amounts to be recognized based on the amount of potential refunds required by the contract, historical experience and other surrounding facts and circumstances. Refer to note 4 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details.

Customer Credit Risk

We have an established customer credit policy through which we manage customer credit exposures through credit evaluations, credit limit setting, monitoring, and enforcement of credit limits for new and existing customers. We perform ongoing credit evaluations of our customers' financial condition and make provisions for doubtful accounts based on the outcome of those credit evaluations. We evaluate the collectability of accounts receivable based on specific customer circumstances, current economic trends, historical experience with collections and the age of past due receivables. To the extent we identify exposures as a result of customer credit issues, we also review other customer related exposures, including but not limited to inventory and related contractual obligations.

Restructuring Charges

We recognize restructuring charges related to our plans to close or consolidate excess manufacturing facilities and rationalize administrative functions and to realign our corporate cost structure. In connection with these activities, we recognize restructuring charges for employee termination costs, long-lived asset impairment and other exit-related costs.

The recognition of these restructuring charges requires that we make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned restructuring activity. To the extent our actual results differ from our estimates and assumptions, we may be required to revise the estimates of future liabilities, requiring the recognition of additional restructuring charges or the reduction of liabilities already recognized. Such changes to previously estimated amounts may be material to the consolidated financial statements. At the end of each reporting period, we evaluate the remaining accrued balances to ensure that no excess accruals are retained, and the utilization of the provisions are for their intended purpose in accordance with developed exit plans.

Refer to note 15 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our restructuring activities.

Inventory Valuation

Our inventories are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. Our industry is characterized by rapid technological change, short-term customer commitments and rapid changes in demand. We purchase our inventory based on forecasted demand, and we estimate write downs for excess and obsolete inventory based on our regular reviews of inventory quantities on hand, and the latest forecasts of product demand and production requirements from our customers. If actual market conditions or our customers' product demands are less favorable than those projected, additional write downs may be required. In addition, unanticipated changes in the liquidity or financial position of our customers and/or changes in economic conditions may require additional write downs for inventories due to our customers' inability to fulfill their contractual obligations with regards to inventory procured to fulfill customer demand.

Valuation of Private Company Investments

We assess our investments for impairment whenever events or changes in circumstances indicate that the assets may be impaired. The factors we consider in our evaluation of potential impairment of our investments, include, but are not limited to a significant deterioration in the earnings performance or business prospects of the investee, or factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operation or working capital deficiencies. The carrying value of certain of our investments are individually material, and thus there is the potential for material charges in future periods if we determine that those investments are impaired. Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our investments.

Carrying Value of Long-Lived Assets

We review property and equipment and acquired amortizable intangible assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be recoverable. An impairment loss is recognized when the carrying amount of the asset group exceeds its fair value. Recoverability of property and equipment and acquired amortizable intangible assets are measured by comparing their carrying amount to the projected cash flows the assets are expected to generate. If such asset groups are determined to be impaired, the impairment loss recognized, if any, is the amount by which the carrying amount of the property and equipment and acquired amortizable intangible assets exceeds fair value. Our judgments regarding projected cash flows for an extended period of time and the fair value of assets may be impacted by changes in market conditions, general business environment and other factors including future developments of the COVID-19 pandemic which remain highly uncertain and unpredictable. To the extent our estimates relating to cash flows and fair value of assets change adversely we may have to recognize additional impairment charges in the future.

Goodwill

Goodwill is tested for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit, which is measured based upon, among other factors, market multiples for comparable companies as well as a discounted cash flow analysis. These approaches use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy and require us to make various judgmental assumptions about sales, operating margins, growth rates and discount rates which consider our budgets, business plans and economic projections, and are believed to reflect market participant views. Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, market EBITDA comparables and credit ratings. While we believe we have made reasonable estimates and assumptions to calculate the fair value of the reporting units, it is possible a material change could occur. If our actual results are not consistent with our estimates and assumptions used to calculate fair value, it could result in material impairments of our goodwill. Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further detail on our goodwill.

Contingent Liabilities

We may be exposed to certain liabilities relating to our business operations, acquisitions of businesses and assets and other activities. We make provisions for such liabilities when it is probable that the settlement of the liability will result in an outflow of economic resources or the impairment of an asset. We make these assessments based on facts and circumstances that may change in the future resulting in additional expenses.

Refer to note 13 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our contingent liabilities.

Income Taxes

Our deferred income tax assets represent temporary differences between the carrying amount and the tax basis of existing assets and liabilities, which will result in deductible amounts in future years, including net operating loss carry forwards. Based on estimates, the carrying value of our net deferred tax assets assumes that it is more likely than not that we will be able to generate sufficient future taxable income in certain tax jurisdictions to realize these deferred income tax assets. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. If these estimates and related assumptions change in the future, we may be required to increase or decrease our valuation allowance against deferred tax assets previously recognized, resulting in additional or lesser income tax expense.

We are regularly subject to tax return audits and examinations by various taxing jurisdictions and around the world, and there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax position, operating results, financial position and cash flows. Refer to note 14 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our tax position.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain statements of operations data expressed as a percentage of net sales (amounts may not sum due to rounding). The financial information and the discussion below should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data." As previously disclosed, we made certain changes in our organization structure. As a result of these changes, we revised our reportable segments as further discussed in note 20 to the consolidated financial statement in Item 8. There was no change to our consolidated financial statements. Additionally, as further discussed in note 2 to the consolidated financial statement in Item 8, the prior year amounts related to interest expense (income), net are now presented separately under interest, net, and the remaining balances under interest and other, net have been reclassified to other charges (income), net within the consolidated statement of operations. For comparability purposes, the prior periods have been recast to conform to the current presentation. The reclassifications had no effect on the previously reported results of operations.

The data below, and discussion that follows, represents our results from operations.

	Fiscal Year Ended March 31,		
	2021	**2020**	**2019**
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	92.6	93.7	93.8
Restructuring charges	0.4	0.8	0.4
Gross profit	7.0	5.5	5.8
Selling, general and administrative expenses	3.4	3.4	3.6
Intangible amortization	0.3	0.3	0.3
Restructuring charges	0.1	0.1	0.1
Interest, net	0.6	0.7	0.7
Other charges (income), net	(0.3)	0.3	0.4
Income before income taxes	2.9	0.7	0.7
Provision for income taxes	0.4	0.3	0.3
Net Income	2.5 %	0.4 %	0.4 %

Net sales

The following table sets forth our net sales by segment, and their relative percentages:

	Fiscal Year Ended March 31,					
	2021		**2020**		**2019**	
Net sales:			(In millions)			
Flex Agility Solutions	$ 13,493	56 %	$ 14,053	58 %	$ 16,855	64 %
Flex Reliability Solutions	10,631	44 %	10,157	42 %	9,356	36 %
	$ 24,124		$ 24,210		$ 26,211	

Fiscal year 2021 vs 2020

Net sales during fiscal year 2021 totaled $24.1 billion, representing a decrease of $0.1 billion, or less than 1%, from $24.2 billion during fiscal year 2020. The decrease in net sales was most notable in our FAS segment, down $0.6 billion, or 4%, from the prior year, mainly due to a drop of 25% in our Consumer Devices business resulting from lower demand due to the impact of COVID-19 in the earlier part of fiscal year 2021, and our continued strategic shift away from high volatility, short cycle businesses that we initiated in fiscal year 2019. CEC grew 2% in fiscal year 2021 from the prior year driven by cloud and critical infrastructure spending. Lifestyle grew 5% in fiscal year 2021 from the prior year due to new customer ramps and continued market strength driven by work, learn and live-from-home trends. Largely offsetting the overall decline in revenue in our FAS segment was an increase in revenues from our FRS segment of $0.5 billion, or 5%, driven primarily by an increase of roughly 25% in sales from prior year of our Health Solutions business as a result of continued demand for critical care products, ventilator project ramps initiated earlier in fiscal year 2021, and continued growth in our chronic care business. Industrial revenue grew approximately 3% from the prior year with steady demand in core industrial. These increases in our FRS segment were offset by a drop of approximately 7% in our Automotive business due to the factory shutdowns in the first quarter of fiscal year 2021 despite the recovery noted in the subsequent quarters of fiscal year 2021.

Net sales were also lower in our Americas and Asia regions during fiscal year 2021, with decreases of $0.4 billion and less than $0.1 billion, respectively, partially offset by higher sales in Europe of $0.3 billion during the same period.

Fiscal year 2020 vs 2019

Net sales during fiscal year 2020 totaled $24.2 billion, representing a decrease of $2.0 billion, or 8%, from $26.2 billion during fiscal year 2019. The decrease in net sales was most notable in our FAS segment, down $2.8 billion, or 17%, from fiscal year 2019, driven by our targeted reductions of high volatility, low margin, short-cycle customers and product categories and further impacted by significant COVID-19 related supply chain constraints in our fourth quarter of fiscal year 2020. Additionally, our FAS segment was impacted by a 15% reduced demand from our CEC business due to the slower roll-out of 5G technology and our previously announced disengagement with Huawei Technologies Co., coupled with production disruptions due to COVID-19 in our fourth quarter of fiscal year 2020. Partially offsetting the overall decrease in revenue was a $0.8 billion, or 9% increase in our FRS segment. The increase in our FRS segment was primarily driven by a 19% increase in demand from our Industrial business throughout the year, which more than offset the underlying supply chain disruptions due to COVID-19 that impacted product ramps for various businesses within the FRS segment in our fourth quarter of fiscal year 2020. Offsetting the increase from our Industrial businesses were modest decreases of 2% in our Automotive businesses due to COVID-19 disruptions as multiple factories shut down late in the fourth quarter of fiscal year 2020.

Net sales were also lower in our Asia and Europe regions during fiscal year 2020, with decreases of $2.1 billion and less than $0.1 billion, respectively, partially offset by slightly higher sales in the Americas with an increase of $0.2 billion during the same period.

Our ten largest customers during fiscal years 2021, 2020 and 2019 accounted for approximately 36%, 39% and 43% of net sales, respectively. We have made substantial efforts to diversify our portfolio which allows us to operate at scale in many different industries, and, as a result, no customer accounted for greater than 10% of net sales in fiscal year 2021, 2020 or 2019.

Cost of sales

Cost of sales is affected by a number of factors, including the number and size of new manufacturing programs, product mix, labor cost fluctuations by region, component costs and availability and capacity utilization.

Fiscal year 2021 vs 2020

Cost of sales during fiscal year 2021 totaled $22.3 billion, representing a decrease of approximately $0.4 billion, or 1% from $22.7 billion during fiscal year 2020. The decrease in cost of sales is more notable in our FAS segment. Cost of sales in FAS for fiscal year 2021 decreased $0.6 billion or almost 5% from fiscal year 2020, which is in line with the 4.0% decrease in revenue, primarily as a result of COVID-19 impacting our Consumer Devices business in the earlier part of fiscal year 2021, coupled with our targeted disengagement of high volatility, short cycle businesses initiated in fiscal year 2019. Offsetting the decrease in cost of sales in FAS is an increase of $0.5 billion, or 5%, related to the FRS segment during fiscal year 2021. These fluctuations are consistent with the associated change in net sales noted above. Cost of sales was also higher in the prior year due to $0.1 billion of customer assets impairment charges for customers that were experiencing financial difficulties as well as the write-down of inventory not recoverable due to significant reductions in future customer demand as we reduced our exposure to certain higher volatility businesses.

Fiscal year 2020 vs 2019

Cost of sales during fiscal year 2020 totaled $22.7 billion, representing a decrease of approximately $1.9 billion, or 8% from $24.6 billion during fiscal year 2019. The decrease in cost of sales for fiscal year 2020 is more notable in our FAS segment with a decrease of $2.7 billion or almost 17% from fiscal year 2019, which is in line with the 17% decrease in revenue, primarily as a result of our targeted reductions of high volatility, low margin, short-cycle customers and product categories and further impacted by significant COVID-19 related supply chain constraints in our fourth quarter of fiscal year 2020. Our FRS segment partially offset the decrease described above with an increase of $0.7 billion, or 8%, from fiscal year 2019, which is in line with the 9% increase in revenue noted above. In addition, we wrote down inventory in the second quarter of fiscal year 2020 that will not be recovered due to significant reductions in future customer demand as we reduced our exposure to certain high volatility business.

Gross profit

Gross profit is affected by a fluctuation in costs of sales elements as outlined above and further by a number of factors, including product life cycles, unit volumes, pricing, competition, new product introductions, and the expansion or consolidation of manufacturing facilities, as well as specific restructuring activities initiated from time to time. The flexible design of our manufacturing processes allows us to manufacture a broad range of products in our facilities and better utilize our manufacturing capacity across our diverse geographic footprint and service customers from all segments. In the cases of new programs, profitability normally lags revenue growth due to product start-up costs, lower manufacturing program volumes in the start-up phase, operational inefficiencies, and under-absorbed overhead. Gross margin for these programs often improves over time as manufacturing volumes increase, as our utilization rates and overhead absorption improve, and as we increase the level of manufacturing services content. As a result of these various factors, our gross margin varies from period to period.

Gross profit during fiscal year 2021 increased $0.3 billion to $1.7 billion, or 7.0% of net sales, from $1.3 billion, or 5.5% of net sales, during fiscal year 2020, an improvement of 150 basis points. The increase in gross profit and gross margin during fiscal year 2021 primarily resulted from lower restructuring costs, $0.1 billion in fiscal year 2021, versus $0.2 billion in fiscal year 2020. The decline of $0.1 billion was primarily due to higher charges taken in fiscal year 2020 due to geopolitical challenges and uncertainties which impacted certain of our customers. Gross profit also increased due to the $0.1 billion of customer assets impairment charges recorded in the prior year for customers that were experiencing financial difficulties coupled with the write-down of inventory not recoverable due to the significant reductions in future customer demand as we reduced our exposure to certain higher volatility businesses. These increases were partially offset by the decline in revenue and gross profit in our Consumer Devices and Automotive end markets reflecting COVID-19 demand and production pressures during the first half of fiscal year 2021.

Gross profit decreased $0.2 billion to $1.3 billion in fiscal year 2020, from $1.5 billion in fiscal year 2019. Gross margin decreased 30 basis points, to 5.5% of net sales in fiscal year 2020, from 5.8% of net sales in fiscal year 2019. The decrease in both gross profit and gross margin is primarily due to lower sales coupled with an additional $91 million, or 40 basis points, of restructuring charges incurred during fiscal year 2020 versus fiscal year 2019. In addition, we wrote down inventory in the second quarter of fiscal year 2020 that will not be recovered due to significant reductions in future customer demand as we reduced our exposure to certain high volatility businesses. We also incurred approximately $52 million, or 21 basis points, of direct incremental costs due to COVID-19 in the fourth quarter of fiscal year 2020. These were partially offset by the favorable product mix and the increased revenue and gross profit from our Industrial business and benefits realized from our earlier restructuring activities initiated in fiscal year 2019.

Segment income

An operating segment's performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, and segment selling, general and administrative expenses, and does not include amortization of intangibles, stock-based compensation, customer related assets impairments (recoveries), restructuring charges, the new revenue standard adoption impact, legal and other, interest, net and other charges (income), net. A portion of depreciation is allocated to the respective segments, together with other general corporate research and development and administrative expenses.

The following table sets forth segment income and margins (amounts may not sum due to rounding):

	Fiscal Year Ended March 31,					
	2021		2020		2019	
	(In millions)					
Segment income:						
Flex Agility Solutions	$ 449	3.3 %	$ 369	2.6 %	$ 442	2.6 %
Flex Reliability Solutions	662	6.2 %	642	6.3 %	534	5.7 %

Fiscal year 2021 vs 2020

FAS segment margin increased 70 basis points, to 3.3% for fiscal year 2021, from 2.6% for fiscal year 2020. The margin increase during the period was driven by an increase in demand from high-end audio, floor care and appliance customers included in our Lifestyle end markets coupled with better fixed costs absorption. This is partially offset by the decline in our Consumer Devices business due to elevated overhead costs and supply chain constraints noted in the earlier part of fiscal year 2021.

FRS segment margin decreased 10 basis points, to 6.2% for fiscal year 2021, from 6.3% for fiscal year 2020. The slight decrease in margin during the period is primarily the results of plant shutdowns during most of our first quarter of fiscal year 2021, which affected the entire automotive ecosystem across all regions, coupled with under-absorption and efficiency impacts, in addition to new product ramps in our Health Solution market.

Fiscal year 2020 vs 2019

FAS segment margin remained constant at 2.6% for fiscal year 2020 and fiscal year 2019, respectively. FAS segment margin in fiscal year 2020 was impacted by manufacturing inefficiencies from supply chain disruptions and constraints in the fourth quarter due to COVID-19, slower roll-out of 5G technology, and ongoing repositioning of our operating structure and portfolio transition in the Consumer Devices end market. FAS segment margin in fiscal year 2019 was impacted by losses from our NIKE operations in Mexico, which we exited in the third quarter coupled with under-performance of certain accounts in the Consumer Devices end markets, partially offset by operational efficiencies and improved absorption of overhead in our CEC business.

FRS segment margin increased 60 basis points, to 6.3% for fiscal year 2020, from 5.7% for fiscal year 2019. The FRS segment margin benefited from favorable business mix resulting from increased demand from new business particularly in the Industrial end market, greater levels of design and engineering led engagements and improved operational execution. Offsetting these favorable impacts to the FAS segment were margin deterioration due to accelerated investments and costs associated with new program ramps and pricing pressure with demand declines in the global market that impacted product mix, coupled with under absorption of costs associated with the temporary closure of several automotive sites in the fourth quarter of fiscal year 2020 due to COVID-19.

Restructuring charges

In order to support our strategy and build a sustainable organization, and after considering that the economic recovery from the pandemic will be slower than anticipated, we identified certain structural changes to restructure the business. These restructuring actions will eliminate non-core activities primarily within our corporate function, align our cost structure with our reorganizing and optimizing of our operations model along our two reporting segments, and further sharpen our focus to winning business in end markets where we have competitive advantages and deep domain expertise. During fiscal year 2021, we recognized approximately $0.1 billion of restructuring charges, most of which related to employee severance.

During the first half of fiscal year 2020 in connection with the geopolitical developments and uncertainties, primarily impacting one customer in China, we experienced a reduction in demand for products assembled for that customer. As a result, we accelerated our strategic decision to reduce our exposure to certain high-volatility products in both China and India. We also initiated targeted activities to restructure our business to further reduce and streamline our cost structure. During fiscal year 2020, we recognized $0.2 billion of restructuring charges. We incurred cash charges of approximately $159 million, that were predominantly for employee severance, in addition to non-cash charges of $57 million, primarily related to asset impairments.

During fiscal year 2019, we took targeted actions to optimize our portfolio, most notably within our former Consumer Technologies Group segment. We recognized restructuring charges of approximately $0.1 billion during the fiscal year ended March 31, 2019, of which $73 million were non-cash charges primarily for asset impairments. A significant component of our charges were associated with the wind down of our NIKE operations in Mexico in the third quarter of fiscal year 2019. In addition, we executed targeted head-count reductions at existing operating and design sites and corporate functions and exited certain immaterial businesses. Of these total charges, approximately $99 million was recognized as a component of cost of sales during the fiscal year ended March 31, 2019.

Refer to note 15 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our restructuring activities.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") totaled $0.8 billion, or 3.4% of net sales, during fiscal year 2021, compared to $0.8 billion, or 3.4% of net sales, during fiscal year 2020, decreasing by $17 million or 2%, which reflects strong cost discipline practiced across the enterprise as well as the benefits from our distinct actions taken to temporarily reduce compensation costs across our employee base and aggressively reducing our discretionary spend levels during the first half of fiscal year 2021.

SG&A totaled $0.8 billion, or 3.4% of net sales, during fiscal year 2020, compared to $1.0 billion, or 3.6% of net sales, during fiscal year 2019, decreasing by $0.2 billion or 12%, due to strict cost discipline focused on driving further productivity improvements which enabled us to respond quickly to current market conditions by taking targeted actions on our discretionary spends coupled with a refined cost structure benefiting from prior restructuring initiatives.

Intangible amortization

Amortization of intangible assets in fiscal years 2021 and 2020 were $62 million and $64 million, respectively, representing a decrease of $2 million and $10 million, from their respective prior years as a result of certain intangible assets being fully amortized during the respective periods.

Interest, net

Interest, net was $148 million during fiscal year 2021, compared to $174 million during fiscal year 2020, decreasing $26 million primarily due to lower expenses from our asset-backed securitization programs, partially offset by a higher average borrowing level during fiscal year 2021.

Interest, net was $174 million during fiscal year 2020, remaining relatively constant from $175 million during fiscal year 2019. The slight decrease was driven by a lower interest rate environment during fiscal year 2020 compared to the prior year.

Other charges (income), net

During fiscal year 2021, we recorded $67 million of other income, net, primarily as a result of recognizing $83 million of equity in earnings, driven by the value increase in certain investment funds resulting from discrete market events including IPOs of certain companies included in the funds. Out of the $83 million equity in earnings recorded in fiscal year 2021, we collected $48 million of cash proceeds as we sold certain shares received as a distribution from one of our funds' investments. Partially offsetting the income was an impairment charge of $37 million related to certain non-core investments that were determined to be other than temporarily impaired.

During fiscal year 2020, and in connection with our ongoing assessment of our investment portfolio strategy, we concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized a $98 million total impairment charge.

During the last half of fiscal year 2019, we reassessed our strategy with respect to our entire investment portfolio. As a result, we recognized an aggregate net charge related to investment impairments and dispositions of approximately $193 million for the year ended March 31, 2019. The aggregate charge was primarily driven by write-downs of our investment positions in a non-core cost method investment and Elementum that were recognized in the third and fourth quarters of fiscal 2019, respectively. We also incurred other investment impairments that were individually immaterial as a result of our strategy shift and due to market valuation changes. Offsetting these charges was an $87 million non-cash gain from the deconsolidation of Bright Machines.

Refer to note 16 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our other charges (income), net.

Income taxes

We work to ensure that we accrue and pay the appropriate amount of income taxes according to the laws and regulations of each jurisdiction in which we operate. Certain of our subsidiaries have, at various times, been granted tax relief in their respective countries, resulting in lower income taxes than would otherwise be the case under ordinary tax rates. The consolidated effective tax rates were 14.1%, 44.7% and 48.7% for the fiscal years 2021, 2020 and 2019, respectively. The effective rate varies from the Singapore statutory rate of 17.0% in each year as a result of the following items:

	Fiscal Year Ended March 31,		
	2021	2020	2019
Income taxes based on domestic statutory rates	17.0 %	17.0 %	17.0 %
Effect of tax rate differential	(11.6)	(51.2)	(74.1)
Change in unrecognized tax benefit	1.5	(0.6)	(8.4)
Change in valuation allowance	4.9	58.4	105.4
Foreign exchange movement on prior year taxes recoverable	0.7	8.4	3.0
Expiration of tax attributes	—	—	2.3
APB 23 tax liability	0.1	5.5	1.1
Other	1.5	7.2	2.4
Provision for income taxes	14.1 %	44.7 %	48.7 %

The variation in our effective tax rate each year is primarily a result of recognition of earnings in foreign jurisdictions which are taxed at rates lower than the Singapore statutory rate including the effect of tax holidays and tax incentives we received primarily for our subsidiaries in China, Malaysia, Costa Rica, Netherlands and Israel of $21 million, $16 million and $24 million in fiscal years 2021, 2020 and 2019, respectively. Additionally, our effective tax rate is impacted by changes in our liabilities for uncertain tax positions of $11 million, ($1) million, and ($15) million and changes in our valuation allowances on deferred tax assets of $35 million, $93 million and $192 million in fiscal years 2021, 2020 and 2019, respectively. We generate most of our revenues and profits from operations outside of Singapore.

We are regularly subject to tax return audits and examinations by various taxing jurisdictions around the world, and there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax position, operating results, financial position and cash flows.

We provide a valuation allowance against deferred tax assets that in our estimation are not more likely than not to be realized. During fiscal year 2021, we released a valuation allowance of $25 million mainly related to certain operations in Canada as this amount was deemed to be more likely than not to be realized due to the sustained profitability during the past three fiscal years as well as continued forecasted profitability of those subsidiaries. Various other valuation allowance positions were also reduced due to varying factors such as recognition of uncertain tax positions impacting deferred tax assets, one-time income recognition in loss entities, and foreign exchange impacts on deferred tax balances. Lastly, these valuation allowance reductions and eliminations were offset by current period valuation allowance additions due to increased deferred tax assets as a result of current period losses in legal entities with existing full valuation allowance positions.

LIQUIDITY AND CAPITAL RESOURCES

In response to the recent challenging environment following the COVID-19 pandemic, we continuously evaluate our ability to meet our obligations over the next 12 months and have proactively reset our capital structure during these times to improve maturities and liquidity. As a result, we expect that our current financial condition, including our liquidity sources are adequate to fund current and future commitments. As of March 31, 2021, we had cash and cash equivalents of approximately $2.6 billion and bank and other borrowings of approximately $3.8 billion. We have a new $2.0 billion revolving credit facility, that is due to mature in January 2026 (the "2026 Credit Facility"), under which we had no borrowings outstanding as of March 31, 2021. The new credit facility replaced the previous $1.75 billion credit facility that was to mature in June 2022. We also issued $675 million of 3.750% Notes due February 2026 and $650 million of 4.875% Notes due May 2030 and repaid $433 million for the term loan due June 2022 in fiscal year 2021. Refer to note 8 to the consolidated financial statement in Item 8, "Financial Statements and Supplementary Data" for additional details on the new credit facility and the new notes. As of March 31, 2021, we were in compliance with the covenants under all of our credit facilities and indentures.

Our cash balances are held in numerous locations throughout the world. As of March 31, 2021, over half of our cash and cash equivalents were held by foreign subsidiaries outside of Singapore. Although substantially all of the amounts held outside of Singapore could be repatriated, under current laws, a significant amount could be subject to income tax withholdings. We provide for tax liabilities on these amounts for financial statement purposes, except for certain of our foreign earnings that are considered indefinitely reinvested outside of Singapore (approximately $1.5 billion as of March 31, 2021). Repatriation could result in an additional income tax payment; however, for the majority of our foreign entities, our intent is to permanently reinvest these funds outside of Singapore and our current plans do not demonstrate a need to repatriate them to fund our operations in jurisdictions outside of where they are held. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is that cash balances would remain outside of Singapore and we would meet our liquidity needs through ongoing cash flows, external borrowings, or both.

Fiscal Year 2021

Cash provided by operating activities was $0.1 billion during fiscal year 2021. The total cash provided by operating activities resulted primarily from $0.6 billion of net income for the period plus $0.6 billion of non-cash charges such as depreciation, amortization, non-cash lease expense, restructuring and impairment charges, provision for doubtful accounts, deferred income taxes and stock-based compensation. Depreciation expense was $0.4 billion and relatively consistent with prior years. These additions were offset by a net change in our operating assets and liabilities of $1.1 billion, primarily driven by cash outflows related to accounts receivables resulting from the reduction of our outstanding balances of accounts receivable sold through our ABS and accounts receivable factoring programs.

We believe NWC, and net working capital as a percentage of annualized net sales are key metrics that measure our liquidity. NWC is calculated as current quarter accounts receivable, net of allowance for doubtful accounts, plus inventories and contract assets, less accounts payable and certain other current liabilities related to vendor financing programs. NWC increased by $1.5 billion to $2.9 billion as of March 31, 2021, from $1.4 billion as of March 31, 2020. This increase is primarily driven by a $1.7 billion increase in net receivables as we reduced our outstanding balances on our ABS and accounts receivable factoring programs as discussed above, coupled with a $0.1 billion increase in inventories, and partially offset with a $0.1 billion decrease in contract assets and a $0.1 billion increase in accounts payable. Our net working capital as a percentage of annualized net sales as of March 31, 2021 increased to 11.5% as compared to 6.3% of annualized net sales as of March 31, 2020 as a direct result of reducing the outstanding balance of accounts receivable sold through our ABS and accounts receivable factoring programs. We expect to operate in this range going forward. Though we have mitigated most of the initial supplier constraints and component shortages that we had encountered in the first quarter of fiscal year 2021, we continue to operate in an unusual and dynamic environment with respect to COVID-19 related production limitations and fluctuating demand. We expect it will take additional time to adequately drive down our inventory levels to align with the current demand environment. We are actively working with our partners to rebalance safety and buffer stock requirements and we have an established enterprise-wide cross-functional initiative resetting our load planning. Component shortages are also expected to persist at least in the near future as we are seeing increasing supply constraints. We are working diligently with our partners to secure needed parts and fulfill demand.

Cash used in investing activities totaled $0.2 billion during fiscal year 2021. This was primarily driven by approximately $0.4 billion of capital expenditures for property and equipment to continue expanding capabilities and capacity in support of our expanding Health Solutions and Industrial businesses net of approximately $0.1 billion of proceeds from the sale of fixed assets including proceeds from the sale of an exited facility in the fourth quarter of fiscal year 2021 as a result of the disengagement of a certain customer in fiscal year 2020. Further offsetting the capital expenditures was $48 million of proceeds from the sale of certain shares received as distribution from one of our funds' investments.

Cash provided by financing activities was $0.7 billion during fiscal year 2021. This was primarily driven by $1.4 billion of proceeds received in aggregate, net of discounts and after premiums, following the issuance of the 2026 Notes and the 2030 Notes, partially offset by $0.4 billion of cash paid for the repayment of the term loan due June 2022. Refer to note 8 to the consolidated financial statement in Item 8, "Financial Statements and Supplementary Data" for additional details. Also offsetting cash provided by financing activities was $0.2 billion of cash paid for the repurchase of our ordinary shares.

Fiscal Year 2020

Cash used in operating activities was $1.5 billion during fiscal year 2020. The total cash used in operating activities resulted primarily from $88 million of net income for the period plus $0.8 billion of non-cash charges such as depreciation, amortization, restructuring and impairment charges, provision for doubtful accounts, and stock-based compensation. Depreciation expense was $0.4 billion and slightly lower than prior years. These additions were more than offset by a net change in our operating assets and liabilities of $2.4 billion, primarily driven by cash outflows related to accounts receivable. Cash collections from the deferred purchase price on our ABS sales programs of $2.6 billion were included in cash from investing activities.

Cash provided by investing activities totaled $2.3 billion during fiscal year 2020. This was primarily driven by $2.6 billion of cash collections on deferred purchase price receivables from our ABS Programs offset by approximately $0.4 billion of net capital expenditures for property and equipment to continue expanding capabilities and capacity in support of our expanding Health Solutions and Industrial businesses. In addition, other investing activities include $44 million of proceeds from the sale of our partial investment in Bright Machines.

Cash used in financing activities was $0.5 billion during fiscal year 2020. This was primarily the result of (i) $0.7 billion of cash paid for the repayment of the term loan due November 2021, (ii) $0.5 billion of cash paid for the tender and redemption of the outstanding balance of our 4.625% Notes due February 2020, (iii) $0.1 billion of cash paid to pay off the outstanding balance of our short-term bank borrowings facility in India, and (iv) $0.3 billion of cash paid for the repurchase of our ordinary shares. Partially offsetting the payments described above were $0.7 billion of proceeds, net of discount and premium, received following the issuance of the 2029 Notes, $0.3 billion of proceeds following the execution of our term loan agreement due in April 2024, $59 million of proceeds from drawdowns from our India term loan facility coupled with $47 million of proceeds from the execution of our term loan due in March 2021.

Fiscal Year 2019

Cash used in operating activities was $3.0 billion during fiscal year 2019. As further discussed below, cash collections on the deferred purchase price from our ABS Programs of $3.6 billion were included in cash from investing activities instead of cash from operating activities in accordance with new accounting guidance adopted in fiscal year 2019. The total cash used in operating activities resulted primarily from $93 million of net income for the period plus $0.8 billion of non-cash charges such as depreciation, amortization, restructuring and impairment charges, provision for doubtful accounts, and stock-based compensation, net of a gain of $87 million from the deconsolidation of Bright Machines which were included in the determination of net income. Depreciation expense was $0.4 billion and relatively consistent with prior years. These additions were more than offset by a net change in our operating assets and liabilities of $3.9 billion. In accordance with the new accounting guidance adopted in fiscal year 2019, cash collections on deferred purchase price from our ABS Programs were classified as cash flows from investing activities and no longer included in cash receipts related to accounts receivable. As a result, while accounts receivable only increased by approximately $95 million from fiscal year 2018 to fiscal year 2019, the impact to operating cash flows is an outflow of $3.6 billion. Year over year increases in inventory and contract assets also added to the net change in our operating assets and liabilities reflected on our cash flow from operations.

Cash provided by investing activities totaled $3.3 billion during fiscal year 2019. This was primarily driven by the impact of our adoption of ASU 2016-15 during fiscal year 2019 referred to above, which required us to classify cash collections on the deferred purchase price from our ABS Programs that were previously classified as operating cash inflows as cash flows from investing activities. In addition, we received $0.3 billion of proceeds, net of cash held, in connection with the divestiture of our China-based Multek operations as further described in note 18 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data". We also invested $0.6 billion of net capital expenditures for property and equipment to expand capabilities and capacity in support of our Industrial, Automotive and Health Solutions businesses.

Cash used in financing activities was $30 million during fiscal year 2019. This was primarily the result of repurchases of ordinary shares in the amount of $0.2 billion, offset by $0.2 billion received from the drawdown of India Facilities.

Adjusted Free Cash Flow

We believe adjusted free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions, repurchase company shares and for certain other activities. Our adjusted free cash flow is defined as cash from operations, plus cash collections of deferred purchase price receivables (for fiscal year 2020 and prior), less net purchases of property and equipment to present adjusted cash flows on a consistent basis for investor transparency. We also excluded the impact to cash flows related to certain vendor programs that is required for U.S. GAAP presentation. During fiscal year 2021, we proactively and strategically reduced the outstanding balance of our ABS programs. Proceeds from our debt issuance replaced the funding from the ABS programs for working capital purposes. We reduced the balance on this short-term financing product by $0.8 billion as of March 31, 2021 from March 31, 2020, which has the accounting effect of reducing our cash flow from operations, resulting in no balance outstanding as of March 31, 2021. As this decrease in cash flow reflects the change of our capital strategy, we have added this back for our adjusted free cash flow calculation. Our adjusted free cash flow was $0.7 billion, $0.7 billion and $3 million for fiscal years 2021, 2020 and 2019, respectively. Adjusted free cash flow is not a measure of liquidity under U.S. GAAP, and may not be defined and calculated by other companies in the same manner. Adjusted free cash flow should not be considered in isolation or as an alternative to net cash provided by operating activities. Adjusted free cash flows reconcile to the most directly comparable GAAP financial measure of cash flows from operations as follows:

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Net cash provided by (used in) operating activities	$ 144	$ (1,533)	$ (2,971)
Reduction in ABS levels	797	—	—
Cash collection of deferred purchase price and other	2	2,561	3,605
Purchases of property and equipment	(351)	(462)	(725)
Proceeds from the disposition of property and equipment	85	106	94
Adjusted free cash flow	$ 677	$ 672	$ 3

Our cash balances are generated and held in numerous locations throughout the world. Liquidity is affected by many factors, some of which are based on normal ongoing operations of the business and some of which arise from fluctuations related to global economics and markets. Local government regulations may restrict our ability to move cash balances to meet cash needs under certain circumstances; however, any current restrictions are not material. We do not currently expect such regulations and restrictions to impact our ability to pay vendors and conduct operations throughout the global organization. We believe that our existing cash balances, together with anticipated cash flows from operations and borrowings available under our credit facilities, will be sufficient to fund our operations through at least the next twelve months.

Future liquidity needs will depend on fluctuations in levels of inventory, accounts receivable and accounts payable, the timing of capital expenditures for new equipment, the extent to which we utilize operating leases for new facilities and equipment, and the levels of shipments and changes in the volumes of customer orders.

We maintain global paying services agreements with several financial institutions. Under these agreements, the financial institutions act as our paying agents with respect to accounts payable due to our suppliers who elect to participate in the program. The agreements allow our suppliers to sell their receivables to one of the participating financial institutions at the discretion of both parties on terms that are negotiated between the supplier and the respective financial institution. Our obligations to our suppliers, including the amounts due and scheduled payment dates, are not impacted by our suppliers' decisions to sell their receivables under this program. During fiscal years ended March 31, 2021 and 2020, the cumulative payments due to suppliers participating in the programs amounted to approximately $1.0 billion and $0.9 billion, respectively. Pursuant to their agreements with one of the financial institutions, certain suppliers may elect to be paid early at their discretion. We are not always notified when our suppliers sell receivables under these programs. The available capacity under these programs can vary based on the number of investors and/or financial institutions participating in these programs at any point in time.

In addition, we maintain various uncommitted short-term financing facilities including but not limited to commercial paper program and revolving sale and repurchase of subordinated note established under the securitization facility, under which there were no borrowings outstanding as of March 31, 2021.

Historically, we have funded operations from cash and cash equivalents generated from operations, proceeds from public offerings of equity and debt securities, bank debt and lease financings. We also sell a designated pool of trade receivables under ABS Programs and sell certain trade receivables, which are in addition to the trade receivables sold in connection with these securitization agreements. We may enter into debt and equity financings, sales of accounts receivable and lease transactions to fund acquisitions and anticipated growth as needed.

During fiscal years 2021, 2020 and 2019, we received approximately $0.6 billion, $7.6 billion and $6.8 billion, respectively from transfers of receivables under our ABS Programs, and $0.8 billion, $1.6 billion and $2.7 billion, respectively from other sales of receivables. As of March 31, 2021, and 2020, the outstanding balance on receivables sold for cash was $0.2 billion and $1.2 billion, respectively, under all our ABS programs and accounts receivable factoring program, which were removed from accounts receivable balances in our consolidated balance sheets.

Historically we have been successful in refinancing and extending the maturity dates on our term loans and credit facilities. In January 2021, we entered into a $2.0 billion credit agreement which matures in January 2026 and consists of a $2.0 billion revolving credit facility with a sub-limit of $360 million available for swing line loans, and a sub-limit of $175 million available for the issuance of letters of credit. The 2026 Credit Facility replaced the previous $1.75 billion credit facility, which was due to mature in June 2022.

The sale or issuance of equity or convertible debt securities could result in dilution to current shareholders. Further, we may issue debt securities that have rights and privileges senior to those of holders of ordinary shares, and the terms of this debt could impose restrictions on operations and could increase debt service obligations. This increased indebtedness could limit our flexibility as a result of debt service requirements and restrictive covenants, potentially affect our credit ratings, and may limit our ability to access additional capital or execute our business strategy. Any downgrades in credit ratings could adversely affect our ability to borrow as a result of more restrictive borrowing terms. We continue to assess our capital structure and evaluate the merits of redeploying available cash to reduce existing debt or repurchase ordinary shares. Under our current share repurchase program, our Board of Directors authorized repurchases of our outstanding ordinary shares for up to $500 million in accordance with the share purchase mandate approved by our shareholders at the date of the most recent Annual General Meeting which was held on August 7, 2020. During fiscal year 2021, we paid $183 million to repurchase shares under the current and prior repurchase plans at an average price of $17.49 per share. As of March 31, 2021, shares in the aggregate amount of $317 million were available to be repurchased under the current plan.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Bank borrowings and long-term debt are as follows:

	As of March 31,	
	2021	2020
	(In millions)	
Term Loan, including current portion, due in installments through June 2022	—	433
5.000% Notes due February 2023	500	500
Term Loan due April 2024 - three-month Yen LIBOR plus 0.50%	305	310
4.750% Notes due June 2025	598	597
3.750% Notes due February 2026	694	—
4.875% Notes due June 2029	661	662
4.875% Notes due May 2030	694	—
India Facilities	133	138
Other	219	211
Debt issuance costs	(21)	(13)
	3,783	2,838
Current portion, net of debt issuance costs	(268)	(149)
Non-current portion	$ 3,515	$ 2,689

Refer to the discussion in note 8 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details of our debt obligations.

We have purchase obligations that arise in the normal course of business, primarily consisting of binding purchase orders for inventory related items and capital expenditures. Additionally, we have leased certain of our property and equipment under finance lease commitments, and certain of our facilities and equipment under operating lease commitments.

Future payments due under our purchase obligations, debt including finance leases and related interest obligations and operating leases are as follows (amounts may not sum due to rounding):

	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	Greater Than 5 Years
			(In millions)		
Contractual Obligations:					
Purchase obligations	$ 4,668	$ 4,668	$ —	$ —	$ —
Bank borrowings, long-term debt and finance lease obligations:					
Bank borrowings and long-term debt	3,804	268	584	1,597	1,355
Finance leases	14	10	3	1	—
Interest on long-term debt obligations	821	144	258	201	218
Operating leases, net of subleases	800	147	240	157	256
Restructuring costs	53	50	3	—	—
Total contractual obligations	$ 10,160	$ 5,287	$ 1,088	$ 1,956	$ 1,829

We have excluded $266 million of liabilities for unrecognized tax benefits from the contractual obligations table as we cannot make a reasonably reliable estimate of the periodic settlements with the respective taxing authorities. See note 14, "Income Taxes" to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details.

Our purchase obligations can fluctuate significantly from period to period and can materially impact our future operating asset and liability balances, and our future working capital requirements. We intend to use our existing cash balances, together with anticipated cash flows from operations to fund our existing and future contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2021 and 2020, the outstanding balance on receivables sold for cash was $0.2 billion and $1.2 billion, respectively, under our asset-backed securitization programs and accounts receivable factoring program, which were removed from accounts receivable balances in our consolidated balance sheets. For further information, see note 11 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data".

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for recent accounting pronouncements.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

INTEREST RATE RISK

A portion of our exposure to market risk for changes in interest rates relates to our highly liquid investment portfolio, with maturities of three months or less from original dates of purchase and are classified as cash equivalents on our consolidated balance sheet. We do not use derivative financial instruments in our highly liquid investment portfolio. We place cash and cash equivalents with various major financial institutions and highly rated money market accounts. Our investment policy has strict guidelines focusing on preservation of capital. The portfolio is comprised of various instruments including term deposits with banks, marketable securities and money market accounts. Our cash is principally invested in the U.S. dollar and China renminbi serving as a natural hedge of our renminbi denominated costs. As of March 31, 2021, the outstanding amount in the highly liquid investment portfolio was $1.5 billion, the largest components of which were U.S. dollar, Brazilian real, China renminbi and Indian rupee denominated money market accounts with an average return of 1%. A hypothetical 10% change in interest rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

We had variable rate debt outstanding of approximately $0.6 billion as of March 31, 2021. Variable rate debt obligations consisted of borrowings under our term loans. Interest on these obligations is discussed in note 8 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data".

Our variable rate debt instruments create exposures for us related to interest rate risk. Primarily due to the current low interest rates, a hypothetical 10% change in interest rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

As of March 31, 2021, the approximate average fair value of our debt outstanding under our Notes due February 2023, June 2025, February 2026, June 2029, and May 2030 was 111.8% of the face value of the debt obligations based on broker trading prices.

In July 2017, the Financial Conduct Authority ("FCA") that regulates LIBOR announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. On November 30, 2020, ICE Benchmark Administration, the administrator of LIBOR, with the support of the United States Federal Reserve and the FCA, announced plans to consult on ceasing publication of LIBOR on December 31, 2021 for only the one week and two month LIBOR tenors, and on June 30, 2023 for all other LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new LIBOR issuances by the end of 2021. In light of these recent announcements, the future of LIBOR at this time is uncertain and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phaseout could cause LIBOR to perform differently than in the past or cease to exist. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our borrowings.

FOREIGN CURRENCY EXCHANGE RISK

We transact business in various foreign countries and are, therefore, subject to risk of foreign currency exchange rate fluctuations. We have established a foreign currency risk management policy to manage this risk. To the extent possible, we manage our foreign currency exposure by evaluating and using non-financial techniques, such as currency of invoice, leading and lagging payments and receivables management. In addition, we may borrow in various foreign currencies and enter into short-term foreign currency derivative contracts, including forward, swap, and option contracts to hedge only those currency exposures associated with certain assets and liabilities, mainly accounts receivable and accounts payable, and cash flows denominated in non-functional currencies.

We endeavor to maintain a partial or fully hedged position for certain transaction exposures. These exposures are primarily, but not limited to, revenues, customer and vendor payments and inter-company balances in currencies other than the functional currency of the operating entity. The credit risk of our foreign currency derivative contracts is minimized since all contracts are with large financial institutions and accordingly, fair value adjustments related to the credit risk of the counter-party financial institution were not material. The gains and losses on foreign currency derivative contracts generally offset the losses and gains on the assets, liabilities and transactions hedged. The fair value of currency derivative contracts is reported on the balance sheet. The aggregate notional amount of outstanding contracts as of March 31, 2021 amounted to $8.9 billion and the recorded fair values of the associated assets and liabilities were not material. The majority of these foreign exchange contracts expire in less than three months. They will settle primarily in the British pound, Canadian dollar, China renminbi, Euro, Hungarian forint, Israeli shekel, Malaysian ringgit, Mexican peso, Swedish krona, and U.S. dollar.

Based on our overall currency rate exposures as of March 31, 2021, including the derivative financial instruments intended to hedge the nonfunctional currency-denominated monetary assets, liabilities and cash flows, and other factors, a 10%

appreciation or depreciation of the U.S. dollar from its cross-functional rates would not be expected, in the aggregate, to have a material effect on our financial position, results of operations and cash flows in the near-term.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Flex Ltd., Singapore

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Flex Ltd. and subsidiaries (the "Company") as of March 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2021, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 19, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis of Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue - Customer Contracts and Related Obligations - Refer to Notes 2 and 4 to the financial statements

Critical Audit Matter Description

Certain of the Company's customer agreements include potential price adjustments which are accounted for as variable consideration under the relevant accounting literature. For arrangements that include potential price adjustments the Company limits the amount of revenue recognized to that amount which is not probable of significant reversal, considering potential refunds required by the contract, historical experience and other surrounding facts and circumstances. The amount of variable consideration that is deferred is recorded in 'customer-related accruals' on the consolidated balance sheets, which totaled $242 million as of March 31, 2021.

Auditing the Company's estimates of variable consideration required extensive audit effort and a high degree of auditor judgment. For these reasons we identified the measurement of variable consideration and the associated customer-related accruals as a critical audit matter.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to variable consideration and associated customer related accruals included the following, among others:

- We tested the effectiveness of controls the Company has in place relating to reviewing customer contracts to identify price adjustment clauses, estimating variable consideration and assessing the reasonableness of customer related accrual balances.
- We evaluated the Company's accounting policy with respect to variable consideration, as well as its process for identifying contracts that include potential price adjustment clauses.
- We selected a sample of contracts with customers that included potential price adjustment clauses and performed the following:
  - We read the customer contracts to develop an understanding of clauses that could give rise to variable consideration and evaluated whether the Company's accounting conclusions with respect to those clauses were reasonable.
  - We obtained and tested the mathematical accuracy of the Company's calculations of customer related accruals and evaluated the Company's judgments regarding the amount of variable consideration that should be deferred. In making this evaluation we considered both the terms included in the customer contract and the Company's historical experience in settling amounts with the customer.

/s/ DELOITTE & TOUCHE LLP
San Jose, California
May 19, 2021

We have served as the Company's auditors since 2002.

FLEX LTD.

CONSOLIDATED BALANCE SHEETS

	As of March 31,	
	2021	2020
	(In millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,637	$ 1,923
Accounts receivable, net of allowance for doubtful accounts (Note 2)	4,106	2,436
Contract assets	135	282
Inventories	3,895	3,785
Other current assets	590	660
Total current assets	11,363	9,086
Property and equipment, net	2,097	2,216
Operating lease right-of-use assets, net	642	605
Goodwill	1,090	1,065
Other intangible assets, net	213	262
Other assets	431	456
Total assets	$ 15,836	$ 13,690
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank borrowings and current portion of long-term debt	$ 268	$ 149
Accounts payable	5,247	5,108
Accrued payroll	473	364
Other current liabilities	1,846	1,590
Total current liabilities	7,834	7,211
Long-term debt, net of current portion	3,515	2,689
Operating lease liabilities, non-current	562	529
Other liabilities	489	430
Commitments and contingencies (Note 13)		
Shareholders' equity		
Ordinary shares, no par value; 542,807,200 and 547,665,632 issued, and 492,567,845 and 497,426,277 outstanding as of March 31, 2021 and 2020, respectively	6,232	6,336
Treasury stock, at cost; 50,239,355 shares as of March 31, 2021 and 2020, respectively	(388)	(388)
Accumulated deficit	(2,289)	(2,902)
Accumulated other comprehensive loss	(119)	(215)
Total shareholders' equity	3,436	2,831
Total liabilities and shareholders' equity	$ 15,836	$ 13,690

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended March 31,		
	2021	2020	2019
	(In millions, except per share amounts)		
Net sales	$ 24,124	$ 24,210	$ 26,211
Cost of sales	22,349	22,681	24,594
Restructuring charges	88	190	99
Gross profit	1,687	1,339	1,518
Selling, general and administrative expenses	817	834	953
Intangible amortization	62	64	74
Restructuring charges	13	26	14
Interest, net	148	174	175
Other charges (income), net	(67)	82	120
Income before income taxes	714	159	182
Provision for income taxes	101	71	89
Net income	$ 613	$ 88	$ 93
Earnings per share:			
Basic	$ 1.23	$ 0.17	$ 0.18
Diluted	$ 1.21	$ 0.17	$ 0.18
Weighted-average shares used in computing per share amounts:			
Basic	499	509	527
Diluted	506	512	530

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Net income	$ 613	$ 88	$ 93
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of zero tax	56	(24)	(59)
Unrealized gain (loss) on derivative instruments and other, net of tax	40	(40)	(6)
Comprehensive income	$ 709	$ 24	$ 28

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Ordinary Shares			Accumulated Other Comprehensive Loss			Total
	Shares Outstanding	Amount	Accumulated Deficit	Unrealized Gain (Loss) on Derivative Instruments And Other	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Loss	Shareholders' Equity
				(In millions)			
BALANCE AT MARCH 31, 2018	528	$ 6,249	$ (3,144)	$ (36)	$ (50)	$ (86)	$ 3,019
Repurchase of Flex Ltd. ordinary shares at cost	(18)	(189)	—	—	—	—	(189)
Exercise of stock options	—	—	—	—	—	—	—
Issuance of Flex Ltd. vested shares under restricted share unit awards	7	—	—	—	—	—	—
Net income	—	—	93	—	—	—	93
Stock-based compensation, net of tax	—	76	—	—	—	—	76
Cumulative effect on opening equity of adopting accounting standards and other	—	—	39	—	—	—	39
Total other comprehensive loss	—	—	—	(6)	(59)	(65)	(65)
BALANCE AT MARCH 31, 2019	517	6,136	(3,012)	(42)	(109)	(151)	2,973
Repurchase of Flex Ltd. ordinary shares at cost	(24)	(260)	—	—	—	—	(260)
Exercise of stock options	—	1	—	—	—	—	1
Issuance of Flex Ltd. vested shares under restricted share unit awards	4	—	—	—	—	—	—
Net income	—	—	88	—	—	—	88
Stock-based compensation, net of tax	—	71	—	—	—	—	71
Cumulative effect on opening equity of adopting accounting standards and other	—	—	22	—	—	—	22
Total other comprehensive loss	—	—	—	(40)	(24)	(64)	(64)
BALANCE AT MARCH 31, 2020	497	5,948	(2,902)	(82)	(133)	(215)	2,831
Repurchase of Flex Ltd. ordinary shares at cost	(10)	(183)	—	—	—	—	(183)
Issuance of Flex Ltd. vested shares under restricted share unit awards	5	—	—	—	—	—	—
Net income	—	—	613	—	—	—	613
Stock-based compensation, net of tax	—	79	—	—	—	—	79
Total other comprehensive income	—	—	—	40	56	96	96
BALANCE AT MARCH 31, 2021	492	$ 5,844	$ (2,289)	$ (42)	$ (77)	$ (119)	$ 3,436

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Cash flows from operating activities:			
Net income	$ 613	$ 88	$ 93
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	422	422	433
Amortization and other impairment charges	147	204	332
Provision for doubtful accounts (Note 2)	5	24	42
Non-cash other charges (income)	(119)	(39)	13
Non-cash lease expense	124	122	—
Stock-based compensation	79	71	76
Gain from deconsolidation of subsidiary (Note 2)	—	—	(87)
Deferred income taxes	(12)	6	(14)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(1,656)	(2,126)	(3,628)
Contract assets	148	(66)	216
Inventories	(96)	(66)	(360)
Other current and noncurrent assets	62	(19)	(8)
Accounts payable	103	(15)	68
Other current and noncurrent liabilities	324	(139)	(147)
Net cash provided by (used in) operating activities	144	(1,533)	(2,971)
Cash flows from investing activities:			
Purchases of property and equipment	(351)	(462)	(726)
Proceeds from the disposition of property and equipment	85	106	94
Acquisitions of businesses, net of cash acquired	—	(1)	(13)
Proceeds from divestiture of businesses, net of cash held in divested businesses	(3)	3	267
Cash collections of deferred purchase price	—	2,566	3,586
Other investing activities, net	67	67	45
Net cash provided by (used in) investing activities	(202)	2,279	3,253
Cash flows from financing activities:			
Proceeds from bank borrowings and long-term debt	2,065	1,070	3,199
Repayments of bank borrowings and long-term debt	(1,142)	(1,316)	(3,060)
Payments for repurchases of ordinary shares	(183)	(260)	(189)
Other financing activities, net	3	(2)	20
Net cash provided by (used in) financing activities	743	(508)	(30)
Effect of exchange rates on cash	29	(12)	(27)
Net increase in cash and cash equivalents	714	226	225
Cash and cash equivalents, beginning of year	1,923	1,697	1,472
Cash and cash equivalents, end of year	$ 2,637	$ 1,923	$ 1,697

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION OF THE COMPANY

Flex Ltd. ("Flex" or the "Company") was incorporated in the Republic of Singapore in May 1990. The Company's operations have expanded over the years through a combination of organic growth and acquisitions. The Company is the manufacturing partner of choice that helps a diverse customer base design and build products that improve the world. Through the collective strength of a global workforce across approximately 30 countries and responsible, sustainable operations, the Company delivers technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets. In the first quarter of fiscal year 2021, the Company made certain changes in its organizational structure as part of its strategy to further drive efficiency and productivity with two focused and complimentary delivery models. As a result, beginning in the first quarter of fiscal year 2021, the Company reports its financial performance based on two operating and reportable segments:

- Flex Agility Solutions ("FAS"), which is comprised of the following end markets:
  - *Communications, Enterprise and Cloud ("CEC")*, including data infrastructure, edge infrastructure and communications infrastructure;
  - *Lifestyle*, including appliances, consumer packaging, floorcare, micro mobility and audio; and
  - *Consumer Devices*, including mobile and high velocity consumer devices.
- Flex Reliability Solutions ("FRS"), which is comprised of the following end markets:
  - *Automotive*, including autonomous, connectivity, electrification, and smart technologies;
  - *Health Solutions*, including medical devices, medical equipment and drug delivery; and
  - *Industrial*, including capital equipment, industrial devices, renewable including our Nextracker business, grid edge, and power systems.

The Company's service offerings include a comprehensive range of value-added design and engineering services that are tailored to the various markets and needs of its customers. Other focused service offerings relate to manufacturing (including enclosures, metals, plastic injection molding, precision plastics, machining, and mechanicals), system integration and assembly and test services, materials procurement, inventory management, logistics and after-sales services (including product repair, warranty services, re-manufacturing and maintenance), supply chain management software solutions and component product offerings (including flexible printed circuit boards and power adapters and chargers).

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Flex and its majority-owned subsidiaries, after elimination of intercompany accounts and transactions. Amounts included in these consolidated financial statements are expressed in U.S. dollars unless otherwise designated. The Company consolidates its majority-owned subsidiaries and investments in entities in which the Company has a controlling interest. For the consolidated majority-owned subsidiaries in which the Company owns less than 100%, the Company recognizes a noncontrolling interest for the ownership of the noncontrolling owners. The associated noncontrolling owners' interest in the income or losses of these companies is not material to the Company's results of operations for all periods presented, and is classified as a component of interest and other, net, in the consolidated statements of operations.

Certain prior period presentations and disclosures were reclassified to ensure comparability with the current period presentation. The prior year amounts related to interest expense (income), net are now presented separately under interest, net, and the remaining balances under interest and other, net have been reclassified to the other charges (income), net within the consolidated statements of operations. Additionally, the amortization of right-of-use assets for operating leases have been reclassified from the amortization and other impairment charges line on the consolidated statement of cash flows, and are now presented separately under non-cash lease expense. The reclassifications had no effect on the previously reported results of operations or cash flows from operating activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things: allowances for doubtful accounts; inventory write-downs; valuation allowances for deferred tax assets; uncertain tax positions; valuation and useful lives of long-lived assets including property, equipment, and intangible assets; valuation of goodwill; valuation of investments in privately held companies; asset impairments; fair values of financial instruments, notes receivable and derivative instruments; restructuring charges; contingencies; warranty provisions; incremental borrowing rates in determining the present value of lease payments; accruals for potential price adjustments arising from customer contracts; fair values of assets obtained and liabilities assumed in business combinations; and the fair values of stock options and restricted share unit awards granted under the Company's stock-based compensation plans. Due to the COVID-19 pandemic, there has been and will continue to be uncertainty and disruption in the global economy and financial markets. The Company has made estimates and assumptions taking into consideration certain possible impacts due to COVID-19. These estimates may change, as new events occur, and additional information is obtained. Actual results may differ from previously estimated amounts, and such differences may be material to the consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they occur.

Translation of Foreign Currencies

The financial position and results of operations for certain of the Company's subsidiaries are measured using a currency other than the U.S. dollar as their functional currency. Accordingly, all assets and liabilities for these subsidiaries are translated into U.S. dollars at the current exchange rates as of the respective balance sheet dates. Revenue and expense items are translated at the average exchange rates prevailing during the period. Cumulative gains and losses from the translation of these subsidiaries' financial statements are reported as other comprehensive income (loss), a component of shareholders' equity. Foreign exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved, and re-measurement adjustments for foreign operations where the U.S. dollar is the functional currency, are included in operating results. Non-functional currency transaction gains and losses, and re-measurement adjustments were not material to the Company's consolidated results of operations for all periods presented, and have been classified as a component of interest and other, net in the consolidated statements of operations.

Revenue Recognition

In determining the appropriate amount of revenue to recognize, the Company applies the following steps: (i) identifies the contracts with the customers; (ii) identifies performance obligations in the contracts; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations per the contracts; and (v) recognizes revenue when (or as) the

Company satisfies a performance obligation. Further, the Company assesses whether control of the product or services promised under the contract is transferred to the customer at a point in time (PIT) or over time (OT). The Company is first required to evaluate whether its contracts meet the criteria for OT recognition. The Company has determined that for a portion of its contracts, the Company is manufacturing products for which there is no alternative use (due to the unique nature of the customer-specific product and intellectual property restrictions) and the Company has an enforceable right to payment including a reasonable profit for work-in-progress inventory with respect to these contracts. As a result, revenue is recognized under these contracts OT based on the cost-to-cost method as it best depicts the transfer of control to the customer measured based on the ratio of costs incurred to date as compared to the total estimated costs at completion of the performance obligation. For all other contracts that do not meet these criteria, the Company recognizes revenue when it has transferred control of the related manufactured products which generally occurs upon delivery and passage of title to the customer. Refer to note 4 "Revenue Recognition" for further details.

On April 1, 2018, the Company adopted the Accounting Standard Codification 606 ("ASC 606") using the modified retrospective approach by applying the guidance to all open contracts at the adoption date and has implemented revised accounting policies, new operational and financial reporting processes, enhanced systems capabilities and relevant internal controls. Note 4 "Revenue" provides further disclosures required by the new standard.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily accounts receivable, derivative instruments, and cash and cash equivalents.

Customer Credit Risk

The Company has an established customer credit policy, through which it manages customer credit exposures through credit evaluations, credit limit setting, monitoring, and enforcement of credit limits for new and existing customers. The Company performs ongoing credit evaluations of its customers' financial condition and makes provisions for doubtful accounts based on the outcome of those credit evaluations. The Company evaluates the collectability of its accounts receivable based on specific customer circumstances, current economic trends, historical experience with collections and the age of past due receivables. To the extent the Company identifies exposures as a result of credit or customer evaluations, the Company also reviews other customer related exposures, including but not limited to inventory and related contractual obligations.

The following table summarizes the activity in the Company's allowance for doubtful accounts during fiscal years 2021, 2020 and 2019:

	Balance at Beginning of Year	Charged to Costs and Expenses (1)	Deductions/ Write-Offs	Balance at End of Year
		(In millions)		
Allowance for doubtful accounts:				
Year ended March 31, 2019	$ 60	$ 42	$ (11)	$ 91
Year ended March 31, 2020	91	24	(19)	96
Year ended March 31, 2021	96	5	(40)	61

(1) Charges incurred during fiscal years 2021, 2020 and 2019 are primarily for costs and expenses related to various distressed customers.

No customer accounted for greater than 10% of the Company's net sales in fiscal years 2021, 2020 and 2019. One customer within the Company's FAS segment accounted for approximately 11% of the Company's total balance of accounts receivable, net in fiscal years 2021 and 2019, respectively. A different customer within the Company's FAS segment accounted for approximately 10% of the Company's total balances of accounts receivable, net in fiscal years 2020.

The Company's ten largest customers accounted for approximately 36%, 39% and 43%, of its net sales in fiscal years 2021, 2020 and 2019, respectively.

Derivative Instruments

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty. To manage counterparty risk, the Company limits its derivative transactions to those with recognized financial institutions. See additional discussion of derivatives in note 9.

Cash and Cash Equivalents

The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in many different locations throughout the world. The Company's investment portfolio, which consists of short-term bank deposits and money market accounts, is classified as cash equivalents on the consolidated balance sheets.

All highly liquid investments with maturities of three months or less from original dates of purchase are carried at cost, which approximates fair market value, and are considered to be cash equivalents. Cash and cash equivalents consist of cash deposited in checking accounts, money market funds and time deposits.

Cash and cash equivalents consisted of the following:

	As of March 31,	
	2021	2020
	(In millions)	
Cash and bank balances	$ 1,130	$ 1,519
Money market funds and time deposits	1,507	404
	$ 2,637	$ 1,923

Inventories

Inventories are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. The stated cost is comprised of direct materials, labor and overhead. The components of inventories, net of applicable lower of cost or net realizable value write-downs, were as follows:

	As of March 31,	
	2021	2020
	(In millions)	
Raw materials	$ 2,831	$ 2,836
Work-in-progress	459	373
Finished goods	605	576
	$ 3,895	$ 3,785

Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are recognized on a straight-line basis over the estimated useful lives of the related assets, with the exception of building leasehold improvements, which are depreciated over the term of the lease, if shorter. Repairs and maintenance costs are expensed as incurred. Property and equipment is comprised of the following:

	Depreciable Life (In Years)	As of March 31, 2021	2020
		(In millions)	
Machinery and equipment	2 - 10	$ 3,381	$ 3,265
Buildings	30	1,103	1,086
Leasehold improvements	up to 30	500	510
Furniture, fixtures, computer equipment and software	3 - 7	491	492
Land	—	113	112
Construction-in-progress	—	255	271
		5,843	5,736
Accumulated depreciation and amortization		(3,746)	(3,520)
Property and equipment, net		$ 2,097	$ 2,216

Total depreciation expense associated with property and equipment was approximately $422.3 million, $422.4 million and $433.4 million in fiscal years 2021, 2020 and 2019, respectively.

The Company reviews property and equipment for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment is determined by comparing its carrying amount to the lowest level of identifiable projected undiscounted cash flows the property and equipment are expected to generate. An impairment loss is recognized when the carrying amount of property and equipment exceeds its fair value.

Deferred Income Taxes

The Company provides for income taxes in accordance with the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences between the carrying amount and the tax basis of existing assets and liabilities by applying the applicable statutory tax rate to such differences. Additionally, the Company assesses whether each income tax position is "more likely than not" of being sustained on audit, including resolution of related appeals or litigation, if any. For each income tax position that meets the "more likely than not" recognition threshold, the Company would then assess the largest amount of tax benefit that is greater than 50% likely of being realized upon effective settlement with the tax authority.

Accounting for Business and Asset Acquisitions

The Company has strategically pursued business and asset acquisitions, which are accounted for using the acquisition method of accounting. The fair value of the net assets acquired and the results of the acquired businesses are included in the Company's consolidated financial statements from the acquisition dates forward. The Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and results of operations during the reporting period. Estimates are used in accounting for, among other things, the fair value of acquired net operating assets, property and equipment, intangible assets and related deferred tax liabilities, useful lives of plant and equipment and amortizable lives for acquired intangible assets. Any excess of the purchase consideration over the fair value of the identified assets and liabilities acquired is recognized as goodwill.

The Company estimates the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on information available at that time. Contingent consideration is recorded at fair value as of the date of the acquisition with subsequent adjustments recorded in earnings. Changes to valuation allowances on acquired deferred tax assets are recognized in the provision for, or benefit from, income taxes. The valuation of these tangible and identifiable intangible assets and liabilities is subject to further management review and may change materially between the preliminary allocation and end of the purchase price allocation period. Any changes in these estimates may have a material effect on the Company's consolidated operating results or financial position.

Goodwill

In accordance with accounting guidance on goodwill, the Company evaluates goodwill for impairment at the reporting unit level annually, and in certain circumstances such as a change in reporting units or whenever there are indications that goodwill might be impaired. As described in note 1, the Company made certain changes in its organizational structure during the first quarter of fiscal year 2021 as part of its strategy to further drive growth and productivity through two separate delivery models that represent reportable segments, FAS and FRS. With these changes, the Company also revised its reporting units. Accordingly, the Company completed an interim test as of April 1, 2020 and additionally, its goodwill was reallocated among each of the Company's six reporting units based on each reporting unit's relative fair value as of that date. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit, which typically is measured based upon, among other factors, market multiples for comparable companies as well as a discounted cash flow analysis. These approaches use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy and require management to make various judgmental assumptions about sales, operating margins, growth rates and discount rates which consider the Company's budgets, business plans and economic projections, and are believed to reflect market participant views. Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, market EBITDA comparables and credit ratings. While the Company believes it has made reasonable estimates and assumptions to calculate the fair value of the reporting units, it is possible a material change could occur. If the actual results are not consistent with management's estimates and assumptions used to calculate fair value, it could result in material impairments of the Company's goodwill.

If the recorded value of the assets, including goodwill, and liabilities ("net book value") of any reporting unit exceeds its fair value, an impairment loss may be required to be recognized. Further, to the extent the net book value of the Company as a whole is greater than its fair value in the aggregate, all, or a significant portion of its goodwill may be considered impaired.

The Company performed its annual goodwill impairment assessment on January 1, 2021 and as a result of the quantitative assessment of its goodwill, the Company determined that no impairment existed as of the date of the impairment test because the fair value of each one of its reporting units exceeded its respective carrying value.

The following table summarizes the activity in the Company's goodwill during fiscal years 2021 and 2020 (in millions):

	FAS			FRS			
	Communications, Enterprise and Cloud	Lifestyle	Consumer Devices	Automotive	Health Solutions	Industrial	Total
	(In millions)						
Balance at March 31, 2019	$ 188	$ 131	$ 51	$ 182	$ 192	$ 329	$1,073
Divestitures	—	—	—	—	(1)	—	(1)
Foreign currency translation adjustments	—	—	—	(8)	1	—	(7)
Balance at March 31,2020	$ 188	$ 131	$ 51	$ 174	$ 192	$ 329	$1,065
Divestitures	—	—	—	—	—	(1)	(1)
Foreign currency translation adjustments	1	—	—	22	2	1	26
Balance at March 31, 2021	$ 189	$ 131	$ 51	$ 196	$ 194	$ 329	$1,090

Other Intangible Assets

The Company's acquired intangible assets are subject to amortization over their estimated useful lives and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. An impairment loss is recognized when the carrying amount of an intangible asset exceeds its fair value. The Company reviewed the carrying value of its intangible assets as of March 31, 2021 and concluded that such amounts continued to be recoverable.

Intangible assets are comprised of customer-related intangible assets that include contractual agreements and customer relationships, and licenses and other intangible assets that are primarily comprised of licenses and also include patents and trademarks, and developed technologies. Generally, both customer-related intangible assets and licenses and other intangible assets are amortized on a straight-line basis, over a period of up to ten years. No residual value is estimated for any intangible assets. The fair value of the Company's intangible assets purchased through business combinations is determined based on management's estimates of cash flow and recoverability. The components of acquired intangible assets are as follows:

	As of March 31, 2021				As of March 31, 2020		
	Weighted-Average Remaining Useful life (in Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
				(In millions)			
Intangible assets:							
Customer-related intangibles	4.8	$ 276	$ (154)	$ 122	$ 275	$ (128)	$ 147
Licenses and other intangibles	4.0	250	(159)	91	245	(130)	115
Total		$ 526	$ (313)	$ 213	$ 520	$ (258)	$ 262

Total intangible asset amortization expense recognized in operations during fiscal years 2021, 2020 and 2019 was $61.8 million, $64.1 million and $74.4 million, respectively. The gross carrying amounts of intangible assets are removed when fully amortized. During fiscal year 2021, the gross carrying amounts of fully amortized intangible assets totaled $16.9 million. The Company also recorded $11.4 million of foreign currency translation adjustments during fiscal year 2021, as the U.S. Dollar fluctuated against foreign currencies for certain intangibles. The estimated future annual amortization expense for acquired intangible assets is as follows:

Fiscal Year Ending March 31,	Amount
	(In millions)
2022	$ 54
2023	46
2024	44
2025	39
2026	18
Thereafter	12
Total amortization expense	$ 213

The Company owns or licenses various United States and foreign patents relating to a variety of technologies. For certain of the Company's proprietary processes, inventions, and works of authorship, the Company relies on trade secret or copyright protection. The Company also maintains trademark rights (including registrations) for the Company's corporate name and several other trademarks and service marks that the Company uses in the Company's business in the United States and other countries throughout the world. The Company has implemented appropriate policies and procedures (including both technological means and training programs for the Company's employees) to identify and protect the Company's intellectual property, as well as that of the Company's customers and suppliers. As of March 31, 2021 and 2020, the carrying value of the Company's intellectual property was not material.

Derivative Instruments and Hedging Activities

All derivative instruments are recognized on the consolidated balance sheets at fair value. If the derivative instrument is designated as a cash flow hedge, effectiveness is tested monthly using a regression analysis of the change in spot currency rates and the change in present value of the spot currency rates. The spot currency rates are discounted to present value using functional currency Inter-bank Offering Rates over the maximum length of the hedge period. The effective portion of changes in the fair value of the derivative instrument (excluding time value) is recognized in shareholders' equity as a separate component of accumulated other comprehensive income (loss), and recognized in the consolidated statements of operations when the hedged item affects earnings. Ineffective and excluded portions of changes in the fair value of cash flow hedges are recognized in earnings immediately. If the derivative instrument is designated as a fair value hedge, the changes in the fair value of the derivative instrument and of the hedged item attributable to the hedged risk are recognized in earnings in the current period. Additional information is included in note 9.

Investments

The Company has an investment portfolio that consists of strategic investments in privately held companies, and certain venture capital funds which are included within other assets. These privately held companies range from startups to more mature companies with established revenue streams and business models. As of March 31, 2021, and March 31, 2020, the Company's investments in non-consolidated companies totaled $102.8 million and $128.1 million, respectively.

During fiscal year 2021, the Company recognized $83.5 million of equity in earnings, associated with its equity method investments in other charges (income), net on the consolidated statement of operations. Additional information is included in note 16. Also during fiscal year 2021, in connection with the Company’s ongoing assessment of recoverability of its investment portfolio, the Company concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized a $36.5 million total impairment in other charges (income), net on the consolidated statement of operations primarily related to the Company's investment in Bright Machines.

During fiscal year 2020, the Company recognized $97.7 million of total impairments primarily related to Elementum and certain other non-core investments, reflecting recent market valuation changes, in addition to capturing additional risks due to the economic challenges in light of COVID-19.

During the last half of fiscal year 2019, the Company reassessed its strategy with respect to its entire investment portfolio. As a result the Company recognized aggregate net charges related to investment impairments and dispositions of approximately $193 million for the fiscal year ended March 31, 2019, primarily related to a non-core cost method investment and Elementum.

Non-consolidated investments in entities are accounted for using the equity method when the Company has an investment in common stock or in-substance common stock, and either (a) has the ability to significantly influence the operating decisions of the issuer, or (b) if the Company has a voting percentage generally equal to or greater than 20% but less than 50%, and for non-majority-owned investments in partnerships when generally greater than 5%. Cost method is used for investments where the Company does not have the ability to significantly influence the operating decisions of the investee, or if the Company’s investment is in securities other than common stock or in-substance common stock.

The Company monitors these investments for impairment indicators and makes appropriate reductions in carrying values as required whenever events or changes in circumstances indicate that the assets may be impaired. The factors the Company considers in its evaluation of potential impairment of its investments include, but are not limited to, a significant deterioration in the earnings performance or business prospects of the investee, or factors that raise significant concerns about the investee’s ability to continue as a going concern, such as negative cash flows from operation or working capital deficiencies. Fair values of these investments, when required, are estimated using unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy, and require management to make various judgmental assumptions primarily about comparable company multiples and discounted cash flow projections. Some of the inherent estimates and assumptions used in determining the fair value of the investments are outside the control of management. While the Company believes it has made reasonable estimates and assumptions to calculate the fair value of the investments, it is possible a material change could occur. If the actual results are not consistent with management's estimates and assumptions used to calculate fair value, it could result in material impairments of investments.

For investments accounted for under the cost method that do not have readily determinable fair values, the Company measures them at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Bright Machines

During the first quarter of fiscal year 2019, the Company transferred existing employees and equipment with a net book value of approximately $35 million along with certain related software and intellectual property, into the newly created Bright Machines, in exchange for shares of preferred stock and a controlling financial interest in Bright Machines. Bright Machines is a privately held software-as-a service (SaaS) and hardware company focused on developing and deploying an automation solution worldwide. The Company has concluded that Bright Machines does not qualify as a variable interest entity for purposes of evaluating whether it has a controlling financial interest.

Subsequent to the initial formation and prior to June 29, 2018, Bright Machines received equity funding from third party investors and expanded the board of directors, resulting in dilution of the Company's voting interest to below 50%. As a result, the Company concluded it no longer held a controlling financial interest in Bright Machines and accordingly deconsolidated the entity.

The fair value of the Company's non-controlling interest in Bright Machines upon deconsolidation was approximately $128 million as of the date of deconsolidation. The Company initially accounted for its investment in Bright Machines under the equity method, with the carrying amount included in other assets on the consolidated balance sheet. The value of the Company's interest on the date of deconsolidation was based on management's estimate of the fair value of Bright Machines at that time. Management relied on a multi-stage process which involved calculating the enterprise and equity value of Bright Machines, then allocating the equity value of the entity to the Company's securities. The enterprise value of Bright Machines was estimated based on the value implied by the equity funding Bright Machines received from third parties in the same period (i.e., Level 2 inputs). The Company recognized a gain on deconsolidation of approximately $87 million with no material tax impact, which is included in other charges (income), net on the consolidated statement of operations for the fiscal year ended March 31, 2019.

Concurrently with the deconsolidation, the Company engaged Bright Machines as a strategic partner to develop and deploy automation solutions for Flex and entered into a 5-year subscription agreement for the use of fixed assets along with other automation services. The subscription agreement provides the Company with the use of the assets previously contributed to Bright Machines and accordingly is accounted for as a finance lease. As a result, the Company recognized a finance lease asset and obligation in the consolidated balance sheets. The related finance lease asset and obligation balances as of March 31, 2021and 2020 were not material.

Pro-forma financials have not been presented because the effects were not material to the Company's consolidated financial position and results of operation for all periods presented. Subscription fees under the Bright Machines agreement were immaterial for all periods presented.

During fiscal year 2020, the Company and Bright Machines executed agreements that provided for, among other things, the repurchase of certain preferred stock of Bright Machines held by the Company and the removal of certain rights associated with such shares, including the Company's right to elect certain members of Bright Machines' board of directors. In conjunction with this transaction, the Company received consideration of approximately $44 million and recognized a total charge of $23 million, which is included in other charges, net on the consolidated statement of operations.

As a result of the transaction, the Company no longer has the ability to exercise significant influence, and therefore accounts for its remaining investment in Bright Machines as a cost method investment, which is included in other assets on the consolidated balance sheet as of March 31, 2020. Bright Machines is no longer a related party of the Company subsequent to the transaction described above.

During fiscal year 2021, the Company recorded approximately $35 million charge primarily related to the anticipated cancellation and retirement of certain shares of preferred stock, held by the Company, as a condition to amend the subscription agreement with Bright Machines as well as a change in the market valuation which resulted in part of the carrying value of the investment to be other than temporarily impaired. The charge is included in other charges, net on the consolidated statements of operations.

Other Current Liabilities

Other current liabilities include customer working capital advances of $471.5 million and $264.2 million, and customer-related accruals of $242.0 million and $195.1 million as of March 31, 2021 and 2020, respectively. The customer working capital advances are not interest bearing, do not have fixed repayment dates and are generally reduced as the underlying working capital is consumed in production.

Leases

The Company is a lessee with several non-cancellable operating leases, primarily for warehouses, buildings, and other assets such as vehicles and equipment. The Company determines if an arrangement is a lease at contract inception. A contract is a lease or contains a lease when (1) there is an identified asset, and (2) the customer has the right to control the use of the identified asset. Beginning with the adoption of ASC 842 on April 1, 2019, the Company elected to adopt the package of transition practical expedients and, therefore, has not reassessed (1) whether existing or expired contracts contain a lease, (2) lease classification for existing or expired leases or (3) the accounting for initial direct costs that were previously capitalized. The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date for the Company's operating leases. For operating leases, the lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. The Company has elected the short-term lease recognition and measurement exemption for all classes of assets, which allows the Company to not recognize ROU assets and lease liabilities for leases with a lease term of 12 months or less and with no purchase option the Company is reasonably certain of exercising. The Company has also elected the practical expedient to account for the lease and non-lease components as a single lease component, for all classes of underlying assets. Therefore, the lease payments used to measure the lease liability include all of the fixed considerations in the contract. Lease payments included in the measurement of the lease liability comprise the following: fixed payments (including in-substance fixed payments), and variable payments that depend on an index or rate (initially measured using the index or rate at the lease commencement date). As the Company cannot determine the interest rate implicit in the lease for the Company's leases, the Company uses the Company's estimate of the incremental borrowing rate as of the commencement date in determining the present value of lease payments. The Company's estimated incremental borrowing rate is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The lease term for all of the Company's leases includes the non-cancellable period of the lease plus any additional periods covered by either an option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

The adoption of ASC 842 had a material impact to the Company's consolidated balance sheet, but did not materially impact the consolidated statement of operations or consolidated statement of cash flows. The most significant changes to the consolidated balance sheet relate to the recognition of ROU assets and lease liabilities for operating leases. The Company's accounting for finance leases remains substantially unchanged and the balances are not material for any periods presented.

As a result of adopting ASC 842 as of April 1, 2019, the Company recognized additional operating liabilities of $658 million with a corresponding ROU asset of $624 million and a deferred gain of $22 million for sale leaseback transactions to opening retained earnings. Note 3 "Leases" provides further disclosures required by the new standard.

As of March 31, 2021 and 2020, current operating lease liabilities were $127.6 million and $114.1 million, respectively, which are included in other current liabilities on the consolidated balance sheets.

Restructuring Charges

The Company recognizes restructuring charges related to its plans to close or consolidate excess manufacturing facilities and rationalize administrative functions. In connection with these activities, the Company records restructuring charges for employee termination costs, long-lived asset impairment and other exit-related costs.

The recognition of restructuring charges requires the Company to make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned exit activity. To the extent the Company's actual results differ from its estimates and assumptions, the Company may be required to revise the estimates of future liabilities, requiring the recognition of additional restructuring charges or the reduction of liabilities already recognized. Such changes to previously estimated amounts may be material to the consolidated financial statements. At the end of each reporting period, the Company evaluates the remaining accrued balances to ensure that no excess accruals are retained, and the utilization of the provisions are for their intended purpose in accordance with developed restructuring plans. See note 15 for additional information regarding restructuring charges.

Recently Adopted Accounting Pronouncements

In October 2020, the FASB issued ASU 2020-09 "Debt (Topic 470): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762." which amends and supersedes SEC paragraphs in the Accounting Standards Codification to reflect the issuance of SEC Release No. 33-10762 related to financial disclosure requirements for subsidiary issuers and guarantors of registered debt securities and affiliates whose securities are pledged as collateral for registered securities. The Company adopted the new guidance during the fourth quarter of fiscal year 2021 with no impact on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04 "Facilitation of the Effects of Reference Rate Reform on Financial Reporting", which temporarily simplifies the accounting for contract modifications, including hedging relationships, due to the transition from LIBOR and other interbank offered rates to alternative reference interest rates. For example, entities can elect not to remeasure the contracts at the modification date or reassess a previous accounting determination if certain conditions are met. Additionally, entities can elect to continue applying hedge accounting for hedging relationships affected by reference rate reform if certain conditions are met. The Company adopted the guidance during the first quarter of fiscal year 2021 with an immaterial impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” and also issued subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, and ASU 2019-11, which replace the existing incurred loss impairment model with an expected credit loss model and require a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The Company adopted the guidance during the first quarter of fiscal year 2021 with an immaterial impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

In October 2020, the FASB issued ASU 2020-10 "Codification Improvements", which improves consistency by amending the Accounting Standards Codification to include all disclosure guidance in the appropriate disclosure sections and clarifies the application of various provisions in the Codification by amending and adding new headings, cross referencing to other guidance, and refining or correcting terminology. The guidance is effective for the Company beginning in the first quarter of fiscal year 2022 with early adoption permitted. The Company expects the new guidance will have an immaterial impact on its consolidated financial statements, and intends to adopt the guidance when it becomes effective in the first quarter of fiscal year 2022.

In January 2020, the FASB issued ASU 2020-01 "Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions Between Topic 321, Topic 323, and Topic 815 — a consensus of the FASB Emerging Issues Task Force", which makes improvements related to the following two topics: (1) accounting for certain equity securities when the equity method of accounting is applied or discontinued, and (2) scope considerations related to forward contracts and purchased options on certain securities. The guidance is effective for the Company beginning in the first quarter of fiscal year 2022 with early adoption permitted. The Company expects the new guidance will have an immaterial impact on its consolidated financial statements, and intends to adopt the guidance when it becomes effective in the first quarter of fiscal year 2022.

In December 2019, the FASB issued ASU 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes", which removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. The guidance is effective for the Company beginning in the first quarter of fiscal year 2022 with early adoption permitted. The Company expects the new guidance will have an immaterial impact on its consolidated financial statements, and intends to adopt the guidance when it becomes effective in the first quarter of fiscal year 2022.

3. LEASES

The Company has several commitments under operating leases for warehouses, buildings, and equipment. The Company also has a minimal number of finance leases with an immaterial impact on its consolidated financial statements. Leases have initial lease terms ranging from 1 year to 23 years.

The components of lease cost recognized under ASC 842 were as follow (in millions):

Lease cost	Year Ended	
	March 31, 2021	March 31, 2020
Operating lease cost	$ 152	$ 163

Amounts reported in the consolidated balance sheet as of the periods ended March 31, 2021 and 2020 were (in millions, except weighted average lease term and discount rate):

	As of March 31, 2021	As of March 31, 2020
Operating Leases:		
Operating lease right of use assets	$ 642	$ 605
Operating lease liabilities	$ 690	$ 643
Weighted-average remaining lease term (In years)		
Operating leases	7.5	7.9
Weighted-average discount rate		
Operating leases	3.9 %	4.1 %

Other information related to leases was as follow (in millions):

	Year Ended	
	March 31, 2021	March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 152	$ 150
Right-of-use assets obtained in exchange for lease liabilities		
Operating Lease	$ 159	$ 99

During the fiscal year ended March 31, 2020 the Company sold and leased back certain properties and received cash proceeds of $69.6 million and recorded a deferred gain of $32.7 million. As a result of adopting ASC 842 as of April 1, 2019, the Company recognized the deferred gain to prior year retained earnings. No properties were sold and leased back by the Company during the fiscal year ended March 31, 2021.

Future lease payments under non-cancellable leases as of March 31, 2021 are as follows (in millions):

Fiscal Year Ended March 31,	Operating Leases
2022	$ 147
2023	130
2024	110
2025	87
2026	70
Thereafter	256
Total undiscounted lease payments	800
Less: imputed interest	110
Total lease liabilities	$ 690

Total rent expense amounted to $179.8 million, $186.9 million, and $176.8 million in fiscal years 2021, 2020 and 2019, respectively.

4. REVENUE

Revenue Recognition

The Company provides a comprehensive suite of services for its customers that range from advanced product design to manufacturing and logistics to after-sales services. The first step in its process for revenue recognition is to identify a contract with a customer. A contract is defined as an agreement between two parties that creates enforceable rights and obligations and can be written, verbal, or implied. The Company generally enters into master supply agreements ("MSA") with its customers that provide the framework under which business will be conducted. This includes matters such as warranty, indemnification, transfer of title and risk of loss, liability for excess and obsolete inventory, pricing formulas, payment terms, etc., and the level of business under those agreements may not be guaranteed. In those instances, the Company bids on a program-by-program basis and typically receives customer purchase orders for specific quantities and timing of products. As a result, the Company considers its contract with a customer to be the combination of the MSA and the purchase order, or any other similar documents such as a statement of work, product addendum, emails or other communications that embody the commitment by the customer.

In determining the appropriate amount of revenue to recognize, the Company applies the following steps: (i) identifies the contracts with the customers; (ii) identifies performance obligations in the contracts; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations per the contracts; and (v) recognizes revenue when (or as) the Company satisfies a performance obligation. Further, the Company assesses whether control of the product or services promised under the contract is transferred to the customer at a point in time (PIT) or over time (OT). The Company is first required to evaluate whether its contracts meet the criteria for OT recognition. The Company has determined that for a portion of its contracts the Company is manufacturing products for which there is no alternative use (due to the unique nature of the customer-specific product and intellectual property restrictions) and the Company has an enforceable right to payment including a reasonable profit for work-in-progress inventory with respect to these contracts. As a result, revenue is recognized under these contracts OT based on the cost-to-cost method as it best depicts the transfer of control to the customer measured based on the ratio of costs incurred to date as compared to the total estimated costs at completion of the performance obligation. For all other contracts that do not meet these criteria, the Company recognizes revenue when it has transferred control of the related manufactured products which generally occurs upon delivery and passage of title to the customer.

Customer Contracts and Related Obligations

Certain of the Company's customer agreements include potential price adjustments which may result in variable consideration. These price adjustments include, but are not limited to, sharing of cost savings, committed price reductions, material margins earned over the period that are contractually required to be paid to the customers, rebates, refunds tied to performance metrics such as on-time delivery, and other periodic pricing resets that may be refundable to customers. The Company estimates the variable consideration related to these price adjustments as part of the total transaction price and recognizes revenue in accordance with the pattern applicable to the performance obligation, subject to a constraint. The Company constrains the amount of revenues recognized for these contractual provisions based on its best estimate of the amount which will not result in a significant reversal of revenue in a future period. The Company determines the amounts to be recognized based on the amount of potential refunds required by the contract, historical experience and other surrounding facts and circumstances. Often these obligations are settled with the customer in a period after shipment through various methods which include reduction of prices for future purchases, issuance of a payment to the customer, or issuance of a credit note applied against the customer's accounts receivable balance. In many instances, the agreement is silent on the settlement mechanism. Any difference between the amount accrued upon shipment for potential refunds and the actual amount agreed to with the customer is recorded as an increase or decrease in revenue. These potential price adjustments are included as part of other current liabilities on the consolidated balance sheet and disclosed as part of customer-related accruals in note 2.

Performance Obligations

The Company derives its revenues primarily from manufacturing services, and to a lesser extent, from innovative design, engineering, and supply chain services and solutions.

A performance obligation is an implicitly or explicitly promised good or service that is material in the context of the contract and is both capable of being distinct (customer can benefit from the good or service on its own or together with other readily available resources) and distinct within the context of the contract (separately identifiable from other promises). The Company considers all activities typically included in its contracts, and identifies those activities representing a promise to transfer goods or services to a customer. These include, but are not limited to, design and engineering services, prototype products, tooling, etc. Each promised good or service with regards to these identified activities is accounted for as a separate performance obligation only if it is distinct - i.e., the customer can benefit from it on its own or together with other resources that are readily available to the customer. Certain activities on the other hand are determined not to constitute a promise to transfer goods or service, and therefore do not represent separate performance obligations for revenue recognition (e.g., procurement of materials and standard workmanship warranty).

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company's contracts have a single performance obligation as the promise to transfer the individual good or service is not separately identifiable from other promises in the contract and is, therefore, not distinct. Promised goods or services that are immaterial in the context of the contract are not separately assessed as performance obligations. In the event that more than one performance obligation is identified in a contract, the Company is required to allocate the transaction price between the performance obligations. The allocation would generally be performed on the basis of a relative standalone price for each distinct good or service. This standalone price most often represents the price that the Company would sell similar goods or services separately.

Contract Balances

A contract asset is recognized when the Company has recognized revenue, but not issued an invoice for payment. Contract assets are classified separately on the consolidated balance sheets and transferred to receivables when rights to payment become unconditional.

A contract liability is recognized when the Company receives payments in advance of the satisfaction of performance and is included in other current liabilities on the consolidated balance sheets. Contract liabilities, identified as deferred revenue, were $435.4 million and $366.8 million as of March 31, 2021 and 2020, respectively, of which $376.5 million and $361.5 million, respectively, is included in other current liabilities.

Disaggregation of Revenue

The following table presents the Company’s revenue disaggregated based on timing of transfer - point in time and over time for the fiscal years ended March 31, 2021, 2020 and 2019:

	Fiscal Year Ended March 31,		
	March 31, 2021	March 31, 2020	March 31, 2019
Timing of Transfer		(In millions)	
FAS			
Point in time	$ 12,058	$ 11,581	$ 12,311
Over time	1,435	2,472	4,544
Total	13,493	14,053	16,855
FRS			
Point in time	7,674	6,870	6,527
Over time	2,957	3,287	2,829
Total	10,631	10,157	9,356
Flex			
Point in time	19,732	18,451	18,838
Over time	4,392	5,759	7,373
Total	$ 24,124	$ 24,210	$ 26,211

5. SHARE-BASED COMPENSATION

Equity Compensation Plans

The Company's primary plan used for granting equity compensation awards is the Company's 2017 Equity Incentive Plan (the "2017 Plan").

Share-Based Compensation Expense

The following table summarizes the Company's share-based compensation expense for all equity incentive plans:

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Cost of sales	$ 20	$ 15	$ 20
Selling, general and administrative expenses	59	56	56
Total share-based compensation expense	$ 79	$ 71	$ 76

Cash flows resulting from excess tax benefits (tax benefits related to the excess of proceeds from employee exercises of share options over the share-based compensation cost recognized for those options) are classified as operating cash flows. During fiscal years 2021, 2020 and 2019, the Company did not recognize any excess tax benefits as an operating cash inflow.

As of March 31, 2021, the Company had approximately 24.8 million shares available for grant under the 2017 Plan. Options issued to employees under this plan generally vest over four years and expire ten years from the date of grant. Options granted to non-employee directors generally expire five years from the date of grant.

The exercise price of options granted to employees is determined by the Company's Board of Directors or the Compensation Committee and may not be less than the closing price of the Company's ordinary shares on the date of grant.

As of March 31, 2021, the total unrecognized compensation cost related to unvested share options granted to employees under all plans was not material.

The Company also grants restricted share unit ("RSU") awards under its 2017 Plan. RSU awards are rights to acquire a specified number of ordinary shares for no cash consideration in exchange for continued service with the Company. RSU awards generally vest in installments over a three to four-year period and unvested RSU awards are forfeited upon termination of employment.

Vesting for certain RSU awards is contingent upon both service and market conditions.

As of March 31, 2021, the total unrecognized compensation cost related to unvested RSU awards under all plans was approximately $124.1 million. These costs will be amortized generally on a straight-line basis over a weighted-average period of approximately 1.9 years. Approximately $23.2 million of the total unrecognized compensation cost is related to RSU awards granted to certain key employees whereby vesting is contingent on meeting certain market conditions.

Determining Fair Value - Options and RSU awards

Valuation and Amortization Method—The Company estimates the fair value of share options granted under the 2017 Plan using the Black-Scholes valuation method and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The fair market value of RSU awards granted, other than those awards with a market condition, is the closing price of the Company's ordinary shares on the date of grant and is generally recognized as compensation expense on a straight-line basis over the respective vesting period.

Expected Term—The Company's expected term used in the Black-Scholes valuation method represents the period that the Company's share options are expected to be outstanding and is determined based on historical experience of similar awards, giving consideration to the contractual terms of the share options, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its share options.

Expected Volatility—The Company's expected volatility used in the Black-Scholes valuation method is derived from a combination of implied volatility related to publicly traded options to purchase Flex ordinary shares and historical variability in the Company's periodic share price.

Expected Dividend—The Company has never paid dividends on its ordinary shares and accordingly the dividend yield percentage is zero for all periods.

Risk-Free Interest Rate—The Company bases the risk-free interest rate used in the Black-Scholes valuation method on the implied yield currently available on U.S. Treasury constant maturities issued with a term equivalent to the expected term of the option.

There were no options granted under the 2017 Plan during fiscal years 2021, 2020, and 2019.

Determining Fair Value - RSU awards with service and market conditions

Valuation and Amortization Method—The Company estimates the fair value of RSU awards granted under the 2017 Plan whereby vesting is contingent on meeting certain market conditions using Monte Carlo simulation. This fair value is then amortized on a straight-line basis over the vesting period, which is the service period.

Expected volatility of Flex—Volatility used in a Monte Carlo simulation is derived from the historical volatility of Flex's stock price over a period equal to the service period of the RSU awards granted. The service period is three years for those RSU awards granted in fiscal years 2021, 2020, and 2019.

Average peer volatility—Volatility used in a Monte Carlo simulation is derived from the historical volatilities of the Standard and Poor's ("S&P") 500 index for the RSU awards granted in fiscal years 2021, 2020, and 2019.

Average Peer Correlation—Correlation coefficients were used to model the movement of Flex's stock price relative to the S&P 500 index for the RSU awards granted in fiscal years 2021, 2020, and 2019.

Expected Dividend and Risk-Free Interest Rate assumptions—Same methodology as discussed above.

The fair value of the Company's RSU awards under the 2017 Plan, whereby vesting is contingent on meeting certain market conditions, for fiscal years 2021, 2020, and 2019 was estimated using the following weighted-average assumptions:

	Fiscal Year Ended March 31,		
	2021	2020	2019
Expected volatility	52.8 %	38.8 %	27.4 %
Average peer volatility	35.9 %	24.9 %	25.6 %
Average peer correlation	0.7	0.5	0.5
Expected dividends	— %	— %	— %
Risk-free interest rate	0.3 %	1.8 %	2.7 %

Share-Based Awards Activity

Option activity for all plans is immaterial for all periods presented.

Cash received from option exercises under all plans, which was reflected within other financing activities in the consolidated statement of cash flows, was immaterial for fiscal years 2021, 2020, and 2019.

The following table summarizes the Company's RSU award activity under all plans ("Price" reflects the weighted-average grant-date fair value):

	Fiscal Year Ended March 31,					
	2021		2020		2019	
	Shares	Price	Shares	Price	Shares	Price
Unvested RSU awards outstanding, beginning of fiscal year	16,050,640	$11.87	14,903,886	$13.76	14,619,692	$14.39
Granted	10,982,109	11.04	8,259,272	9.81	8,257,502	12.59
Vested	(5,520,005)	11.64	(4,222,524)	13.33	(5,952,039)	13.12
Forfeited	(4,204,119)	11.92	(2,889,994)	12.89	(2,021,269)	14.51
Unvested RSU awards outstanding, end of fiscal year	17,308,625	$11.14	16,050,640	$11.87	14,903,886	$13.76

Of the 11.0 million unvested RSU awards granted in fiscal year 2021, approximately 9.4 million are plain-vanilla unvested RSU awards with no performance or market conditions with an average grant date price of $10.37 per share. Further, approximately 1.6 million of these unvested RSU awards granted in fiscal year 2021 represents the target amount of grants made to certain key employees whereby vesting is contingent on certain market conditions, with an average grant date fair value estimated to be $15.03 per award calculated using a Monte Carlo simulation. Vesting information for these shares is further detailed in the table below.

Of the 17.3 million unvested RSU awards outstanding under all plans as of the fiscal year ended March 31, 2021, approximately 3.4 million unvested RSU awards represent the target amount of grants made to certain key employees whereby vesting is contingent on meeting certain market conditions summarized as follows:

Year of grant	Targeted number of awards as of March 31, 2021 (in shares)	Average grant date fair value (per share)	Range of shares that may be issued (1) Minimum	Maximum	Assessment dates
Fiscal 2021	1,455,969	$ 15.03	—	2,911,938	June 2023
Fiscal 2020	1,388,691	$ 11.92	—	2,777,382	June 2022
Fiscal 2019	553,652	$ 14.00	—	1,107,304	June 2021
Totals	3,398,312		—	6,796,624	

(1) Vesting ranges from zero to 200% based on measurement of Flex's total shareholder return against the Standard and Poor's ("S&P") 500 Composite Index.

The Company will continue to recognize share-based compensation expense for awards with market conditions regardless of whether such awards will ultimately vest. During fiscal year 2021, no shares vested in connection with the RSU awards with market conditions granted in fiscal year 2018.

The total intrinsic value of RSU awards vested under all the Company's plans was $68.6 million, $41.7 million and $80.2 million during fiscal years 2021, 2020 and 2019, respectively, based on the closing price of the Company's ordinary shares on the date vested.

6. EARNINGS PER SHARE

Basic earnings per share excludes dilution and is computed by dividing net income by the weighted-average number of ordinary shares outstanding during the applicable periods.

Diluted earnings per share reflects the potential dilution from stock options and RSU awards. The potential dilution from stock options exercisable into ordinary share equivalents and restricted share unit awards was computed using the treasury stock method based on the average fair market value of the Company's ordinary shares for the period.

The following table reflects the basic weighted-average ordinary shares outstanding and diluted weighted-average ordinary share equivalents used to calculate basic and diluted income per share:

	Fiscal Year Ended March 31, 2021	2020	2019
		(In millions, except per share amounts)	
Basic earnings per share:			
Net income	$ 613	$ 88	$ 93
Shares used in computation:			
Weighted-average ordinary shares outstanding	499	$ 509	$ 527
Basic earnings per share	$ 1.23	$ 0.17	$ 0.18
Diluted earnings per share:			
Net income	$ 613	$ 88	$ 93
Shares used in computation:			
Weighted-average ordinary shares outstanding	499	$ 509	$ 527
Weighted-average ordinary share equivalents from stock options and RSU awards (1) (2)	7	3	3
Weighted-average ordinary shares and ordinary share equivalents outstanding	506	512	530
Diluted earnings per share	$ 1.21	$ 0.17	$ 0.18

(1) An immaterial amount of options to purchase ordinary shares during fiscal years 2021, 2020, and 2019 were excluded from the computation of diluted earnings per share due to their anti-dilutive impact on the weighted average ordinary shares equivalents.

(2) An immaterial number of RSU awards during fiscal years 2021 2020, and 2019, respectively, were excluded from the computation of diluted earnings per share due to their anti-dilutive impact on the weighted average ordinary shares equivalents.

7. SUPPLEMENTAL CASH FLOW DISCLOSURES

The following table represents supplemental cash flow disclosures and non-cash investing and financing activities:

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Net cash paid for:			
Interest	$ 147	$ 172	$ 190
Income taxes	$ 105	$ 99	$ 134
Non-cash investing and financing activity:			
Unpaid purchases of property and equipment	$ 102	$ 104	$ 112
Non-cash investment in Bright Machines (Note 2)	$ —	$ —	$ 128
Finance lease for Bright Machines assets (Note 2)	$ 4	$ 23	$ 35

8. BANK BORROWINGS AND LONG-TERM DEBT

Bank borrowings and long-term debt are as follows:

	As of March 31, 2021	As of March 31, 2020
	(In millions)	
Term Loan, including current portion, due in installments through June 2022	—	433
5.000% Notes due February 2023	500	500
Term Loan due April 2024 - three-month Yen LIBOR plus 0.50%	305	310
4.750% Notes due June 2025	598	597
3.750% Notes due February 2026	694	—
4.875% Notes due June 2029	661	662
4.875% Notes due May 2030	694	—
India Facilities	133	138
Other	219	211
Debt issuance costs	(21)	(13)
	3,783	2,838
Current portion, net of debt issuance costs	(268)	(149)
Non-current portion	$ 3,515	$ 2,689

The weighted-average interest rates for the Company's long-term debt were 4.3% and 4.0% as of March 31, 2021 and 2020, respectively.

Scheduled repayments of the Company's bank borrowings and long-term debt are as follows:

Fiscal Year Ending March 31,	Amount (In millions)
2022	$ 268
2023	$ 531
2024	$ 53
2025	$ 305
2026	$ 1,292
Thereafter	$ 1,355
Total	$ 3,804

Notes due February 2026 and May 2030

In May 2020, the Company issued $425 million aggregate principal amount of 3.750% Notes due February 2026 (the "Existing 2026 Notes"), at 99.617% of face value and $325 million aggregate principal amount of 4.875% Notes due May 2030 (the "Existing 2030 Notes" and, together with the Existing 2026 Notes, the "Existing Notes"), at 99.562% of face value. In August 2020, as a further issuance of the Existing Notes, the Company issued under the same terms (other than the initial interest accrual date and first interest payment date for the additional 2026 Notes, and the initial offering price and the issue date for the additional 2026 and 2030 Notes), an additional $250 million of 3.750% Notes due February 2026 (together with the Existing 2026 Notes, the "2026 Notes"), at 109.294% of face value, and $325 million of 4.875% Notes due May 2030 (together with the Existing 2030 Notes, the "2030 Notes"), at 114.863% of face value. Immediately after the issuance of the additional notes issued in August 2020, the Company has $675 million aggregate principal amount of 3.750% Notes due 2026 outstanding and $650 million aggregate principal amount of 4.875% Notes due 2030 outstanding. The Company received in aggregate, proceeds of approximately $1.4 billion, net of discounts and after premiums, from the issuances, which have been used for working capital and other general corporate purposes, in addition to repaying the term loan due June 2022. The Company incurred and capitalized as a direct reduction to the carrying amount of the Notes presented on the balance sheet approximately $12.8 million of costs in conjunction with the issuance of the Notes.

Interest on the 2026 Notes and the 2030 Notes is payable semi-annually, commencing on August 1, 2020 and November 12, 2020, respectively, except that interest on the additional 2026 Notes is payable commencing February 1, 2021. The Notes are senior unsecured obligations of the Company and rank equally with all of the Company's other existing and future senior and unsecured debt obligations.

The indenture governing the Notes contains covenants that, among other things, restrict the ability of the Company and certain of the Company's subsidiaries to create liens; enter into sale-leaseback transactions; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Company's assets to, another person, or permit any other person to consolidate, merge, combine or amalgamate with or into the Company. These covenants are subject to a number of significant limitations and exceptions set forth in the indenture. The indenture also provides for customary events of default, including, but not limited to, cross defaults to certain specified other debt of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding Notes will become due and payable immediately without further action or notice. If any other event of default under the indenture occurs or is continuing, the trustee or holders of at least 25% in aggregate principal amount of the then outstanding 2026 Notes or 2030 Notes may declare all of such series of Notes to be due and payable immediately, but upon certain conditions such declaration and its consequences may be rescinded and annulled by the holders of a majority in principal amount of such series of Notes. As of March 31, 2021, the Company was in compliance with the covenants in the indenture governing the Notes.

The 2026 Credit Facility

In January 2021, the Company entered into a new $2.0 billion credit agreement which matures in January 2026 (the "2026 Credit Facility") and consists of a $2.0 billion revolving credit facility with a sub-limit of $360 million available for swing line loans, and a sub-limit of $175 million available for the issuance of letters of credit. The 2026 Credit Facility replaced the previous $1.75 billion revolving credit facility, which was due to mature in June 2022 (the "2022 Credit Facility"). The Company determined that effectively increasing the borrowing capacity of the former revolving arrangement qualified as a debt modification and consequently all unamortized debt issuance costs related to the $1.75 billion credit facility remain capitalized and are being amortized over the term of the 2026 Credit Facility.

Borrowings under the 2026 Credit Facility bear interest, at the Company’s option, either at (i) the Base Rate, which is defined as the greatest of (a) the Administrative Agent’s prime rate, (b) the federal funds effective rate, plus 0.50% and (c) the LIBOR (the London Interbank Offered Rate) rate plus 1.0%; plus, in the case of each of clauses (a) through (c), an applicable margin ranging from 0.250% to 0.875% per annum, based on the Company’s credit ratings (as determined by Standard & Poor’s Financial Services LLC, Moody’s Investors Service, Inc. and Fitch Ratings Inc.) or (ii) LIBOR plus the applicable margin for LIBOR loans ranging between 1.250% and 1.875% per annum, based on the Company’s credit ratings. Interest on the outstanding borrowings is payable, (i) in the case of borrowings at the Base Rate, on the last business day of March, June, September and December of each calendar year and (ii) in the case of borrowings at the LIBOR rate, on the last day of the applicable interest period selected by the Company, which date shall be no later than the last day of every third month. The Company is required to pay a quarterly commitment fee on the unutilized portion of the revolving credit commitments under the 2026 Credit Facility ranging from 0.15% to 0.30% per annum, based on the Company’s credit ratings. The Company is also required to pay letter of credit usage fees ranging from 1.250% to 1.875% per annum (based on the Company’s credit ratings) on the amount of the daily average outstanding letters of credit and a fronting fee of 0.125% per annum on the undrawn and unexpired amount of each letter of credit.

Under the 2026 Credit Facility, the interest rate margins, commitment fee and letter of credit usage fee are subject to upward or downward adjustments if the Company achieves, or fails to achieve, certain specified sustainability targets with respect to workplace safety and greenhouse gas emissions. Such upward or downward sustainability adjustments may be up to 0.05% per annum in the case of the interest rate margins and letter of credit usage fee and up to 0.01% per annum in the case of the commitment fee.

The 2026 Credit Facility is unsecured, and contains customary restrictions on the ability of the Company and its subsidiaries to (i) incur certain debt, (ii) make certain acquisitions of other entities, (iii) incur liens, (iv) dispose of assets and (v) engage in transactions with affiliates. These covenants are subject to a number of significant exceptions and limitations. The 2026 Credit Facility also requires that the Company maintain a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation and amortization), and a minimum interest coverage ratio during the term of the New Credit Facility. As of March 31, 2021, the Company was in compliance with the covenants under the 2026 Credit Facility agreement.

Notes due February 2020 and February 2023

In February 2013, the Company issued $500 million of 4.625% Notes due February 15, 2020 and $500 million of 5.000% Notes due February 15, 2023 in a private offering pursuant to Rule 144A and Regulation S under the Securities Act. In July 2013, the Company exchanged these notes for new notes (collectively the "Notes") with substantially similar terms and completed the registration of the Notes with the Securities and Exchange Commission.

Interest on the Notes is payable semi-annually, which commenced on August 15, 2013. The Notes are senior unsecured obligations of the Company, rank equally with all of the Company's other existing and future senior and unsecured debt obligations, and up until June 30, 2017 were guaranteed, jointly and severally, fully and unconditionally on an unsecured basis, by certain of the Company's 100% owned subsidiaries (the "guarantor subsidiaries"). The Company replaced its $2.1 billion credit facility, which was due to expire in March 2019 and was guaranteed by the guarantor subsidiaries, with the 2022 Credit Facility, which is not guaranteed by the guarantor subsidiaries. Effective upon the replacement, all guarantor subsidiaries were released from their guarantees under the indenture governing the Notes. The 2022 Credit Facility was further replaced by the 2026 Credit Facility in January 2021.

At any time prior to maturity, the Company may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus an applicable premium accrued and unpaid interest, if any, to the applicable redemption date. Upon the occurrence of a change of control repurchase event (as defined in the Notes indenture), the Company must offer to repurchase the Notes at a repurchase price equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, to the applicable repurchase date. During fiscal year 2020, the Company tendered and redeemed the total outstanding balance under the Notes due February 15, 2020 with parts of the proceeds obtained from the JPY 33.525 billion term loan due April 2024 and the $650 million of 4.875% Notes due June 15, 2029 (as described further below). As the transaction was determined to fall under extinguishment accounting, the Company recognized an immaterial loss on extinguishment during its fiscal year ended March 31, 2020, which was recorded in interest and other, net on the consolidated statements of operations.

The indenture governing the Notes contains covenants that, among other things, restrict the ability of the Company and certain of the Company's subsidiaries to create liens; enter into sale-leaseback transactions; create, incur, issue, assume or guarantee any funded debt; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Company's assets to, another person. These covenants are subject to a number of significant limitations and exceptions set forth in the indenture. The indenture also provides for customary events of default, including, but not limited to, cross defaults to certain specified other debt of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding Notes will become due and payable immediately without further action or notice. If any other event of default under the indenture occurs or is continuing, the applicable trustee or holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all of the Notes to be due and payable immediately. As of March 31, 2021, the Company was in compliance with the covenants in the indenture governing the Notes.

Term Loan due April 2024

In April 2019, the Company entered into a JPY 33.525 billion term loan agreement due April 2024, at three-month Yen LIBOR plus 0.50%, which was then swapped to U.S. dollars. The term loan, which is due at maturity and subject to quarterly interest payments, is used to fund general operations and refinance certain other outstanding debts. As the term loan is denominated in Japanese Yen, the debt balance is remeasured to USD at end of each reporting period. Foreign currency contracts have been entered into with respect to this Japanese yen denominated term loan. Refer to note 9 for additional details.

This term loan is unsecured, and contains customary restrictions on the ability of the Company and its subsidiaries to (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. These covenants are subject to a number of exceptions and limitations. This term loan agreement also requires that the Company maintain a maximum ratio of total indebtedness to EBITDA, and a minimum interest coverage ratio, as defined therein, during its term. As of March 31, 2021, the Company was in compliance with the covenants under this term loan agreement.

Notes due June 2025

In June 2015, the Company issued $600 million of 4.750% Notes ("2025 Notes") due June 15, 2025 in a private offering pursuant to Rule 144A and Regulation S under the Securities Act, at 99.213% of face value, and an effective yield of approximately 4.850%. The Company received net proceeds of approximately $595.3 million from the issuance which was used for general corporate purposes. During January 2016, the Company exchanged these notes for new notes with substantially similar terms and completed the registration of these notes with the Securities and Exchange Commission.

The Company incurred approximately $7.9 million of costs in conjunction with the issuance of the 2025 Notes. The issuance costs were capitalized and presented on the balance sheet as a direct deduction from the carrying amount of the 2025 Notes.

Interest on the 2025 Notes is payable semi-annually, commencing on December 15, 2015. The 2025 Notes are senior unsecured obligations of the Company, rank equally with all of the Company's other existing and future senior and unsecured debt obligations, and up until June 30, 2017 were guaranteed, jointly and severally, fully and unconditionally on an unsecured basis, by each of the Company's 100% owned subsidiaries (the "guarantor subsidiaries"). The Company replaced its $2.1 billion credit facility, which was due to expire in March 2019 and was guaranteed by the guarantor subsidiaries, with the 2022 Credit Facility, which was not guaranteed by the guarantor subsidiaries. Effective upon the replacement, all guarantor subsidiaries were released from their guarantees under the indenture for the 2025 Notes. The 2022 Credit Facility was further replaced by the 2026 Credit Facility in January 2021.

At any time prior to March 15, 2025, the Company may redeem some or all of the 2025 Notes at a redemption price equal to 100% of the principal amount of the 2025 Notes redeemed, plus an applicable premium and accrued and unpaid interest, if any, to the applicable redemption date. Upon the occurrence of a change of control repurchase event (as defined in the 2025 Notes indenture), the Company must offer to repurchase the 2025 Notes at a repurchase price equal to 101% of the principal amount of the 2025 Notes repurchased, plus accrued and unpaid interest, if any, to the applicable repurchase date.

The indenture governing the 2025 Notes contains covenants that, among other things, restrict the ability of the Company and certain of the Company's subsidiaries to create liens; enter into sale-leaseback transactions; create, incur, issue, assume or guarantee any funded debt; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Company's assets to, another person, or permit any other person to consolidate, merge, combine or amalgamate with or into the Company. These covenants are subject to a number of significant limitations and exceptions set forth in the indenture. The indenture also provides for customary events of default, including, but not limited to, cross defaults to certain specified other debt of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding 2025 Notes will become due and payable immediately without further action or notice. If any other event of default under the agreement occurs or is continuing, the applicable trustee or holders of at least 25% in aggregate principal amount of the then outstanding 2025 Notes may declare all of the 2025 Notes to be due and payable immediately, but upon certain conditions such declaration and its consequences may be rescinded and annulled by the holders of a majority in principal amount of the 2025 Notes. As of March 31, 2021, the Company was in compliance with the covenants in the indenture governing the 2025 Notes.

Notes due June 2029

In June 2019, the Company issued $450 million of 4.875% Notes due June 15, 2029 (the “Existing 2029 Notes”), at 99.607% of face value. In November 2019, as a further issuance of the Existing 2029 Notes, the Company issued under the same terms, an additional $200 million of 4.875% Notes due June 15, 2029 (together with the "Existing 2029 Notes", the "2029 Notes"), at 107.289% of face value. Immediately after the issuance of the notes issued in November 2019, the Company has $650 million aggregate principal amount of 4.875% Notes due 2029 outstanding. The Company received in aggregate, proceeds of approximately $662.8 million, net of discount and premium, from the issuances which were used, together with available cash, to refinance certain other outstanding debt. The Company incurred and capitalized as a direct reduction to the carrying amount of the notes presented on the balance sheet approximately $6.6 million of costs in conjunction with the issuance of the 2029 Notes.

Interest on the 2029 Notes is payable on June 15 and December 15 of each year, beginning on December 15, 2019. The 2029 Notes are senior unsecured obligations of the Company and rank equally with all of the Company’s other existing and future senior and unsecured indebtedness.

The Indenture governing the 2029 Notes contains covenants that, among other things, restrict the ability of the Company and certain of the Company's subsidiaries to create liens; enter into sale-leaseback transactions; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Company's assets to, another person, or permit any other person to consolidate, merge, combine or amalgamate with or into the Company. These covenants are subject to a number of significant limitations and exceptions set forth in the indenture. The indenture also provides for customary events of default, including, but not limited to, cross defaults to certain specified other debt of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding 2029 Notes will become due and payable immediately without further action or notice. If any other event of default under the indenture occurs or is continuing, the trustee or holders of at least 25% in aggregate principal amount of the then outstanding 2029 Notes may declare all of the 2029 Notes to be due and payable immediately, but upon certain conditions such declaration and its consequences may be rescinded and annulled by the holders of a majority in principal amount of the 2029 Notes. As of March 31, 2021, the Company was in compliance with the covenants in the indenture governing the 2029 Notes.

Other Borrowings

In July 2018, a subsidiary of the Company entered into a $200 million term loan facility (the "Facility"), under which there was $133.4 million in borrowings outstanding as of March 31, 2021. The Facility was used to fund capital expenditures to support the Company's expansion plans for India. The availability period during which drawdowns can be made was from the date of the agreement to and including January 2020. The maximum maturity of each drawdown will be 5 years from the funded Capex shipment date. As a result, the longest maturity date of any drawdown under the Facility will be June 2023. Borrowings under this term loan bear interest at LIBOR plus a margin of 0.90% to 1.15% depending on loan duration.

In January 2017, the Company borrowed €100 million (approximately $117.6 million as of March 31, 2021), under a 5-year, term-loan agreement due January 2, 2022. Borrowings under this term loan bear interest at EURIBOR minus 0.1% plus the applicable margin ranging between 0.40% and 1.35%, based on the Company's credit ratings. During the fourth quarter of fiscal year 2021, the Company repaid the loan and immediately borrowed the same amount from a different financial institution for a fixed interest rate of (0.16)%, while maintaining the January 2, 2022 maturity date. As of March 31, 2021, the borrowings have been included as current liabilities under the consolidated balance sheet.

In October 2015, the Company borrowed €50 million, under a 5-year, term-loan agreement due September 30, 2020. As of March 31, 2021, the borrowings under this term-loan have been paid in full.

These term loans are unsecured and are guaranteed by the Company. These term loan agreements contain customary restrictions on the Company's and its subsidiaries' ability to (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. These covenants are subject to a number of exceptions and limitations. These term loan agreements also require that the Company maintain a maximum ratio of total indebtedness to EBITDA, and a minimum interest coverage ratio, as defined therein, during their terms. As of March 31, 2021, the Company was in compliance with the covenants under these term loan agreements.

As of March 31, 2021, the Company and certain of its subsidiaries had various uncommitted revolving credit facilities, lines of credit and other credit facilities in the amount of $319.1 million in the aggregate. There were no borrowings outstanding under these facilities as of March 31, 2021 and 2020. These unsecured credit facilities, and lines of credit and other credit facilities bear annual interest at the respective country's inter-bank offering rate, plus an applicable margin.

9. FINANCIAL INSTRUMENTS

Foreign Currency Contracts

The Company transacts business in various foreign countries and is therefore exposed to foreign currency exchange rate risk inherent in forecasted sales, cost of sales, and monetary assets and liabilities denominated in non-functional currencies. The Company has established risk management programs to protect against volatility in the value of non-functional currency denominated monetary assets and liabilities, and of future cash flows caused by changes in foreign currency exchange rates. The Company tries to maintain a partial or fully hedged position for certain transaction exposures, which are primarily, but not limited to, revenues, customer and vendor payments and inter-company balances in currencies other than the functional currency of the operating entity. The Company enters into short-term and long-term foreign currency derivatives contracts, including forward, swap, and options contracts to hedge only those currency exposures associated with certain assets and liabilities, primarily accounts receivable and accounts payable, and cash flows denominated in non-functional currencies. Gains and losses on the Company's derivative contracts are designed to offset losses and gains on the assets, liabilities and transactions hedged, and accordingly, generally do not subject the Company to risk of significant accounting losses. The Company hedges committed exposures and does not engage in speculative transactions. The credit risk of these derivative contracts is minimized since the contracts are with large financial institutions and accordingly, fair value adjustments related to the credit risk of the counterparty financial institution were not material.

As of March 31, 2021, the aggregate notional amount of the Company's outstanding foreign currency derivative contracts was $8.9 billion as summarized below:

	Foreign Currency Amount		Notional Contract Value in USD	
Currency	Buy	Sell	Buy	Sell
	(In millions)			
Cash Flow Hedges				
CNY	2,895	—	$ 441	$ —
HUF	33,969	—	110	—
JPY	33,525	—	300	—
MXN	6,197	—	299	
Other	N/A	N/A	282	62
			1,432	62
Other Foreign Currency Contracts				
CAD	103	67	82	53
CNY	4,376	1,442	668	220
EUR	1,724	1,892	2,031	2,237
GBP	47	69	65	95
HUF	66,705	64,004	216	207
ILS	422	10	127	3
MXN	6,524	5,362	315	259
MYR	642	297	155	72
PLN	221	190	56	48
SEK	467	541	55	62
Other	N/A	N/A	210	175
			3,980	3,431
Total Notional Contract Value in USD			$ 5,412	$ 3,493

As of March 31, 2021 and 2020, the fair value of the Company's short-term foreign currency contracts was included in other current assets or other current liabilities, as applicable, in the consolidated balance sheets. Certain of these contracts are designed to economically hedge the Company's exposure to monetary assets and liabilities denominated in a non-functional currency and are not accounted for as hedges under the accounting standards. Accordingly, changes in the fair value of these instruments are recognized in earnings during the period of change as a component of interest and other, net in the consolidated statements of operations. The Company also has included net deferred gains and losses in accumulated other comprehensive loss, a component of shareholders' equity in the consolidated balance sheets, relating to changes in fair value of its foreign currency contracts that are accounted for as cash flow hedges. Deferred gains were immaterial as of March 31, 2021, and are expected to be recognized primarily as a component of cost of sales in the consolidated statement of operations primarily over the next twelve-month period, except for the USD JPY cross currency swap, which is further discussed below.

The Company entered into a USD JPY cross currency swap to hedge the foreign currency risk on the JPY term loan due April 2024, and the fair value of the cross currency swap was included in other assets as of March 31, 2021, and March 30, 2020. The changes in fair value of the USD JPY cross currency swap are reported in accumulated other comprehensive loss, with the impact of the excluded component reported in interest and other, net. In addition, a corresponding amount is reclassified out of accumulated other comprehensive loss to interest and other, net to offset the remeasurement of the underlying JPY loan principal which also impacts the same line.

The following table presents the fair value of the Company's derivative instruments utilized for foreign currency risk management purposes at March 31, 2021 and 2020:

	Fair Values of Derivative Instruments					
	Asset Derivatives			Liability Derivatives		
		Fair Value			Fair Value	
	Balance Sheet Location	March 31, 2021	March 31, 2020	Balance Sheet Location	March 31, 2021	March 31, 2020
	(In millions)					
Derivatives designated as hedging instruments						
Foreign currency contracts	Other current assets	$ 23	$ 7	Other current liabilities	$ 16	$ 47
Foreign currency contracts	Other assets	$ 5	$ 14	Other liabilities	$ —	$ —
Derivatives not designated as hedging instruments						
Foreign currency contracts	Other current assets	$ 31	$ 83	Other current liabilities	$ 32	$ 103

The Company has financial instruments subject to master netting arrangements, which provide for the net settlement of all contracts with a single counterparty. The Company does not offset fair value amounts for assets and liabilities recognized for derivative instruments under these arrangements, and as such, the asset and liability balances presented in the table above reflect the gross amounts of derivatives in the consolidated balance sheets. The impact of netting derivative assets and liabilities is not material to the Company's financial position for any of the periods presented.

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component, net of tax, during fiscal years ended March 31, 2021, 2020 and 2019 are as follows:

	Unrealized loss on derivative instruments and other	Foreign currency translation adjustments	Total
		(In millions)	
Beginning balance on April 1, 2018	$ (36)	$ (50)	$ (86)
Other comprehensive loss before reclassifications	(48)	(59)	(107)
Net loss reclassified from accumulated other comprehensive loss	42	—	42
Net current-period other comprehensive loss	(6)	(59)	(65)
Ending balance on March 31, 2019	$ (42)	$ (109)	$ (151)
Other comprehensive loss before reclassifications	(43)	(22)	(65)
Net (gains) losses reclassified from accumulated other comprehensive loss	3	(2)	1
Net current-period other comprehensive loss	(40)	(24)	(64)
Ending balance on March 31, 2020	$ (82)	$ (133)	$ (215)
Other comprehensive gain before reclassifications	48	56	104
Net gains reclassified from accumulated other comprehensive loss	(8)	—	(8)
Net current-period other comprehensive gain	40	56	96
Ending balance on March 31, 2021	$ (42)	$ (77)	$ (119)

Net (gains) losses reclassified from accumulated other comprehensive loss were immaterial during fiscal years 2021 and 2020.

Net gains reclassified from accumulated other comprehensive loss during fiscal year 2019 relating to derivative instruments and other includes $40.6 million attributable to the Company's cash flow hedge instruments which were recognized as a component of cost of sales in the consolidated statement of operations.

The tax impact to other comprehensive loss was immaterial for all periods presented.

11. TRADE RECEIVABLES SECURITIZATION

The Company sells trade receivables under two asset-backed securitization programs and an accounts receivable factoring program.

Asset-Backed Securitization Programs

The Company sells designated pools of trade receivables under its Global Asset-Backed Securitization Agreement (the "Global Program") and its North American Asset-Backed Securitization Agreement (the "North American Program," and together with the Global Program, the "ABS Programs") to affiliated special purpose entities, each of which in turn sells a fraction of the receivables to unaffiliated financial institutions, based on the Company's requirements. Under these programs, the entire purchase price of sold receivables are paid in cash. The ABS Programs contain guarantees of payment by the special purpose entities, in amounts equal to approximately the net cash proceeds under the programs, and are collateralized by certain receivables held by the special purpose entities. The fair value of the guarantee obligation was immaterial as of March 31, 2021 and March 31, 2020, respectively. The accounts receivable balances sold under the ABS Programs were removed from the consolidated balance sheets and the cash proceeds received by the Company were included as cash provided by operating activities in the consolidated statements of cash flows.

Following the transfer of the receivables to the special purpose entities, the transferred receivables are legally isolated from the Company and its affiliates, and upon the sale of the receivables from the special purpose entities to the unaffiliated financial institutions, effective control of the transferred receivables is passed to the unaffiliated financial institutions, which have the right to pledge or sell the receivables. Although the special purpose entities are consolidated by the Company, they are separate corporate entities and their assets are available first to satisfy the claims of their creditors. The investment limits set by the financial institutions are $375 million for the Global Program, of which $200 million is committed and $175 million is uncommitted, and $175 million for the North American Program, of which $100 million is committed and $75 million is uncommitted.

The Company services, administers and collects the receivables on behalf of the special purpose entities and receives a servicing fee of 0.1% to 0.5% of serviced receivables per annum. Servicing fees recognized during the fiscal years ended March 31, 2021, 2020 and 2019 were not material and are included in interest, net within the consolidated statements of operations. As the Company estimates the fee it receives in return for its obligation to service these receivables is at fair value, no servicing assets or liabilities are recognized.

As of March 31, 2021, no accounts receivable had been sold under the ABS programs. As of March 31, 2020, approximately $0.8 billion of accounts receivable had been sold to the special purpose entities under the ABS Programs for which the Company had received net cash proceeds for the same amount.

For the fiscal year ended March 31, 2021, cash flows from sales of receivables to the special purpose entities under the ABS Programs consisted of approximately $8.7 billion, for transfers of receivables. Further, cash flows from sales of receivables from the special purpose entities to unaffiliated financial institutions, during fiscal year 2021, consisted of approximately $0.6 billion for transfers of receivables. For the fiscal years ended March 31, 2020 and 2019 cash flows from sales of receivables under the ABS Programs consisted of approximately $7.6 billion and $6.8 billion, respectively, for transfers of receivables and approximately $2.6 billion and $3.6 billion, respectively, for collections on deferred purchase price receivables (effective November 2019, upon amending the previous ABS programs, the Company no longer holds a deferred purchase price receivables balance). The Company's cash flows from transfers of receivables consist primarily of proceeds from collections reinvested in revolving-period transfers. Cash flows from new transfers were not significant for all periods presented.

Trade Accounts Receivable Sale Programs

The Company also sold accounts receivables to certain third-party banking institutions. The outstanding balance of receivables sold and not yet collected on accounts where the Company has continuing involvement was approximately $0.2 billion and $0.4 billion as of March 31, 2021 and 2020, respectively. For the fiscal years ended March 31, 2021, 2020 and 2019, total accounts receivable sold to certain third party banking institutions was approximately $0.8 billion, $1.6 billion and $2.7 billion, respectively. The receivables that were sold were removed from the consolidated balance sheets and the cash received were included as cash provided by operating activities in the consolidated statements of cash flows.

12. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability. The accounting guidance for fair value establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. There were no balances classified as level 1 in the fair value hierarchy as of March 31, 2021.

Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included within level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets) such as cash and cash equivalents and money market funds; or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

The Company values foreign exchange forward contracts using level 2 observable inputs which primarily consist of an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount.

The Company's cash equivalents are comprised of bank time deposits and money market funds, which are valued using level 2 inputs, such as interest rates and maturity periods. Due to their short-term nature, their carrying amount approximates fair value.

The Company has deferred compensation plans for its officers and certain other employees. Amounts deferred under the plans are invested in hypothetical investments selected by the participant or the participant's investment manager. The Company's deferred compensation plan assets are included in other noncurrent assets on the consolidated balance sheets and include money market funds, mutual funds, corporate and government bonds and certain convertible securities that are valued using prices obtained from various pricing sources. These sources price these investments using certain market indices and the performance of these investments in relation to these indices. As a result, the Company has classified these investments as level 2 in the fair value hierarchy. There were no investments classified as level 1 in the fair value hierarchy as of March 31, 2021.

Level 3 - Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company has accrued for contingent consideration in connection with its business acquisitions as applicable, which is measured at fair value based on certain internal models and unobservable inputs. There were no contingent consideration liabilities outstanding as of March 31, 2021 and 2020.

There were no transfers between levels in the fair value hierarchy during fiscal years 2021 and 2020.

Financial Instruments Measured at Fair Value on a Recurring Basis

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and 2020:

	Fair Value Measurements as of March 31, 2021			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Money market funds and time deposits (Note 2)	$ —	$ 1,507	$ —	$ 1,507
Foreign currency contracts (Note 9)	—	59	—	59
Deferred compensation plan assets:				
Mutual funds, money market accounts and equity securities	—	48	—	48
Liabilities:				
Foreign currency contracts (Note 9)	$ —	$ (48)	$ —	$ (48)

	Fair Value Measurements as of March 31, 2020			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Money market funds and time deposits (Note 2)	$ —	$ 404	$ —	$ 404
Foreign currency contracts (Note 9)	—	104	—	104
Deferred compensation plan assets:				
Mutual funds, money market accounts and equity securities	—	49	—	49
Liabilities:				
Foreign currency contracts (Note 9)	$ —	$ (150)	$ —	$ (150)

Other financial instruments

The following table presents the Company's major debts not carried at fair value as of March 31, 2021 and 2020:

	As of March 31, 2021				As of March 31, 2020				
	Carrying Amount		Fair Value		Carrying Amount		Fair Value		Fair Value Hierarchy
	(In millions)				(In millions)				
Term Loan, including current portion, due in installments through June 2022	$	—	$	—	$	433	$	414	Level 1
5.000% Notes due February 2023	$	500	$	537	$	500	$	500	Level 1
Term Loan due April 2024 - three-month Yen LIBOR plus 0.50%	$	305	$	305	$	310	$	310	Level 2
4.750% Notes due June 2025	$	598	$	670	$	597	$	613	Level 1
3.750% Notes due February 2026		694		756		—		—	Level 1
4.875% Notes due June 2029	$	661	$	756	$	662	$	628	Level 1
4.875% Notes due May 2030		694		800		—		—	Level 1
Euro Term Loans	$	168	$	168	$	208	$	208	Level 2
India Facilities	$	133	$	133	$	138	$	138	Level 2

The Term Loan due June 2022, and the Notes due February 2023, June 2025, February 2026, June 2029 and May 2030 are valued based on broker trading prices in active markets.

The Company values its Term Loan due April 2024, India Facilities, and Euro Term Loans due May 2021 and January 2022, based on the current market rate, and as of March 31, 2021, the carrying amounts approximate fair values.

13. COMMITMENTS AND CONTINGENCIES

Commitments

As of March 31, 2021 and 2020, the gross carrying amount and associated accumulated depreciation of the Company's property and equipment financed under finance leases, and the related obligations was not material. The Company also leases certain of its facilities and equipment under non-cancelable operating leases. These operating leases expire in various years through 2038. Refer to note 3 for additional details on the minimum lease payments.

Litigation and other legal matters

In connection with the matters described below, the Company has accrued for loss contingencies where it believes that losses are probable and estimable. The amounts accrued for any individual matter are not material. Although it is reasonably possible that actual losses could be in excess of the Company's accrual, the Company is unable to estimate a reasonably possible loss or range of loss in excess of its accrual, due to various reasons, including, among others, that: (i) the proceedings are in early stages or no claims have been asserted, (ii) specific damages have not been sought in all of these matters, (iii) damages, if asserted, are considered unsupported and/or exaggerated, (iv) there is uncertainty as to the outcome of pending appeals, motions, or settlements, (v) there are significant factual issues to be resolved, and/or (vi) there are novel legal issues or unsettled legal theories presented. Any such excess loss could have a material adverse effect on the Company's results of operations or cash flows for a particular period or on the Company's financial condition.

In addition, the Company provides design and engineering services to its customers and also designs and makes its own products. As a consequence of these activities, its customers are requiring the Company to take responsibility for intellectual property to a greater extent than in its manufacturing and assembly businesses. Although the Company believes that its intellectual property assets and licenses are sufficient for the operation of its business as it currently conducts it, from time to time third-parties do assert patent infringement claims against the Company or its customers. If and when third-parties make assertions regarding the ownership or right to use intellectual property, the Company could be required to either enter into licensing arrangements or to resolve the issue through litigation. Such license rights might not be available to the Company on commercially acceptable terms, if at all, and any such litigation might not be resolved in its favor. Additionally, litigation could be lengthy and costly and could materially harm the Company's financial condition regardless of the outcome. The Company also could be required to incur substantial costs to redesign a product or re-perform design services.

From time to time, the Company enters into IP licenses (e.g., patent licenses and software licenses) with third-parties which obligate the Company to report covered behavior to the licensor and pay license fees to the licensor for certain activities or products, or that enable the Company's use of third-party technologies. The Company may also decline to enter into licenses for intellectual property that it does not think is useful for or used in its operations, or for which its customers or suppliers have licenses or have assumed responsibility. Given the diverse and varied nature of its business and the location of its business around the world, certain activities the Company performs, such as providing assembly services in China and India, may fall outside the scope of those licenses or may not be subject to the applicable intellectual property rights. The Company's licensors may disagree and claim royalties are owed for such activities. In addition, the basis (e.g., base price) for any royalty amounts owed are audited by licensors and may be challenged. Some of these disagreements, may lead to claims and litigation that might not be resolved in the Company's favor. Additionally, litigation could be lengthy and costly and could materially harm the Company's financial condition regardless of the outcome. In March 2018, the Company received an inquiry from a licensor referencing its patent license agreement with the Company, and requesting information relating to royalties for products that the Company assembles for a customer in China. The Company and licensor agreed to an immaterial settlement in fiscal year 2021.

On May 8, 2018, a putative class action was filed in the Northern District of California against the Company and certain officers alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, alleging misstatements and/or omissions in certain of the Company’s financial results, press releases and SEC filings made during the putative class period of January 26, 2017 through April 26, 2018. On October 1, 2018, the Court appointed lead plaintiff and lead plaintiff’s counsel in the case. On November 28, 2018, lead plaintiff filed an amended complaint alleging misstatements and/or omissions in certain of the Company’s SEC filings, press releases, earnings calls, and analyst and investor conferences and expanding the putative class period through October 25, 2018. On April 3, 2019, the Court vacated its prior order appointing lead plaintiff and lead plaintiff’s counsel and reopened the lead plaintiff appointment process. On September 26, 2019, the Court appointed a new lead plaintiff and lead plaintiff’s counsel in the case. On November 8, 2019, lead plaintiff filed a further amended complaint. On December 4, 2019, defendants filed a motion to dismiss the amended complaint. On May 29, 2020, the Court granted defendants’ motion to dismiss without prejudice and gave lead plaintiff 30 days to amend. On June 29, 2020, lead plaintiff filed a further amended complaint. On July 27, 2020, defendants filed a motion to dismiss the amended complaint. On December 10, 2020, the Court granted defendants’ motion to dismiss with prejudice and entered judgment in favor of defendants. On January 7, 2021, lead plaintiff filed a notice of appeal to the Ninth Circuit Court of Appeals. Lead plaintiff’s opening appeal brief is due May 19, 2021, and defendants’ answering brief is due June 18, 2021. The Company believes that the claims are without merit and intends to vigorously defend this case.

On April 21, 2016, SunEdison, Inc. (together with certain of its subsidiaries, "SunEdison") filed for protection under Chapter 11 of the U.S. Bankruptcy Code. During the fiscal year ended March 31, 2016, the Company recognized a bad debt reserve charge of $61.0 million associated with its outstanding SunEdison receivables and accepted return of previously shipped inventory of approximately $90.0 million. SunEdison stated in schedules filed with the Bankruptcy Court that, within the 90 days preceding SunEdison's bankruptcy filing, the Company received approximately $98.6 million of inventory and cash transfers of $69.2 million, which in aggregate represents the Company's estimate of the maximum reasonably possible contingent loss. On April 15, 2018, a subsidiary of the Company together with its subsidiaries and affiliates, entered into a tolling agreement with the trustee of the SunEdison Litigation Trust to toll any applicable statute of limitations or other time-related defense that might exist in regards to any potential claims that either party might be able to assert against the other for a period that will end at the earlier to occur of: (a) 60 days after a party provides written notice of termination; (b) six years from the effective date of April 15, 2018; or (c) such other date as the parties may agree in writing. No preference claims have been asserted against the Company and consideration has been given to the related contingencies based on the facts currently known. The Company has a number of affirmative and direct defenses to any potential claims for recovery and intends to vigorously defend any such claim, if asserted.

One of the Company's Brazilian subsidiaries has received assessments for certain sales and import taxes. There were originally six tax assessments totaling the updated amount of 387.5 million Brazilian reals (approximately USD $66.8 million based on the exchange rate as of March 31, 2021). Five of the assessments are in various stages of the review process at the administrative level; the Company successfully defeated one of the six assessments in September 2019 (totaling approximately the updated amount of 61.7 million Brazilian reals or USD $10.6 million); that assessment remains subject to appeal and no tax proceeding has been finalized yet. The Company was unsuccessful at the administrative level for one of the assessments and has filed an annulment action in federal court in Brasilia, Brazil on March 23, 2020; the updated value of that assessment is

37.6 million Brazilian reals (approximately USD $6.5 million). The Company believes there is no legal basis for any of these assessments and has meritorious defenses. The Company will continue to vigorously oppose all of these assessments, as well as any future assessments. The Company does not expect final judicial determination on any of these claims in the next four years.

On February 14, 2019, the Company submitted an initial notification of voluntary disclosure to the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") regarding possible noncompliance with U.S. economic sanctions requirements among certain non-U.S. Flex-affiliated operations. On September 28, 2020, the Company made a submission to OFAC that completed the Company's voluntary disclosure based on the results of an internal investigation regarding the matter. The Company intends to continue to cooperate fully with OFAC in this matter going forward. Nonetheless, it is reasonably possible that the Company could be subject to penalties that could have a material adverse effect on the Company's financial position, results of operations or cash flows.

A foreign Tax Authority ("Tax Authority") has assessed a cumulative total of approximately $162.5 million in taxes owed for multiple Flex legal entities within its jurisdiction for various fiscal years ranging from fiscal year 2010 through fiscal year 2018. The assessed amounts related to the denial of certain deductible intercompany payments. The Company disagrees with the Tax Authority's assessments and is actively contesting the assessments through the administrative and judicial processes.

A different foreign Tax Authority has issued a letter against one of the Company's legal entities asserting that the entity did not meet the qualification criteria for tax holiday status for fiscal year 2006 through fiscal year 2013. The asserted additional tax and penalty is approximately $80.0 million. The Company disagrees with the Tax Authority's assertion but has agreed with the Tax Authority to settle the issue for an immaterial amount. This immaterial amount has been accrued for during the fourth quarter of fiscal year 2021 and is expected to be paid during the first half of fiscal year 2022.

As the final resolutions of the above tax items remain uncertain, the Company continues to provide for the uncertain tax positions based on the more likely than not standard. While the resolution of the issues may result in tax liabilities, interest and penalties, which may be significantly higher than the amounts accrued for these matters, management currently believes that the resolution will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

In addition to the matters discussed above, from time to time, the Company is subject to legal proceedings, claims, and litigation arising in the ordinary course of business. The Company defends itself vigorously against any such claims. Although the outcome of these matters is currently not determinable, management expects that any losses that are probable or reasonably possible of being incurred as a result of these matters, which are in excess of amounts already accrued in the Company's consolidated balance sheets, would not be material to the financial statements as a whole.

14. INCOME TAXES

The domestic (Singapore) and foreign components of income before income taxes were comprised of the following:

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Domestic	$ 242	$ (2)	$ (10)
Foreign	472	161	192
Total	$ 714	$ 159	$ 182

The provision for income taxes consisted of the following:

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Current:			
Domestic	$ 1	$ 2	$ 2
Foreign	105	62	99
	106	64	101
Deferred:			
Domestic	1	—	—
Foreign	(6)	7	(12)
	(5)	7	(12)
Provision for income taxes	$ 101	$ 71	$ 89

The domestic statutory income tax rate was approximately 17.0% in fiscal years 2021, 2020 and 2019. The reconciliation of the income tax expense expected based on domestic statutory income tax rates to the expense for income taxes included in the consolidated statements of operations is as follows:

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Income taxes based on domestic statutory rates	$ 121	$ 27	$ 31
Effect of tax rate differential	(82)	(81)	(135)
Change in unrecognized tax benefit	11	(1)	(15)
Change in valuation allowance	35	93	192
Foreign exchange movement on prior year taxes recoverable	5	13	5
Expiration of tax attributes	—	—	4
APB23 tax liability	1	9	2
Other	10	11	5
Provision for income taxes	$ 101	$ 71	$ 89

A number of countries in which the Company is located allow for tax holidays or provide other tax incentives to attract and retain business. In general, these holidays were secured based on the nature, size and location of the Company’s operations. The aggregate dollar effect on the Company’s income resulting from tax holidays and tax incentives to attract and retain business for the fiscal years ended March 31, 2021, 2020 and 2019 was $21.2 million, $15.6 million and $24.4 million, respectively. For the fiscal year ended March 31, 2021, the effect on basic and diluted earnings per share was $0.04 and $0.04, respectively, and the effects on basic and diluted earnings per share during fiscal years 2020 and 2019 were $0.03 and $0.03, and $0.05 and $0.05, respectively. Unless extended or otherwise renegotiated, the Company's existing holidays will expire in various years through the end of fiscal year 2028.

The Company provides a valuation allowance against deferred tax assets that in the Company's estimation are not more likely than not to be realized. During fiscal year 2021, 2020 and 2019, the Company released valuation allowances totaling $24.5 million, $1.1 million and $2.8 million, respectively. For fiscal year 2021, this valuation allowance release was mainly related to certain operations in Canada as this amount was deemed to be more likely than not to be realized due to the sustained profitability during the past three fiscal years as well as continued forecasted profitability of those subsidiaries. Various other valuation allowance positions were also reduced due to varying factors such as recognition of uncertain tax positions impacting deferred tax assets, one-time income recognition in loss entities, and foreign exchange impacts on deferred tax balances. Lastly, these valuation allowance reductions and eliminations were offset by current period valuation allowance additions due to increased deferred tax assets as a result of current period losses in legal entities with existing full valuation allowance positions.

For fiscal years ended March 31, 2021, 2020 and 2019, the offsetting amounts totaled $60.0 million, $90.2 million and $194.8 million, respectively.

Under its territorial tax system, Singapore generally does not tax foreign sourced income until repatriated to Singapore. The Company has included the effects of Singapore's territorial tax system in the rate differential line above. The tax effect of foreign income not repatriated to Singapore for the fiscal years ended March 31, 2021, 2020 and 2019 were $57.3 million, $27.9 million and $7.5 million, respectively.

The components of deferred income taxes are as follows:

	As of March 31,	
	2021	2020
	(In millions)	
Deferred tax liabilities:		
Fixed assets	$ (69)	$ (37)
Intangible assets	(45)	(50)
Others	(13)	(25)
Total deferred tax liabilities	(127)	(112)
Deferred tax assets:		
Fixed assets	66	59
Intangible assets	8	7
Deferred compensation	20	17
Inventory valuation	28	27
Provision for doubtful accounts	5	5
Net operating loss and other carryforwards	1,641	1,821
Others	190	207
Total deferred tax assets	1,958	2,143
Valuation allowances	(1,726)	(1,939)
Total deferred tax assets, net of valuation allowances	232	204
Net deferred tax asset	$ 105	$ 92
The net deferred tax asset is classified as follows:		
Long-term asset	$ 165	$ 163
Long-term liability	(60)	(71)
Total	$ 105	$ 92

Utilization of the Company's deferred tax assets is limited by the future earnings of the Company in the tax jurisdictions in which such deferred assets arose. As a result, management is uncertain as to when or whether these operations will generate sufficient profit to realize any benefit from the deferred tax assets. The valuation allowance provides a reserve against deferred tax assets that are not more likely than not to be realized by the Company. However, management has determined that it is more likely than not that the Company will realize certain of these benefits and, accordingly, has recognized a deferred tax asset from these benefits. The change in valuation allowance is net of certain increases and decreases to prior year losses and other carryforwards that have no current impact on the tax provision.

The Company has recorded deferred tax assets of approximately $1.8 billion related to tax losses and other carryforwards against which the Company has recorded a valuation allowance for all but $82.9 million of the deferred tax assets. These tax losses and other carryforwards will expire at various dates as follows:

Expiration dates of deferred tax assets related to operating losses and other carryforwards

	(In millions)
2022 - 2027	$ 577
2028 - 2033	437
2034 and post	126
Indefinite	613
	$ 1,753

The amount of deferred tax assets considered realizable, however, could be reduced or increased in the near-term if facts, including the amount of taxable income or the mix of taxable income between subsidiaries, differ from management's estimates.

The Company does not provide for income taxes on approximately $1.5 billion of undistributed earnings of its subsidiaries which are considered to be indefinitely reinvested outside of Singapore as management has plans for the use of such earnings to fund certain activities outside of Singapore. The estimated amount of the unrecognized deferred tax liability on these undistributed earnings is approximately $134.8 million. As a result, as of March 31, 2021, the Company has provided for earnings in foreign subsidiaries that are not considered to be indefinitely reinvested and therefore subject to withholding taxes on $12.6 million of undistributed foreign earnings, recording a deferred tax liability of approximately $0.6 million thereon.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Fiscal Year Ended March 31,	
	2021	2020
	(In millions)	
Balance, beginning of fiscal year	$ 246	$ 252
Additions based on tax position related to the current year	16	24
Additions for tax positions of prior years	14	4
Reductions for tax positions of prior years	(8)	(3)
Reductions related to lapse of applicable statute of limitations	(16)	(18)
Impact from foreign exchange rates fluctuation	14	(13)
Balance, end of fiscal year	$ 266	$ 246

The Company's unrecognized tax benefits are subject to change over the next twelve months primarily as a result of the expiration of certain statutes of limitations and as audits are settled. The Company believes it is reasonably possible that the total amount of unrecognized tax benefits could decrease by an additional approximate $22.0 million within the next twelve months primarily due to potential settlements of various audits and the expiration of certain statutes of limitations.

The Company and its subsidiaries file federal, state, and local income tax returns in multiple jurisdictions around the world. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years before 2008.

Of the $266.0 million of unrecognized tax benefits at March 31, 2021, $173.0 million will affect the annual effective tax rate (ETR) if the benefits are eventually recognized. The amount that doesn't impact the ETR relates to positions that would be settled with a tax loss carryforward previously subject to a valuation allowance.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits within the Company's tax expense. During the fiscal years ended March 31, 2021, 2020 and 2019, the Company recognized interest and penalties of approximately $2.1 million, ($0.9) million and ($2.9) million, respectively. The Company had approximately $14.4 million, $12.3 million and $13.3 million accrued for the payment of interest and penalties as of the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

15. RESTRUCTURING CHARGES

Fiscal Year 2021

In order to support the Company's strategy and build a sustainable organization, and after considering that the economic recovery from the pandemic will be slower than anticipated, the Company identified certain structural changes to restructure the business. These restructuring actions will eliminate non-core activities primarily within the Company's corporate function, align the Company's cost structure with its reorganizing and optimizing of its operations model along its two reporting segments, and further sharpen its focus to winning business in end markets where it has competitive advantages and deep domain expertise. During fiscal year 2021, the Company recognized approximately $101.3 million of restructuring charges, most of which related to employee severance.

Restructuring charges are not included in segment income, as disclosed further in note 20.

Fiscal Year 2020

During the first half of fiscal year 2020 in connection with the geopolitical developments and uncertainties at the time, primarily impacting one customer in China, the Company experienced a reduction in demand for products assembled for that customer. As a result, the Company accelerated its strategic decision to reduce its exposure to certain high-volatility products in both China and India. The Company also initiated targeted activities to restructure its business to further reduce and streamline its cost structure. During fiscal year 2020, the Company recognized $216.4 million of restructuring charges. The Company incurred cash charges of approximately $159.3 million, that were predominantly for employee severance, in addition to non-cash charges of $57.1 million, respectively, primarily related to asset impairments.

Fiscal Year 2019

During fiscal year 2019, the Company took targeted actions to optimize its portfolio, most notably within its former Consumer Technologies Group segment. The Company recognized restructuring charges of approximately $113.3 million during the fiscal year ended March 31, 2019, of which $73.2 million were non-cash charges primarily for asset impairments. A significant component of its charges were associated with the wind down of its NIKE operations in Mexico in the third quarter of fiscal year 2019 where it recognized charges of $66 million primarily for non-cash asset impairments.

In addition, the Company executed targeted head-count reductions at existing operating and design sites and corporate functions and exited certain immaterial businesses. Of these total restructuring charges, approximately $99.0 million was recognized as a component of cost of sales during the fiscal year ended March 31, 2019.

	Severance	Long-Lived Asset Impairment	Other Exit Costs	Total
		(In millions)		
Balance as of March 31, 2018	$ 48	$ —	$ 13	$ 61
Provision for charges incurred in fiscal year 2019	39	46	28	113
Cash payments for charges incurred in fiscal year 2018 and prior	(41)	—	(4)	(45)
Cash payments for charges incurred in fiscal year 2019	(23)	—	(1)	(24)
Non-cash charges incurred in fiscal year 2019	—	(46)	(27)	(73)
Balance as of March 31, 2019	23	—	9	32
Provision for charges incurred in fiscal year 2020	123	46	47	216
Cash payments for charges incurred in fiscal year 2019 and prior	(15)	—	(3)	(18)
Cash payments for charges incurred in fiscal year 2020	(112)	—	(35)	(147)
Non-cash charges incurred in fiscal year 2020	—	(46)	(14)	(60)
Balance as of March 31, 2020	19	—	4	23
Provision for charges incurred in fiscal year 2021	89	8	4	101
Cash payments for charges incurred in fiscal year 2020 and prior	(14)	—	—	(14)
Cash payments for charges incurred in fiscal year 2021	(49)	—	(1)	(50)
Non-cash charges incurred in fiscal year 2021	—	(8)	1	(7)
Balance as of March 31, 2021	45	—	8	53
Less: Current portion (classified as other current liabilities)	42	—	8	50
Accrued restructuring costs, net of current portion (classified as other liabilities)	$ 3	$ —	$ —	$ 3

16. OTHER CHARGES (INCOME), NET

Other charges (income), net for the fiscal years ended March 31, 2021, 2020 and 2019 are primarily composed of the following:

	Fiscal Year Ended March 31		
	2021	2020	2019
		(In millions)	
Gain on deconsolidation of subsidiary (1)	$ —	$ —	$ (87)
Gain on foreign exchange transactions	(21)	(10)	(1)
Equity in (earnings) losses (2)	(83)	(5)	6
Investment impairments (3)	37	98	193

(1) During fiscal year 2019, the Company recognized other income of approximately $87 million from the deconsolidation of Bright Machines.

(2) Represents (gains) losses on strategic investments in privately held companies accounted under equity method. During fiscal year 2021, the Company recognized $83 million of equity in earnings, driven by the value increase in certain investment funds primarily resulting from discrete market events including initial public offerings of certain companies included in the fund. Out of the total gain on investment, the Company realized approximately $48 million of cash proceeds as it sold certain shares received as a distribution from one of its funds' investments.

(3) During fiscal years 2021 and 2020, and in connection with the Company's ongoing assessment of recoverability of its investment portfolio, the Company concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized $36.5 million and $97.7 million of total impairment charges, respectively (See note 2 for additional information). During fiscal year 2019, the Company recognized investment impairments of $193.1 million, under other charges (income), net, which is primarily driven by an $84 million impairment in its investment in Elementum, coupled with a $76 million loss for the portion of its investment in an unrelated third-party venture backed company, also determined to be impaired.

17. INTEREST, NET

Interest, net for the fiscal years ended March 31, 2021, 2020 and 2019 are primarily composed of the following:

	Fiscal Year Ended March 31		
	2021	2020	2019
		(In millions)	
Interest expenses on debt obligations (1)	$ 150	$ 146	$ 146
ABS and AR sales programs related expenses	$ 11	$ 43	$ 46
Interest income	$ (14)	$ (19)	$ (19)

(1) Interest expense on debt obligations for fiscal year 2020 includes debt extinguishment costs of $7.2 million, related to the full repayments of the Notes due February 2020 and the Term Loan due November 2021. Debt extinguishment costs incurred during fiscal years 2021 and 2019 were immaterial.

18. BUSINESS AND ASSET ACQUISITIONS & DIVESTITURES

Fiscal 2020 Business acquisition and divestitures

During fiscal year 2020, the Company completed an acquisition that was not significant to the consolidated financial position, result of operations and cash flows of the Company.

Further, during fiscal year 2020, the Company disposed of two immaterial non-strategic businesses that operated under its former High Reliability Solutions and Industrial and Emerging Industries ("IEI") segments. The net gain on dispositions was not material to the Company's consolidated financial results, and was included in other charges, net in the consolidated statements of operations for fiscal year 2020.

Pro-forma results of operations for the acquisition and divestitures have not been presented because the effects were not individually, nor in the aggregate, material to the Company's consolidated financial results for all periods presented.

Fiscal 2019 Business acquisition

In October 2018, the Company completed the acquisition of a business that was not significant to the consolidated financial position, result of operations and cash flows of the Company. The acquired business expanded the Company's design capabilities in the telecom market within its former Communications & Enterprise Compute segment. The assets acquired and liabilities assumed were not material to the Company's consolidated financial results. Results of operations were included in the Company's consolidated financial results beginning on the date of acquisition, and were not material to the Company's consolidated financial results for all periods presented.

Fiscal 2019 Divestitures

During the third quarter of fiscal year 2019, the Company disposed of an immaterial non-strategic business in Brazil that operated across all of its former segments. The net loss on disposition was not material to the Company's consolidated financial results, and was included in other charges, net in the consolidated statement of operation for fiscal year 2019.

During the second quarter of fiscal year 2019, the Company divested its China-based Multek operations, for proceeds of approximately $267.1 million, net of cash. The Company transferred approximately $231.4 million of net assets, primarily property and equipment, accounts receivable, and accounts payable. Further, the Company incurred various selling costs as part of this divestiture and allocated approximately $19.0 million of goodwill to the divested business. This transaction resulted in the recognition of an immaterial loss which was included in other charges, net in the consolidated statements of operations for fiscal year 2019.

Pro-forma results of operations for these divestitures have not been presented because the effects were not individually, nor in the aggregate, material to the Company's consolidated financial results for all periods presented.

19. SHARE REPURCHASE PLAN

During fiscal year 2021, the Company repurchased approximately 10.5 million shares for an aggregate purchase price of approximately $183.5 million and retired all of these shares.

Under the Company's current share repurchase program, the Board of Directors authorized repurchases of its outstanding ordinary shares for up to $500 million in accordance with the share repurchase mandate approved by the Company's shareholders at the date of the most recent Annual General Meeting held on August 7, 2020. As of March 31, 2021, shares in the aggregate amount of $316.5 million were available to be repurchased under the current plan.

20. SEGMENT REPORTING

In March 2020, the Company announced a change in organizational structure as part of its strategy to further drive efficiency and productivity with two focused delivery models. The Company's chief operating decision maker ("CODM") changed from the CEO and certain direct staff who oversee operations of the business, to the CEO herself. As a result, beginning in fiscal year 2021, the Company now reports its financial performance based on two operating and reportable segments, Flex Agility Solutions ("FAS") and Flex Reliability Solutions ("FRS") and analyzes operating income as the measure of segment profitability.

The FAS segment is optimized for speed to market based on a highly flexible supply and manufacturing system. The Company realigned the majority of the customers under the former Communications & Enterprise Compute, and Consumer Technologies Group segments under the new FAS segment. Certain customers that were in the former IEI segment that meet the above delivery model were also consolidated into the FAS segment. FAS is now comprised of the following end markets that represent reporting units:

- *Communications, Enterprise and Cloud ("CEC")*, including data infrastructure, edge infrastructure and communications infrastructure;
- *Lifestyle*, including appliances, consumer packaging, floorcare, micro mobility and audio; and
- *Consumer Devices*, including mobile and high velocity consumer devices.

The FRS segment is optimized for longer product lifecycles requiring complex ramps with specialized production models and critical environments. The Company consolidated the majority of its customers under the former High Reliability Solutions and Industrial and Emerging Industries segments into the new FRS segment. FRS is now comprised of the following end markets that represent reporting units:

- *Automotive*, including autonomous, connectivity, electrification, and smart technologies;
- *Health Solutions*, including medical devices, medical equipment and drug delivery; and
- *Industrial*, including capital equipment, industrial devices, renewable including our Nextracker business, grid edge, and power systems.

The determination of the FAS and FRS segments is based on several factors, including the nature of products and services, the nature of production processes, customer base, delivery channels and similar economic characteristics.

An operating segment's performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, and segment selling, general and administrative expenses, and does not include amortization of intangibles, stock-based compensation, customer related assets impairments (recoveries), restructuring charges, the new revenue standard adoption impact, legal and other, interest, net and other charges (income), net. A portion of depreciation is allocated to the respective segments, together with other general corporate research and development and administrative expenses.

Selected financial information by segment is in the table below. Fiscal year 2020 and 2019 historical information has been recast to reflect the new operating and reportable segments, in the table below and in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Fiscal Year Ended March 31,		
	2021	2020	2019
		(In millions)	
Net sales:			
Flex Agility Solutions	$ 13,493	$ 14,053	$ 16,855
Flex Reliability Solutions	10,631	10,157	9,356
	$ 24,124	$ 24,210	$ 26,211
Segment income and reconciliation of income before tax:			
Flex Agility Solutions	$ 449	$ 369	$ 442
Flex Reliability Solutions	662	642	534
Corporate and Other	(80)	(113)	(104)
Total income	1,031	898	872
Reconciling items:			
Intangible amortization	62	64	74
Stock-based compensation	79	71	76
Customer related asset impairments (recoveries) (1)	(7)	106	87
Restructuring charges (Note 15)	101	216	113
New revenue standard adoption impact (Note 4)	—	—	9
Legal and other (2)	1	26	36
Interest, net	148	174	175
Other charges (income), net (Note 16)	(67)	82	120
Income before income taxes	$ 714	$ 159	$ 182

(1) Customer related asset impairments (recoveries) for fiscal year 2021 were not material .

Customer related asset impairments for fiscal year 2020, primarily relate to non-cash impairments of certain property and equipment for customers we have disengaged or were in the process of disengaging, additional provision for doubtful accounts receivable, charges for other asset impairments, and reserves for excess and obsolete inventory for certain customers experiencing financial difficulties and/or related to inventory that will not be recovered due to significant reductions in future customer demand.

Customer related asset impairments for fiscal year 2019, primarily relate to provision for doubtful accounts receivable, inventory and impairment of other assets for certain customers experiencing significant financial difficulties and/or the Company is disengaging.

(2) Legal and other consists of costs not directly related to core business results and may include matters relating to commercial disputes, government regulatory and compliance, intellectual property, antitrust, tax, employment or shareholder issues, product liability claims and other issues on a global basis. During the first quarter of fiscal year 2021, the Company accrued for certain loss contingencies where losses are considered probable and estimable. In addition, the Company recorded a gain on the sale of real estate in the fourth quarter of fiscal year 2021 exited as a result of the disengagement of a certain customer in fiscal year 2020.

Legal and other during fiscal year 2020, primarily consists of direct and incremental costs associated with certain wind-down activities related to the disengagement of a certain customer primarily in China and India, offset by certain gains resulting from the recognition of prior year expenses paid to a government now considered probable of recovery and reasonably estimable due to a favorable tax ruling.

Legal and other during fiscal year 2019, primarily consists of costs incurred relating to the independent investigation undertaken by the Audit Committee of the Company's Board of Directors which was completed in June 2018. In addition, Legal and other also includes certain charges related to the China based Multek operations that was divested in the second quarter of fiscal year 2019.

Corporate and other primarily includes corporate services costs that are not included in the CODM's assessment of the performance of each of the identified reporting segments.

The Company provides an overall platform of assets and services, which the segments utilize for the benefit of their various customers. The shared assets and services are contained within the Company's global manufacturing and design operations and include manufacturing and design facilities. Most of the underlying manufacturing and design assets are co-mingled in the operating campuses and are compatible to operate across segments and highly interchangeable throughout the platform. Given the highly interchangeable nature of the assets, they are not separately identified by segment nor reported by segment to the Company's CODM.

Property and equipment on a segment basis is not disclosed as it is not separately identified and is not internally reported by segment to the Company's CODM as described above. During fiscal years 2021, 2020 and 2019, depreciation expense included in the segments' measure of operating performance above is as follows. Historical information has been recast to reflect realignment of customers and/or products between segments as well as the new operating segment and reportable segment structure:

	Fiscal Year Ended March 31,		
	2021	2020	2019
	(In millions)		
Depreciation expense:			
Flex Agility Solutions	$ 185	$ 218	$ 249
Flex Reliability Solutions	212	173	148
Corporate and Other	25	31	36
Total depreciation expense	$ 422	$ 422	$ 433

Geographic information of net sales is as follows:

	Fiscal Year Ended March 31,					
	2021		2020		2019	
	(In millions)					
Net sales by region:						
Asia	$ 9,326	39 %	$ 9,362	39 %	$ 11,470	44 %
Americas	9,672	40 %	10,066	42 %	9,893	38 %
Europe	5,126	21 %	4,782	19 %	4,848	18 %
	$ 24,124		$ 24,210		$ 26,211	

Revenues are attributable to the country in which the product is manufactured, or service is provided.

During fiscal years 2021, 2020 and 2019, net sales generated from Singapore, the country of domicile, were approximately $507.0 million, $574.6 million and $642.7 million, respectively.

The following table summarizes the countries that accounted for more than 10% of net sales in fiscal years 2021, 2020, and 2019:

	Fiscal Year Ended March 31,					
	2021		2020		2019	
	(In millions)					
Net sales by country:						
China	$ 6,147	25 %	$ 5,665	23 %	$ 6,649	25 %
Mexico	4,413	18 %	4,449	18 %	4,539	17 %
U.S.	3,648	15 %	3,719	15 %	3,106	12 %

No other country accounted for more than 10% of net sales for the fiscal periods presented in the table above.

Geographic information of property and equipment, net is as follows:

	As of March 31,					
	2021			2020		
	(In millions)					
Property and equipment, net:						
Americas	$	1,015	48 %	$	1,037	47 %
Asia		627	30 %		738	33 %
Europe		455	22 %		441	20 %
	$	2,097		$	2,216	

As of March 31, 2021 and 2020, property and equipment, net held in Singapore were approximately $5.9 million and $8.6 million, respectively.

The following table summarizes the countries that accounted for more than 10% of property and equipment, net in fiscal year 2021 and 2020:

	Fiscal Year Ended March 31,					
	2021			2020		
	(In millions)					
Property and equipment, net:						
Mexico	$	553	26 %	$	555	25 %
U.S.		361	17 %		378	17 %
China		331	16 %		396	18 %

No other country accounted for more than 10% of property and equipment, net for the fiscal periods presented in the table above.

21. SUBSEQUENT EVENTS

On April 28, 2021, the Company announced that it had confidentially submitted a draft registration statement on Form S-1 with the U.S. Securities and Exchange Commission relating to the proposed initial public offering of Nextracker's Class A common stock. The initial public offering and its timing are subject to market and other conditions and the SEC's review process, and there can be no assurance that the Company will proceed with such offering or any alternative transaction. Refer to "Risk Factors - *We are pursuing alternatives for our Nextracker business, including a full or partial separation of the business, through an initial public offering of Nextracker or otherwise, which may not be consummated as or when planned or at all, and may not achieve the intended benefits."*

This Annual Report on Form 10-K does not constitute an offer to sell or a solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

Not applicable.

ITEM 9A. ***CONTROLS AND PROCEDURES***

(a) ***Evaluation of Disclosure Controls and Procedures***

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of March 31, 2021. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2021, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

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

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting consists of policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) are designed and operated to provide reasonable assurance regarding the reliability of the Company's financial reporting and the Company's process for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements or prevent or detect instances of fraud. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls may be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of March 31, 2021, under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, an evaluation was conducted of the effectiveness of the Company's internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2021.

(c) ***Attestation Report of the Registered Public Accounting Firm***

The effectiveness of the Company's internal control over financial reporting as of March 31, 2021 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears in this Item under the heading "Report of Independent Registered Public Accounting Firm."

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

There were no changes in our internal control over financial reporting that occurred during the fourth quarter ended March 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We have not experienced any material impact to our internal control over financial reporting despite the fact that most of our employees are working remotely for their health and safety during the COVID-19 pandemic. We are continually monitoring and assessing the potential impact of COVID-19 on our internal controls to minimize the impact on their design and operating effectiveness.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Flex Ltd., Singapore

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Flex Ltd. and subsidiaries (the "Company") as of March 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended March 31, 2021 of the Company and our report dated May 19, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ DELOITTE & TOUCHE LLP
San Jose, California
May 19, 2021

ITEM 9B. ***OTHER INFORMATION***

Not applicable.

ITEM 9C. ***DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS***

Not applicable.

PART III

ITEM 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2021 Annual General Meeting of Shareholders. Such information is incorporated by reference.

ITEM 11. ***EXECUTIVE COMPENSATION***

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2021 Annual General Meeting of Shareholders. Such information is incorporated by reference.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS***

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2021 Annual General Meeting of Shareholders. Such information is incorporated by reference.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE***

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2021 Annual General Meeting of Shareholders. Such information is incorporated by reference.

ITEM 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2021 Annual General Meeting of Shareholders. Such information is incorporated by reference.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a) Documents filed as part of this annual report on Form 10-K:

1. *Financial Statements.* See Item 8, "Financial Statements and Supplementary Data."

2. *Financial Statement Schedules.* "Schedule II—Valuation and Qualifying Accounts" is included in the financial statements, see Concentration of Credit Risk in Note 2, "Summary of Accounting Policies" of the Notes to Consolidated Financial Statements in Item 8, "Financial Statements and Supplementary Data."

3. *Exhibits.* Reference is made to Item 15(b) below.

(b) *Exhibits.* The Exhibit Index, which immediately precedes the signature page to this annual report on Form 10-K, is incorporated by reference into this annual report on Form 10-K.

(c) *Financial Statement Schedules.* Reference is made to Item 15(a)(2) above.

ITEM 16. *FORM 10-K SUMMARY*

None

EXHIBIT INDEX

		Incorporated by Reference				
Exhibit No.	**Exhibit**	**Form**	**File No.**	**Filing Date**	**Exhibit No.**	**Filed Herewith**
3.01	Constitution of the Registrant (incorporating all amendments as at August 20, 2019)	10-Q	000-23354	10/30/2019	3.01	
4.01	Indenture, dated as of February 20, 2013, by and between the Registrant, the Guarantors party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 5.000% Notes due 2023	8-K	000-23354	2/22/2013	4.1	
4.02	Form of 5.000% Note due 2023 (included in Exhibit 4.01)	8-K	000-23354	2/22/2013	4.1	
4.03	First Supplemental Indenture, dated as of March 28, 2013, among the Registrant, the Guarantor party thereto and U.S. Bank National Association, as Trustee, to the Indenture, dated as of February 20, 2013, by and between the Registrant, the Guarantors party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 5.000% Notes due 2023	10-K	000-23354	5/28/2013	4.11	
4.04	Second Supplemental Indenture, dated as of August 25, 2014, among the Registrant, the Guarantor party thereto and U.S. Bank National Association, as Trustee, to the Indenture, dated as of February 20, 2013, by and between the Registrant, the Guarantors party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 5.000% Notes due 2023	10-Q	000-23354	10/30/2014	4.01	
4.05	Third Supplemental Indenture, dated as of September 11, 2015, among the Registrant, the Guarantor party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 5.000% Notes due 2023	S-4	333-207067	9/22/2015	4.11	
4.06	Indenture, dated as of June 8, 2015, by and between the Registrant, the Guarantors party thereto and U.S. Bank National Association, as Trustee	8-K	000-23354	6/8/2015	4.1	

Exhibit No.	Exhibit	Form	Incorporated by Reference File No.	Filing Date	Exhibit No.	Filed Herewith
4.07	Form of 4.750% Note due 2025 (included in Exhibit 4.06)	8-K	000-23354	6/8/2015	4.1	
4.08	First Supplemental Indenture, dated as of September 11, 2015, among the Registrant, the Guarantor party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 4.750% Notes due 2025	S-4	333-207067	9/22/2015	4.04	
4.09	Indenture, dated as of June 6, 2019, by and between the Company and U.S. Bank National Association, as trustee	8-K	000-23354	6/6/2019	4.1	
4.10	First Supplemental Indenture, dated as of June 6, 2019, by and between the Company and U.S. Bank National Association, as trustee	8-K	000-23354	6/6/2019	4.2	
4.11	Form of 4.875% Global Note due 2029 (included in Exhibit 4.10)	8-K	000-23354	6/6/2019	4.3	
4.12	Second Supplemental Indenture, dated as of November 7, 2019, by and between the Company and U.S. Bank National Association, as trustee	8-K	000-23354	11/7/2019	4.3	
4.13	Form of 4.875% Global Note due 2029 (included in Exhibit 4.12)	8-K	000-23354	11/7/2019	4.4	
4.14	Third Supplemental Indenture dated as of May 12, 2020, by and between the Company and U.S. Bank National Association, as trustee	8-K	000-23354	5/12/2020	4.2	
4.15	Form of 3.750% Global Note due 2026 (included in Exhibit 4.14)	8-K	000-23354	5/12/2020	4.3	
4.16	Form of 4.875% Global Note due 2030 (included in Exhibit 4.14)	8-K	000-23354	5/12/2020	4.4	
4.17	Fourth Supplemental Indenture, dated as of August 17, 2020, by and between the Company and U.S. Bank National Association, as trustee	8-K	000-23354	8/17/2020	4.3	
4.18	Form of 3.750% Global Note due 2026 (included in Exhibit 4.17)	8-K	000-23354	8/17/2020	4.4	
4.19	Form of 4.875% Global Note due 2030 (included in Exhibit 4.17)	8-K	000-23354	8/17/2020	4.5	
4.20	Description of Registrant's Securities	10-K	000-23354	5/28/2020	4.14	
10.01	Credit Agreement, dated as of January 7, 2021, among Flex Ltd. and certain of its subsidiaries, from time to time party thereto, as borrowers, Bank of America, N.A., as Administrative Agent, an L/C Issuer and a Swing Line Lender, and the other L/C Issuers, Swing Line Lenders and Lenders party thereto	8-K	000-23354	1/13/2021	10.01	
10.02	Form of Indemnification Agreement between the Registrant and its Directors and certain officers†	10-K	000-23354	5/20/2009	10.01	
10.03	Form of Indemnification Agreement between Flextronics Corporation and Directors and certain officers of the Registrant†	10-K	000-23354	5/20/2009	10.02	
10.04	Flex Ltd. 2010 Equity Incentive Plan†	8-K	000-23354	7/28/2010	10.01	
10.05	Form of Share Option Award Agreement under 2010 Equity Incentive Plan†	10-Q	000-23354	8/5/2010	10.02	
10.06	Flex Ltd. Amended and Restated 2017 Equity Incentive Plan†	DEF 14A	000-23354	6/26/2020	Annex A	
10.07	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for time-based vesting awards†	10-Q	000-23354	10/30/2017	10.05	

		Incorporated by Reference				
Exhibit No.	Exhibit	Form	File No.	Filing Date	Exhibit No.	Filed Herewith
10.08	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for performance-based vesting awards†	10-Q	000-23354	10/30/2017	10.06	
10.09	Flextronics International USA, Inc. Third Amended and Restated 2005 Senior Management Deferred Compensation Plan†	10-Q	000-23354	2/6/2009	10.02	
10.10	Flextronics International USA, Inc. Third Amended and Restated Senior Executive Deferred Compensation Plan†	10-Q	000-23354	2/6/2009	10.01	
10.11	Summary of Directors' Compensation†	10-Q	000.23354	10/30/2017	10.02	
10.12	Executive Incentive Compensation Recoupment Policy†	10-Q	000-23354	8/5/2010	10.06	
10.13	2010 Flextronics International USA, Inc. Deferred Compensation Plan†	10-Q	000-23354	11/3/2010	10.04	
10.14	Form of Award Agreement under 2010 Deferred Compensation Plan†	10-Q	000-23354	7/30/2012	10.01	
10.15	Summary of Compensation Arrangements of Certain Executive Officers of Flex Ltd.†					X
10.16	Form of Restricted Share Unit Award Agreement under the 2010 Equity Incentive Plan for time-based vesting awards†	10-Q	000-23354	11/1/2013	10.02	
10.17	Form of 2010 Deferred Compensation Plan Award Agreement (performance targets, cliff vesting)†	10-Q	000-23354	8/2/2013	10.02	
10.18	Form of 2010 Deferred Compensation Plan Award Agreement (non-performance, periodic vesting, continuing Participant)†	10-Q	000-23354	8/2/2013	10.03	
10.19	Award Agreement under the 2010 Deferred Compensation Plan†	10-Q	000-23354	7/28/2014	10.01	
10.20	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for retention performance-based vesting awards†	10-Q	000-23354	2/6/2019	10.01	
10.21	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for retention service-based vesting awards†	10-K	000-23354	5/21/2019	10.23	
10.22	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for performance-based vesting awards (20-day trading average)†	10-Q	000-23354	7/26/2019	10.02	
10.23	Nextracker Inc. 2014 Equity Incentive Plan†	S-8	333-207325	10/7/2015	99.01	
10.24	Flex Ltd. Executive Severance Plan†	10-K	000-23354	5/21/2019	10.27	
10.25	Scott Offer Amended Offer Letter, dated as of January 27, 2019†	10-K	000-23354	5/28/2020	10.29	
10.26	Revathi Advaithi Offer Letter, dated February 7, 2019†	10-K	000-23354	5/21/2019	10.29	
10.27	Francois Barbier Relocation Expenses Addendum, dated as of July 8, 2019†	10-K	000-23354	5/28/2020	10.31	
10.28	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for time-based vesting awards (FY21)†	10-Q	000-23354	8/5/2020	10.02	

Exhibit No.	Exhibit	Form	Incorporated by Reference File No.	Filing Date	Exhibit No.	Filed Herewith
10.29	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for performance-based vesting awards (20-day trading average) (FY21)†	10-Q	000-23354	8/5/2020	10.03	
10.30	Paul R. Lundstrom Offer Letter, dated August 5, 2020†	10-Q	000-23354	11/2/2020	10.02	
10.31	Executive Transition Agreement, dated August 5, 2020 between Flex Ltd. and Christopher Collier†	10-Q	000-23354	11/2/2020	10.03	
10.32	Description of Incentive Bonus Plan for Second Half of Fiscal 2021†	10-Q	000-23354	11/2/2020	10.04	
10.33	Executive Transition Agreement dated November 17, 2020 between Flex Ltd. and Paul Humphries†	10-Q	000-23354	1/29/2021	10.01	
10.34	Form of Addendum Award Agreement under the 2010 Deferred Compensation Plan (FY21)†	10-Q	000-23354	1/29/2021	10.02	
21.01	Subsidiaries of Registrant					X
23.01	Consent of Deloitte & Touche LLP					X
24.01	Power of Attorney (included on the signature page to this Form 10-K)					X
31.01	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.02	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.01	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350*					X
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Scheme Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					X

* This exhibit is furnished with this Annual Report on Form 10-K, is not deemed filed with the Securities and Exchange Commission, and is not incorporated by reference into any filing of Flex Ltd. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

† Management contract, compensatory plan or arrangement.

SIGNATURES

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

	Flex Ltd.
Date: May 19, 2021	By: /s/ REVATHI ADVAITHI
	Revathi Advaithi
	Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints jointly and severally, Revathi Advaithi and Paul R. Lundstrom and each one of them, her or his attorneys-in-fact, each with the power of substitution, for her or him in any and all capacities, to sign any and all amendments to this Report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or her or his substitutes, may do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ REVATHI ADVAITHI Revathi Advaithi	Chief Executive Officer (Principal Executive Officer) and Director	May 19, 2021
/s/ PAUL R. LUNDSTROM Paul R. Lundstrom	Chief Financial Officer (Principal Financial Officer)	May 19, 2021
/s/ DAVID P. BENNETT David P. Bennett	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 19, 2021
/s/ MICHAEL D. CAPELLAS Michael D. Capellas	Chairman of the Board	May 19, 2021
/s/ JOHN D. HARRIS II John D. Harris II	Director	May 19, 2021
/s/ MICHAEL E. HURLSTON Michael E. Hurlston	Director	May 19, 2021
/s/ JENNIFER LI Jennifer Li	Director	May 19, 2021
/s/ ERIN L. MCSWEENEY Erin L. McSweeney	Director	May 19, 2021
/s/ MARC A. ONETTO Marc A. Onetto	Director	May 19, 2021
/s/ WILLY C. SHIH, PH.D. Willy C. Shih, Ph.D.	Director	May 19, 2021
/s/ CHARLES K. STEVENS, III Charles K. Stevens, III	Director	May 19, 2021
/s/ LAY KOON TAN Lay Koon Tan	Director	May 19, 2021
/s/ WILLIAM D. WATKINS William D. Watkins	Director	May 19, 2021